TANMIAH FOOD COMPANY
(A SAUDI JOINT STOCK COMPANY)

CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT FOR THE YEAR ENDED DECEMBER 31, 2023

TANMIAH FOOD COMPANY
(A SAUDI JOINT STOCK COMPANY)

CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT FOR THE YEAR ENDED DECEMBER 31, 2023

INDEX	**PAGE**
Independent auditor's report	1 – 4
Consolidated statement of financial position	5
Consolidated statement of profit or loss and other comprehensive income	6 – 7
Consolidated statement of changes in equity	8
Consolidated statement of cash flows	9 – 10
Notes to the consolidated financial statements	11 – 65

Deloitte.

Deloitte and Touche & Co.
Chartered Accountants
ABT Building 3015 Salahuddin
Al Ayyubi St., 7854 Al Bustan Dist.
P.O. Box: 182, Dammam 31411
Dammam, Kingdom of Saudi Arabia
CR 2050114110
www.deloitte.com

INDEPENDENT AUDITOR'S REPORT

To the shareholders
Tanmiah Food Company (A Saudi Joint Stock Company)
Riyadh, Kingdom of Saudi Arabia

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Tanmiah Food Company, a Saudi Joint Stock Company (the "Company") and its subsidiaries (together "the Group"), which comprise the consolidated statement of financial position as at December 31, 2023, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as of December 31, 2023, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organisation for Chartered and Professional Accountants ("SOCPA").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the professional code of conduct and ethics that are endorsed in the Kingdom of Saudi Arabia that are relevant to our audit of the consolidated financial statements and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. The matter was addressed in the context of our audit of the consolidated financial statements as whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF TANMIAH FOOD COMPANY (CONTINUED)

Key Audit Matters (continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
Measurement and existence of biological assets As at December 31, 2023, the Group had biological assets, comprising breeder birds, hatchery eggs and broiler birds (the "biological assets") with a carrying amount of SR 143.4 million. IAS 41 Agriculture requires biological assets to be measured at fair value less costs to sell. IAS 41 allows entities not to measure biological assets at fair value less costs to sell where quoted market prices are not available and alternative fair value measurements are determined to be clearly unreliable. Management measures the carrying amount of breeder birds by amortising the total costs incurred during the rearing phase over the anticipated productive cycle due to the short rearing phase. There is no active market for breeder birds and no reliable fair value measurements have been identified. Hatchery eggs and broiler birds are valued at their fair value less cost to sell after considering various estimates relating to market prices of poultry at various points, estimated costs until the date of slaughter of birds, mortality rates, hatchability rates and processing loss. The assessment of the quantity of breeder and broiler birds at the reporting date requires management to make estimations based on the size of each broiler house and the average density per square meter. We considered this to be a key audit matter because of the significance of the carrying value of biological assets as at December 31, 2023 in the context of the consolidated financial statements and the significant management estimates made and judgments applied in assessing the carrying amount of biological assets. Refer to note 3 of the consolidated financial statements for the accounting policy, note 4 for the disclosure of critical accounting estimates and judgements and note 14 for disclosures of other matters related to biological assets.	Our audit procedures included, but were not limited to, the following: • Obtained an understanding of the biological assets life cycle and processes followed. • Assessed the controls over the measurement and existence of biological assets to determine if they had been appropriately designed and implemented. • Tested the methodology used by the Group to determine the carrying amounts of broiler birds and assessed the inputs/assumption/estimates used by the Group including the production cycle, mortality rates, hatchability rates, process loss and market prices of poultry at various points by comparing them with actual historical outcomes and past trends of such inputs, assumptions and/or estimates. • Agreed the costs incurred related to breeder birds during the rearing phase to supporting documentation on a sample basis. • Assessed both the method of amortisation and the period of amortisation of the costs capitalised to breeder birds. • Agreed the results of management's determination of the carrying amounts of the biological assets to the amounts reported in the consolidated financial statements. • Reperformed the mathematical accuracy of the calculations used to determine the carrying amounts of the biological assets. • With respect to the quantities of hatchery eggs, we visited a sample of hatchery and observed and physically counted the number of eggs. • With respect to the quantities of breeder and boiler birds we visited a sample of poultry farms and assessed the key assumptions and methodology used to determine the number of birds on hand at the reporting date. • Assessed the disclosures in the consolidated financial statements relating to this matter against the requirements of IFRSs.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF TANMIAH FOOD COMPANY (CONTINUED)

Other Information

Management is responsible for the other information. The other information comprises information included in the Group's 2023 Board of Directors' report, (but does not include the consolidated financial statements and our auditor's report thereon), which is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above, when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA and Regulations for Companies and the Company's By-laws and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF TANMIAH FOOD COMPANY (CONTINUED)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosure are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matter. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that the matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest of such communication.

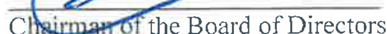
Deloitte and Touche & Co.
Chartered Accountants

Mazen A. Al-Omari
License No. 480
5 Sha'ban, 1445H
February 15, 2024

TANMIAH FOOD COMPANY
(A SAUDI JOINT STOCK COMPANY)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2023

	Note	2023 SR	2022 SR
ASSETS			
Non-current assets			
Property, plant and equipment	6	**525,170,688**	338,290,728
Right-of-use assets	7	**422,692,509**	348,711,825
Intangible assets	8	**6,768,411**	4,148,845
Financial assets at fair value through other comprehensive income	9	**773,983**	773,983
Investment in an associate	10	**80,866,666**	87,493,524
Total non-current assets		**1,036,272,257**	779,418,905
Current assets			
Inventories	13	**262,778,704**	288,202,232
Biological assets	14	**143,431,624**	128,748,293
Prepayments and other receivables	17	**198,120,137**	127,924,746
Contract assets	15	**21,922,970**	11,358,204
Trade receivables and other debtors	16	**238,824,218**	197,882,300
Cash and cash equivalents	18	**111,032,670**	267,048,085
Total current assets		**976,110,323**	1,021,163,860
TOTAL ASSETS		**2,012,382,580**	1,800,582,765
EQUITY AND LIABILITIES			
Equity			
Share capital	19	**200,000,000**	200,000,000
Statutory reserve	20	**42,154,397**	34,560,302
Other reserve	20	**73,977,280**	73,977,280
Retained earnings		**302,692,574**	305,832,956
Equity attributable to owners of the Company		**618,824,251**	614,370,538
Non-controlling interests	12	**61,450,234**	48,242,042
Total equity		**680,274,485**	662,612,580
Non-current liabilities			
Employee benefit obligations	21	**98,735,875**	86,252,675
Lease liabilities	7	**330,127,184**	264,323,720
Borrowings	22	**122,512,600**	40,593,000
Total non-current liabilities		**551,375,659**	391,169,395
Current liabilities			
Borrowings	22	**288,081,444**	267,835,956
Trade and other payables	23	**206,624,306**	240,740,585
Contract liabilities	15	**641,517**	287,848
Accrued and other liabilities	24	**193,727,508**	171,604,124
Lease liabilities	7	**80,315,540**	55,819,552
Provision for zakat and income tax	26	**11,342,121**	10,512,725
Total current liabilities		**780,732,436**	746,800,790
Total liabilities		**1,332,108,095**	1,137,970,185
TOTAL EQUITY AND LIABILITIES		**2,012,382,580**	1,800,582,765


Chairman of the Board of Directors

Chief Executive Officer

Chief Financial Officer

The accompanying notes form an integral part of these consolidated financial statements.

TANMIAH FOOD COMPANY
(A SAUDI JOINT STOCK COMPANY)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2023

	Note	**2023 SR**	2022 SR
CONTINUING OPERATIONS			
Revenue	27	**2,093,092,807**	1,727,041,745
Cost of revenue	28	**(1,598,319,996)**	(1,306,853,067)
Gross profit		**494,772,811**	420,188,678
Selling and distribution expenses	29	**(251,553,671)**	(217,769,866)
General and administrative expenses	30	**(116,162,821)**	(104,008,372)
Impairment loss on financial assets	16	**(5,150,000)**	(3,525,000)
Other income		**14,830,775**	18,483,995
Operating profit		**136,737,094**	113,369,435
Finance costs	31	**(30,914,415)**	(31,169,465)
Profit before share of result from associate and zakat and income tax		**105,822,679**	82,199,970
Share of results from an associate	10	**(6,626,858)**	284,324
Profit before zakat and income tax		**99,195,821**	82,484,294
Zakat and income tax	26	**(9,764,312)**	(7,618,394)
Profit for the year from continuing operations		**89,431,509**	74,865,900
DISCONTINUED OPERATIONS			
Profit for the year from discontinued operations	5	-	12,368,946
Gain on disposal of discontinued operations	11	-	101,927,470
Profit for the year from discontinued operations		-	114,296,416
Profit for the year		**89,431,509**	189,162,316
Other comprehensive (loss) income for the year			
Items that will not be reclassified subsequently to profit or Loss:			
Re-measurements of employee benefit obligations	21	**(2,051,213)**	8,419,155
Share of other comprehensive income of an associate	10	-	328,244
Other comprehensive (loss) income for the year		**(2,051,213)**	8,747,399
Total comprehensive income for the year		**87,380,296**	197,909,715

TANMIAH FOOD COMPANY
(A SAUDI JOINT STOCK COMPANY)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2023

	Note	**2023 SR**	2022 SR
Profit for the year attributable to:			
Owners of the Company			
Profit for the year from continuing operations		**75,940,950**	72,513,478
Profit for the year from discontinued operations		-	114,296,416
Profit for the year attributable to owners of the Company		**75,940,950**	186,809,894
Non-controlling interests			
Profit for the year from continuing operations		**13,490,559**	2,352,422
Profit for the year attributable to non-controlling interests		**13,490,559**	2,352,422
		89,431,509	189,162,316
Total comprehensive income for the year attributable to:			
Owners of the Company			
Profit for the year from continuing operations		**74,172,104**	79,982,097
Profit for the year from discontinued operations		-	114,296,416
Profit for the year attributable to owners of the Company		**74,172,104**	194,278,513
Non-controlling interests			
Profit for the year from continuing operations		**13,208,192**	3,631,202
Profit for the year attributable to non-controlling interests		**13,208,192**	3,631,202
		87,380,296	197,909,715
Earnings per share attributable to owners of the Company:			
From continuing operations			
Basic and diluted earnings per share	35	**3.80**	3.63
From continuing and discontinued operations			
Basic and diluted earnings per share	35	**3.80**	9.34

Chairman of the Board of Directors

Chief Executive Officer

Chief Financial Officer

The accompanying notes form an integral part of these consolidated financial statements.

TANMIAH FOOD COMPANY
(A SAUDI JOINT STOCK COMPANY)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2023

	Share Capital SR	Statutory reserve SR	Other reserve SR	Retained earnings SR	Total shareholders' equity SR	Non-controlling interests SR	Total Equity SR
Balance at January 1, 2022	200,000,000	15,879,313	-	140,323,346	356,202,659	-	356,202,659
Profit for the year	-	-	-	186,809,894	186,809,894	2,352,422	189,162,316
Other comprehensive income	-	-	-	7,468,619	7,468,619	1,278,780	8,747,399
Total comprehensive income for the year	-	-	-	194,278,513	194,278,513	3,631,202	197,909,715
Zakat reimbursed by the shareholder (note 26)	-	-	-	110,221	110,221	-	110,221
Disposal of non-controlling interest in a subsidiary (note 12)	-	-	-	-	-	44,610,840	44,610,840
Dividend (note 37)	-	-	-	(10,198,135)	(10,198,135)	-	(10,198,135)
Gain on disposal of non-controlling interest in a subsidiary	-	-	80,350,601	-	80,350,601	-	80,350,601
Transaction cost for disposal of non- controlling interest in a subsidiary (note 12)	-	-	(6,373,321)	-	(6,373,321)	-	(6,373,321)
Transfer to statutory reserve	-	18,680,989	-	(18,680,989)	-	-	-
Balance at December 31, 2022	200,000,000	34,560,302	73,977,280	305,832,956	614,370,538	48,242,042	662,612,580
Profit for the year	-	-	-	**75,940,950**	**75,940,950**	**13,490,559**	**89,431,509**
Other comprehensive income	-	-	-	**(1,768,846)**	**(1,768,846)**	**(282,367)**	**(2,051,213)**
Total comprehensive income for the year	-	-	-	**74,172,104**	**74,172,104**	**13,208,192**	**87,380,296**
Zakat reimbursed by the shareholder (note 26)	-	-	-	**272,630**	**272,630**	-	**272,630**
Transfer to statutory reserve	-	**7,594,095**	-	**(7,594,095)**	-	-	-
Dividend (note 37)	-	-	-	**(69,991,021)**	**(69,991,021)**	-	**(69,991,021)**
Balance at December 31, 2023	**200,000,000**	**42,154,397**	**73,977,280**	**302,692,574**	**618,824,251**	**61,450,234**	**680,274,485**

Chairman of the Board of Directors

Chief Executive Officer

Chief Financial Officer

The accompanying notes form an integral part of these consolidated financial statements.

TANMIAH FOOD COMPANY
(A SAUDI JOINT STOCK COMPANY)

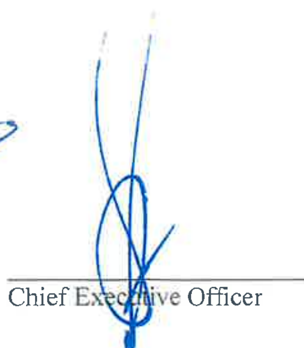
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2023

	Note	**2023 SR**	2022 SR
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before zakat and income tax		**99,195,821**	82,484,294
Adjustments for:			
Depreciation on property, plant and equipment	6	**34,906,476**	21,443,992
Depreciation on right-of-use assets	7	**95,357,201**	84,681,628
Amortisation of intangible assets	8	**734,915**	510,594
Impairment loss on financial assets	16	**5,150,000**	3,525,000
Provision for slow-moving inventories	13	**6,296,489**	3,085,571
Provision for employee benefit obligations	21	**14,295,862**	13,338,185
Net gain on disposal of property, plant and equipment		**(48,300)**	(30,202)
(Gain) loss on termination of lease contracts		**(207,802)**	280,276
Interest on lease liabilities	7	**19,920,499**	15,302,204
Other finance costs		**10,993,916**	15,867,261
Government subsidy accrued during the year	17	**(65,194,009)**	(57,835,053)
Share of profit from associate	10	**6,626,858**	(284,324)
Changes in operating assets and liabilities:			
Inventories		**19,127,039**	(147,536,359)
Trade receivables and other debtors		**(46,091,918)**	(87,570,937)
Biological assets		**(14,683,331)**	(41,137,235)
Contract assets		**(10,564,766)**	(7,257,995)
Prepayments and other receivables		**(69,163,930)**	(25,573,766)
Government subsidy received	17	**64,162,548**	58,010,026
Trade payables		**(34,242,047)**	92,275,417
Contract liabilities		**353,669**	(463,989)
Accrued and other liabilities		**21,081,459**	51,527,841
Cash generated from operations		**158,006,649**	74,642,429
Employee benefit obligations paid	21	**(3,738,107)**	(3,620,909)
Zakat and income tax paid	26	**(8,662,286)**	(4,171,280)
Finance costs paid		**(13,373,026)**	(13,906,928)
Net cash generated from operating activities		**132,233,230**	52,943,312
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for purchases of property, plant and equipment	6	**(222,548,946)**	(160,478,783)
Payments for purchases of intangibles	8	**(2,591,981)**	(2,020,395)
Proceeds from disposal of equity interest		**-**	282,945,727
Transaction cost		**-**	(4,737,764)
Proceeds from disposal of property, plant and equipment		**48,310**	33,580
Net cash generated from (used in) investing activities		**(225,092,617)**	115,742,365

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2023

	Note	2023 SR	2022 SR
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid	37	**(69,991,021)**	(10,198,135)
Lease payments	7	**(98,751,130)**	(104,815,485)
Short-term borrowings, net		**56,781,840**	46,826,572
Proceeds from long-term borrowings		**81,919,600**	67,088,802
Repayments of long-term borrowings		**(33,115,317)**	(73,708,137)
Net cash used in financing activities		**(63,156,028)**	(74,806,383)
Net (decrease) increase in cash and cash equivalents		**(156,015,415)**	93,879,294
Cash and cash equivalents disposed on the disposal of a Subsidiary		-	(12,722,450)
Cash and cash equivalents at the beginning of the year		**267,048,085**	185,891,241
Cash and cash equivalents at the end of the year		**111,032,670**	267,048,085
Supplemental information for non-cash information:			
Right-of-use assets written off due to termination of lease contracts		**(12,812,306)**	(2,476,630)
Lease liabilities written off due to termination of lease contracts		**13,020,108**	2,196,354
Addition to right-of-use assets and lease liabilities	7	**182,150,191**	235,555,502
Transfer from property, plant and equipment to intangible assets	6, 8	**762,500**	-
Transfer of property, plant and equipment to a related party	25	-	(76,251)
Transaction cost to be paid		-	(9,693,122)
Employee benefit obligations transferred from a related party	25	**9,788**	65,707
Employee benefit obligations transferred to a related party	25	**(135,556)**	(280,117)

Chairman of the Board of Directors


Chief Executive Officer

Chief Financial Officer

The accompanying notes form an integral part of these consolidated financial statements.

1. CORPORATE INFORMATION

Tanmiah Food Company (the "Company") is a Saudi Joint Stock Company registered under commercial registration number 1010087483. The Company's head office is located at King Fahd Rd, Ar Rahmaniyah District, Riyadh 12341, Kingdom of Saudi Arabia. The Company and its various subsidiaries (collectively the "Group") are registered in the Kingdom of Saudi Arabia as well as in United Arab Emirates ("UAE"), Kingdom of Bahrain ("Bahrain"), State of Kuwait ("Kuwait") and State of Qatar ("Qatar").

The Group is principally engaged in food and agriculture business which include manufacturing, wholesale and retail trading in foodstuff, preparation of animal and poultry feeds for commercial purposes, construction of poultry farms, retail and wholesale trading in poultry equipment and restaurant outlets with related services.

At December 31, 2023 and 2022, the Company's share capital of SR 200 million consisted of 20 million issued and fully paid shares of SR 10 each.

The Company's application with the Capital Market Authority ("CMA") for the Initial Public Offering (IPO) of 30% of its share capital, on the Saudi Stock Exchange (Tadawul) in accordance with the Rules on the Offer of Securities and Continuing Obligations issued by CMA was approved and the Company's shares started trading on Tadawul on August 4, 2021. The Company has been categorised as a Saudi Joint Stock Company since then.

The Group's principal subsidiaries at December 31, 2023 and 2022 are set out below. The country of incorporation is also their principal place of business.

Subsidiary	Country of incorporation	Effective ownership at December 31, 2023	Effective ownership at December 31, 2022	Principal activities
Agricultural Development Company Limited ("ADC")	Kingdom of Saudi Arabia	**85%**	85%	Wholesale trading in poultry products and agricultural produce
Desert Hills Veterinary Services Company Limited ("DHV")	Kingdom of Saudi Arabia	**100%**	100%	Wholesale and retail trading in machines and equipment in the field of animal care, animal shelters, animal feed, chicks and hatching eggs, veterinary lab equipment and medicines, along with marketing and import and export of related items.
Gulf Brand for Fast Foods Company ("GBFFC")	Kingdom of Saudi Arabia	**100%**	100%	Restaurant outlets with related services
Supreme Foods Bahrain W.L.L. ("SFB") *	Kingdom of Bahrain	**85%**	85%	General trading
Al Tanmiah International General Trading L.L.C (Formerly Dabbagh International (UAE) (L.L.C)"	United Arab Emirates (UAE)	**100%**	100%	Dormant company
Tanmiah Restaurants for Fast Food Company	Kingdom of Saudi Arabia	**100%**	-	Restaurants with buffets (cafeterias), fast food activities, activities for serving meals only, etc.
Gulf Brands Restaurants Management Company	State of Kuwait	**100%**	-	Dormant company
Nola Management Company W.L.L	Kingdom of Bahrain	**100%**	-	Dormant company
Al Tanmiah for Administration of Restaurants	State of Qatar	**100%**	-	Dormant company

*SFB is a wholly owned subsidiary of ADC.

1. CORPORATE INFORMATION (CONTINUED)

In February 2023, the Group has entered into a memorandum of understanding through one of its subsidiaries (DHV) with an international group in Europe to establish a joint venture for developing and operating poultry breeding facilities and will also include the establishment of a greenfield hatchery in the Kingdom of Saudi Arabia. The shareholders' agreement has been signed and the legal formalities relating to the establishment of the joint venture is under progress.

The Group has signed a memorandum of understanding with Vibra Agroindustrial S.A ("Vibra"), a leading international poultry producer and exporter based in Brazil, to establish a joint venture. Vibra is a related party to Tyson International Holding Co. which owns an equity stake in Vibra. The primary focus of the 50% owned JV will be the co-packing of each of Tanmiah's and Vibra's products, initially in KSA, with plans to expand into the wider MENA region. The execution of the shareholders' agreement is expected before the end of 2024. The establishment of the joint venture remains subject to necessary regulatory approvals including the clearance by the General Authority for Competition of Saudi Arabia, and other applicable jurisdictions and authorisations.

In March 2023, the Group received additional subsidy amounting to SR 15.29 million in relation to the import of feed material in 2022. The Group has recognised the subsidy amount as part cost of sales in lines with the accounting policy mentioned in the consolidated financial statements.

In 2022, the Group entered into an agreement with a US based company Tyson International Holding Company, a wholly owned subsidiary of Tyson Foods, Inc., a company listed in the New York Stock Exchange ("Tyson") and agreed to sell an equity stake in each of the Group's wholly owned subsidiaries, Agricultural Development Company ("ADC") and Supreme Foods Processing Company ("SFPC") for a consideration of USD 75.4 million (equivalent to SR 282.9 million), subject to any customary purchase price adjustments made in light of the completion accounts under the Sale and Purchase Agreement (SPA). The Group had completed the completion conditions and management had announced the completion of the transaction on the Tadawul stock exchange on November 2, 2022 after obtaining the approval from various regulatory authorities in the Kingdom of Saudi Arabia.

In 2022, the Group recognised a gain of SR 73.98 million on the disposal of minority interest in ADC, net of transaction costs, in the equity (note 12). The Group also recognised a gain of SR 101.93 million, net of transaction costs on the disposal of controlling interest in SFPC which is recognised in the consolidated statement of profit or loss and other comprehensive income (note 11).

The transaction and the strategic partnership to be formed between the Group and Tyson is being entered into as part of the Group's ongoing efforts to meet the growing global demand for protein products. After the transaction, the Group will maintain an 85% ownership in ADC and a 40% ownership in SFPC. Effective November 1, 2022 the ownership has been changed and the legal formalities associated with the amendment of Articles of Association and commercial registration have been completed. The Group by virtue of its contractual right to appoint two out of the five directors to the board of directors in SFPC has assessed significant influence and classified SFPC as an associate (note 10).

In 2022, the Group has applied the requirements of IFRS 5 - Non-current Assets Held for Sale and Discontinued Operations and accordingly has disclosed the consolidated financial statements as per the disclosure requirements of IFRS 5.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs).

New and amended IFRS applied with no material effect on the consolidated financial statements
In the current year, the Group has applied the below amendments to IFRS Standards and Interpretations issued by the Board that are effective for an annual period that begins on or after January 1, 2023. Their adoption has not had any material impact on the disclosures or on the amounts reported in these consolidated financial statements.

- *Amendments to IFRS 17 Insurance Contracts (including the June 2020 and December 2021 Amendments to IFRS 17)*
  The Company has adopted IFRS 17 and the related amendments for the first time in the current year. IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 Insurance Contracts.

  IFRS 17 outlines a general model, which is modified for insurance contracts with direct participation features, described as the variable fee approach. The general model is simplified if certain criteria are met by measuring the liability for remaining coverage using the premium allocation approach. The general model uses current assumptions to estimate the amount, timing and uncertainty of future cash flows and it explicitly measures the cost of that uncertainty. It takes into account market interest rates and the impact of policyholders' options and guarantees.

  The Company does not have any contracts that meet the definition of an insurance contract under IFRS 17.

- *Amendments to IAS - 1. Presentation of Financial Statements and IFRS Practice Statement 2. Making Materiality Judgements- Disclosure of Accounting Policies*
  The Company has adopted the amendments to IAS 1 for the first time in the current year. The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements.

  The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

  The IASB has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2.

- *Amendments to IAS 12 Income Taxes-Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
  The Company has adopted the amendments to IAS 12 for the first time in the current year. The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences. Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting profit nor taxable profit.

  Following the amendments to IAS 12, an entity is required to recognise the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in IAS 12.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs) (CONTINUED)

New and amended IFRS applied with no material effect on the consolidated financial statements (continued)

Amendments to IAS 12 Income Taxes-Deferred Tax related to Assets and Liabilities arising from a Single Transaction (continued)
The Company has adopted the amendments to IAS 12 for the first time in the current year. The IASB amends the scope of IAS 12 to clarify that the Standard applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two model rules published by the OECD, including tax law that implements qualified domestic minimum top-up taxes described in those rules.

The amendments introduce a temporary exception to the accounting requirements for deferred taxes in IAS 12, so that an entity would neither recognise nor disclose information about deferred tax assets and liabilities related to Pillar Two income taxes.

Following the amendments, the Company is required to disclose that it has applied the exception and to disclose separately its current tax expense (income) related to Pillar Two income taxes.

- *Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors-Definition of Accounting Estimates*
  The Company has adopted the amendments to IAS 8 for the first time in the current year. The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". The definition of a change in accounting estimates was deleted.

New and revised standards issued but not yet effective
At the date of authorisation of these consolidated financial statements, the Group has not applied the following new and revised IFRS Standards that have been issued but are not yet effective:

- Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures-Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (effective date not yet decided)
- Amendments to IAS 1 Presentation of Financial Statements - Classification of Liabilities as Current or Noncurrent (effective from January 1, 2024).
- Amendments to IAS 1 Presentation of Financial Statements - Non-current Liabilities with Covenants (effective from January 1, 2024).
- Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures—Supplier Finance Arrangements (effective from January 1, 2024).
- Amendment to IFRS 16 Leases - Lease Liability in a Sale and Leaseback (effective from January 1, 2024).

The Directors do not expect that the adoption of the above Standards will have a material impact on the Group's consolidated financial statements in future periods.

Following are the new IFRS sustainability disclosure standards effective for annual periods beginning on or after January 1, 2024 subject to endorsement of the standards by Saudi Organisation for Chartered and Professional Accountants ("SOCPA").

- IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information (IFRS S1) (effective from January 1, 2024).
- IFRS S2 Climate-related Disclosures (IFRS S2) (effective from January 1, 2024).

Management will review the impact of the above standards upon the endorsement by SOCPA.

3. MATERIAL ACCOUNTING POLICIES

Basis Of Preparation
This consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organisation for Chartered and Professional Accountants ("SOCPA").

The Group has elected to present a single consolidated statement of comprehensive income and presents its expenses by function. The Group reports cash flows from operating activities using the indirect method.

This consolidated financial statements have been prepared on a historical cost basis, except for the following material items in the consolidated statement of financial position:

- The employee benefit obligation, which is recognised at the present value of future obligations using the projected unit credit method.
- Biological assets, where fair value is reliably measurable, have been recognised at fair value less cost to sell.
- Equity investments at fair value through other comprehensive income ("FVOCI") are measured at fair value.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

This consolidated financial statements are presented in Saudi Riyals ("SR"), which is the functional currency of all the Group entities except for Supreme Foods Bahrain ("SFB") and Nola Management Company W.L.L. ("Nola") The functional currency of SFB and Nola is Bahraini Dinars. The presentation currency of the Group is Saudi Riyals unless otherwise stated.

Current vs non-current classification
The Group presents assets and liabilities in the consolidated statement of financial position based on current / non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

The Group classifies all other assets as non-current. A liability is current when:
- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

The principal accounting policies adopted are set out below.

Going concern
The directors have, at the time of approving the consolidated financial statements, a reasonable expectation that the Group have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the consolidated financial statements.

Basis of consolidation
The consolidated financial statements incorporate the financial statements of the Group and entities controlled by the Group (its subsidiaries) made up to December 31 each year. Control is achieved when the Group:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group has less than a majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All significant intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated on consolidation.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. Those interests of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation may initially be measured at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis. Other non-controlling interests are initially measured at fair value. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Basis of consolidation (continued)
Profit or loss and each component of other comprehensive income are attributed to the owners of the Group and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Group and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Group.

When the Group loses control of a subsidiary, a gain or loss on disposal is recognised in profit or loss is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), less liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e., reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 when applicable, or the cost on initial recognition of an investment in an associate or a joint venture.

Discontinued operations
Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after zakat and income tax from discontinued operations in the consolidated statement of profit or loss and other comprehensive income. Additional disclosures are provided in Note 5. All other notes to the consolidated financial statements include amounts for continuing operations, unless indicated otherwise.

Investments in associates
An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting, except when the investment, is classified as held for sale, in which case it is accounted for in accordance with IFRS 5.

Under the equity method, an investment in an associate is recognised initially in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Investments in associates (continued)

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in consolidated statement of profit or loss and other comprehensive income in the period in which the investment is acquired.

The requirements of IAS 36 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When a group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes and discount. Revenue is recognised to the extent it is probable that the economic benefits will flow to the Group and the revenue and costs, can be measured reliably.

The Group recognised revenue from contracts with customers based on a five-step model as set out in IFRS 15:

Step 1. Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2. Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

Step 3. Determine the transaction price: The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4. Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Group allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.

Step 5. Recognise revenue when (or as) the Group satisfies a performance obligation.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Revenue recognition (continued)
The Group satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

a) The Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.
b) The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.
c) The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs.

For performance obligations where none of the above conditions are met, revenue is recognised at the point in time at which the performance obligation is satisfied.

When the Group satisfies a performance obligation by delivering the promised goods or services it creates a contract-based asset on the amount of consideration earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognised this gives rise to a contract liability.

Sale of goods
Revenue from sale of goods is recognised when customers obtain control of products when the goods are delivered to and have been accepted at their premises. Invoices are generated and revenue is recognised at that point in time. Credit invoices are usually payable within 30 – 90 days. Invoice is generated and recognised as revenue net of applicable discounts and rebates which relate to the items sold. No customer loyalty points are offered to customers and therefore there is no deferred revenue to be recognised for the items sold.

Construction of poultry farms
Revenue recognition from the construction of poultry farm will occur over time, measured based on the percentage of completion method as the customer obtains control of each asset, i.e. separately identifiable performance obligation. A performance obligation is a distinct good or service within a contract that customer can benefit on stand-alone basis. For the Group's contracts, a performance obligation typically means delivery and installation of a single unit. Percentage of completion is defined as the proportion of an individual performance obligation's cost incurred to date from the total estimated costs for that particular performance obligation. If the services rendered by the Group exceed the billing, a contract asset is recognised. If the billing exceeds the services rendered, a contract liability is recognised.

For contracts that permit the customer to return an item, under IFRS 15 revenue is recognised to the extent that it is probable that a significant reversal in the amount of cumulative revenue recognised will not occur. Therefore, the amount of revenue recognised is adjusted for expected returns, which are estimated based on the historical data. The related liability is recorded in 'other payables' under "accrued and other liabilities".

Restaurant revenue
Revenue is recognised upon rendering of services and based on billings for meals and other services rendered to guests and are stated net of discount.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Leases

The Group as lessee
The Group assesses whether contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

The incremental borrowing rate depends on the term, currency and start date of the lease and is determined based on a series of inputs including: the risk-free rate based on government bond rates; a country-specific risk adjustment; a credit risk adjustment based on bond yields; and an entity-specific adjustment when the risk profile of the entity that enters into the lease is different to that of the Group and the lease does not benefit from a guarantee from the Group.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line item in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group re-measures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revise discount rate is used).
- a lease contract is modified, and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Leases (continued)

The Group as lessee (continued)
The Group did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

The right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use of asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use of assets are presented as a separate line in the consolidated statement of financial position.

The Group applies IAS36 to determine whether a right-of-use asset is impaired and accounts for an identified impairment loss as described in the 'Property, plant and equipment' policy.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line 'Other expenses' in the statement of profit or loss.

As a practical expedient, IFRS16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has not used this practical expedient. For contracts that contain a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Foreign currencies
In preparing the financial statements of the Group entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Foreign currencies (continued)
Exchange differences are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- exchange differences on transactions entered into to hedge certain foreign currency risks; and
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur in the foreseeable future (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the net investment.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the reporting date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a separate component of equity (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in a separate component of equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that includes a foreign operation that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences is re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or joint arrangements that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

Government grants
Grants from the government are recognised at fair value which represents amounts receivable from the Government where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. The Group receives government grants on the basis of production volume and dressed weight of broiler chickens. Accordingly, the Group accrues the grant and receives on a periodical basis. Note 17 provides further information on how the group accounts for government grants.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Employee benefits

Retirement benefit costs and termination benefits
For defined retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Re-measurement, comprising actuarial gains and losses is reflected immediately in the statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Re-measurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- re-measurement.

Curtailment gains and losses are accounted for as past service costs.
The retirement benefit obligation recognised in the statement of financial position represents the actual deficit or surplus in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

Short-term and other long-term employee benefits
A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date.

Retirement benefits
Retirement benefits made to funded defined contribution plans in respect of its Saudi employees, are expensed when incurred.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Zakat and taxes

Zakat and income tax
The Group is subject to the Regulations of the General Authority of Zakat, Tax and Customs Authority ("ZATCA") in the Kingdom of Saudi Arabia. Zakat and income tax are provided on an accrual basis. In the financial statements of wholly owned subsidiaries, zakat is provided as an expense and included in the statement of profit and loss and other comprehensive income, while in the financial statements of companies with foreign participation, zakat and income tax are included in the statement of profit and loss and other comprehensive income. Zakat is computed on the zakat base, while income tax is computed on adjusted net income which is not exempt from tax. Any difference in the accrual is recorded when the final assessment is approved, at which time the provision is cleared. The zakat charge in the consolidated financial statements represents the zakat for the Company and its subsidiaries. The income tax and zakat charge, assessable on the minority shareholders, is included as part of non-controlling interests.

Deferred tax
Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and the laws) that have been enacted or substantively enacted by the end of the reporting period.

Value added tax
Expenses and assets are recognised net of the amount of value added tax ("VAT"), except:

- When the VAT incurred on a purchase of assets or services is not recoverable from the ZATCA, in which case, the VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable.

- When receivables and payables are stated with the amount of VAT included. The net amount of VAT recoverable from, or payable to, the ZATCA is included as part of receivables or payables in the statement of financial position.

Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses, if any, except freehold land and capital work in progress, which are stated at cost. Historical cost includes expenditure that is directly attributable to the acquisition of the items including borrowing costs. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. Where major components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Property, plant and equipment (continued)
Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the statement of profit or loss and other comprehensive income during the financial period in which they are incurred.

Disposal of asset is recognised when significant risks and rewards incidental to ownership have been transferred to buyers. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the statement of profit or loss and other comprehensive income.

Depreciation is charged to the statement of profit or loss and other comprehensive income using the straight-line method whereby the cost of an operating asset less its estimated residual value is written off over its estimated useful life. Depreciation on addition is charged from the month in which the asset is available for use and on disposals up to the month of disposal. Depreciation method, useful lives and residual values are reviewed annually.

The following useful lives are used in the calculation of depreciation:

	Useful life in years
Buildings	20
Leasehold improvements	3 – 6.67
Machinery and equipment	4 – 15
Motor vehicles	4 – 6.67
Furniture and fixtures	6.67

Capital work-in-progress is stated at cost less impairment losses, if any, and is not depreciated until the asset is brought into commercial operations and available for intended use.

Capital work-in-progress is not depreciated. Depreciation only commences when the assets are capable of operating in the manner intended by management, at which point they are transferred to the appropriate asset category.

Borrowing cost
Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Intangible assets
Intangible assets acquired separately are measured at cost upon initial recognition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year-end.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Intangible assets (continued)
Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset, are accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the consolidated statement of comprehensive income in the expense category consistent with the function of the intangible asset.

Intangible assets, consists of computer software and franchise fees, are recorded at cost, net of accumulated amortisation and impairment losses, if any. Intangible assets are amortised on a straight-line basis as follows:

	Useful life
Software	10 years
Franchise fees	5 – 20 years

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Impairment of tangible and intangible assets
At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as revaluation decrease and to the extent that the impairment loss is greater than the related revaluation surplus, the excess impairment loss is recognised in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in consolidated statement of profit or loss and other comprehensive income, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Inventories
Inventories are stated at the lower of cost and net realisable value. The cost includes import duties, non-refundable taxes, transport and handling costs and any other directly attributable costs less trade discounts, rebates and similar items. Costs are assigned to individual items of inventory on the basis of weighted average costs except for the poultry meats and other food stuff and finished goods inventory for which cost is determined on the basis of standard cost.

Net recognised value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated selling expenses. The amount of any write-down of inventories to net recognised value and all losses of inventories shall be recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net recognised value, shall be recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

Cash and cash equivalents
For the purposes of the consolidated statement of cash flows, cash and cash equivalents include cash in hand, bank balances and deposits with original maturities of three-months or less, if any.

Provisions
Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Biological assets
Biological assets include parent chicken (breeder birds), hatchery eggs and broilers which are grouped according to their physical state, transformational capacity, as well as their particular stage in the production process. The Group capitalises the costs relating to the biological transformation of biological assets (subsequent expenditure).

Breeder birds
The cost of breeder birds is amortised over a period of 35 weeks from the week they start to lay eggs. The Group uses this method of valuation since fair value cannot be measured reliably as the Group's breeder birds have no market value and there is no active market for the similar assets available in the Kingdom of Saudi Arabia livestock industry. The cost of parent chickens, determined on the basis of the weekly's average expenditure, comprises purchase of the Day Old Chicks ("DOC"), expenses incurred in bringing the DOC's to the farm and expenses incurred in rearing and maintaining the breeders until they start to lay eggs.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Biological assets (conitnued)

Hatchery eggs
The value of hatchery egg stock is based on fair value. The fair value measurements for the hatchery eggs have been categorised as Level 3 fair values based on the inputs to the valuation techniques used, as there are no active markets for the hatchery eggs. Costs incurred relating to the production of eggs are capitalised during its growing cycle. Any material fair value adjustment is applied to the cumulative capitalised cost thereof. The fair value adjustment of eggs is determined as the price difference between the sum total of the capitalised cost at point of sale and the price at which the hatching eggs are sold in the external market.

Broilers
Broilers are stated at fair value less cost to sell. The fair value measurements for the broilers have been recognised as Level 3 fair values based on the inputs to the valuation techniques used. Cost to sell includes all cost that would be necessary to sell the broilers.

General and administrative expenses
General and administrative expenses include direct and indirect costs not specifically part of cost of sales. Allocations between general and administrative expenses and cost of sales, when required, are made on a consistent basis. Certain expenses have been reclassified to other income to confirm with the current year presentation.

Selling and distribution expenses
Selling and distribution expenses principally consist of costs incurred in the distribution and selling of the Group's products and services. All other expenses are classified as general and administrative expenses.

Financial instruments
Classification of financial assets
The Group classifies its financial assets under the following categories:

- Fair value through profit or loss (FVTPL);
- Fair value through other comprehensive income (FVOCI); and
- Amortised cost.

These classifications are on the basis of business model of the Group for managing the financial assets, and contractual cash flow characteristics.

The Group measures financial asset at amortised cost when it is within the business model to hold assets in order to collect contractual cash flows, and contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For assets measured at fair value, gains and losses will be recorded either in profit or loss or other comprehensive income.

Initial measurement
At initial recognition, financial assets or financial liabilities are measured at their fair value. Transaction costs of financial assets carried at fair value through profit or loss are expensed in consolidated statement of comprehensive income. In the case of financial assets or financial liabilities not at fair value through profit or loss, its fair value plus or minus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability is the initial recognition amount. Trade receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components when they are recognised at fair value.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Classification of financial liabilities
The Group designates a financial liability at fair value through profit or loss if doing so eliminates or significantly reduces measurement or recognition inconsistency or where a group of financial liabilities is managed and its performance is evaluated on a fair value basis.

All other financial liabilities are subsequently measured at amortised cost using the effective interest rate method.

Offsetting financial assets and liabilities
Financial assets and liabilities are offset so that the net amount is reported in the consolidated statement of financial position where the Group currently has a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

Reclassifications
Financial assets are reclassified when the Group changes its business model for managing financial assets. For example, when there is a change in management's intention to hold the asset for a short-term or long-term. Financial liabilities are not reclassified.

Subsequent measurement
Subsequent measurement of financial assets is as follows:

Debt instruments
Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in consolidated statement of comprehensive income and presented in other gains (losses), together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the consolidated statement of comprehensive income.

FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains (losses). Interest income from these financial assets is included in finance income using the effective interest rate method.

Foreign exchange gains and losses are presented in other gains (losses) and impairment expenses are presented as separate line item in the consolidated statement of comprehensive income.

FVTPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in consolidated statement of comprehensive income and presented net within other gains (losses) in the period in which it arises.

Equity instruments
FVOCI: The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to consolidated statement of comprehensive income following the derecognition of the investment. Dividends from such investments continue to be recognised in the consolidated statement of comprehensive income as other income when the Group's right to receive payments is established. On disposal of these equity investments, any related balance within the FVOCI reserve is reclassified to retained earnings.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Equity instruments (continued)
Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

De-recognition
The Group derecognises a financial asset when, and only when the contractual rights to the cash flows from financial asset expire, or it transfers substantially all the risks and rewards of ownership of the financial asset.
Financial liabilities are derecognised when the obligations specified in the contract is discharged, cancelled or expires. A substantial change in the terms of a debt instrument is considered as an extinguishment of the original liability and the recognition of a new financial liability.

The Group accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. If the modification is not substantial, the difference between: (1) the carrying amount of the liability before the modification; and (2) the present value of the cash flows after modification is recognised in profit or loss as the modification gain or loss within other gains and losses.

Credit-impaired financial assets
A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;
(b) a breach of contract, such as a default or past due event (see (ii) above);
(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
(e) the disappearance of an active market for that financial asset because of financial difficulties.

Financial guarantee contracts
Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of:

- the amount determined in accordance with the expected credit loss model under IFRS 9 Financial Instruments; and
- the amount initially recognised less, where appropriate, the cumulative amount of income recognised in accordance with the principles of IFRS 15 Revenue from Contracts with Customers.

The fair value of financial guarantees is determined based on the present value of the difference in cash flows between the contractual payments required under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Impairment of financial assets
The Group assesses on a forward-looking basis the expected credit losses associated with its financial assets carried at amortised cost and financial guarantee contracts. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 34 details how the Group determines impairment methodology for trade and other receivables and financial guarantee contracts.

For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Borrowings
Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in consolidated statement of comprehensive income over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the drawdown occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the consolidated statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any noncash assets transferred or liabilities assumed, is recognised in consolidated statement of comprehensive income as other income or finance costs.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Trade payables
Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using effective interest rate.

Trade receivables
Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30-90 days and therefore are all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost. Refer Financial Instruments policy for a description of the Group's impairment policies.

Earnings per share
The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing net profit or loss attributable to owners of the company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held. Diluted EPS is determined by adjusting the net profit or loss attributable to owners of the Company and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Segmental reporting
An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Chief Executive Officer who makes decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis and are reported to the Chief Executive Officer, being Chief Operating Decision Maker of the Group.

Dividends
Dividends are recorded in the consolidated financial statements in the period in which they are approved by shareholders of the Company.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the management of the Group are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that, period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying accounting policies
In the process of applying the Group's accounting policies, which are described in note 3, management has made the following critical judgement that has the most significant effect on the amounts recognised in the consolidated financial statements.

Biological assets
As described in note 3, the cost of breeder birds is amortised over a period of 35 weeks from the week they start to lay eggs. The Group uses this method of valuation since fair value cannot be measured reliably as the Group's breeder birds have no market value and there is no active market for the similar assets available in the Kingdom of Saudi Arabia livestock industry.

Key sources of estimation uncertainty
The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Biological assets
Biological assets are required to be measured at fair value less cost to sell from the initial recognition of such biological assets up to the point of harvest. Due to absence of an active live broiler market in the Kingdom of Saudi Arabia and lack of observable market data, management has used certain significant assumptions in arriving at the fair valuation of biological assets at each reporting date. See note 14 for the significant assumptions taken and limitations encountered in determining the fair value of the broiler birds and hatchery eggs.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Key sources of estimation uncertainty (continued)

Right-of-use assets and lease liabilities

The lease liabilities are measured at the discounted value of lease payments, using incremental borrowing rate as the interest rate implicit in the lease cannot be readily determined, which is generally the case for leases in the Group. Incremental borrowing rate is the rate that Group would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group uses recent third-party financing offers received by the Group as a starting point, adjusted to reflect changes in financing conditions.

Long-term assumptions for employees' benefits

Post-employment defined benefits, end-of-service benefits and indemnity payments represent obligations that will be settled in the future and require assumptions to project obligations and fair values of plan assets, if any. Management is required to make further assumptions regarding variables such as discount rates, rate of salary increase, mortality rates and employment turnover. Periodically, management of the Group consults with external actuaries regarding these assumptions. Changes in key assumptions can have a significant impact on the projected benefit obligations and/or periodic employee defined benefit costs incurred.

The discount rate is set by reference to market yields at the end of the reporting period on high quality corporate bonds. Significant assumptions are required to be made when setting the criteria for bonds to be included in the population from which the yield curve is derived. The most significant criteria considered for the selection of bonds include the issue size of the corporate bonds, quality of the bonds and the identification of outliers which are excluded.

Calculation of loss allowance

When measuring ECL the Company uses reasonable and supportable forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

Property and *equipment*

The Company reviews appropriateness of the rate of depreciation, useful life and residual value used in the calculation of depreciation. Further, where applicable, an estimate of recoverable amount of assets is made for possible impairment on an annual basis.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Key sources of estimation uncertainty (continued)

Property and equipment (continued)
The management tests annually whether property and equipment have suffered impairment in accordance with accounting policies stated in note 3. The recoverable amount of an asset is determined based on value-in-use method. This method uses estimated cash flow projections over the estimated useful life of the asset discounted using market rates.

5. DISCONTINUED OPERATIONS

As stated in note 1, the Group entered into an agreement to sell an equity stake in the Group's wholly owned subsidiary, Supreme Foods Processing Company ("SFPC"). The transaction was subject to the approval of regulatory authorities in the Kingdom of Saudi Arabia. The Group has completed the completion conditions and management has announced the completion of the transaction on the Tadawul stock exchange on November 2, 2022.

After the transaction, the Group maintains a 40% ownership in SFPC. Effective November 1, 2022 the ownership has been changed and the legal formalities associated with the amendment of Articles of Association and commercial registration have been completed. The Group by virtue of its contractual right to appoint two out of the five directors to the board of directors in SFPC has assessed significant influence and classified SFPC as an associate.

The results of the discontinued operations, which have been included in the profit for the year, were as follows:

	Period ended October 31, 2022 SR
Revenue	324,235,793
Expenses	(308,751,104)
Profit for the year	15,484,689
Zakat expense	(3,115,743)
Profit for the year from discontinued operations	12,368,946
Gain on disposal of discontinued operations (note 11)	101,927,470
Net gain attributable to discontinued operations (profit and gain attributable to owners of the Company)	114,296,416

In 2022, SFPC contributed SR 22.1 million to the Group's net operating cash flows, paid SR 26.0 million in respect of investing activities and contributed SR 1.4 million in respect of financing activities.

Gain on disposal of discontinued operations include a gain of SR 69.0 million, net of transaction costs arose on the disposal of 60% interest in SFPC, being the difference between the proceeds of disposal and the carrying amount of the subsidiary's net assets and a gain of SR 32.9 million resulting from fair valuing the remaining interest 40% in SFPC (refer note 11).

6. PROPERTY, PLANT AND EQUIPMENT

	Land SR	Buildings SR	Leasehold improvements SR	Machinery and equipment SR	Motor Vehicles SR	Furniture and fixtures SR	Capital work-in-progress SR	Total SR
Cost								
At January 1, 2022	45,635,012	96,750,987	26,697,747	260,909,973	19,311,905	3,447,168	92,547,077	545,299,869
Additions	1,098,825	26,443	314,711	14,292,684	-	527,369	144,218,751	160,478,783
Transfer from related party	-	-	-	137,456	-	-	-	137,456
Transfer to related party	-	-	-	(92,593)	-	-	-	(92,593)
Transfers	-	17,181,779	24,963,962	62,438,526	-	1,280,445	(105,864,712)	-
Disposal of a subsidiary	-	(45,306,136)	(6,448,728)	(107,728,746)	(1,411,111)	(1,394,628)	(283,972)	(162,573,321)
Disposals	-	-	-	(79,774)	-	-	-	(79,774)
At December 31, 2022	46,733,837	68,653,073	45,527,692	229,877,526	17,900,794	3,860,354	130,617,144	543,170,420
Additions	**1,365,000**	**635,972**	**1,970,303**	**23,673,230**	**168,000**	**232,933**	**194,503,508**	**222,548,946**
Transfers	-	**14,477,050**	**15,762,594**	**31,604,148**	-	**845,881**	**(62,689,673)**	-
Transfer to intangible asset (note 8)	-	-	-	-	-	-	**(762,500)**	**(762,500)**
Disposals	-	-	-	**(2,330)**	**(1,093,871)**	-	-	**(1,096,201)**
At December 31, 2023	**48,098,837**	**83,766,095**	**63,260,589**	**285,152,574**	**16,974,923**	**4,939,168**	**261,668,479**	**763,860,665**
Accumulated depreciation								
At January 1, 2022	-	(60,734,189)	(18,444,332)	(190,035,413)	(19,174,556)	(2,662,151)	-	(291,050,641)
Depreciation charge	-	(1,562,316)	(2,368,799)	(17,312,005)	-	(200,872)	-	(21,443,992)
Transfer from related party	-	-	-	(137,456)	-	-	-	(137,456)
Transfer to related party	-	-	-	16,342	-	-	-	16,342
Disposal of a subsidiary	-	22,034,911	1,171,263	82,293,026	1,273,762	886,697	-	107,659,659
Disposals	-	-	-	76,396	-	-	-	76,396
At December 31, 2022	-	(40,261,594)	(19,641,868)	(125,099,110)	(17,900,794)	(1,976,326)	-	(204,879,692)
Depreciation charge	-	**(2,515,587)**	**(5,750,642)**	**(26,209,498)**	**(12,364)**	**(418,385)**	-	**(34,906,476)**
Disposals	-	-	-	**2,330**	**1,093,861**	-	-	**1,096,191**
At December 31, 2023	-	**(42,777,181)**	**(25,392,510)**	**(151,306,278)**	**(16,819,297)**	**(2,394,711)**	-	**(238,689,977)**
Net book value								
At December 31, 2023	**48,098,837**	**40,988,914**	**37,868,079**	**133,846,296**	**155,626**	**2,544,457**	**261,668,479**	**525,170,688**
At December 31, 2022	46,733,837	28,391,479	25,885,824	104,778,416	-	1,884,028	130,617,144	338,290,728

6. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Capital work-in-progress represents costs incurred on construction of feed mill, expansion of the current capacity of the processing plant, hatchery expansion and restaurant expansion.

Depreciation charge for the year has been allocated as follows:

	Note	**2023** **SR**	2022 SR
Cost of sales	28	**28,113,828**	16,374,889
Selling and distribution expenses	29	**6,425,455**	4,577,966
General and administrative expenses	30	**367,193**	491,137
		34,906,476	21,443,992

Borrowing costs included in the cost of qualifying assets during the year amounted to SR 3.2 million (2022: SR 0.1 million) and are computed by applying a capitalisation rate of 5.5% per annum (2022: 4.9% per annum).

7. LEASES

The Group leases various accommodations, warehouses, buildings, poultry processing plants, farms, vehicles and offices. Rental contracts are typically made for fixed periods of 2 to 20 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

At December 31, 2023 and 2022, the Group did not have any lease contracts classified as right-of-use asset that are variable in nature. As at December 31, 2023 and 2022 no lease contract contain extension options exercisable solely by the Group before the end of the non-cancellable contract period. The Group does not provide residual value guarantees in relation to any of its leases.

Right-of-use assets:

	Vehicles **SR**	**Building** **SR**	**Total** **SR**
2023			
Cost			
At January 1, 2023	**137,703,876**	**446,256,241**	**583,960,117**
Additions	**21,756,927**	**160,393,264**	**182,150,191**
Write off on completion of lease	**(15,659,575)**	**(86,934,159)**	**(102,593,734)**
Write off	**-**	**(17,663,314)**	**(17,663,314)**
At December 31, 2023	**143,801,228**	**502,052,032**	**645,853,260**
Accumulated depreciation			
At January 1, 2023	**(66,162,004)**	**(169,086,288)**	**(235,248,292)**
Depreciation for the year	**(27,508,045)**	**(67,849,156)**	**(95,357,201)**
Write off on completion of lease	**15,659,575**	**86,934,159**	**102,593,734**
Write off	**-**	**4,851,008**	**4,851,008**
At December 31, 2023	**(78,010,474)**	**(145,150,277)**	**(223,160,751)**
Net book value			
At December 31, 2023	**65,790,754**	**356,901,755**	**422,692,509**

7. LEASES (CONTINUED)

Right-of-use assets (continued):

	Vehicles SR	Building SR	Total SR
2022			
Cost			
At January 1, 2022	103,731,400	303,697,063	407,428,463
Additions	40,694,092	194,861,410	235,555,502
Disposal of a subsidiary	-	(50,847,949)	(50,847,949)
Write off	(6,721,616)	(1,454,283)	(8,175,899)
At December 31, 2022	137,703,876	446,256,241	583,960,117
Accumulated depreciation			
At January 1, 2022	(43,348,741)	(127,385,353)	(170,734,094)
Depreciation for the year	(27,422,485)	(57,259,143)	(84,681,628)
Disposal of a subsidiary	-	14,468,161	14,468,161
Write off	4,609,222	1,090,047	5,699,269
At December 31, 2022	(66,162,004)	(169,086,288)	(235,248,292)
Net book value			
At December 31, 2022	71,541,872	277,169,953	348,711,825

Lease liabilities:

	2023 SR	2022 SR
At January 1	**320,143,272**	214,575,803
Additions	**182,150,191**	235,555,502
Write off	**(13,020,108)**	(2,196,354)
Disposal of a subsidiary	**-**	(38,278,398)
Lease payments	**(98,751,130)**	(104,815,485)
	390,522,225	304,841,068
Interest (note 31)	**19,920,499**	15,302,204
At December 31	**410,442,724**	320,143,272

Lease liabilities are presented in the consolidated statement of financial position as follows:

	2023 SR	2022 SR
Current	**80,315,540**	55,819,552
Non-current	**330,127,184**	264,323,720
	410,442,724	320,143,272

Maturity analysis:

	2023 SR	2022 SR
Not later than one year	**80,315,540**	55,819,552
Later than 1 year and not later than 5 years	**213,926,451**	121,791,786
Later than 5 years	**116,200,733**	142,531,934
	410,442,724	320,143,272

7. LEASES (CONTINUED)

Depreciation charge on right-of-use assets for the year has been allocated as follows:

	Note	**2023** SR	2022 SR
Cost of sales	28	**66,470,391**	57,216,160
Selling and distribution expenses	29	**25,705,879**	24,623,951
General and administrative expenses	30	**3,180,931**	2,841,517
		95,357,201	84,681,628

During the year, the Group has terminated a few lease contracts and resultantly lease liabilities and right-of-use assets were written off and a net gain of SR 0.21 million (2022: net loss of SR 0.28 million) was realised in the consolidated statement of comprehensive income.

The Group enters in short term leases for certain properties and the expense recognised in the consolidated statement of profit or loss and other comprehensive income amounts to SR 24.89 million (2022: SR 22.24 million) (notes 28, 29 and 30).

8. INTANGIBLE ASSETS

	Computer Software SR	Franchise fees SR	Total SR
Cost			
At January 1, 2022	14,594,427	1,625,321	16,219,748
Additions	330,426	1,689,969	2,020,395
Disposal of a subsidiary	(1,875,747)	-	(1,875,747)
At December 31, 2022	13,049,106	3,315,290	16,364,396
Additions	**1,182,356**	**1,409,625**	**2,591,981**
Transfer from property, plant and equipment (note 6)	**762,500**	-	**762,500**
At December 31, 2023	**14,993,962**	**4,724,915**	**19,718,877**
Accumulated amortisation			
At January 1, 2022	(13,539,193)	(13,544)	(13,552,737)
Amortisation charge	(291,206)	(219,388)	(510,594)
Disposal of a subsidiary	1,847,780	-	1,847,780
At December 31, 2022	(11,982,619)	(232,932)	(12,215,551)
Amortisation charge	**(320,987)**	**(413,928)**	**(734,915)**
At December 31, 2023	**(12,303,606)**	**(646,860)**	**(12,950,466)**
Net book value			
At December 31, 2023	**2,690,356**	**4,078,055**	**6,768,411**
At December 31, 2022	1,066,487	3,082,358	4,148,845

9. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Classification of financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income (FVOCI) comprise equity securities which are not held for trading, and which the Group has irrevocably elected at initial recognition to recognise in this category. These are strategic investments and the Group considers this classification to be more relevant.

Equity investments at fair value through other comprehensive income

	2023 **SR**	2022 SR
Unlisted securities:		
Alexandria Copenhagen Company	**773,983**	773,983

Alexandria Copenhagen Company is a closed joint stock company registered under commercial registration number 11638 in Alexandria, Egypt. The Company is principally engaged in the production of dairy and meat products which includes raising livestock.

Fair value and risk exposure

Information about the methods and assumptions used in determining fair value is provided in note 34.

10. INVESTMENT IN AN ASSOCIATE

As stated in note 1, the Group entered into an agreement with Tyson to sell an equity stake in the Group's wholly owned subsidiary, Supreme Foods Processing Company ("SFPC"). The Group has completed the completion conditions of the SPA and management has announced the completion of the transaction on the Tadawul stock exchange on November 2, 2022.

After the transaction, the Group maintains a 40% ownership in SFPC. Effective November 1, 2022 the ownership has been changed and the legal formalities associated with the amendment of Articles of Association and commercial registration have been completed. The Group by virtue of its contractual right to appoint two out of the five directors to the board of directors has been assessed as significant influence in SFPC and classified it as an associate.

	2022 SR
Carrying value of investment in SFPC on November 1, 2022	53,952,083
Goodwill	32,928,873
Fair value of 40% investment in SFPC at date of transaction	86,880,956

Movements in investment in associates is as follows:

	2023 **SR**	2022 SR
Balance at January 1	**87,493,524**	-
Fair value of the residual interest upon disposal of investment in subsidiary transferred to investment in associate (note 11)	**-**	86,880,956
Share in (loss) income	**(6,626,858)**	284,324
Share of other comprehensive income	**-**	328,244
Balance at December 31	**80,866,666**	87,493,524

10. INVESTMENT IN AN ASSOCIATE (CONTINUED)

Summarised financial information in respect of the Group's associate is set out below. The summarised financial information below represents amounts shown in the associate's financial statements.

SFPC

	2023 SR	2022 SR
Current assets	**179,346,491**	210,664,973
Non-current assets	**155,011,622**	146,764,038
Current liabilities	**144,496,881**	148,387,913
Non- current liabilities	**69,506,181**	73,137,772

	2023 SR	2022 SR
Revenue for the year/ period	**331,473,887**	61,845,429
Profit before zakat for the year/ period	**(14,927,510)**	458,879
Profit after zakat for the year/ period	**(15,599,534)**	559,651
Other comprehensive income for the year/ period	**51,259**	820,610
Total comprehensive income for the year/ period	**(15,548,275)**	1,380,261
Group's share of total comprehensive (loss) income for the year/ period	**(6,626,858)**	612,568

Reconciliation of the above summarised financial information to the carrying amount of the interest in SFPC recognised in the consolidated financial statements is presented below:

	2023 SR	2022 SR
Net assets of the associate, gross of income tax, net of zakat	**119,844,483**	136,159,698
Proportion of the Group's ownership interest	**40%**	40%
Share of the Group's interest	**47,937,793**	54,564,651
Goodwill	**32,928,873**	32,928,873
Carrying amount of the Group's interest in the associate as at December 31	**80,866,666**	87,493,524

11. DISPOSAL OF A SUBSIDIARY

As referred to in note 5, effective November 1, 2022 the Group disposed of its interest in SPFC and lost control of the subsidiary. The details of the consolidated assets and liabilities of SFPC and its subsidiary (PFF) at the date of disposal were as follows:

	SR
Property, plant and equipment	73,745,822
Right-of-use assets	29,502,615
Intangible assets	17,788
Inventories	109,850,867
Trade and other receivables	77,232,949
Prepaid expenses and other assets	32,660,212
Cash and cash equivalents	9,988,250
Total assets	332,998,503
Bank borrowings	(65,868,175)
Employee defined benefit liabilities	(15,638,542)
Lease liabilities	(31,219,334)
Trade payables	(59,389,162)
Accrued and other liabilities	(22,850,232)
Zakat payable	(3,152,851)
Net assets disposed off	134,880,207
Consideration received	157,984,285
Fair value of the residual interest in SFPC (40%)	86,880,956
Transaction costs allocated towards sale of interest in SFPC	(8,057,564)
	236,807,677
Carrying value of the net assets	(134,880,207)
Gain on disposal	101,927,470
Portion of gain attributable to sale of 60% interest, net of transaction cost	68,998,597
Portion of gain attributable to measuring the investment retained in SFPC at its fair value	32,928,873

The portion of the gain attributable to measuring the investment retained in SFPC at its fair value at the date when control is lost.

	SR
Fair value of the remaining interest as at October 31, 2022	86,880,956
Less: Net assets of the remaining interest retained in SFPC (40%)	53,952,083
Portion of gain attributable to measuring the investment retained in SFPC at its fair value	32,928,873

The impact of SFPC on the Group's results in the current and prior years and the gain on disposal is included in the profit for the year from discontinued operations (note 5).

12. NON-CONTROLLING INTERESTS

As stated in note 1, effective November 1, 2022 the Group disposed of non-controlling interest in ADC to the extent of 15% and recorded the gain in the equity, net of transaction cost in lines with the accounting policy stated in note 3 and the non-controlling interest in the consolidated financial statements.

	2022 SR
Consideration received	124,961,442
Net assets of ADC to the extent of 15%	(44,610,840)
Transaction costs allocated towards sale of interest in ADC	(6,373,322)
Gain on disposal	73,977,280
Non-controlling interest recognised in the consolidated financial statements	44,610,840

Details of non-wholly owned subsidiaries that have material non-controlling interests:

Name of subsidiary	Profit allocated to non-controlling interests		Accumulated non-controlling interests	
	2023 SR	2022 SR	**2023 SR**	2022 SR
Agricultural Development Company Limited	**13,208,192**	3,631,202	**61,450,234**	48,242,042

Agricultural Development Company Limited:

	2023 SR	2022 SR
Revenue	**1,785,688,743**	1,500,576,094
Expenses	**(1,680,889,754)**	(1,426,550,477)
Profit for the year attributable to the owner of the Group	**91,308,430**	71,673,195
Profit for the year attributable to the non-controlling interest	**13,490,559**	2,352,422
Other comprehensive income for the year attributable to the owner of the Group	**(1,600,078)**	7,246,417
Other comprehensive income for the year attributable to the non- controlling interest	**(282,367)**	1,278,780
Total comprehensive income attributable to owner of the Group	**102,916,554**	78,919,612
Dividends paid to NCI	**-**	-
Total comprehensive income attributable to non-controlling interest	**13,208,192**	3,631,202
Net cash inflow from operating activities	**198,540,362**	90,242,957
Net cash outflow from investing activities	**(172,599,126)**	(123,066,463)
Net cash outflow from financing activities	**201,233**	(39,338,157)
Net cash inflow (outflow)	**26,142,469**	(72,161,663)

13. INVENTORIES

	2023 SR	2022 SR
Raw materials	**138,943,190**	163,300,062
Poultry meats and other food items	**44,310,962**	46,219,457
Animal health products	**26,834,088**	41,231,021
Packaging materials	**13,097,995**	14,273,143
Spare parts	**22,290,292**	13,339,378
Equipment for sale	**17,107,907**	8,456,029
Other	**14,372,915**	9,470,214
	276,957,349	296,289,304
Less: provision for slow-moving inventories	**(14,178,645)**	(8,087,072)
	262,778,704	288,202,232

Amounts of inventories recognised as expense during the year are disclosed in note 28.

Movement in provision for slow-moving inventories is as follows:

	2023 SR	2022 SR
Opening balance	**8,087,072**	8,005,768
Provision for the year	**6,296,489**	3,085,571
Disposal of a subsidiary	**-**	(1,361,595)
Write-offs	**(204,916)**	(1,642,672)
Closing balance	**14,178,645**	8,087,072

14. BIOLOGICAL ASSETS

	2023 SR	2022 SR
Opening balance	**128,748,293**	87,611,058
Additions	**1,289,495,545**	999,915,775
Amortisation	**(109,752,915)**	(76,766,885)
Transfers to inventories	**(1,165,059,299)**	(882,011,655)
Closing balance	**143,431,624**	128,748,293
Categories of biological assets:		
Breeder birds – rearing & production	**84,379,254**	73,843,673
Hatchery eggs	**23,224,725**	24,573,902
Broiler birds	**35,827,645**	30,330,718
	143,431,624	128,748,293

As at December 31, 2023, the Group had 13.8 million broiler birds (2022: 11.0 million broiler birds). Further, 144 million broiler birds were slaughtered during the year ended December 31, 2023 (2022: 121.6 million broiler birds were slaughtered).

As at December 31, 2023 the Group had 1.9 million breeder birds and 17.7 million hatchery eggs (2022: 1.5 million breeder birds and 20.0 million hatchery eggs).

14. BIOLOGICAL ASSETS (CONTINUED)

The fair value measurements for the broiler birds and hatchery eggs have been categorised as Level 3 in the fair value hierarchy based on the inputs to the valuation techniques used. Valuation techniques and significant unobservable inputs used for valuation of biological assets are as below:

Biological assets	Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Live broiler birds	The valuation model considers the average weight of bird, mortality and the estimated selling price less cost to sell [including the additional cost required to bring the birds as ready to sell (i.e. feed cost, medicines and overheads)].	- Mortality of birds - Average weight of birds - Processing loss - Sales price of fully-grown bird less cost to sell.	The estimated fair value would increase/ (decrease) if: -Mortality was lower / (higher). -Average weight of birds higher/ (lower) -Selling price of fully-grown bird less cost to sell was higher/ (lower).
Hatchery eggs	The valuation model considers the actual selling price less cost to sell [including the additional cost required to bring the eggs as ready to sell (i.e. overhead and vaccine cost)].	- Hatchability of the eggs	The estimated fair value would increase/ (decrease) if the hatchability was higher / (lower).

The Group's finance department includes a team that performs valuations of the Group's biological assets for financial reporting purposes, including level 3 fair values. This team reports directly to the Group Chief Financial Officer (CFO). Discussions of valuation processes and results are held between the CFO and the valuation team at least once every three months.

The main level 3 inputs used by the Group are derived and evaluated as follows:

- Mortality rate and processing loss of the broiler birds have been determined based on the historical rate and environmental factors.
- The broilers birds grow at different rates and there can be a considerable spread in the quality and weight of broilers that affects the price achieved. An average weight is assumed for the slaughter of broiler bird that are not yet at marketable weight.
- Hatchability rate of the eggs have been determined based on the historical rate and environmental factors.
- Hatchery eggs before incubation can be sold at a uniform price that does not fluctuate materially since the quality and weight of the eggs is not relevant at the stage of hatchery.

15. ASSETS AND LIABILITIES RELATED TO CONTRACTS WITH CUSTOMERS

The Group has recognised the following assets related to contracts with customers:

	2023 **SR**	2022 SR
Contract assets relating to the construction of poultry farms	**21,922,970**	11,358,204
Contract liabilities relating to the construction of poultry farms	**641,517**	287,848

Contracts for construction of poultry farms are for a period of one year or less and are billed based on work performed.

16. TRADE RECEIVABLES AND OTHER DEBTORS

	Note	2023 SR	2022 SR
Trade receivables		**204,357,350**	173,586,415
Due from related parties	25	**51,571,235**	36,723,600
		255,928,585	210,310,015
Less: provision for impairment of trade receivables		**(17,104,367)**	(12,427,715)
		238,824,218	197,882,300

Due from related parties as at December 31, 2023 comprises of trade receivables amounting to SR 48.0 million (2022: SR 33.0 million) and other receivables amounting to SR 3.6 million (2022: SR 3.7 million).

Trade receivables and other debtors are non-derivative financial assets carried at amortised cost and are generally on terms of 30 to 90 days. The carrying value may be affected by changes in the credit risk of the counterparties. It is not the practice of the Group to obtain collateral over third party trade receivables and these are, therefore, unsecured. The vast majority of the Group's trade receivables are concentrated in the Kingdom of Saudi Arabia. As at December 31, 2023, five largest customers accounted for 34% (2022: 27%) of the outstanding trade receivables. The Group holds trade receivables with the objective of collecting the contractual cash flows and therefore measure them subsequently at amortised cost. Due to short-term nature of the trade receivables and other debtors their carrying amounts are considered to approximate their fair values.

The Group writes-off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery.

Trade receivables written-off during the year ended December 31, 2023 and 2022 are not subject to enforcement activity.

Movement in provision for impairment of trade receivables and other debtors is as follows:

	2023 SR	2022 SR
Opening balance	**12,427,715**	14,967,131
Additions	**5,150,000**	3,525,000
Disposal of a subsidiary	**-**	(6,010,099)
Write-offs	**(473,348)**	(54,317)
Closing balance	**17,104,367**	12,427,715

The following table provides information about the exposure to credit risk and ECLs for trade receivables from external customers:

December 31, 2023	**Weighted average loss rate**	**Gross carrying amount SR**	**Loss Allowance SR**
Current (not past due)	**0.15%**	**119,893,254**	**181,821**
1–90 days past due	**0.30%**	**57,149,421**	**173,838**
91–180 days past due	**3.28%**	**3,807,354**	**124,896**
181–270 days past due	**12.19%**	**2,381,951**	**290,327**
271–360 days past due	**12.11%**	**1,079,838**	**130,745**
More than 360 days past due	**61.85%**	**10,073,732**	**6,230,940**
Specific provision	**100%**	**9,971,800**	**9,971,800**
	8.37%	**204,357,350**	**17,104,367**

16. TRADE RECEIVABLES AND OTHER DEBTORS (CONTINUED)

December 31, 2022	Weighted average loss rate	Gross Carrying Amount SR	Loss Allowance SR
Current (not past due)	0.07%	100,189,932	67,082
1–90 days past due	0.12%	46,401,389	57,927
91–180 days past due	1.00%	5,788,301	58,019
181–270 days past due	1.63%	3,970,597	64,913
271–360 days past due	8.39%	341,587	28,665
More than 360 days past due	54.40%	10,403,219	5,659,719
Specific provision	100.00%	6,491,390	6,491,390
	7.16%	173,586,415	12,427,715

17. PREPAYMENTS AND OTHER RECEIVABLES

	2023 SR	2022 SR
Advances to suppliers	**140,107,351**	74,304,710
Prepaid expenses	**41,137,731**	39,349,080
Other receivables	**2,788,092**	2,752,000
Employee receivables	**5,342,856**	3,806,310
Government subsidy receivable	**8,744,107**	7,712,646
	198,120,137	127,924,746

Government subsidy, employee receivables and other receivables are generally settled within 12 months from the reporting date. Hence, their carrying amount is considered to be the same as fair value.

Movement in government subsidy receivable during the year is as follows:

	2023 SR	2022 SR
Opening balance	**7,712,646**	7,887,619
Additions	**65,194,009**	57,835,053
Collections	**(64,162,548)**	(58,010,026)
Closing balance	**8,744,107**	7,712,646

18. CASH AND CASH EQUIVALENTS

	2023 SR	2022 SR
Cash at banks	**104,599,446**	254,062,357
Cash in hand	**6,433,224**	12,985,728
	111,032,670	267,048,085

The cash is held in current accounts with banks having sound credit ratings and does not carry any mark-up. The carrying value at each reporting date is estimated to be the same as their fair value.

19. SHARE CAPITAL

At December 31, 2023 and 2022, the Company's share capital of SR 200 million consisted of 20 million issued and fully paid shares of SR 10 each. Also, see Note 1.

20. RESERVES

Statutory reserve
In accordance with the Regulations for Companies in the Kingdom of Saudi Arabia, the Company is required to transfer 10% of the profit for the year to a statutory reserve until it equals to 30% of its share capital. The reserve is not available for distribution to the shareholders of the Company.

Other reserve
The gain resulting from disposal of share in a subsidiary where in the Group continues to exercise control over the respective subsidiary.

21. EMPLOYEE BENEFIT OBLIGATIONS

The Group operates a defined benefit plan in line with the labour law requirements in the Kingdom of Saudi Arabia, and Bahrain, where the Group operates. The end of service benefit payments under the plan are based on the employees' final salaries and allowances and their cumulative years of service at the date of their termination of employment, as defined by the conditions stated in the labour laws of the Kingdom of Saudi Arabia and Bahrain. Employees' end of service benefit plans are unfunded plans and the benefit payment obligations are met by the Group when they fall due upon termination of employment.

	2023 SR	2022 SR
Opening balance	**86,252,675**	98,755,351
Current service cost	**10,493,685**	11,892,554
Interest cost	**3,802,177**	1,445,631
Employee benefit obligations transferred from a related party	**9,788**	65,707
Employee benefit obligations transferred to a related party	**(135,556)**	(280,117)
Actuarial loss (gain) on the obligation	**2,051,213**	(8,419,155)
Transfer on disposal of a subsidiary	**-**	(13,586,387)
Benefits paid	**(3,738,107)**	(3,620,909)
Closing balance	**98,735,875**	86,252,675

Amounts recognised in the consolidated statement of comprehensive income related to employee benefit obligations are as follows:

	2023 SR	2022 SR
Current service cost	**10,493,685**	11,892,554
Interest cost	**3,802,177**	1,445,631
Total amount recognised in consolidated profit or loss	**14,295,862**	13,338,185
Effect of changes in actuarial assumptions	**2,051,213**	(8,419,155)
Total amount recognised in consolidated statement of comprehensive income	**16,347,075**	4,919,030

Principal assumptions used in determining employee benefit obligation for the Group are as follows:

	2023 SR	2022 SR
Discount rate	**4.75%**	4.35%
Future salary increase rate	**3.75%**	3.85%

21. EMPLOYEE BENEFIT OBLIGATIONS (CONTINUED)

A reasonable possible change in the discount rate will result in (decrease) or increase in the profit as follows:

	2023 SR	2022 SR
0.5% increase in discount rate	**3,483,535**	3,057,621
0.5% decrease in discount rate	**(3,501,365)**	(3,140,955)

A reasonable possible change in the salary growth rate will result in (decrease) or increase in the profit as follows:

	2023 SR	2022 SR
0.5% increase in salary escalation rate	**(3,759,985)**	(2,545,058)
0.5% decrease in salary escalation rate	**3,755,934**	2,527,665

The expected maturity analysis of undiscounted employee benefit obligations is as follows:

	2023 SR	2022 SR
1 – 5 years	**62,071,539**	53,950,234
Over 5 years	**67,993,542**	59,281,167

22. BORROWINGS

	2023 SR	2022 SR
Non-current		
Long-term Murabaha bank loan	**122,512,600**	73,708,317
Less: Current portion of medium-term Murabaha bank loan	**-**	(33,115,317)
	122,512,600	40,593,000
Current		
Short-term bank Islamic loans	**138,081,444**	81,299,604
Short-term loan from Agricultural Development Fund ("ADF")	**150,000,000**	150,000,000
Current portion of medium-term Murabaha bank loan	**-**	33,115,317
Interest payable	**-**	3,421,035
	288,081,444	267,835,956

Borrowings consist of floating rate loans denominated in the following currencies:

	2023 SR	2022 SR
Saudi Riyal	**251,129,899**	255,305,480
USD	**36,951,545**	9,109,441
Euro	**122,512,600**	40,593,000
	410,594,044	305,007,921

The Group has short-term Islamic loan facilities from commercial banks of SR 762 million (2022: SR 770 million). The unused balance of these facilities as at December 31, 2023 amounted to SR 249 million (2022: SR 224 million). These facilities bear finance costs at market rates, which are generally based on Saudi Inter Bank Offered Rate ("SIBOR") and Secured Overnight Financing Rate ("SOFR"). Short-term Islamic facilities are collaterised by promissory notes signed by the borrowing entities of the Group and corporate guarantees from the Company to its subsidiaries. The short-term Islamic loans contain certain financial covenants to be complied with during the term of the loan and as at December 31, 2023 the Group companies are in compliant with the financial covenants.

22. BORROWINGS (CONTINUED)

The Group had obtained medium-term Murabaha bank loan facility from local commercial bank of SR 33 million and loan has been settled during the year.

In 2022, the Group obtained a long-term Murabaha facility of EURO 48 million (SR 191.5 million) through its subsidiary for the purpose of building a new plant. The loan carries interest charge at EURIBOR plus 1.75% and the repayment in semi-annual equal instalments amounting to EURO 3.4 million which will start from 2025 over a period of seven years. As at December 31, 2023 the Group has drawn EURO 30 million (SR 122.5 million) (2022: EURO 10.5 million (SR 40.6 million)) of the total facility amount. The Murabaha loan agreement contains certain financial covenants to be complied with during the term of the loan and as at December 31, 2023 the Group companies are in compliant with the financial covenants.

In 2022, the Group obtained and fully drawn down an interest-free loan of SR 150 million from the ADF and obtained another interest-free loan of SR 150 million during the year 2023 which has been drawn as at December 31, 2023. The loans are repayable in full within one year period, accordingly management assessed that the fair value of the loan approximates the carrying value of the loan. During the year, the Group has settled the loan amounting to SR 150 million drawn in 2022.

During the year, the Company obtained a long-term Tawarroq facility of SR 450 million from a commercial bank to support the capital expenditures to be incurred in the subsidiaries. The loan carries profit mark-up at SAIBOR plus 1.5% and the repayment in ten semi-annual equal instalments of SR 45 million each which will start after two years from the drawdown date. As at December 31, 2023 the Company has not made any drawdown from the said Tawarroq facility.

The average interest rates during the year ended December 31, 2023 on these facilities varied between 5.5% to 9.3% per annum (2022: 1.7% - 8.0% per annum).

Management assessed that fair value of short-term Islamic bank loans is approximately equal to their carrying amounts due to the short-term maturities and interest payable on those borrowings being at current market rates. Fair value of long-term Murabaha borrowing is approximately equal to their carrying amounts as they are subject to interest at market rates.

The aggregate maturities of the total loan facilities are summarised as follows:

	2023 **SR**	2022 SR
Less than 1 year	**288,081,444**	264,414,921
More than 1 year	**122,512,600**	40,593,000
	410,594,044	305,007,921

The finance costs recognised as expense on the above borrowings have been disclosed in note 31.

23. TRADE AND OTHER PAYABLES

	Note	**2023** **SR**	2022 SR
Trade payables		**199,735,681**	184,228,448
Notes payable		**2,892,921**	56,019,238
Due to related parties	25	**3,995,704**	492,899
		206,624,306	240,740,585

Trade payables are unsecured and are usually paid within 3 to 12 months of recognition. The carrying amounts of trade payables are considered to approximate their fair values, due to their short-term nature.

24. ACCRUED AND OTHER LIABILITIES

	2023 **SR**	2022 SR
Accrued employee related costs	**99,230,803**	86,004,118
Accrued expenses	**69,260,352**	69,502,143
Utilities payable	**7,408,347**	5,518,674
Advances from customers	**4,785,258**	5,782,594
Interest payable	**1,041,925**	-
Others	**12,000,823**	4,796,595
	193,727,508	171,604,124

Accrued expenses, accrued employee related costs and utilities payable are usually settled within 12 months from the reporting date. Hence, the carrying amounts of these balances are considered to approximate their fair values. Others mainly includes VAT payable.

25. RELATED PARTY TRANSACTIONS AND BALANCES

The Company is a member of an affiliated group of companies, which are directly or indirectly controlled by Al Dabbagh Group Holding Company ("ADGHC"), the ultimate majority shareholder.

Following is the list of related parties with whom the Group has significant transactions and balances:

Name of related party	Nature of relationship
ADGHC	Ultimate Parent
National Scientific Company Limited (NSCL)	Affiliate
Saed International for Istiqdam Company (SAED)	Affiliate
Advanced Petroleum Services Limited (APSL)	Affiliate
Aldukan Limited Company (Dukan)	Affiliate
Petromin Corporation (Petromin)	Affiliate
Supreme Food Processing Company and its subsidiary	Associate
National Fuel Limited Company (NFLC)	Affiliate
Petrolube Oil Company (POC)	Affiliate
National Transportation Solutions Company (NTSC)	Affiliate

Affiliates are entities which are directly or indirectly controlled or under significant influence of ADGHC. During the year ended December 31, 2023 and 2022, a number of transactions were conducted in the ordinary course of business with the affiliated companies, which are based on prices and contract terms that are mutually agreed between affiliates and management of the Group. The aggregate values of such transactions with affiliated companies are mentioned as follows:

Related party transactions

	2023 **SR**	2022 SR
Transaction with affiliate		
Sales to an affiliate	**(8,039,563)**	(12,950,799)
Employee costs paid to an affiliate	**289,157**	696,464
Rent	**1,713,938**	500,000
Payments on behalf of parent and affiliate	**140,184**	1,816,089
Purchases from affiliates	**317,314**	321,709
Employee benefit obligations transferred to a related party	**(135,556)**	(280,117)
Employee benefit obligations transferred from a related Party	**9,788**	65,707
Transfer of property, plant and equipment	-	(76,251)

25. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

Related party transactions (continued)

	2023 SR	2022 SR
Transaction with associate		
Sales to an associate	**(22,335,711)**	(3,143,926)
Management fees	**13,570,872**	2,511,140
Purchases from an associate	**2,130,465**	-
Rent	**413,719**	71,265
Others	**24,576**	9,925

Key management personnel compensation

	2023 SR	2022 SR
Remuneration	**22,917,790**	15,818,199
Provision for employee benefit obligations	**2,045,691**	1,192,143

At December 31, 2023, payable balance of key management personnel compensation is SR 0.65 million (2022: SR 1 million).

Key management personnel include the Board of Directors, Chief Executive Officer and heads of departments. Compensation of the Group's key management personnel includes salaries, non-cash benefits and contributions to a post-employment defined benefit plan.

Related party balances
Significant year end balances arising from transactions with related parties, are as follows:

Due from related parties (note 16)

	2023 SR	2022 SR
SFPC	**44,026,949**	29,404,424
ADGHC	**3,604,568**	3,744,752
Dukan	**3,807,314**	3,439,766
NSCL	**100,200**	102,454
APSL	**32,204**	32,204
	51,571,235	36,723,600

Due to related parties (note 23)

	2023 SR	2022 SR
PFF	**3,932,080**	435,640
SAED	**11,798**	53,996
Petromin	**51,826**	3,263
	3,995,704	492,899

26. ZAKAT AND INCOME TAX

Components of zakat base

The Company and its subsidiaries registered in Kingdom of Saudi Arabia file zakat declarations on consolidated basis. However, as a result of adding a new foreign shareholder in ADC and SFPC in 2022, their income is subject to zakat and income tax.

The principal elements of the zakat base are as follows:

	2023 **SR**	2022 SR
Non-current assets	**1,036,272,257**	779,418,905
Non-current liabilities	**551,375,659**	391,169,395
Opening shareholders' equity	**614,370,538**	356,202,659
Dividends paid	**69,991,021**	10,198,135
Government subsidy	**8,744,107**	7,712,646
Net income before zakat	**99,195,821**	199,896,453

Some of these amounts have been adjusted in arriving at the zakat charge for the year.

Movement in provision for zakat

	2023 **SR**	2022 SR
Opening balance	**10,073,869**	8,637,498
Provision for the year	**6,653,839**	8,997,973
Payment of zakat reimbursed by the shareholder	**(272,630)**	(110,221)
Reversal of provision	**-**	(1,818,435)
Payment	**(8,232,708)**	(4,171,280)
Disposal of a subsidiary	**-**	(1,461,666)
Closing balance	**8,222,370**	10,073,869

Movement in provision for income tax

	2023 **SR**	2022 SR
Opening balance	**438,856**	-
Provision for the year	**3,110,473**	438,856
Payment	**(429,578)**	-
Closing balance	**3,119,751**	438,856
Total zakat and income tax payable	**11,342,121**	10,512,725

The charge for the year for zakat and income tax is as follows:

	2023 **SR**	2022 SR
Zakat		
in respect of current year	**5,598,025**	8,997,973
in respect of prior year(s)	**1,055,814**	(1,818,435)
Income tax		
in respect of current year	**3,119,750**	438,856
in respect of prior year	**(9,277)**	-
Total zakat and income tax recognised in the current year	**9,764,312**	7,618,394

26. ZAKAT AND INCOME TAX (CONTINUED)

Deferred tax balances
Deferred tax adjustment has not been recognised in the current year as the impact is not material to the consolidated financial statements.

Status of final assessments
In 2019, Al Dabbagh Group Holding Company ("ADGHC"), the ultimate parent, had given a letter of undertaking whereby all liabilities related to additional zakat assessment up to the date of the Company being listed in Saudi Stock Exchange (Tadawul) which is on August 4, 2021 will be reimbursed to the Company by ADGHC.

In 2019, the Company obtained the approval from the ZATCA to file consolidated zakat return for the Company and its subsidiaries ADC, SFPC and DHV. The Company has finalised its zakat assessment with the ZATCA up to 2010. The Company has filed its consolidated zakat returns upto 2021 and filed its unconsolidated zakat return for the year 2022 as its subsidiaries are not 100% owned.

Various assessments with additional zakat claimed by the ZATCA have been received by the Company and its subsidiaries for the years 2015 to 2018, have either been objected or paid under protest by the Company and its subsidiaries. The total amount of additional zakat claimed by the ZATCA objected and paid under protest amounted to SR 4.7 million and SR 0.98 million respectively. Final assessment for the Company and its subsidiaries for the years 2019 through 2022 have not yet been raised by the ZATCA.

27. REVENUE

The Group derives its revenue at a point in time from sale of products to the customers and from contracts with customers for the transfer of goods and services over time. This is consistent with the revenue information that is disclosed for each reportable segment (see note 36).

	2023 **SR**	2022 SR
At a point in time (food and agricultural products) *	**2,037,902,040**	1,700,057,858
Over the period of time (construction of poultry farms) *	**55,190,767**	26,983,887
	2,093,092,807	1,727,041,745

* Refer note 36 for additional disaggregation of revenue by different geography.

28. COST OF SALES

	Note	**2023** **SR**	2022 SR
Materials consumed		**994,940,324**	825,868,928
Employee related costs		**310,195,777**	268,826,201
Transport and travel		**80,504,799**	49,503,069
Depreciation on right-of-use assets	7	**66,470,391**	57,216,160
Utilities		**47,094,346**	34,007,629
Depreciation on property, plant and equipment	6	**28,113,828**	16,374,889
Rent		**17,879,720**	15,997,461
Repairs and maintenance		**9,693,811**	9,026,781
External processing charges		**-**	6,787,460
Others		**43,427,000**	23,244,489
		1,598,319,996	1,306,853,067

29. SELLING AND DISTRIBUTION EXPENSES

	Note	2023 SR	2022 SR
Employee related costs		**109,434,283**	95,973,645
Transport and travel		**40,024,315**	34,328,800
Advertising and sales promotion		**27,929,102**	20,553,407
Depreciation on right-of-use assets	7	**25,705,879**	24,623,951
Sales commission		**17,154,809**	19,439,052
Depreciation on property, plant and equipment	6	**6,425,455**	4,577,966
Rent		**4,898,563**	3,678,370
Others		**19,981,265**	14,594,675
		251,553,671	217,769,866

30. GENERAL AND ADMINISTRATIVE EXPENSES

	Note	2023 SR	2022 SR
Employee related costs		**72,649,762**	72,886,390
Professional fees		**20,857,850**	10,349,870
IT infrastructure cost		**4,664,635**	3,012,301
Depreciation on right-of-use assets	7	**3,180,931**	2,841,517
Transport and travel		**3,760,152**	3,615,253
Rent		**2,110,849**	2,559,274
Directors' remuneration		**2,067,482**	1,280,296
Depreciation on property, plant and equipment	6	**367,193**	491,137
Others		**6,503,967**	6,972,334
		116,162,821	104,008,372

31. FINANCE COSTS

	Note	2023 SR	2022 SR
Interest on lease liabilities	7	**19,920,499**	15,302,204
Finance costs on Islamic borrowings		**8,352,261**	12,603,183
Others		**2,641,655**	3,264,078
		30,914,415	31,169,465

Others mainly includes bank charges.

32. COMMITMENTS AND CONTINGENCIES

Commitments and contingencies

At December 31, the Group had the following commitments:

	2023 SR	2022 SR
Capital commitments	**140,816,889**	144,802,044

32. COMMITMENTS AND CONTINGENCIES (CONTINUED)

At December 31, the Group had the following contingencies:

	2023 SR	2022 SR
Letters of credit	**222,252,347**	278,478,297
Letters of guarantee	**2,613,438**	2,793,438

The Group had the following share of contingencies and commitments in an associate

	2023 SR	2022 SR
Capital commitments	**51,613**	6,530,938
Letters of credit	**-**	1,302,083
Letters of guarantee	**319,458**	119,458

Short-term leases
The short-term lease commitments as of December 31, 2023 amount to SR 0.2 million (2022: SR 1.0 million).

33. AUDITORS REMUNERATION

	2023 SR	2022 SR
Audit fees for the Company and its subsidiaries	**1,320,000**	1,350,000
Fees for non-audit service	**25,000**	25,000
	1,345,000	1,375,000

34. FINANCIAL INSTRUMENTS

Fair value measurement of financial instruments

a) Recognised fair value measurements
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

When measuring the fair value of an asset or liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

34. FINANCIAL INSTRUMENTS (CONTINUED)

Fair value measurement of financial instruments

b) Fair value hierarchy

	December 31, 2023					
	FVOCI SR	**Amortised cost SR**	**Total SR**	**Level 1 SR**	**Level 2 SR**	**Level 3 SR**
Financial assets						
Unlisted equity securities	**773,983**	-	**773,983**	-	-	**773,983**
Trade receivables and other debtors	-	**238,824,218**	**238,824,218**	-	-	-
Contract assets	-	**21,922,970**	**21,922,970**	-	-	-
Cash and cash equivalents	-	**111,032,670**	**111,032,670**	-	-	-
Government subsidy, employee and other receivables	-	**16,875,055**	**16,875,055**	-	-	-
Total financial assets	**773,983**	**388,654,913**	**389,428,896**	-	-	**773,983**

	December 31, 2022					
	FVOCI SR	Amortised Cost SR	Total SR	Level 1 SR	Level 2 SR	Level 3 SR
Financial assets						
Unlisted equity securities	773,983	-	773,983	-	-	773,983
Trade receivables and other debtors	-	197,882,300	197,882,300	-	-	-
Contract assets	-	11,358,204	11,358,204	-	-	-
Cash and cash equivalents	-	267,048,085	267,048,085	-	-	-
Government subsidy, employee and other receivables	-	14,270,956	14,270,956	-	-	-
Total financial assets	773,983	490,559,545	491,333,528	-	-	773,983

The carrying value of all the financial assets classified at amortised cost approximates their fair value on each reporting date.

Financial liabilities includes borrowings, trade payables, contract liabilities, accrued and other liabilities and lease liabilities. All financial liabilities as of December 31, 2023 and 2022 are measured at amortised cost. The carrying values of the financial liabilities under amortised cost approximate their fair values.

c) Valuation technique
For unlisted securities discounted cash flow analysis is used to determine the fair value.

d) Valuation process
The finance department of the Group includes a team that performs the valuations of financial instruments required for financial reporting purposes, including level 3 fair values. This team reports directly to the Chief Financial Officer (CFO). The main level 3 inputs used by the Group are derived and evaluated based on:

- expected cash inflow from the disposal of investment.
- earnings growth factor for unlisted equity securities are based on the actual growth rate of the investee till the date of its disposal.

34. FINANCIAL INSTRUMENTS (CONTINUED)

Risk management framework
The Group's top management has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The audit committee monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group's audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee. There are no changes to the Group's risk management policies during the year. The Group is continuously monitoring the evolving scenario and any change in the risk management policies will be reflected in the future reporting periods.

The Group has exposure to the following risks arising from financial instruments:

- Credit risk
- Liquidity risk
- Market risk (currency risk, fair value and cash flow interest risk and price risk)

a) Credit risk
Credit risk arises from cash and cash equivalents, credit exposures to customers, including outstanding receivables from other parties.

Credit risk refers to the risk that a counterparty including related parties will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties including related parties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group's exposure of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are set in accordance with limits set by the management. Refer to Note 16 for concentration of credit risk on trade receivables.

Trade receivables consist of a large number of customers. Ongoing credit evaluation is performed on the financial condition of accounts receivable and, where appropriate, credit guarantee insurance cover is purchased.

A significant increase in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment. A default on a trade receivable occurs when the counterparty fails to make contractual payments within 90 days of when they fall due. Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. The Group categorises a receivable for write-off when a debtor fails to make contractual payments greater than 720 days past due. Where receivables have been written-off, the Group continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are directly recognised in the consolidated statement of comprehensive income.

34. FINANCIAL INSTRUMENTS (CONTINUED)

Risk management framework (continued)

a) Credit risk (continued)

The Group's exposure to credit risk at the reporting date is as follows:

	2023 **SR**	2022 SR
Cash at banks	**104,599,446**	254,062,357
Trade receivables and other debtors, net – third parties	**187,252,983**	161,158,700
Trade receivables and other debtors – related parties	**51,571,235**	36,723,600
Contract asset	**21,922,970**	11,358,204
Government subsidy, employee and other receivables (included within prepayments and other receivables)	**16,875,055**	14,270,956
	382,221,689	477,573,817

The Group uses the forward-looking 'expected credit loss' (ECL) model to measure the impairment loss on financial assets. Cash at banks are placed with banks with sound credit ratings. Government subsidy, contract assets, employee and other receivables are considered to have low credit risk; therefore, 12 months expected loss model was used for impairment assessment. Based on management's impairment assessment, there is no provision required in respect of these balances for all the years presented.

For trade receivables, the Group applies the simplified approach to provide for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected credit loss provision for all trade receivables based on a provision matrix. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The provision matrix takes into account historical credit loss experience and is adjusted for average historical recovery rates. The historical loss rates are also considered to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

The trade receivables balance from the related parties are from the affiliates of the Group having the same majority shareholder. Based on management's impairment assessment, there is no provision required in respect of these balances for all the periods presented as they are considered to have low credit risk.

Refer note 16 for the impairment losses on financial assets recognised in the consolidated statement of profit or loss and other comprehensive income.

b) Liquidity risk

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Group's short and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

34. FINANCIAL INSTRUMENTS (CONTINUED)

Risk management framework (continued)

b) Liquidity risk (continued)

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

	Within 12 months	**More than 12 months**	**Total**	**Carrying amount**
December 31, 2023				
Borrowings	**294,048,331**	**146,096,276**	**440,144,607**	**410,594,044**
Trade and other payables	**206,624,306**	**-**	**206,624,306**	**206,624,306**
Lease liabilities	**108,162,216**	**399,853,409**	**508,015,625**	**410,442,724**
Accrued and other liabilities	**188,942,250**	**-**	**188,942,250**	**188,942,250**
	797,777,103	**545,949,685**	**1,343,726,788**	**1,216,603,324**

	Within 12 months	More than 12 months	Total	Carrying amount
December 31, 2022				
Borrowings	267,455,693	47,148,114	314,603,807	305,007,921
Trade payables	240,740,585	-	240,740,585	240,740,585
Lease liabilities	83,818,545	304,704,254	388,522,799	320,143,272
Accrued and other liabilities	165,821,530	-	165,821,530	165,821,530
	757,836,353	351,852,368	1,109,688,721	1,031,713,308

Liquidity risk is managed by monitoring on a regular basis that sufficient funds and banking and other credit facilities are available to meet the Group's future commitments. Refer to Note 22 for unused credit facilities and Note 18 for closing cash position of the Group. The Group's terms of sales require amounts to be paid either on a cash on delivery or on terms basis.

c) Market risk

Market risk is the risk that changes in market prices, such as commission rates, equity prices and foreign currency exchange rates may affect the Group's income. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing the returns. Market risk is the risk that the fair value or the future cash flows of a financial instrument may fluctuate as a result of changes in market profit rates or the market prices of securities due to change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. The Group is exposed to market risk, in the form of commission rate risk and foreign currency risk as described below. There has been no change to the Group's exposure to market risks or the manner in which these risks are managed and measured.

i) Currency risk

The Group undertakes transactions denominated in foreign currencies principally in Saudi Riyals, United Arab Emirates Dirhams, Bahraini Dinars, Euros and United States Dollars; consequently, exposures to exchange rate fluctuations arise. As a result, it is subject to foreign exchange currency risk due to exchange rate movements, which will affect the Group's transaction costs and its financial assets and liabilities.

34. FINANCIAL INSTRUMENTS (CONTINUED)

Risk management framework (continued)

c) Market risk (continued)

i) Currency risk (continued)
The management believes that there is no currency risk arising from the transactions in currencies to which the Saudi Riyals is pegged. The Group's exposure to currency risk arising from currencies to which the Saudi Riyals is not pegged is monitored by the management. The net Group's major foreign currency denominated financial assets and financial liabilities, which give rise to foreign exchange risk as at:

	2023 **SR**	2022 SR
Financial liabilities		
Borrowings (currency EUR)	**122,512,600**	40,593,000

The Group's financial assets and liabilities will increase / decrease by SR 1.23 million (2022: SR 0.41 million) if the Euro currency appreciates / depreciates by 1%.

ii) Interest rate risk
Interest rate risks are the exposures to various risks associated with the effect of fluctuations in the prevailing interest rates on the Group's financial position and cash flows. The Group manages the interest rate risk by regularly monitoring the interest rate profiles of its interest-bearing financial instruments. The Group's interest-bearing liabilities, which are mainly bank borrowings, are at floating rates of interest, which are subject to re-pricing. Management monitors the changes in interest rates and believes that the fair value risks to the Group are not significant. There are no interest-bearing financial assets at the end of reporting period.

The interest rate profile of the Group's interest-bearing financial instruments as reported to the management of the Group is as follows:

	2023 **SR**	2022 SR
Financial liabilities, principally borrowings	**410,594,044**	305,007,921

Profit or loss is sensitive to higher/lower interest expense on borrowings as a result of changes in interest rates. The following table demonstrates the sensitivity to a reasonable possible change in interest rate on the Group's profit before zakat, through the impact of floating rate borrowings:

	2023 **SR**	2022 SR
Interest rate-increases by 100 basis points	**(309,144)**	(311,695)
Interest rate-decreases by 100 basis points	**309,144**	311,695

iii) Price risk
Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from special commission rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instruments or it's issuer, or factors affecting all similar financial instruments traded in the market. The Group does not have any financial instruments that are subject to price risk.

34. FINANCIAL INSTRUMENTS (CONTINUED)

Risk management framework (continued)

c) Market risk (continued)

iii) Price risk (continued)
The Group's exposure to equity securities price risk arises from investments held by the Group and classified in the consolidated statement of financial position at fair value through other comprehensive income. The probable fluctuations in the investment value is not material to the consolidated financial statements of the Group.

d) Capital management
The primary objective of the Group's capital management is to ensure that it maintains a proper capital ratio in order to support its business and maximise shareholders' value. The capital structure includes all components of equity totalling SR 618.8 million at December 31, 2023 (2022: SR 614.3 million) attributable to the owners of the Company. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Company and its subsidiaries monitor capital on the basis of the gearing ratio. This ratio is calculated based on the net debt divided by total capital.

	2023 **SR**	2022 SR
Borrowings	**410,594,044**	308,428,956
Lease liabilities	**410,442,724**	320,143,272
Less: cash and cash equivalents	**(111,032,670)**	(267,048,085)
Net debt (A)	**710,004,098**	361,524,143
Shareholders' equity (B)	**618,824,251**	614,370,538
Total capital (A+B)	**1,328,828,349**	975,894,681
Gearing ratio (A / (A+B))	**53%**	37%

e) Financial risk management strategies for biological assets
The Group is exposed to risks arising from environmental and climatic changes risks.

i. Regulatory and environmental risk
The Group is subject to laws and regulations of Kingdom of Saudi Arabia. The Group has established environmental policies and procedures aimed at compliance with local environmental and other laws.

ii. Climate and other risks
The Group is exposed to risk of loss from climate changes, diseases and other natural forces. The Group has extensive processes in place aimed at monitoring and mitigating those risks, including regular health inspections, vaccination policies and state of the art farms to provide a barrier against diseases. Further, the Group's geographic spread of farms allows a high degree of mitigation against adverse climatic conditions such as floods and disease outbreaks.

35. EARNINGS PER SHARE

Earnings per share have been calculated by dividing the net profit attributable to the owners of the Company by the weighted average number of shares outstanding during the year. As the Group does not have any dilutive potential shares, the diluted earnings per share is the same as the basic earnings per share.

	2023	2022
	SR	SR
From continuing operations		
Net profit attributable to the owners of the Company	**75,940,950**	186,809,894
Adjustment to exclude gain for the year from discontinued operations	-	(114,296,416)
Net profit attributable to the owners of the Company from continuing operations for the purpose of basic and diluted earnings per share.	**75,940,950**	72,513,478
Weighted average number of shares	**20,000,000**	20,000,000
Basic and diluted earnings per share (SR per share)	**3.80**	3.63
From discontinued operations		
Basic and diluted earnings per share (SR per share)	-	5.71
From continuing and discontinued operations		
Basic and diluted earnings per share (SR per share)	**3.80**	9.34

36. SEGMENT INFORMATION

The Group operates principally in a single business segment of Agriculture and Food business which includes manufacturing and distribution of fresh and processed poultry and poultry related products. This is in line with the operating segment that is regularly reported to the Chief Operating Decision Maker. This is also the measure reported to the Group's Board of Directors for the purpose of resource allocation and assessment of segment performance. However, the Group operates in the following geographical areas:

	Poultry, food and agriculture				
For the year ended December 31, 2023	**Kingdom of Saudi Arabia SR**	**United Arab Emirates SR**	**Kingdom of Bahrain SR**	**Other GCC countries SR**	**Total SR**
Revenue from external customers					
Timing of revenue recognition					
At a point in time	**1,940,625,843**	**-**	**96,886,152**	**390,045**	**2,037,902,040**
Over time	**55,190,767**	**-**	**-**	**-**	**55,190,767**
	1,995,816,610	**-**	**96,886,152**	**390,045**	**2,093,092,807**

	Poultry, food and agriculture				
For the year ended December 31, 2022	Kingdom of Saudi Arabia SR	United Arab Emirates SR	Kingdom of Bahrain SR	Other GCC countries SR	Total SR
Revenue from external customers					
Timing of revenue recognition					
At a point in time	1,601,430,600	4,392,007	93,335,151	900,100	1,700,057,858
Over time	26,983,887	-	-	-	26,983,887
	1,628,414,487	4,392,007	93,335,151	900,100	1,727,041,745

The revenue for the year ended December 31, 2023 from top five customers in the food and agriculture stream represents 13.43% of the Group's revenues (2022: 13.31%).

36. SEGMENT REPORTING (CONTINUED)

	December 31, 2023		
	Kingdom of Saudi Arabia	**Kingdom of Bahrain**	**Total**
Property, plant and equipment	**524,658,451**	**512,237**	**525,170,688**
Right-of-use assets	**420,814,496**	**1,878,013**	**422,692,509**
Intangible assets	**6,700,076**	**68,335**	**6,768,411**
Financial assets at FVOCI	**773,983**	**-**	**773,983**

	December 31, 2022		
	Kingdom of Saudi Arabia	Kingdom of Bahrain	Total
Property, plant and equipment	337,899,512	391,216	338,290,728
Right-of-use assets	347,750,092	961,733	348,711,825
Intangible assets	4,072,336	76,509	4,148,845
Financial assets at FVOCI	773,983	-	773,983

37. DIVIDENDS

On April 26, 2023, the shareholders in their meeting approved and distributed a cash dividend of SR 3.5 per share amounting to SR 69.9 million for the year ended December 31, 2022 (2022: SR 0.51 per share amounting to SR 10.2 million).

38. CASH FLOW INFORMATION

(a) Net debt

	2023 SR	2022 SR
Cash and cash equivalents	**111,032,670**	267,048,085
Lease liabilities	**(410,442,724)**	(320,143,272)
Borrowings	**(410,594,044)**	(308,428,956)
Net debt	**(710,004,098)**	(361,524,143)

Borrowings of the Group carry variable interest rates.

38. CASH FLOW INFORMATION (CONTINUED)

(b) Net debt reconciliation

	Cash and cash equivalents SR	Borrowings SR	Leases SR	Total SR
January 1, 2022	185,891,241	(323,150,453)	(214,575,803)	(351,835,015)
Additions to leases	-	-	(235,555,502)	(235,555,502)
Interest on lease liabilities	-	-	(15,302,204)	(15,302,204)
Disposal of a subsidiary	(12,722,450)	56,889,067	38,278,398	82,445,015
Lease liabilities written off due to termination of lease contracts	-	-	2,196,354	2,196,354
Finance costs	-	(15,867,261)	-	(15,867,261)
Finance costs paid (presented as operating cash flows)	-	13,906,928	-	13,906,928
Cash flows	93,879,294	(40,207,237)	104,815,485	158,487,542
December 31, 2022	267,048,085	(308,428,956)	(320,143,272)	(361,524,143)
Additions to leases	-	-	**(182,150,191)**	**(182,150,191)**
Interest on lease liabilities	-	-	**(19,920,499)**	**(19,920,499)**
Lease liabilities written off due to termination of lease contracts	-	-	**13,020,108**	**13,020,108**
Finance costs	-	**(9,951,991)**	-	**(9,951,991)**
Finance costs paid (presented as operating cash flows)	-	**13,373,026**	-	**13,373,026**
Cash flows	**(156,015,415)**	**(105,586,123)**	**98,751,130**	**(162,850,408)**
December 31, 2023	**111,032,670**	**(410,594,044)**	**(410,442,724)**	**(710,004,098)**

39. EVENTS AFTER THE REPORTING PERIOD

There were no events subsequent to December 31, 2023 and occurring before the date of the approval of the consolidated financial statements that are expected to have a significant impact on these consolidated financial statements.

40. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

These consolidated financial statements of the year ended December 31, 2023 was approved for issuance by the Board of Directors of the Group on February 8, 2024.