ARABIAN COMPANY FOR AGRICULTURAL AND INDUSTRIAL INVESTMENT

(A SAUDI JOINT STOCK COMPANY)

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2024

Arabian Company for Agricultural and Industrial Investment
(A Saudi Joint Stock Company)

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT
For the year ended 31 December 2024

Building a better working world

Ernst & Young Professional Services (Professional LLC)
Paid-up capital (SR 5,500,000 – Five million five hundred thousand Saudi Riyal)
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INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF ARABIAN COMPANY FOR AGRICULTURAL AND INDUSTRIAL INVESTMENT
(A SAUDI JOINT STOCK COMPANY)

Opinion

We have audited the financial statements of Arabian Company for Agricultural and Industrial Investment – A Saudi Joint Stock Company (the "Company"), which comprise the statement of financial position as at 31 December 2024, and the statement of profit or loss, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2024, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants.

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 Financial Statements section of our report. We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) that is endorsed in the Kingdom of Saudi Arabia that is relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with that Code. 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 judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming auditor's opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF ARABIAN COMPANY FOR AGRICULTURAL AND INDUSTRIAL INVESTMENT
(A SAUDI JOINT STOCK COMPANY) (continued)

Key Audit Matters (continued)

Key audit matter	How our audit addressed the key audit matter
Improper revenue recognition During the year ended 31 December 2024, the Company recognized revenue amounting to SR 1,245 million (2023: SR 1,099 million). The Company recognizes revenue upon satisfaction of performance obligations at a point in time, typically when control of the goods is transferred to the customers. Revenue is measured at the fair value of the consideration received or receivable, taking into account terms of payment and excluding any taxes and duties as applicable. The Company focuses on revenue as a key performance measure, which could create an incentive for revenue to be recognised before control is transferred. Based on above factors and materiality of the amounts involved, we have considered revenue recognition as a key audit matter. *Refer to notes (3) and (21) of the accompanying financial statements for the material accounting policy and other related information related to revenue recognition*	Our procedures included, among others, the following: ▪ Assessed the appropriateness of the Company' revenue recognition policy; ▪ Inspected, on a sample basis, contracts to validate that revenue (including discounts and rebates) was recognised in accordance with the contractual terms and the Company's revenue recognition policies; ▪ Assessed the design of the Company's internal controls over the recognition of revenue; ▪ Tested, on a sample basis, revenue transactions that occurred during the year and inspected the supporting documents (including invoice, delivery evidence, approved sales price etc.); ▪ Tested and recalculated, on a sample basis, discounts and rebates according to customer contracts; ▪ Tested, on a sample basis, transactions taking place before and after the reporting period to ensure revenue were recognised in the proper accounting period; ▪ Performed analytical procedures by comparing revenue with prior year, identifying trends in revenue during the year and analyzing variances; and ▪ Assessed the adequacy of the relevant disclosures in the Company's financial statements.

Other information included in The Company's 2024 Annual Report

Other information consists of the information included in the Company's 2024 annual report, other than the financial statements and our auditor's report thereon. We obtained the Company's 2024 draft annual report, prior to the date of our auditor's report, and we expect to obtain the Company's 2024 final annual report after the date of our auditor's report. Management is responsible for the other information in its annual report.

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

In connection with our audit of the 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 financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of the auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

In preparing the financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

Those Charged with Governance i.e. the Audit Committee are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 financial statements.

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

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

- Identify and assess the risks of material misstatement of the 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 for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, 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 Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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 management 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, actions taken to eliminate threats or safeguards applied.

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INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF ARABIAN COMPANY FOR AGRICULTURAL AND INDUSTRIAL INVESTMENT
(A SAUDI JOINT STOCK COMPANY) (continued)

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. 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 a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

for Ernst & Young Professional Services

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CR. 1010383821
شركة ارنست ويونغ للخدمات المهنية
(مهنية ذات مسؤولية محدودة)
Ernst & Young Professional Services
(Professional LLC)

Waleed G. Tawfiq
Certified Public Accountant
License No. (437)

Riyadh: 11 Shawwal 1446H
(9 April 2025)

Arabian Company for Agricultural and Industrial Investment
(A Saudi Joint Stock Company)

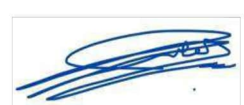
STATEMENT OF FINANCIAL POSITION
As at 31 December 2024

	Notes	***31 December 2024 SR***	*31 December 2023 SR*
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	**921,398,593**	854,972,376
Right-of-use assets	6	**107,404,407**	56,511,522
TOTAL NON-CURRENT ASSETS		**1,028,803,000**	911,483,898
CURRENT ASSETS			
Inventories	7	**154,590,537**	105,848,363
Biological assets	8	**54,670,000**	52,613,412
Prepayments and other current assets	9	**17,355,162**	15,464,322
Government subsidies receivable	10	**2,120,992**	2,612,833
Amounts due from related parties	11	**10,348,569**	157,712
Accounts receivable	12	**127,723,030**	81,353,722
Cash and cash equivalents	13	**33,480,255**	23,088,184
TOTAL CURRENT ASSETS		**400,288,545**	281,138,548
TOTAL ASSETS		**1,429,091,545**	1,192,622,446
EQUITY AND LIABILITIES			
EQUITY			
Share capital	14	**300,000,000**	50,000,000
Proposed increase in share capital	14	**-**	250,000,000
Statutory reserve	15	**7,504,503**	7,504,503
Retained earnings		**153,076,140**	129,075,828
TOTAL EQUITY		**460,580,643**	436,580,331
NON-CURRENT LIABILITIES			
Employees' defined benefit liabilities	16	**29,084,939**	24,607,659
Loans from a related party, non-current	11	**-**	460,414,847
Long-term loans, non-current	17	**505,082,226**	-
Lease liabilities, non-current	6	**89,255,048**	49,230,118
Accruals and other non-current liabilities		**1,190,110**	1,186,456
TOTAL NON-CURRENT LIABILITIES		**624,612,323**	535,439,080
CURRENT LIABILITIES			
Accounts payable	18	**88,891,615**	43,463,161
Accruals and other current liabilities	19	**92,997,688**	61,623,379
Amounts due to related parties	11	**47,598,774**	50,329,845
Current portion of loans from a related party	11	**-**	56,787,938
Current portion of long-term loans	17	**23,733,348**	-
Short-term loans	17	**75,040,899**	-
Current portion of lease liabilities	6	**15,636,255**	8,398,712
TOTAL CURRENT LIABILITIES		**343,898,579**	220,603,035
TOTAL LIABILITIES		**968,510,902**	756,042,115
TOTAL EQUITY AND LIABILITIES		**1,429,091,545**	1,192,622,446


Mr. Albert Y. Hong
(Chief Financial Officer)


Mr. Amir M. Mohamed
(Vice President – Finance)


Mr. Mr. Raja M. Alharbi
(Chief Executive Officer)


Mr. Badr Hamed Al-Aujan
(Chairman Board of Directors)

The attached notes 1 to 33 form part of these financial statements.

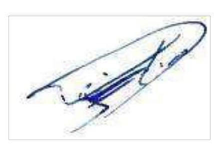
Arabian Company for Agriculture and Industrial Investments-Single Person Company

(A Limited Liability Company)STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

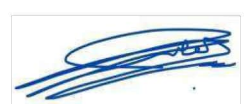
	Notes	*31 December 2024 SR*	*31 December 2023 SR*
Revenue	21	**1,244,885,289**	1,099,348,958
Cost of revenue	22	**(1,047,138,077)**	(869,047,052)
GROSS PROFIT		**197,747,212**	230,301,906
EXPENSES			
Selling and distribution	23	**(83,056,091)**	(99,547,577)
Provision for expected credit loss for accounts receivables and amounts due from related parties	11 & 12	**(9,532,157)**	(7,844,982)
General and administration	24	**(53,360,648)**	(47,819,845)
PROFIT FROM OPERATIONS		**51,798,316**	75,089,502
(Loss) gain on fair value remeasurement of broiler birds' biological assets	8	**(1,167,671)**	2,686,725
Finance costs	25	**(33,683,202)**	(16,766,519)
Finance income		**2,749,917**	-
Other income	26	**7,398,615**	3,498,719
PROFIT BEFORE ZAKAT		**27,095,975**	64,508,427
Zakat	20	**-**	(1,848,396)
PROFIT FOR THE YEAR		**27,095,975**	62,660,031
EARNINGS PER SHARE			
Basic and diluted earnings per share	27	**0.90**	2.09

Mr. Albert Y. Hong
(Chief Financial Officer)

Mr. Amir M. Mohamed
(Vice President – Finance)



Mr. Mr. Raja M. Alharbi
(Chief Executive Officer)



Mr. Badr Hamed Al-Aujan
(Chairman Board of Directors)

The attached notes 1 to 34 form part of these financial statements.

Arabian Company for Agriculture and Industrial Investments-Single Person Company

(A Limited Liability Company)STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Notes	***31 December 2024 SR***	*31 December 2023 SR*
PROFIT FOR THE YEAR		**27,095,975**	62,660,031
OTHER COMPREHENSIVE LOSS			
Other comprehensive loss that will not be reclassified to profit or loss in subsequent periods			
Remeasurement loss on employees' defined benefit liabilities	16	**(3,095,663)**	(1,671,000)
OTHER COMPREHENSIVE LOSS FOR THE YEAR		**(3,095,663)**	(1,671,000)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**24,000,312**	60,989,031

Mr. Albert Y. Hong	Mr. Amir M. Mohamed	Mr. Mr. Raja M. Alharbi	Mr. Badr Hamed Al-Aujan
(Chief Financial Officer)	(Vice President – Finance)	(Chief Executive Officer)	(Chairman Board of Directors)

The attached notes 1 to 34 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2024

	Share capital SR	*Proposed increase in share capital SR*	*Statutory reserve SR*	*Retained earnings SR*	*Total SR*
As at 1 January 2023	50,000,000	-	7,504,503	68,086,797	125,591,300
Profit for the year	-	-	-	62,660,031	62,660,031
Other comprehensive loss for the year	-	-	-	(1,671,000)	(1,671,000)
Total comprehensive income for the year	-	-	-	60,989,031	60,989,031
Proposed increase in share capital (note 14)	-	250,000,000	-	-	250,000,000
As at 31 December 2023	50,000,000	250,000,000	7,504,503	129,075,828	436,580,331
As at 1 January 2024	50,000,000	250,000,000	7,504,503	129,075,828	436,580,331
Profit for the year	-	-	-	27,095,975	27,095,975
Other comprehensive loss for the year	-	-	-	(3,095,663)	(3,095,663)
Total comprehensive income for the year	-	-	-	24,000,312	24,000,312
Increase in share capital (note 14)	250,000,000	(250,000,000)	-	-	-
As at 31 December 2024	**300,000,000**	**-**	**7,504,503**	**153,076,140**	**460,580,643**

Mr. Albert Y. Hong	Mr. Amir M. Mohamed	Mr. Mr. Raja M. Alharbi	Mr. Badr Hamed Al-Aujan
(Chief Financial Officer)	(Vice President – Finance)	(Chief Executive Officer)	(Chairman Board of Directors)

The accompanying notes 1 to 33 form integral part of these financial statements.

Arabian Company for Agricultural and Industrial Investment
(A Saudi Joint Stock Company)

STATEMENT OF CASH FLOWS
For the year ended 31 December 2024

	Notes	31 December 2024 SR	31 December 2023 SR
OPERATING ACTIVITIES			
Profit before zakat		**27,095,975**	64,508,427
Adjustments to reconcile profit before zakat to net cash flows:			
Depreciation of property, plant and equipment	5	**52,398,467**	33,236,737
Depreciation of right-of-use assets	6	**13,979,400**	8,073,372
Provision for employees' defined benefit liabilities	16	**3,751,953**	2,772,427
(Reversal) provision for slow moving inventories	7	**(1,870,480)**	175,637
Impairment of prepayments and other current assets	9	**383,578**	1,391,566
Expected credit losses on accounts receivable	12	**9,454,590**	7,844,982
Expected credit losses on amounts due from related parties	11	**77,567**	-
Finance costs	25	**33,683,202**	16,766,519
Finance income		**(2,749,917)**	-
Loss (gain) on fair value remeasurement of biological assets	8	**3,476,562**	(2,686,725)
Gain on disposal of property, plant and equipment		**(94,354)**	(7,320)
Gain on disposal of right-of-use assets and lease liabilities		**(556)**	(38,944)
		139,585,987	132,036,678
Changes in operating assets and liabilities:			
Inventories		**(46,871,694)**	(37,320,111)
Biological assets		**(5,533,150)**	(8,702,914)
Prepayments and other current assets		**(7,314,418)**	8,959,620
Government subsidies receivable		**491,841**	552,779
Accounts receivable		**(55,823,898)**	20,241,823
Accounts payable		**45,428,454**	20,021,180
Accruals and other current liabilities		**20,625,955**	(15,306,033)
Amounts due from / to related parties		**(13,542,168)**	40,691,664
Cash from operating activities		**77,046,909**	161,174,686
Employees' defined benefit liabilities paid	16	**(2,632,428)**	(1,897,489)
Net cash from operating activities		**74,414,481**	159,277,197
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	5	**(119,191,804)**	(191,322,808)
Finance income received		**2,749,917**	-
Proceeds from disposal of property, plant and equipment		**191,474**	78,610
Net cash used in investing activities		**(116,250,413)**	(191,244,198)
FINANCING ACTIVITIES			
Proceeds from loans from a related party	11	**58,286,557**	207,271,966
Repayment of loans from a related party	11	**-**	(132,507,383)
Repayment of long-term loans	17	**(47,840,718)**	-
Net movement in short-term loans	17	**75,040,899**	-
Finance costs paid		**(20,689,479)**	(14,726,971)
Payment of principal portion of lease liabilities	6	**(12,569,256)**	(6,935,588)
Net cash from financing activities		**52,228,003**	53,102,024
NET INCREASE IN CASH AND CASH EQUIVALENTS		**10,392,071**	21,135,023
Cash and cash equivalents at the beginning of the year		**23,088,184**	1,953,161
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		**33,480,255**	23,088,184
Significant non-cash transactions:			
Proposed increase in share capital	14	-	250,000,000
Right-of-use assets and lease liabilities	6	**64,892,791**	54,766,701
Land transferred to a related party at net book value	5	**270,000**	-
Employees' defined benefit liabilities transferred to the Company	16	**812,673**	2,350,141
Transfer between loans from a related party to long-term loans net of prepaid management fee and transaction costs	11	**576,228,312**	-

The accompanying notes 1 to 33 form integral part of these financial statements.

Mr. Albert Y. Hong	Mr. Amir M. Mohamed	Mr. Mr. Raja M. Alharbi	Mr. Badr Hamed Al-Aujan
(Chief Financial Officer)	(Vice President – Finance)	(Chief Executive Officer)	(Chairman Board of Directors)

1 CORPORATE INFORMATION

Arabian Company for Agricultural and Industrial Investment ("ACAII", or "the Company") is a Saudi Joint Stock Company incorporated in the Kingdom of Saudi Arabia under commercial registration numbered 1010318944 dated 24 Thul-Qi'dah 1432H (corresponding to 22 October 2011) and Unified Identification Number 7013115642. On 11 Jumada Al-Ula 1445H (corresponding to 25 November 2023), the Company ratified resolution for converting the legal status of the entity from a limited liability company to a Saudi Closed Joint Stock Company. Legal formalities in this regard were completed on 19 Jumada Al-Akhirah 1445H (corresponding to 1 January 2024).

The Company is a subsidiary of Arabian Agricultural Services Company ("ARASCO") or (the "majority shareholder"). During the year, the majority shareholder transferred 4.9% of its ownership in the Company to one of its wholly-owned subsidiaries, Ocean Line Marine Services Limited.

The Company's licensed activities include egg production, broiler chicken production, support activities for animal production, production of chilled and frozen meat, preservation, and preparation of meat and meat products in various ways, such as drying, canning, and the production of egg products and eggshells, in addition to the preparation and processing of egg products, wholesale of dairy products, egg products, frozen meat and poultry.

On 11 Thul Qi'dah 1445H (corresponding to 19 May 2024), the General Assembly of Shareholders decided to go for an Initial Public Offering ("IPO) and listing of 30% of its ordinary shares on Saudi Stock Exchange ("Tadawul"), which was approved by Capital Market Authority ("CMA") on 27 Rabi Al-Awwal 1446H (corresponding to 30 September 2024). The allotment of shares to new shareholders was completed and the Company's ordinary shares began trading on Saudi Stock Exchange ("Tadawul") on 17 Ramadan 1446H (corresponding to 17 March 2025). Legal formalities to convert the status of the Company from Closed Joint Stock Company to Joint Stock Company were completed subsequent to year-end.

The Company's national address is Building no. 3927, Al Amir Sultan Ibn Abdul Aziz Road, Al Olaya District, Unit no. 97, Riyadh 12311 – 7380, Kingdom of Saudi Arabia.

The Company operates through its Head Office in Riyadh and two branches in Kingdom of Saudi Arabia as below:

City	*Date*	*Commercial Registration Number*
Riyadh	20 Jumada Al-Akhirah 1415H (corresponding to 24 November 1994)	1010130873
Riyadh	10 Rajab 1424H (corresponding to 7 September 2003)	1010189677

2 BASIS OF PREPARATION

Statement of compliance
These financial statements of the Company have been prepared in accordance with IFRS Accounting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements endorsed by Saudi Organization for Chartered and Professional Accountants ("SOCPA") (collectively referred to as "IFRS as endorsed in KSA").

Basis of measurement
These financial statements have been prepared under the historical cost convention, except for the following material items in the statement of financial position:

- Employees' defined benefit liabilities are recognised at the present value of future obligations using the projected unit credit method.
- Biological assets are measured at fair value.

These financial statements are presented in Saudi Riyals ("SR") which is the functional and presentation currency of the Company and rounded to the nearest Saudi Riyals (except when otherwise indicated).
The Company has prepared its financial statements on the basis that it will continue as a going concern.

3 MATERIAL ACCOUNTING POLICY INFORMATION

Current versus non-current classification

The Company presents assets and liabilities in the 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 the 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 Company classifies all other assets as non-current.

A liability is current when:

- It is expected to be settled in the 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 Company classifies all other liabilities as non-current.

Fair value measurement

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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; Or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset considers a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

When inputs used to measure the fair value of an asset or liability are classified at different levels in the fair value hierarchy, the fair value measurement is classified as a whole at the same level in the fair value hierarchy of the lowest input level that is significant for the overall measurement.

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Fair value measurement (continued)
For assets and liabilities that are frequently recognised in the statement of financial position, the company determines whether the transfer has been made between the hierarchy of fair value levels by re-assessing the classification (based on significant lower-level inputs to measure the fair value as a whole) at the end of each financial period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above. Fair-value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed.

Property, plant and equipment
Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets. The estimated useful lives of the assets for the calculation of depreciation are as follows:

Category of asset	*Years*
Buildings	20 to 35 years
Machinery and equipment	1 to 25 years
Motor vehicles	5 to 15 years
Office furniture and equipment	2 to 15 years
Capital spare parts	10 to 15 years

Depreciation of plant is calculated on the useful lives of the components of the principal asset. Certain inventories meeting the definition of property, plant and equipment are also depreciated on the useful lives of particular component.

The Company reviews the estimated residual values and expected useful lives of assets at least annually.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognised. The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Projects under construction are not depreciated and are stated at cost less accumulated impairment losses, if any, and are classified under "Capital work in progress". These assets are transferred to property, plant and equipment as and when assets are available for intended use.

Leases
The Company assess whether a contract contains a lease, at inception of the contract i.e. if the contract conveys the right to control the use of an identified asset for a period of time in exchange for a consideration. For all such lease arrangements, the Company recognises right-of-use assets and lease liabilities except for the short-term leases and leases of low value assets.

Company as lessee
The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Leases (continued)

Right-of-use assets
The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment. Right-of-use assets are depreciated over the useful life or lease period whichever is lower, as below:

Land farms	13 years
Buildings	3 to 10 years

Lease liabilities
At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate.

The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs. In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is re-measured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets
The Company applies the short-term lease recognition exemption to its short-term leases of commercial buildings, accommodations and offices (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low value assets recognition exemption where leases are less than SR 3,000 in addition to the short-term leases of commercial building and offices that are leased for less than 12 months. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Inventories
Cost is determined for the following categories:

Spare parts, packing material, medicines and vaccination, fuel and diesel, work in progress and other inventories - weighted average cost
Costs are assigned to individual items of inventory on the basis of weighted average method. At each reporting date, inventories are assessed for impairment. If inventory is impaired, the carrying amount is reduced by its cost; the impairment loss is recognised immediately in statement of profit or loss.

Finished goods and Goods for trading – Cost or NRV
Net realisable value ("NRV") comprises estimated selling price in the ordinary course of business, less estimated costs to completion and appropriate selling and distribution costs. Provision is made, where necessary, for expired, obsolete, slow moving and defective stocks.

Goods in-transit
Inventories are stated at cost plus freight and other related expense.

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Inventories (continued)

Raw material - *weighted average cost*
Raw materials and finished goods including work in progress: cost of direct materials and labor and a proportion of production overheads based on the normal operating capacity

Biological assets
Biological assets include breeder birds and broiler birds. Breeder birds are held for the purpose of laying eggs which are ultimately hatched into broiler birds. Biological assets are stated at fair value less cost to sell. The fair value measurements for biological assets have been recognised as Level 3. Fair value inputs based on the inputs to the valuation techniques used. Cost to sell includes all cost that would be necessary to sell the biological assets. Changes in fair value of poultry are recognised in statement of profit or loss as part of cost of sales. Costs related to growing the poultry are expensed as incurred. The Company considers that the fair value of its breeder bird poultry flock approximates the cost of rearing or growth of its poultry flock to the point of commercial production due to their short period of life. The aforementioned costs include purchase cost of day-old chick, feeding costs, labor costs, veterinary costs and other overhead costs. Cost incurred in respect of breeder birds subsequent to the beginning of their productive cycle are expensed in the statement of profit or loss.

Impairment of non-financial assets
The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators. The Company bases its impairment calculation on most recent budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year. Impairment losses of continuing operations are recognised in the statement of profit or loss in expense categories consistent with the function of the impaired asset. For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss.

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial instruments – initial recognition and subsequent measurement (continued)

Financial assets

Financial instruments – initial recognition and subsequent measurement
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Initial recognition and measurement
Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income ("OCI"), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. The Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component are measured at the transaction price as disclosed in revenue from contracts with customers.
In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement
For purposes of subsequent measurement, financial assets are classified in below mentioned categories:
- Financial assets at amortised cost (debt instruments).
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments).
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss.

Out of above, only below is applicable to the Company:

Financial assets at amortised cost (debt instruments) are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. The Company's financial assets at amortised cost includes trade receivables, amounts due from related parties and government subsidy receivable.

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial instruments – initial recognition and subsequent measurement (continued)

Financial assets (continued)

Derecognition
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Company's statement of financial position) when:

- The rights to receive cash flows from the asset have expired or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of financial assets
The Company recognises a provision for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss provision is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL). For accounts receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss provision based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial instruments – initial recognition and subsequent measurement (continued)

Financial liabilities

Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include loan from a related party, lease liabilities, amounts due to related parties, accounts payable and other payables.

Subsequent measurement
For purposes of subsequent measurement, financial liabilities are classified in two categories:
- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost (loans and borrowings)

Financial liabilities at amortised cost (loans and borrowings) is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

Derecognition
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments
Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Cash and cash equivalents
Cash and cash equivalents in the statement of financial position comprise of cash at banks, Cash on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

Government subsidies receivables
Government subsidies receivables are recognised where there is reasonable assurance that the subsidy will be received and all relevant conditions will be complied with. When the subsidy relates to an expense item, it is recognised as reduction from related cost on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the subsidy relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

Provisions
Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to liability. The increase in the provision due to the passage of time is recognised as interest expense.

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Employee benefits

Short-term obligations
Short-term benefits are those amounts expected to be settled wholly within 12 months of the end of the period in which the employees render the service that gives rise to the benefits. Liabilities for wages and salaries, including non-monetary benefits and accumulated leaves and benefits-in-kind that are expected to be settled wholly within twelve months after the end of the year in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations under "other payables" in the statement of financial position.

Post-employment obligation
The Company operates a non-funded employee end-of-service benefit plan, which is classified as defined benefit obligation under IAS 19 'Employee Benefits'. A defined benefit plan is a plan which is not a defined contribution plan. The liability recognised in the statement of financial position for a defined benefit plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets at that date. The defined benefit obligation is calculated by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting estimated future cash outflows using market yields at the end of the reporting period of high-quality corporate bonds that have terms to maturity approximating to the estimated term of the post-employment benefit obligations.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the statement of financial position with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of the date of the plan amendment or curtailment and the date that the Company recognises related restructuring costs. Net interest is calculated by applying the discount rate to the net defined benefit liability or asset.

The Company recognises the following changes in the net defined benefit obligation under 'cost of revenue, 'general and administration expenses' and 'selling and distribution expenses' in the statement of profit or loss (by function):

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements
- Net interest expense or income

Zakat and Value Added Tax ("VAT")
The Company is a wholly owned subsidiary of Arabian Agricultural Services Company ("ARASCO"). Consolidated zakat return for the ARASCO and its subsidiaries (referred to as "ARASCO Group") is submitted in accordance with the consolidated special-purpose financial statements (consolidated zakat base). The Company's share of this provision is charged to the statement of profit or loss in accordance with accrued zakat based on fair charging rates from the majority shareholder in addition to Zakat calculation on the basis of the consolidated financial statements of the majority shareholder and its subsidiaries. The resulting provision is presented in the statement of profit or loss for the year within financial statements of the majority shareholder. From the year ending 31 December 2025, the Company would be submitting its zakat return at the Company level.

Expenses, and assets are recognised net of the amount of VAT, except:
- When the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, 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; and/or
- When receivables and payables are stated with the amount of VAT included.

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Withholding tax

The Company withhold taxes on transactions with non-resident parties in accordance with Zakat, Tax and Customs Authority ("ZATCA") regulations, which is not recognised as an expense being the obligation of the counter party on whose behalf the amounts are withheld.

Revenue recognition

The Company recognises revenue from the following streams:
- Poultry sales
- Table eggs sales
- Live birds sales
- Red Meat
- Cold Store

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company has generally concluded that it is the principal in its revenue arrangements, because it typically controls the goods or services before transferring them to the customer. The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., warranties, customer loyalty points). In determining the transaction price, the Company considers the effects of variable consideration, existence of a significant financing component, non-cash consideration, and consideration payable to the customer (if any).

Sale of poultry, eggs, red meat

The Company’s contracts with customers for the sale of goods generally include one performance obligation. The Company has concluded that revenue from sale of goods should be recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods.

Variable consideration

If the consideration in a contract includes a variable amount, the Company estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Some contracts provide customers with a right to return the goods within a specified period. The Company also provides retrospective volume rebates to certain customers once the quantity of goods purchased during the period exceeds the threshold specified in the contract. The rights of return and volume rebates give rise to variable consideration.

Right of return

Some contracts with customers provide a right of return, trade discounts or volume rebates. The Company uses the expected value method to estimate the variable consideration given the large number of contracts that have similar characteristics. The Company then applies the requirements on constraining estimates of variable consideration in order to determine the amount of variable consideration that can be included in the transaction price and recognised as revenue. A refund liability is recognised for the goods that are expected to be returned (i.e., the amount not included in the transaction price). A right of return asset (and corresponding adjustment to cost of sales) is also recognised for the right to recover the goods from the customer.

Volume rebates

The Company applies either the most likely amount method or the expected value method to estimate the variable consideration in the contract. The selected method that best predicts the amount of variable consideration is primarily driven by the number of volume thresholds contained in the contract. The most likely amount is used for those contracts with a single volume threshold, while the expected value method is used for those with more than one volume threshold. The Company then applies the requirements on constraining estimates of variable consideration in order to determine the amount of variable consideration that can be included in the transaction price and recognised as revenue. A refund liability is recognised for the expected future rebates (i.e., the amount not included in the transaction price).

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Revenue recognition (continued)

Contract balances

Accounts receivable
Accounts receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

Foreign currencies
Transactions in foreign currencies are initially recorded at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the financial statements reporting date for the Company. All differences arising on settlement or translation of monetary items are taken to the statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction and are not subsequently restated. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of a gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in statement of profit or loss or statement of other comprehensive income, respectively).

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Company initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Company determines the transaction date for each payment or receipt of advance consideration.

Events after the reporting period
If the Company receives information after the reporting period, but prior to the date of authorisation for issue, about conditions that existed at the end of the reporting period, it will assess whether the information affects the amounts that it recognises in its financial statements. The Company will adjust the amounts recognised in its financial statements to reflect any adjusting events after the reporting period and update the disclosures that relate to those conditions in light of the new information. For non-adjusting events after the reporting period, the Company will not change the amounts recognised in its financial statements, but will disclose the nature of the non-adjusting event and an estimate of its financial effect, or a statement that such an estimate cannot be made, if applicable.

Earnings per share (“EPS”)
Basic EPS is calculated by dividing the profit for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is calculated by dividing the profit attributable to ordinary equity holders of the Company (after adjusting for interest on the convertible preference shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

Contingencies
Contingent liabilities are not recognised in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Liabilities which are probable, they are recorded in the statement of financial position under accounts payable and accruals. A contingent asset is not recognised in the financial statements but disclosed when an inflow of economic benefits is probable.

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

New and amended standards and interpretations
The Company applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2024 (unless otherwise stated). The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7
The amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

The amendments had no impact on the Company's financial statements.

Amendments to IFRS 16 - Lease Liability in a Sale and Leaseback
The amendments in IFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. The amendments had no impact on the Company's financial statements.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current
The amendments to IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

In addition, an entity is required to disclose when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months.

The amendments had no impact on the classification of the Company's liabilities in the financial statements.

New and amended IFRSs as endorsed in KSA in issue but not yet effective and not early adopted
The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

IFRS 18 Presentation and Disclosure in Financial Statements
In April 2024, the IASB issued IFRS 18, which replaces IAS 1 Presentation of Financial Statements. IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new. It also requires disclosure of newly defined management-defined performance measures, subtotals of income and expenses, and includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements ("PFS") and the notes.

In addition, narrow-scope amendments have been made to IAS 7 Statement of Cash Flows, which include changing the starting point for determining cash flows from operations under the indirect method, from 'profit or loss' to 'operating profit or loss' and removing the optionality around classification of cash flows from dividends and interest. In addition, there are consequential amendments to several other standards. IFRS 18, and the amendments to the other standards, is effective for reporting periods beginning on or after 1 January 2027, but earlier application is permitted and must be disclosed. IFRS 18 will apply retrospectively. The Company is currently working to identify all impacts the amendments will have on the primary financial statements and notes to the financial statements.

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

New and amended IFRSs as endorsed in KSA in issue but not yet effective and not early adopted (continued)

Lack of exchangeability – Amendments to IAS 21
In August 2023, the IASB issued amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates to specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments also require disclosure of information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows. The amendments will be effective for annual reporting periods beginning on or after 1 January 2025. Early adoption is permitted, but will need to be disclosed. When applying the amendments, an entity cannot restate comparative information. The amendments are not expected to have a material impact on the Company's financial statements.

IFRS 19 Subsidiaries without Public Accountability: Disclosures
In May 2024, the IASB issued IFRS 19, which allows eligible entities to elect to apply its reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRS accounting standards. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in IFRS 10, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements, available for public use, which comply with IFRS accounting standards.

IFRS 19 will become effective for reporting periods beginning on or after 1 January 2027, with early application permitted.

As the Company is stand-alone entity, it is not applicable to the Company.

4 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgements
In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

Determining the lease term of contracts with renewal and termination options – Company as lessee
The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company has lease contracts that include extension and termination options. The Company applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

The Company did not include the renewal period as part of the lease term for leases of land farms and buildings as these are not reasonably certain to be exercised. Furthermore, the periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised.

4 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Estimates and assumptions
The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Employees' defined benefit plans
The cost of employees' defined benefit liabilities and other post-employment benefits are determined using actuarial valuations. An actuarial valuation involves making various assumptions, which may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Determining lease term for leases with termination option — Company as lessee
The Company has entered into lease agreements for poultry farms. The Company has evaluated based on the terms and conditions of the arrangements that the significant risks and rewards of ownership of these assets are retained by the lessor hence have been accounted for as operating leases. In making such assessment, management considered that the following key factors are applicable to its lease's arrangements:

- Lease agreements do not transfer the assets' ownership to the lessor at the end of the lease.
- The Company has no option to purchase the asset.
- The lease term is not for the major part of the economic life of the asset.

At the inception of the lease, the present value of the minimum lease payments is not amounting to substantially all the fair value of the leased asset.

Impairment of non-financial assets
Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

Useful lives of property, plant and equipment
The Company's management determines the estimated useful lives of its property, plant and equipment for calculating depreciation. This estimate is determined after considering the expected usage of the asset or physical wear and tear. Management reviews the useful lives and residual value of the assets at least once per year and always at the end of each financial year and future depreciation charge would be adjusted where the management believes the useful lives differ from previous estimates.

Leases - Estimating the incremental borrowing rate
The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available. The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

4 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Estimates and assumptions (continued)

Provision for expected credit losses for account receivable
The Company uses a provision matrix to calculate ECLs for trade accounts receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns. The provision matrix is initially based on the Company's historical observed default rates. The Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

Inventories
Inventories are held at the lower of cost or net realisable value. When spare parts inventories become old or obsolete, an estimate is made for their market value. For individually significant amounts this estimation is performed on an individual basis. Amounts which are not individually significant, but which are old or obsolete, are assessed collectively and a provision applied according to the inventory type and the degree of ageing or obsolescence, based on anticipated selling prices. A provision is made for expired products.

Provisions
Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company 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 reporting date, taking into account the risks and uncertainties surrounding the obligation. Where 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.

Fair value of biological assets
The Company carries its biological assets (poultry) until the time of slaughtering (recorded in inventories immediately after slaughtering) at fair value less costs to sell. At the end of the reporting period, the fair value of poultry is estimated at transaction prices for poultry for that local area, adjusted for expected costs to reach maturity over the life cycle. Significant estimates include the expected yields and quality, costs to incur until slaughtering and the expected market price for the slaughtered poultry. Significant estimates include the expected yields and quality, costs to incur until slaughtering and the expected market price for the slaughtered poultry.

Any gains or losses on remeasuring fair value are presented in the statement of profit or loss as gain on fair value adjustment on biological assets.

Going concern
The Company's management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, these financial statements continue to be prepared on the going concern basis.

5 PROPERTY, PLANT AND EQUIPMENT

	Land (*) *SR*	*Buildings* *SR*	*Machinery and equipment* *SR*	*Motor vehicles* *SR*	*Office furniture and equipment* *SR*	*Capital spare parts* *SR*	*Projects in progress (**)* *SR*	*Total* *SR*
Cost:								
At 1 January 2024	62,172,890	366,687,924	471,681,962	56,006,971	17,963,590	1,662,874	271,513,951	**1,247,690,162**
Transfers during the year	-	116,435,254	101,364,050	4,757,600	4,915,993	-	(227,472,897)	-
Additions during the year	-	-	-	-	-	-	119,191,804	**119,191,804**
Disposals during the year	(270,000)	-	-	(620,500)	(2,700)	-	-	**(893,200)**
At 31 December 2024	61,902,890	483,123,178	573,046,012	60,144,071	22,876,883	1,662,874	163,232,858	**1,365,988,766**
Accumulated depreciation:								
At 1 January 2024	-	83,322,567	249,808,317	43,934,117	14,514,050	1,138,735	-	**392,717,786**
Charge for the year	-	16,971,375	28,844,614	2,267,267	4,203,536	111,675	-	**52,398,467**
Disposals	-	-	-	(523,387)	(2,693)	-	-	**(526,080)**
At 31 December 2024	-	100,293,942	278,652,931	45,677,997	18,714,893	1,250,410	-	**444,590,173**
Net book value:								
At 31 December 2024	**61,902,890**	**382,829,236**	**294,393,081**	**14,466,074**	**4,161,990**	**412,464**	**163,232,858**	**921,398,593**

5 PROPERTY, PLANT AND EQUIPMENT (continued)

	Land (*) *SR*	*Buildings* *SR*	*Machinery and equipment* *SR*	*Motor vehicles* *SR*	*Office furniture and equipment* *SR*	*Capital spare parts* *SR*	*Projects in progress (**)* *SR*	*Total* *SR*
Cost:								
At 1 January 2023	62,172,890	226,525,015	379,643,869	54,053,700	16,089,375	1,662,874	317,420,053	1,057,567,776
Transfers during the year	-	140,162,909	92,058,918	2,576,515	2,424,893	-	(237,223,235)	-
Additions during the year	-	-	5,675	-	-	-	191,317,133	191,322,808
Disposals during the year	-	-	(26,500)	(623,244)	(550,678)	-	-	(1,200,422)
At 31 December 2023	62,172,890	366,687,924	471,681,962	56,006,971	17,963,590	1,662,874	271,513,951	1,247,690,162
Accumulated depreciation:								
At 1 January 2023	-	76,593,372	226,623,824	41,872,695	14,493,225	1,027,065	-	360,610,181
Charge for the year	-	6,729,195	23,204,938	2,619,723	571,211	111,670	-	33,236,737
Disposals	-	-	(20,445)	(558,301)	(550,386)	-	-	(1,129,132)
At 31 December 2023	-	83,322,567	249,808,317	43,934,117	14,514,050	1,138,735	-	392,717,786
Net book value:								
At 31 December 2023	62,172,890	283,365,357	221,873,645	12,072,854	3,449,540	524,139	271,513,951	854,972,376

5 PROPERTY, PLANT AND EQUIPMENT (continued)

(*) There are 38 plots of land (2023: 39 plots of land) amounting to SR 61.9 million (2023: SR 62.17) million in total.

At 31 December 2024, out of initial 39 plots of land, 38 plots of land amounting to SR 61.9 million (31 December 2023: 19 plots of land amounting to SR 25.51 million) have been transferred in name of the Company from ARASCO. The remaining 1 plot of land amounting to SR 0.27 million has been transferred back to ARASCO as of reporting date.

At 31 December 2024, out of the total 38 plots of land, 24 plots of land having a carrying amount of SR 38.68 million are mortgaged against long-term loans.

(**) Projects in progress mainly represent extension projects on the existing land farms of the Company, which are expected to be completed by end of 2025. Borrowing cost of SR 9,098,744 (2023: SR 18,043,509) has been capitalised during the year, at a weighted average rate of 7.83% (2023: 7.46%).

Depreciation charge for the year has been allocated as:

	Notes	*31 December 2024 SR*	*31 December 2023 SR*
Cost of revenue	22	**46,727,553**	30,256,980
Selling and distribution expenses	23	**5,379,302**	2,727,669
General and administration expenses	24	**291,612**	252,088
		52,398,467	33,236,737

During the year, the Company has disposed-off machinery and equipment, motor vehicles and office furniture with a total net carrying amount of SR 97,120 (2023: SR 71,290) and received a consideration of SR 191,474 (2023: SR 78,610). The net gains on these disposals were recognised as part of other income in the statement of profit or loss.

There is no temporary idle asset (2023: none). Assets with cost amounting SR 174.1 million have been fully depreciated as of the year-end (2023: SR 135.94 million).

During the year ended 31 December 2024, management of the Company has identified that finance costs on Agricultural Development Fund loans ("ADF loans") which was eligible for capitalisation under IAS-23 Borrowing costs, was not calculated based on effective interest rate ("EIR") method. As a consequence, property and equipment and accrued expenses and other current liabilities were understated for the year ended 31 December 2023 by SR 8.5 million. The error has been corrected by adjusting each of the affected financial statement line items in the current year.

6 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The Company is utilising the leased land farms and other leased assets for the purpose of its farming activities. Duration of the leased land farms is from 3 to 13 years. Except for one lease contract, all other lease contracts are signed with third parties. The Company is obliged for the regular maintenance of the leased assets. There are no guarantees given in lieu of the leased assets. There is no arrangement for transfer of ownership of the leased asset at any stage of the contract. The insurance of the leased assets is done by the lessor itself. The legal ownership of the right-of-use assets are retained with the lessor. Generally, the Company is restricted from assigning and subleasing the leased assets.

6 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)

Movements in right-of-use assets were presented below:

	Land farms SR	*Buildings SR*	*Motor vehicles SR*	*Total SR*
Cost:				
At 1 January 2024	10,832,334	54,766,701	-	**65,599,035**
Additions during the year	-	64,892,791	-	**64,892,791**
Written-off during the year	-	(24,608)	-	**(24,608)**
At 31 December 2024	**10,832,334**	**119,634,884**	-	**130,467,218**
Accumulated depreciation:				
At 1 January 2024	2,548,785	6,538,728	-	**9,087,513**
Charge for the year	849,595	13,129,805	-	**13,979,400**
Written-off during the year	-	(4,102)	-	**(4,102)**
At 31 December 2024	**3,398,380**	**19,664,431**	-	**23,062,811**
Net book value:				
At 31 December 2024	**7,433,954**	**99,970,453**	-	**107,404,407**

	Land farms SR	*Buildings SR*	*Motor vehicles SR*	*Total SR*
Cost:				
At 1 January 2023	10,832,334	12,663,024	3,472,475	26,967,833
Additions during the year	-	54,766,701	-	54,766,701
Written-off during the year	-	(12,663,024)	(3,472,475)	(16,135,499)
At 31 December 2023	10,832,334	54,766,701	-	65,599,035
Accumulated depreciation:				
At 1 January 2023	1,699,190	12,037,215	3,368,750	17,105,155
Charge for the year	849,595	7,164,537	59,240	8,073,372
Written-off during the year	-	(12,663,024)	(3,427,990)	(16,091,014)
At 31 December 2023	2,548,785	6,538,728	-	9,087,513
Net book value:				
At 31 December 2023	8,283,549	48,227,973	-	56,511,522

Depreciation for the year has been allocated as below:

	Notes	*31 December 2024 SR*	*31 December 2023 SR*
Cost of revenue	22	**9,912,088**	8,022,419
Selling and distribution expenses	23	**82,080**	47,345
General and administration expenses	24	**3,985,232**	3,608
		13,979,400	8,073,372

6 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)

Movements in lease liabilities were presented below:

	31 December 2024 SR	*31 December 2023 SR*
At the beginning of the year	**57,628,830**	9,881,146
Additions during the year	**59,852,791**	54,766,701
Accretion of interest	**4,708,304**	3,268,845
Payments during the year	**(17,277,560)**	(10,204,433)
Written-off during the year	**(21,062)**	(83,429)
At the end of the year	**104,891,303**	57,628,830

Following is the aggregate maturities of undiscounted lease liabilities:

	31 December 2024 SR	*31 December 2023 SR*
Within one year	**21,288,780**	11,642,560
One to five years	**67,860,120**	34,675,120
More than five years	**39,836,340**	26,235,120
	128,985,240	72,552,800

Following is the reconciliation of minimum lease payments to present value of minimum lease payments:

	31 December 2024 SR	*31 December 2023 SR*
Future minimum lease payment	**128,985,240**	72,552,800
Less: un-amortised finance charges	**(24,093,937)**	(14,923,970)
Present value of minimum lease payment	**104,891,303**	57,628,830
Less: current portion of lease payment	**(15,636,255)**	(8,398,712)
Non-current portion of lease payment	**89,255,048**	49,230,118

Following are the amounts recognised in statement of profit or loss:

	31 December 2024 SR	*31 December 2023 SR*
Depreciation expense of right-of-use assets	**13,979,400**	8,073,372
Interest expense on lease liabilities	**4,708,304**	3,268,845
Expense relating to short-term leases	**9,892,179**	12,201,152
	28,579,883	23,543,369

7 INVENTORIES

	31 December 2024 SR	*31 December 2023 SR*
Finished goods***	**42,994,560**	37,408,154
Spare parts	**35,178,125**	25,783,751
Raw materials	**25,385,414**	24,706,441
Packing materials	**15,640,667**	10,931,315
Goods in transit	**12,585,121**	1,726,583
Medicines and vaccination	**9,915,608**	6,790,360
Work in progress	**6,904,680**	1,186,064
Fuel and diesel	**4,143,438**	1,518,384
Goods for trading	**2,578,678**	29,565
Other inventories	**9,877,472**	8,251,452
	165,203,763	118,332,069
Less: Provision for slow moving inventories	**(10,613,226)**	(12,483,706)
	154,590,537	105,848,363

*** Finished goods are presented net-off with the adjustment for net realisable value amounting to SR 10,844,426 (2023: SR 4,650,039). Further, during the year, expired finished goods amounting SR 1,075,394 (31 December 2023: SR 3,780,854) have been written-off.

Inventories charged under the cost of revenue is disclosed in note 22.

Movement in provision for slow moving inventories were as follows:

	31 December 2024 SR	*31 December 2023 SR*
At the beginning of the year	**12,483,706**	12,308,069
(Reversal) charge for the year	**(1,870,480)**	175,637
At the end of the year	**10,613,226**	12,483,706

8 BIOLOGICAL ASSETS

Biological assets consist of poultry, which is raised in farms located in Kingdom of Saudi Arabia until the date of slaughtering.

As at 31 December 2024, the Company had a volume of 9.3 million live broiler birds (2023: 9.8 million live broiler birds). During the year ended 31 December 2024, the Company produced 112.9 million broiler birds (2023: 93.9 million broiler birds). Further, the Company had a volume of 95,558 live breeder birds which are breeding eggs to produce broiler and 114,885 breeder birds are under development to reach to breeding cycle.

8 BIOLOGICAL ASSETS (continued)

	31 December 2024 SR	*31 December 2023 SR*
At the beginning of the year	**52,613,412**	41,223,773
Additions of broiler birds during the year	**592,107,228**	438,833,093
Transferred to inventories	**(595,392,969)**	(430,130,179)
Change in fair value of broiler birds during the year	**(1,167,671)**	2,686,725
Addition of breeder birds during the year	**8,818,891**	-
Change in fair value of breeder birds during the year	**(2,308,891)**	-
At the end of the year	**54,670,000**	52,613,412
Broiler birds	**48,160,000**	52,613,412
Breeder birds – rearing and production	**6,510,000**	-
	54,670,000	52,613,412

Valuation of biological assets and sensitivity to the valuation inputs
Fair value measurements for broiler chickens are classified as Level 3, fair values based on the inputs used in the valuation techniques. Valuation techniques and significant unobservable inputs used to value biological assets are as follows:

Biological assets	**Valuation technique**	**Significant unobservable inputs**	**Relationship between the key unobservable principal inputs and fair value measurement**
Broiler	The valuation model considers the average weight of the birds, the mortality rate, and the estimated selling price less the cost to sell [including the additional cost required to bring the birds ready for sale (i.e. the cost of feed, medicines and overhead expenses).	· Mortality · Average live weight · Fully-grown broiler selling price less cost to sell.	the estimated fair value would increase / (decrease) if: · Mortality decreased / (increased) · Average live birds weight increased / (decreased) · Fully-grown broiler selling price less cost to sell increased / (decreased)
Breeder	The valuation model considers the estimated production of hatch-able eggs from each breeder bird in its breeding cycle, which is typically from 25 weeks to 60 weeks.	· Production of hatch-able eggs from each breeder bird in its breeding cycle	the fair value would increase / (decrease) based on actual production of hatch-able eggs per bird.

The Company's Finance Department consists of a team that makes presentations of the Company's biologically owned assets for financial reporting purposes internally, including fair values at the "Level 3". This team reports directly to Chief Financial Officer ("CFO").

Key inputs used in the valuation of biological assets are as follows:

- The mortality rate of broiler chickens was determined based on the historical rate and environmental elements.
- Broiler chickens grow at different rates. There may be a large margin of quality and weight of the chicken that affects the price achieved. An assumption is made for the average weight of broiler chickens that can be slaughtered and whose weight has not yet reached marketability.

Other disclosures
Poultry were not pledged as security for any of the Company's loans or borrowings in 2024 (2023: none). At 31 December 2024, the Company had no commitments in relation to its poultry (2023: nil). Government subsidies were received in relation to the Company's agricultural activities, which is disclosed in note 10.

9 PREPAYMENTS AND OTHER CURRENT ASSETS

	31 December 2024 SR	*31 December 2023 SR*
Advances to suppliers	**10,722,525**	5,898,744
Prepaid expenses	**4,088,148**	10,833,667
VAT receivable	**3,391,304**	-
Staff advances and loans	**1,640,902**	716,449
Refundable deposits	**502,335**	502,335
Other receivables	**2,451,077**	2,570,678
	22,796,291	20,521,873
Less: provision for impairment	**(5,441,129)**	(5,057,551)
	17,355,162	15,464,322

Provision for impairment is mainly related to advances to suppliers. Movement in the provision were as follows:

	31 December 2024 SR	*31 December 2023 SR*
At the beginning of the year	**5,057,551**	3,665,985
Charge for the year	**383,578**	1,391,566
At the end of the year	**5,441,129**	5,057,551

10 GOVERNMENT SUBSIDIES RECEIVABLE

The Company receive subsidies from the Ministry of Environment, Water and Agriculture (“MEWA”), Kingdom of Saudi Arabia, in accordance with the national plan to encourage production of poultry and its income. Movement in the government subsidies receivable during the year were as follows:

	31 December 2024 SR	*31 December 2023 SR*
At the beginning of the year	**2,612,833**	3,165,612
Government subsidies earned during the year (under cost of revenue)	**11,071,356**	14,333,837
Government subsidies collected during the year	**(11,563,197)**	(14,886,616)
At the end of the year	**2,120,992**	2,612,833

There are no unfulfilled conditions or contingencies attached to these subsidies.

11 RELATED PARTIES TRANSACTIONS AND BALANCES

The Company enters into transactions with the related parties described below in the ordinary course of business which include the directors, management, shareholders, entities controlled or influenced by such parties. The transactions with related parties are carried out in the normal course of the business. The significant transactions with the related parties during the year ended are as follows:

		31 December 2024 SR	*31 December 2023 SR*
Arabian Agricultural Services Company	Purchases	**590,427,932**	387,414,622
(ARASCO)	Shared services	**14,048,590**	21,327,324
(Majority shareholder)	Repayment of loans	**32,799,819**	217,473,092
	Financing loans proceeds	**60,000,000**	293,270,574
	Interests paid	**-**	16,815,165
	Sales	**1,411,500**	264,974
	Payroll and employee benefits	**1,509,342**	71,407,819
	VAT and government payments	**83,941,666**	89,298,185
	Collection of accounts receivables	**-**	285,999,680
	Collection of government subsidies	**-**	14,886,616
	Supplier payments on behalf of the Company	**-**	97,139,655
	Payment made	**658,822,970**	265,223,188
	Zakat expense	**-**	1,848,396
	Lease rent	**4,500,000**	-
	Plot of land transferred at cost	**270,000**	-
IDAC Merieux Nutri Sciences	Purchases	**3,771,087**	4,670,238
(Affiliate)	Payments	**3,456,391**	-
AlKhorayef Commercial Company	Purchases	**1,567,243**	3,104,101
(Affiliate)	Payments	**1,975,003**	2,935,116
AlKhorayef Agricultural Projects	Rent	**1,104,000**	-
Company	Purchases	**206,713**	-
(Affiliate)	Payments	**1,310,713**	-
AlKhorayef Lubricants Company	Purchases	**102,434**	-
(Affiliate)	Payments	**77,749**	-
Delicious Food Company	Sales	**677,273**	650,417
(Affiliate)	Collections	**719,618**	622,135
Abdullah Al-Othaim Markets Company	Sales	**25,691,433**	-
(Related to Board of Directors member)	Collections	**20,475,963**	-
Al Hanaki Trading Establishment	Sales	**2,719,940**	-
(Affiliate)	Collection	**2,863,945**	-
Middle East Food Solutions Company	Collections	**19,313**	-
(Affiliate)			

11 RELATED PARTIES TRANSACTIONS AND BALANCES (continued)

In addition to the above, on 11 Jumada Al-Ula 1445H (corresponding to 25 November 2023), the Company ratified a resolution for increasing the Company's capital by SR 250 million through a transfer of the current portion of amounts due to the related party payable in addition to the non-current portion of the related party's loan to the statement of changes in equity as a contribution by the shareholder. Legal formalities to increase the share capital have been completed by the Company on 19 Jumada Al-Akhirah 1445H (corresponding to 1 January 2024).

Outstanding balances of related parties for the year ended are presented as follows:

(A) Amounts due from related parties	*31 December 2024 SR*	*31 December 2023 SR*
Abdullah Al-Othaim Markets Company	**10,236,585**	-
Delicious Food Company	**96,289**	138,634
Al Hanaki Trading Establishment	**93,262**	-
Middle East Food Solutions Company	-	19,078
Less: provision for expected credit losses	**(77,567)**	-
	10,348,569	157,712

(B) Amounts due to related parties	*31 December 2024 SR*	*31 December 2023 SR*
Arabian Agricultural Services Company ("ARASCO")	**47,112,175**	40,389,296
IDAC Merieux Nutri Sciences	**314,696**	9,385,808
Al Khorayef Commercial Company	**146,982**	554,741
Al Khorayef Lubricants Company	**24,685**	-
Middle East Food Solutions Company	**236**	-
	47,598,774	50,329,845

(C) Loans from a related party	*31 December 2024 SR*	*31 December 2023 SR*
Loan from ARASCO, non-current	-	460,414,847
Loan from ARASCO, current	-	56,787,938
	-	517,202,785

The majority shareholder has obtained various Agricultural Development Fund loans ("ADF loans") and Tawaruq loans from different local banks which were allocated to the Company through shareholders' agreement. These loans carry interest rates at prevailing market rate. These loans are payable in instalments which are spread over the period up to 2034.

These loans were obtained from banks by the majority shareholder for its business, of which the majority shareholder has given financing to the Company in the form of a shareholder's loans. The loans were obtained mainly for the purpose of financing the farms development activities. During the year, all of the four loans have been transferred in the name of the Company from ARASCO. The Company was not directly obliged to the bank for the loan during the time they were not transferred from the majority shareholder (note 17).

11 RELATED PARTIES TRANSACTIONS AND BALANCES (continued)

Below is the movement of the loan including prepaid management fee and transaction costs to arrive at net book value:

	31 December 2024 SR	*31 December 2023 SR*
At the beginning of the year	**522,570,131**	446,772,649
Withdrawals	**60,000,000**	208,304,865
Payments	**-**	(132,507,383)
Transferred in name of the Company	**(582,570,131)**	-
At the end of the year	**-**	522,570,131
Less: Prepaid Management Fee and Transaction costs		
At the beginning of the year	**5,367,346**	5,482,995
Upfront payments during the year	**1,713,443**	1,032,899
Amortised during the year	**(738,970)**	(1,148,548)
Transferred in name of the Company	**(6,341,819)**	-
At the end of the year	**-**	5,367,346
Net loans	**-**	517,202,785

Below are the maturities of the loans on discounted basis:

	31 December 2024 SR	*31 December 2023 SR*
2024	**-**	57,840,709
2025	**-**	91,641,961
2026	**-**	91,641,820
2027	**-**	91,641,820
2028	**-**	74,975,153
2029	**-**	24,975,153
2030	**-**	21,315,739
2031	**-**	17,134,444
2032	**-**	17,134,444
2033	**-**	17,134,444
2034	**-**	17,134,444
	-	522,570,131

Key management compensation
The compensation of the Company's key management personnel includes salaries and other benefits. Amounts disclosed in the table are the amounts recognised as an expense during the reporting year related to key management personnel.

	31 December 2024 SR	*31 December 2023 SR*
Short-term employee benefits	**6,958,776**	5,629,716
Long-term employee benefits	**329,559**	312,657
Board and committee's rewards, expenses, and allowances	**1,709,500**	-

11 RELATED PARTIES TRANSACTIONS AND BALANCES (continued)

Terms and conditions of transactions with related parties
Terms and policies of related parties' transactions are approved by the Company's management. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash.

12 ACCOUNTS RECEIVABLE

	31 December 2024 SR	*31 December 2023 SR*
Accounts receivable	**181,884,863**	126,402,948
Less: Provision for expected credit losses	**(54,161,833)**	(45,049,226)
	127,723,030	81,353,722

Movement for provision for expected credit losses were as follows:

	31 December 2024 SR	*31 December 2023 SR*
At the beginning of the year	**45,049,226**	37,204,244
Provided during the year	**9,454,590**	7,844,982
Reversed during the year	**(341,983)**	-
At the end of the year	**54,161,833**	45,049,226

Accounts receivables comprise of interest free net receivables due from customers with no credit rating. Unimpaired accounts receivables are expected, on the basis of past experience, to be fully recoverable. It is the practice of the Company to obtain collateral over certain customers.

Following table details the risk profile of accounts receivable based on the Company's provision matrix. As the Company's historical credit loss experience does not show significantly different loss pattern for different customer segments, the provision for expected credit losses based on past due status is not further distinguished between the Company's different customer types.

31 December 2024	*ECL rate %*	*Gross carrying amount SR*	*Expected credit loss SR*
Current	**0.57%**	**72,521,012**	**413,817**
1-30 days	**16.82%**	**31,846,772**	**5,358,169**
31-60 days	**12.59%**	**15,616,118**	**1,966,710**
61-90 days	**20.73%**	**5,339,857**	**1,107,174**
91-120 days	**22.67%**	**868,633**	**196,958**
121-180 days	**21.66%**	**1,314,241**	**284,606**
181-365 days	**28.90%**	**3,546,217**	**1,024,774**
More than 365 days	**86.19%**	**50,832,013**	**43,809,625**
Total	**29.78%**	**181,884,863**	**54,161,833**

12 ACCOUNTS RECEIVABLE (continued)

31 December 2023	*ECL rate %*	*Gross carrying amount SR*	*Expected credit loss SR*
Current	1%	61,574,202	498,861
1-30 days	3%	7,067,479	184,698
31-60 days	8%	6,371,765	488,132
61-90 days	8%	1,922,141	156,827
91-120 days	9%	849,384	76,222
121-180 days	25%	1,064,724	261,526
181-365 days	65%	11,843,797	7,673,504
More than 365 days	100%	35,709,456	35,709,456
Total	36%	126,402,948	45,049,226

13 CASH AND CASH EQUIVALENTS

	31 December 2024 SR	*31 December 2023 SR*
Cash at banks	**32,065,514**	19,718,460
Cash in hand	**1,414,741**	3,369,724
	33,480,255	23,088,184

During the year, the Company invested in time deposits with banks for varying periods of between one day and three months, depending on the immediate cash requirements of the Company and earns interest at floating rate based on daily bank deposit rate. Effective interest rate ranges from 5.5% to 6.5%. All such time deposits were matured before 31 December 2024 and were not renewed.

14 SHARE CAPITAL

The Company’s authorised, issued and paid-up share capital is divided into 30,000,000 shares (2023: 50,000 shares) of SR 10 each (2023: SR 1,000 each), held as follows: which are owned by:

	2024 SR	*2024 Percentage*	*2023 SR*	*2023 Percentage*
Arabian Agricultural Services Company (“ARASCO”).	**285,300,000**	**95.10%**	50,000,000	100.00%
Ocean Line Marine Services Limited	**14,700,000**	**4.90%**	-	-
	300,000,000	**100.00%**	50,000,000	100.00%

On 11 Jumada Al-Ula 1445H (corresponding to 25 November 2023), the Company’s General Assembly of shareholders ratified a resolution for converting the legal status of the Company from a limited liability company to a Saudi closed joint stock company and increasing the Company's share capital by SR 250 million through a transfer of the current portion of amounts due to the related party payable in addition to the non-current portion of the related party’s loan to the statement of changes in equity as a contribution by the majority shareholder. Legal formalities to increase the share capital and conversion of legal status of the Company were completed during the year.

14 SHARE CAPITAL (continued)

The ultimate shareholding of the Company as at 31 December 2024 and 31 December 2023 was as follows:

Shareholders	*31 December 2024 SR*	*31 December 2023 SR*
Mr. Motlaq Salih Al Hanaki	**35.47%**	35.47%
Abdullah Ibrahim Al Khoraief Sons Co.	**19.93%**	19.93%
Mafaz Company for International Development	**12.39%**	12.39%
Mr. Abdullah bin Sulaiman Al Ruabaian	**8.13%**	8.13%
Mr. Abdullatif bin Salih Al Shaikh	**6.84%**	6.84%
Sultan Holding Company	**6.47%**	6.47%
Multaqa Holding Company	**5.64%**	5.64%
Mr. Abdulrahman bin Abdulaziz Al Mohana	**3.37%**	3.37%
Mr. Abdulmalik Abdullah Al Hussaini	**1.00%**	1.00%
Mr. Sulaiman bin Mohammed Alquhidan	**0.30%**	0.30%
Treasury shares	**0.46%**	0.46%
	100%	100%

15 STATUTORY RESERVE

On 11 Jumada Al-Ula 1445H (corresponding to 25 November 2023), the Company’s General Assembly of shareholders approved amending the Company’s bylaws to comply with the Regulations for Companies, issued on 1 Duh Al-Hijjah 1443H (corresponding to 30 June 2022) to remove the article of the bylaws related to Company’s statutory reserve. Based on this amendment, the Company is currently studying and reviewing the balance of statutory reserve, and it will be raised to the Company’s General Assembly with the recommendations.

16 EMPLOYEES’ DEFINED BENEFIT LIABILITIES

The Company has defined benefit plan (unfunded) (“EOSB liabilities”), which is a final salary plan in Kingdom of Saudi Arabia and is required to recognise the provision for employees' end-of-service benefits for the amounts payable at the reporting date in accordance with the employees' contracts of employment applicable to employees' accumulated periods of service. In accordance with the provisions of IAS 19, management has carried out an exercise to assess the present value of its defined benefit liabilities in respect of employees' end-of-service benefits payable under relevant local regulations and contractual arrangements in the current year. The movements in provision for employees’ defined benefit liabilities for the year ended were as follows:

	31 December 2024 SR	*31 December 2023 SR*
At the beginning of the year	**24,607,659**	18,820,580
Current service cost	**3,751,953**	2,772,427
Interest expense	**1,074,765**	891,000
Amount recognised in statement of profit or loss	**4,826,718**	3,663,427
Loss from change in financial assumptions	**942,000**	5,000
Actuarial loss	**2,153,663**	1,666,000
Amount recognised in other comprehensive income	**3,095,663**	1,671,000
Transferred (from) to the Company	**(812,673)**	2,350,141
Benefits paid during the year	**(2,632,428)**	(1,897,489)
At the end of the year	**29,084,939**	24,607,659

16 EMPLOYEES' DEFINED BENEFIT LIABILITIES (continued)

Balances include amount paid to employee in advance, amounting to SR 823,838 (2023: SR 1,516,342).

Significant actuarial assumptions
The Company carried out employees' benefits actuarial valuation, using the projected unit credit method, of its liability as at 31 December 2024 arising from the end of service benefits to qualifying in-service employees. The following were the principal actuarial assumptions:

	31 December 2024 SR	*31 December 2023 SR*
Financial assumptions		
Discount rate	**4.50%**	4.33%
Salary growth rate	**5.00%**	4.10%
Demographic assumptions		
Mortality rate	**Table 2016**	Table 2016
Withdrawal rate (resignation / termination)	**8% / 9%**	8% / 9%

Sensitivity analysis
The sensitivity analyses below have been determined based on a method that extrapolates the impact on the defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The sensitivity analysis is based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analysis may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another. The same method has been applied for the sensitivity analysis as when calculating the recognised defined benefit liability.

	31 December 2024 SR	*31 December 2023 SR*
Salary growth rate		
1% increase	**1,134,061**	1,199,341
1% decrease	**(1,147,939)**	(1,118,659)
Discount rate		
1% increase	**(1,138,939)**	(1,105,659)
1% decrease	**1,147,061**	1,209,341

17 LONG-TERM AND SHORT-TERM LOANS

At the inception of the Company, the majority shareholder had obtained various ADF loans and Tawaruq loans from different local banks which were allocated to the Company through shareholders' agreement. These loans carry interest rates at prevailing market rate. The long-term loans are payable in instalments which are spread over the period up to 2034. The loans were obtained mainly for the purpose of financing the farms development activities. During the year, all four loans have been transferred in the name of the Company from ARASCO.

Long-term Tawaruq loan is secured through corporate guarantee from the majority shareholder, promissory notes and insurance proceeds of all farming / production facilities. Long-term agricultural development loan is secured through pledge of lands (refer note 5).

Short-term loans are due to be paid in August 2025.

17 LONG-TERM AND SHORT-TERM LOANS (continued)

Movement in long-term loans were as below:

	31 December 2024 SR	*31 December 2023 SR*
At the beginning of the year	**-**	-
Transferred from the majority shareholder	**582,570,131**	-
Withdrawals during the year	**-**	-
Payments during the year	**(47,840,718)**	-
At the end of the year	**534,729,413**	-
Less: Prepaid Management Fee and Transaction costs		
At the beginning of the year	**-**	-
Transferred from the majority shareholder	**6,341,819**	-
Upfront payments during the year	**-**	-
Amortised during the year	**(427,980)**	-
At the end of the year	**5,913,839**	-
Net loans	**528,815,574**	-
Bifurcated into:		
Current portion of long-term loans	**23,733,348**	-
Non-current portion of long-term loans	**505,082,226**	-
	528,815,574	-

Below are the maturities of the gross amount of short-term and long-term loans on discounted basis:

	31 December 2024 SR	*31 December 2023 SR*
2025	**100,016,188**	-
2026	**54,975,151**	-
2027	**84,975,151**	-
2028	**84,975,151**	-
2029	**84,975,151**	-
2030	**81,315,744**	-
2031	**67,134,444**	-
2032	**17,134,444**	-
2033	**17,134,444**	-
2034	**17,134,444**	-
	609,770,312	-

18 ACCOUNTS PAYABLE

Trade accounts payable are non-interest bearing and are normally settled on 60-day terms.

19 ACCRUALS AND OTHER CURRENT LIABILITIES

	31 December 2024 SR	*31 December 2023 SR*
Accrual for inventories received	**51,384,950**	20,567,153
Accrued finance cost	**13,595,766**	2,843,758
Accrued salaries and related benefits	**10,351,482**	10,548,970
Value added tax (“VAT”)	**6,714,403**	10,829,930
Advance payments from customers	**3,218,317**	5,278,837
Unclaimed deposits	**1,526,919**	621,843
Accrued board and committee’s rewards, expenses, and allowances	**906,333**	-
Accrued professional fees	**728,000**	1,050,000
Contract liabilities of biological assets	**-**	3,668,059
Accrued customer rebates and promotion	**-**	3,201,587
Others	**4,571,518**	3,013,242
	92,997,688	61,623,379

20 ZAKAT

The Company is subject to zakat on its zakat base calculated in accordance with zakat regulations enforced in the Kingdom of Saudi Arabia.

Up to the year ended 31 December 2024, the majority shareholder of the Company, Arabian Agricultural Services Company “ARASCO”, is filing consolidated zakat return for the Company and its affiliates. Zakat amount is recognised based on allocation done by the majority shareholder, which is dependent on the individual zakat base of the entity. From the year ending 31 December 2025, the Company would be submitting its zakat return at the Company level. During the year, no zakat charge was allocated to the Company for the year ended 31 December 2024 (2023: 1,848,396). Differences between the financial and the zakatable results are mainly due to provisions which are not allowed in the calculation of zakatable income.

Movements in the provision during the year were as follows:

	31 December 2024 SR	*31 December 2023 SR*
At the beginning of the year	-	-
Charge for the year	-	1,848,396
Transferred to a related party	-	(1,848,396)
At the end of the year	**-**	**-**

21 REVENUE

	31 December 2024 SR	31 December 2023 SR
Domestic sales		
Poultry sales	**1,187,642,800**	1,036,664,959
Table eggs sales	**37,454,918**	23,928,950
Live birds sales	**11,130,685**	25,667,139
Red meat sales	**826,811**	2,801,201
Cold store sales	**-**	719,870
	1,237,055,214	1,089,782,119
Export poultry sales	**7,830,075**	9,566,839
	1,244,885,289	1,099,348,958
Timing of revenue recognition		
Recognised at a point in time	**1,244,885,289**	1,099,348,958
Customer wise revenue recognition		
External customers	**1,218,179,315**	1,099,083,984
Related party customers	**26,705,974**	264,974
	1,244,885,289	1,099,348,958
Region wise revenue recognition		
Kingdom of Saudi Arabia	**1,237,055,214**	1,089,782,119
Other GCC countries	**7,830,075**	9,566,839
	1,244,885,289	1,099,348,958

22 COST OF REVENUE

	31 December 2024 SR	31 December 2023 SR
Direct materials	**532,383,257**	484,412,768
Overheads*	**216,450,239**	175,259,256
Salaries, wages and related costs	**107,822,025**	84,276,987
Depreciation of property, plant and equipment (note 5)	**46,727,553**	30,256,980
Shipping and freight	**42,393,230**	17,967,659
Packaging materials	**30,190,787**	29,717,659
Repair and maintenance	**29,178,654**	15,316,639
Utilities	**16,051,739**	12,011,015
Depreciation of right-of-use assets (note 6)	**9,912,088**	8,022,419
Rent	**6,847,425**	8,665,126
Provision for slow moving inventories and provision for NRV **	**4,323,907**	4,458,442
Machinery and equipment insurance	**3,537,353**	2,408,431
Fair value remeasurement of breeder birds' biological assets	**2,308,891**	-
Provision for employees' defined benefit liabilities (note 16)	**2,072,689**	1,274,666
Expired finished goods	**1,075,394**	3,780,854
Travel	**708,844**	481,606
Shared services expenses	**-**	2,686,797
Government subsidies earned (note 10)	**(11,071,356)**	(14,333,837)
Others	**6,225,358**	2,383,585
	1,047,138,077	869,047,052

22 COST OF REVENUE (continued)

***** Overheads include materials scrapped, fuel and diesel, hygiene material, vaccinations, sundry consumables and other indirect charges.

** Provision for slow moving inventories amounts to reversal of SR 1,870,480 (2023: charge of SR 175,637) and provision for NRV amounts to SR 6,194,387 (2023: SR 4,282,805).

23 SELLING AND DISTRIBUTION EXPENSES

	31 December 2024 SR	*31 December 2023 SR*
Salaries, wages and related costs	**36,155,092**	16,357,766
Marketing expenses	**18,988,310**	16,904,124
Shipping and freight	**13,933,035**	49,098,974
Depreciation of property, plant and equipment (note 5)	**5,379,302**	2,727,669
Rent	**2,864,580**	3,383,639
Sales commission	**1,748,460**	332,600
Repair and maintenance	**598,387**	456,264
Utilities	**465,249**	523,359
Insurance	**387,790**	655,562
Travel	**326,345**	216,592
Provision for employees' defined benefit liabilities (note 16)	**326,248**	241,011
Depreciation of right-of-use assets (note 6)	**82,080**	47,345
Warehousing expenses	**-**	6,806,975
Shared services expenses	-	291,467
Others	**1,801,213**	1,504,230
	83,056,091	99,547,577

24 GENERAL AND ADMINISTRATION EXPENSES

	31 December 2024 SR	*31 December 2023 SR*
Salaries, wages and related costs	**27,111,737**	21,200,479
Shared services expenses	**14,048,590**	18,349,060
Depreciation of right-of-use assets (note 6)	**3,985,232**	3,608
Professional fees	**2,437,497**	1,672,110
Board and committee's rewards, expenses, and allowances	**1,709,500**	-
Provision for employees' defined benefit liabilities (note 16)	**1,353,016**	1,256,750
Impairment of advances to suppliers (note 9)	**383,578**	1,391,566
Travel expenses	**328,107**	262,698
Delay fines	**315,104**	136,790
Depreciation of property, plant and equipment (note 5)	**291,612**	252,088
Insurance	**196,855**	9,087
Utilities	**191,463**	125,450
Rent	**180,174**	152,387
Others	**828,183**	3,007,772
	53,360,648	47,819,845

25 FINANCE COSTS

	31 December 2024 SR	*31 December 2023 SR*
Finance costs on long-term and short-term loans	**25,137,575**	10,592,438
Finance costs on lease liabilities	**4,708,304**	3,268,845
Bank charges	**2,762,558**	2,014,236
Finance costs on employees' defined benefit liabilities	**1,074,765**	891,000
	33,683,202	16,766,519

26 OTHER INCOME

	31 December 2024 SR	*31 December 2023 SR*
Hatchery services**	**6,551,813**	-
Exchange gain	**499,364**	2,394,752
Scrap sales	**252,528**	1,057,703
Gain on disposal of property, plant and equipment	**94,354**	7,320
Gain on disposal of right-of-use assets and lease liabilities	**556**	38,944
	7,398,615	3,498,719

** Hatchery services represent service income from contractual agreements where the Company provides incubation and hatching of eggs to a Day-Old Chicks ("DOC") including requisite vaccinations.

27 EARNINGS PER SHARE

Basic earnings per share ("EPS") is calculated by dividing the profit for the period by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit for the period by the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares during the period.

The number of shares for the year ended 31 December 2023 has been adjusted retrospectively to reflect the shares split (note 14). Since the change in number of shares outstanding as at 1 January 2024 was due to increase in share capital and change in nominal value of shares, number of shares outstanding for all periods presented was adjusted retrospectively.

Following table reflects the profit and share data used in the basic and diluted EPS computations:

	31 December 2024 SR	*31 December 2023 SR*
Profit for the year	**27,095,975**	62,660,031
Weighted average number of ordinary shares for basic and diluted EPS	**30,000,000**	30,000,000
Earnings per share – basic and diluted	**0.90**	2.09

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of authorisation of the financial statements, except for those disclosed in note 14.

28 FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES

The Company's objective in managing risk is the creation and protection of shareholder value. Risk is inherent in the Company's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Company's continuing profitability.

Financial risk factors

The Company's financial assets include cash and cash equivalents, accounts receivables, government subsidies receivable and amounts due from related parties. The Company's financial liabilities comprise of amounts due to related parties, accounts payables, loans from a related party, long-term loans and lease liabilities.

The Company is exposed to market risk (currency risk, interest rate risk), credit risk, and liquidity risk.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

Risk management framework

The Board of Directors has an overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is responsible for developing and monitoring the Company's risk management policies. Management reports regularly to the Board of Directors on its activities.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, 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 Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Risk management structure

A cohesive organisational structure is established within the Company in order to identify, assess, monitor and control risks.

Board of Directors

Board of Directors provides direction and the necessary approvals of strategies and policies in order to achieve defined corporate goals.

Senior management

Senior management is responsible for the day-to-day operations towards achieving the strategic goals within the Company's pre-defined risk appetite.

Risk mitigation

The risks faced by the Company and the way these risks are mitigated by management are summarised below:

(i) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities where revenue or expense related to export on poultry is denominated in foreign currency. 'The Company did not undertake significant transactions in currencies other than Saudi Riyals, US dollars and Euro. As the Saudi Riyal is pegged to the US Dollar, balance in US Dollars are not considered to represent significant currency risk. The Company monitors the fluctuations in currency exchange rates of Euro and manages its effect on the financial statements. The Company's exposure to other foreign exchange movements is not material.

28 FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES (continued)

Risk mitigation (continued)

(ii) Interest rate risk
Interest rate risk is the risk that either fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The following table demonstrates a reasonably possible change of 100 basis points in interest rates at the reporting date would have increased (decreased) profit or loss by the amount shown below. The analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

	31 December 2024 SR	*31 December 2023 SR*
Variable rate instruments		
100 bps increase	**(3,950,409)**	(2,181,106)
100 bps decrease	**3,950,409**	2,181,106

(iii) Credit risks
Credit risk refers to the risk that a party to a financial instrument will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties, for whom the credit risk is assessed to be low. The Company attempts to control credit risk by monitoring credit exposures, limiting transactions with specific non-related counterparties, and continually assessing the creditworthiness of such non-related counterparties. The Company maintains bank accounts with high credit rated financial institutions. Below table shows the Company’s maximum exposure to credit risk for components of the statement of financial position.

	31 December 2024 SR	*31 December 2023 SR*
Accounts receivable	**127,723,030**	81,353,722
Cash and cash equivalents	**33,480,255**	23,088,184
Amounts due from related parties	**10,348,569**	157,712
	171,551,854	104,599,618

Accounts receivable and amounts due from related parties
For account receivables, the Company applies the simplified approach to providing for ECL prescribed by IFRS 9, which requires the use of the lifetime expected loss provision for such financial assets.

Bank balance
Credit risk from balances with banks is managed by the Company's treasury department in accordance with the Company's policy. Management continuously monitors the credit ratings of financial institutions to minimise the concentration of risks and therefore mitigate financial loss through a counterparty's potential failure to make payments.

Credit concentration
Concentration of credit risk arises when a number of counter-parties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic political or other conditions. No significant concentrations of credit risk were identified by the management as at the reporting date.

Management has conducted an assessment as required under IFRS 9 and based on such assessment, the management believes that there is no need for any significant impairment loss against the carrying value of cash and cash equivalents, amounts due from related parties and other financial assets.

28 FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES (continued)

Risk mitigation (continued)

(iv) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at an amount close to its fair value. Liquidity risk is managed by ensuring that sufficient funds are available from the majority shareholder and related parties at all times to meet any future commitments, and financing facilities are available.

Following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted and include contractual interest payments:

31 December 2024	*On Demand*	*Within 3 months*	*3 months to 1 year*	*Above 1 Year*	*Total*
	SR	*SR*	*SR*	*SR*	*SR*
Accounts payable	-	**88,891,615**	-	-	**88,891,615**
Amounts due to related parties	**47,598,774**	-	-	-	**47,598,774**
Long-term and short-term loans	-	-	**132,358,090**	**610,397,296**	**742,755,386**
Lease liabilities	-	-	**21,288,780**	**107,696,460**	**128,985,240**
Total financial liabilities	**47,598,774**	**88,891,615**	**153,646,870**	**718,093,756**	**1,008,231,015**

31 December 2023	*On Demand*	*Within 3 months*	*3 months to 1 year*	*Above 1 Year*	*Total*
	SR	*SR*	*SR*	*SR*	*SR*
Accounts payable	-	43,463,161	-	-	43,463,161
Amounts due to related parties	50,329,845	-	-	-	50,329,845
Loans from a related party	-	-	80,473,596	534,870,248	615,343,844
Lease liabilities	-	-	11,642,560	60,910,240	72,552,800
Total financial liabilities	50,329,845	43,463,161	92,116,156	595,780,488	781,689,650

Capital management

For the purpose of the Company's capital management, capital includes issued share capital and all other equity reserves. The primary objective of the Company's capital management is to maximise the shareholder value.

The Company manages its capital structure and adjusts considering changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company includes within net debt accounts payables, accruals and other current liabilities, amounts due to related parties and lease liabilities (both current and non-current), less cash at banks.

There were no changes in the objectives, policies, and procedures for capital management during the years ended December 31, 2024 and December 31, 2023.

28 FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES (continued)

Capital management (continued)

	31 December 2024	*31 December 2023*
	SR	*SR*
Loans from a related party	**-**	517,202,785
Long-term and short-term loans	**603,856,473**	-
Lease liabilities	**104,891,303**	57,628,830
Accounts payable	**88,891,615**	43,463,161
Accruals and other current liabilities	**92,997,688**	61,623,379
Less: cash and cash equivalents	**(33,480,255)**	(23,088,184)
Net Debt	**857,156,824**	656,829,971
Share capital	**300,000,000**	300,000,000
Retained earnings and other reserves	**160,580,643**	136,580,331
Total Capital	**460,580,643**	436,580,331
Capital and net debt	**1,317,737,467**	1,093,410,302
Gearing ratio	**65%**	60%

There has been no breach of the financial covenants applicable on the Company for the long-term loans (2023: same).

29 SEGMENT INFORMATION

The Company 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 Chief Executive Officer ("CEO"), who is the Chief Operating Decision Maker ("CODM"). This is also the measure reported to the Company's Board of Directors for the purpose of making decisions about resource allocation and performance assessment.

Segment performance is evaluated based on profit or loss and is measured consistently in the financial statements. The operations of the Company are mainly in the Kingdom of Saudi Arabia with some export sales in other GCC countries. For management reporting purpose, the Company is organised into a single business unit of poultry and related products which is identified as a reportable segment. All assets and liabilities are tagged to the same reportable segment.

Revenue for the year ended 31 December 2024 from top five customers in the poultry stream represents 15% of Company's total revenue (2023: 17.1%).

30 FAIR VALUES OF FINANCIAL INSTRUMENTS

The Company's financial asset consists of cash and cash equivalents, amounts due from related parties and accounts receivable. Its financial liabilities consist of accounts payable, amounts due to related parties, loan from a related party and lease liabilities.

The fair values of financial instruments are not significantly different from the carrying values included in the financial statements due to the short duration of such financial instruments.

31 CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

Contingent liabilities

Contingent liabilities, obtained by ARASCO on behalf of the Company, as at 31 December 2024 include letters of guarantee amounting to SR 51.11 million (2023: SR 51.41 million) and letters of credit amounting to SR 40.39 million (2023: SR 38.56 million) for the benefit of the Company's external suppliers for raw materials purchases.

Capital commitments

The capital commitments related to ongoing capital work-in-progress projects amounts to Euro 7.85 million, equivalent to SR 32.98 million (2023: Euro 9.42 million, equivalent to SR 38.28 million).

32 EVENTS AFTER THE REPORTING DATE

- On 4 Shawwal 1446H (corresponding to 2 April 2025), the Board of Directors resolved to distribute cash dividend of SR 0.5 per share amounting to SR 15 million for the year ended 31 December 2024.

- In February 2025, the Company made an investment of 8.33% shareholding in Al Imtiaz Poultry Company.

- On 11 Thul Qi'dah 1445H (corresponding to 19 May 2024), the General Assembly of Shareholders decided to go for an Initial Public Offering ("IPO) and listing of 30% of its ordinary shares on Saudi Stock Exchange ("Tadawul"), which was approved by Capital Market Authority ("CMA") on 27 Rabi Al-Awwal 1446H (corresponding to 30 September 2024). The allotment of shares to new shareholders was completed and the Company's ordinary shares began trading on Saudi Stock Exchange ("Tadawul") on 17 Ramadan 1446H (corresponding to 17 March 2025).

  The shareholdings pre and post offering are as follows:

	Pre-offering			*Post-offering*		
	Number of shares	***Ownership %***	***Nominal value (SR)***	***Number of shares***	***Ownership %***	***Nominal value (SR)***
Founding shareholders	30,000,000	100%	300,000,000	21,000,000	70%	210,000,000
Public	-	-	-	9,000,000	30%	90,000,000
	30,000,000	100%	300,000,000	30,000,000	100%	300,000,000

Apart from above, management believes that no significant subsequent event since the year ended 31 December 2024 that would have a material impact on the financial position of the Company as reflected in these financial statements.

33 APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements of the Company for the year ended 31 December 2024 were authorised for issuance by the Board of Directors on 27 Ramadan 1446H (corresponding to 27 March 2025).