



**THE NATIONAL AGRICULTURAL DEVELOPMENT
COMPANY (NADEC)
(A SAUDI JOINT STOCK COMPANY)**

**CONDENSED INTERIM FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REVIEW REPORT
FOR THE THREE MONTH AND SIX MONTH PERIODS
ENDED
30 JUNE 2021**

THE NATIONAL AGRICULTURAL DEVELOPMENT COMPANY (NADEC)
(A SAUDI JOINT STOCK COMPANY)

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KPMG Professional Services

Riyadh Front, Airport Road
P. O. Box 92876
Riyadh 11663
Kingdom of Saudi Arabia
Headquarter

Commercial Registration No 1010425494

كي بي إم جي للاستشارات المهنية

واجهة الرياض، طريق المطار
صندوق بريد ٩٢٨٧٦
الرياض ١١٦٦٣
المملكة العربية السعودية
المركز الرئيسي

سجل تجاري رقم ١٠١٠٤٢٥٤٩٤

Independent auditor's report on review of condensed interim financial statements

To the Shareholders of National Agricultural Development Company

Introduction

We have reviewed the accompanying 30 June 2021 condensed interim financial statements of **National Agricultural Development Company – A Saudi Joint Stock Company** ("the Company") which comprises:

- the condensed statement of financial position as at 30 June 2021;
- the condensed statement of profit or loss for the three-month and six-month periods ended 30 June 2021;
- the condensed statement of comprehensive income for the three-month and six-month periods ended 30 June 2021;
- the condensed statement of changes in Shareholders' equity for the six-month period ended 30 June 2021;
- the condensed statement of cash flows for the six-month period ended 30 June 2021; and
- the notes to the condensed interim financial statements.

Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' that is endorsed in the Kingdom of Saudi Arabia. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

KPMG professional Services, a professional closed joint stock company registered in the Kingdom of Saudi Arabia With the paid-up capital of (15,000,000) SAR (Previously known as 'KPMG AlFozan & Partners Certified Public Accountants') A non-partner member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

كي بي إم جي للاستشارات المهنية شركة مبنية مساهمة مغلقة مسجلة في المملكة العربية السعودية، ورأس مالها (١٥,٠٠٠,٠٠٠) ريال سعودي، مغفوع بالكامل، قائمة بأعضاء الشركة كي بي إم جي الفوزان وشركاء محاسبون ومراجعون قانونيون". و هي عضو غير شريك في الشبكة العالمية للشركات كي بي إم جي المستقلة والمتابعة لكي بي إم جي العالمية المحدودة، شركة لوجيستية محدودة بنسقل. جميع الحقوق محفوظة.



Independent auditor's report on review of condensed interim financial statements

To the Shareholders of National Agricultural Development Company *(continued)*

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 30 June 2021 condensed interim financial statements of National Agricultural Development Company are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia.

KPMG Professional Services

Khalil Ibrahim Al Sedais
License No. 371




Riyadh on 24 Dhul Hijjah 1442 H
Corresponding to 3 August 2021




	Note	30-June-21 SAR (Unaudited)	31-Dec-20 SAR (Audited)
Assets			
Non-Current Assets			
Property, Plant and Equipment	9	1,931,294,079	1,963,125,942
Right of Use Assets		44,650,293	58,562,699
Capital Work in Progress		99,173,038	112,185,675
Biological Assets		663,096,777	625,491,645
Intangible Assets		21,855,259	8,060,361
Equity Investment at FVOCI	10	7,629,000	7,629,000
Total Non-Current Assets		2,767,698,446	2,775,055,322
Current Assets			
Biological Assets		34,516,360	27,689,189
Inventory		552,979,187	536,562,512
Biological Assets - Available for Sale		32,255,003	25,112,448
Trade Receivables, Prepayments and Other Receivables		571,044,568	442,506,217
Cash and Bank Balances		78,135,417	68,713,854
Total Current Assets		1,268,930,535	1,100,584,220
Total Assets		4,036,628,981	3,875,639,542
Shareholders' Equity and Liabilities			
Shareholders' Equity			
Share Capital	6	1,016,400,000	1,016,400,000
Share Premium		78,719	78,719
Statutory Reserve		184,238,643	184,238,643
Other Reserves		22,641,853	22,641,853
Retained Earnings		243,935,166	254,919,030
Total Shareholders' Equity		1,467,294,381	1,478,278,245
Non-Current Liabilities			
Murabaha Loans and Borrowings	7	1,151,161,878	880,974,358
Lease Liabilities		21,585,206	29,982,682
Deferred Income		5,373,892	5,642,608
Employee Benefits Obligation		167,153,226	165,619,617
Total Non-Current Liabilities		1,345,274,202	1,082,219,265
Current Liabilities			
Trade and Other Payables		792,389,948	606,083,653
Murabaha Loans and Borrowings - Short term	7	84,995,908	291,064,937
Murabaha Loans and Borrowings - Current Portion	7	254,221,244	318,693,328
Lease Liabilities		23,885,059	32,776,779
Dividend Payables		32,983,633	33,130,736
Provision for Zakat		35,584,606	33,392,599
Total Current Liabilities		1,224,060,398	1,315,142,032
Total Liabilities		2,569,334,600	2,397,361,297
Total Shareholders' Equity and Liabilities		4,036,628,981	3,875,639,542

The accompanying notes 1 to 11 are an integral part of these condensed interim financial statements
The condensed interim financial statements appearing on pages 3 to 14 were approved by the Board of Directors and
were signed on its behalf by


Asimakopoulos Georgios
Chief Financial Officer



Steen Hadsbjerg
Chief Executive Officer



Abdulaziz Saleh Alrebbi
Chairman



		Three month period ended 30 June 2021 SAR (Unaudited)	Three month period ended 30 June 2020 SAR (Unaudited)	Six month period ended 30 June 2021 SAR (Unaudited)	Six month period ended 30 June 2020 SAR (Unaudited)
Revenue	8	537,229,756	608,060,083	1,073,655,626	1,167,210,715
Cost of Sales		(372,312,293)	(396,421,502)	(735,840,836)	(753,105,855)
Gross Profit		164,917,463	211,638,581	337,814,790	414,104,860
Selling and Marketing Expenses		(125,892,325)	(143,367,985)	(240,038,308)	(278,343,611)
General and Administrative Expenses		(27,652,971)	(29,535,332)	(61,248,433)	(58,447,136)
Impairment Losses on Trade Receivables		(2,124,933)	(5,691,382)	(4,315,241)	(8,204,523)
Other (Expenses) & Income – net		(16,291,899)	111,613,587	(23,866,041)	109,099,622
Operating (Loss)/ Profit		(7,044,665)	144,657,469	8,346,767	178,209,212
Net gain on Derivative financial instruments		-	174,306	-	337,276
Finance cost		(8,777,853)	(11,560,620)	(16,302,628)	(25,638,870)
(Loss)/ Profit before Zakat		(15,822,518)	133,271,155	(7,955,861)	152,907,618
Zakat		(1,527,170)	(1,643,912)	(3,028,003)	(3,093,912)
(Loss)/ Profit for the period		(17,349,688)	131,627,243	(10,983,864)	149,813,706
(Loss)/ Earnings per share based on the (Loss)/ Profit for the period attributable to ordinary shareholders					
Basic and Diluted	5	(0.17)	1.30	(0.11)	1.47

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Chief Executive Officer


Abdulaziz Saleh Alrebdi
Chairman



	Three month period ended 30 June 2021 SAR (Unaudited)	Three month period ended 30 June 2020 SAR (Unaudited)	Six month period ended 30 June 2021 SAR (Unaudited)	Six month period ended 30 June 2020 SAR (Unaudited)
(Loss)/ Profit for the period	(17,349,688)	131,627,243	(10,983,864)	149,813,706
Items that will not be reclassified to Profit or Loss				
Re-measurement of Defined Benefit Obligation	-	-	-	-
Movement in Equity Investment at Fair Value through Other Comprehensive Income (FVOCI)	-	-	-	-
Total Items that will not be reclassified to Profit or Loss	-	-	-	-
Total other comprehensive income	-	-	-	-
Total Comprehensive (Loss)/ Income for the period	(17,349,688)	131,627,243	(10,983,864)	149,813,706

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The National Agricultural Development Company (NADEC)
A Saudi Joint Stock Company




Condensed Statement of Changes in Shareholders' Equity for the six month period ended 30 June 2021

	Share Capital	Share premium	Statutory Reserve	Other Reserves	Retained Earnings	Total Shareholders' Equity
	SAR					
Balance at 1 January 2021 (Audited)	1,016,400,000	78,719	184,238,643	22,641,853	254,919,030	1,478,278,245
Loss for the period	-	-	-	-	(10,983,864)	(10,983,864)
Other comprehensive income for the period	-	-	-	-	-	-
Total Comprehensive Loss for the period	-	-	-	-	(10,983,864)	(10,983,864)
Balance at 30 June 2021 (Unaudited)	<u>1,016,400,000</u>	<u>78,719</u>	<u>184,238,643</u>	<u>22,641,853</u>	<u>243,935,166</u>	<u>1,467,294,381</u>
Balance at 1 January 2020 (Audited)	847,000,000	-	180,673,185	20,637,006	392,167,953	1,440,478,144
Profit for the period	-	-	-	-	149,813,706	149,813,706
Other comprehensive income for the period	-	-	-	-	-	-
Total Comprehensive Income for the period	-	-	-	-	149,813,706	149,813,706
Issue of Bonus Shares	169,400,000	78,719	-	-	(169,338,040)	140,679
Balance at 30 June 2020 (Unaudited)	<u>1,016,400,000</u>	<u>78,719</u>	<u>180,673,185</u>	<u>20,637,006</u>	<u>372,643,619</u>	<u>1,590,432,529</u>

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Steen Hadsbjerg
Chief Executive Officer


Abduhaziz Saleh Alirebdi
Chairman



	Six month period ended 30 June 2021 SAR (Unaudited)	Six month period ended 30 June 2020 SAR (Unaudited)
Cash flows from Operating Activities		
(Loss)/ Profit for the period	(10,983,864)	149,813,706
Adjustments for		
Depreciation - Property Plant and Equipment and Biological Assets	119,737,037	133,064,579
Depreciation - Right of Use Assets	13,321,294	13,550,195
Amortization	2,878,838	1,740,564
Zakat Expense	3,028,003	3,093,912
Deferred income	(268,716)	(269,457)
Employee Benefits Obligation	16,572,917	16,010,548
Impairment Losses on Trade Receivables	4,315,241	8,204,523
Inventory Provision movement, net	-	2,415,900
Unrealized loss on Derivatives financial instruments	-	194,441
Finance Cost	16,302,628	25,638,870
Income from Government grant (Net)	-	(111,805,466)
Loss on sale of Property Plant and Equipment and Biological Assets	13,909,322	7,653,151
	178,812,700	249,305,466
Changes in		
Inventory and Biological Assets - Available for Sale	(23,559,230)	(98,401,655)
Biological Assets	(6,827,171)	5,641,547
Trade Receivables, Prepayments and Other Receivables	(132,853,592)	(58,072,622)
Trade and Other Payables	186,306,295	147,181,027
	201,879,002	245,653,763
Zakat Paid	(835,996)	(203,912)
Employee Benefits Paid	(15,039,308)	(12,060,681)
Net cash from Operating Activities	186,003,698	233,389,170
Cash flows from Investing Activities		
Acquisition of Property, Plant and Equipment, Intangible Assets and Biological Assets	(186,587,418)	(117,849,164)
Proceeds from sale of Property, Plant and Equipment and Biological Assets	43,506,691	27,973,163
Net cash Used in Investing Activities	(143,080,727)	(89,876,001)
Cash flows from Financing Activities		
Proceeds from issue of shares	-	140,679
Proceeds from Murabaha Loans and Borrowings	213,468,178	76,693,709
Repayment of Murabaha Loans and Borrowings	(211,699,220)	(128,231,756)
Finance Cost Paid	(17,225,377)	(35,147,323)
Payment of Lease Liabilities	(17,897,886)	(16,616,653)
Dividend Paid	(147,103)	(34,870)
Net cash Used in Financing Activities	(33,501,408)	(103,196,214)
Net Change in Cash and Cash Equivalents	9,421,563	40,316,955
Cash and Cash Equivalents at beginning of the period	68,713,854	62,031,969
Cash and Cash Equivalents at end of the period	78,135,417	102,348,924

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1- The Company and its Operations

The National Agricultural Development Company (NADEC) (the "Company") is a Saudi Joint-Stock Company, formed under the Royal Decree No. M/41 dated 17 Shawwal 1401H (corresponding to 17 August 1981) and registered in Riyadh under Commercial Registration No. 1010018795 dated 26 Dhul-Hijjah 1398H (corresponding to 26 November 1978).

The Company is engaged in agricultural and livestock production, reclamation of agricultural land, food processing and marketing and distribution of its products.

The Company's financial year begins on January 1 and ends at the end of December of the same year.

The Company's registered office is located at the following address:

Riyadh - Kingdom of Saudi Arabia
P.O. Box 2557 Riyadh 11461

2- Basis of Preparation

2.1 Statement of Compliance

These Condensed Interim Financial Statements of the Company have been prepared in accordance with the requirements of the International Accounting Standard- IAS 34 - "Interim Financial Reporting" that is endorsed in the Kingdom of Saudi Arabia (KSA) and other standards and pronouncements that are issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

These Condensed Interim Financial Statements should be read in conjunction with the Financial Statements of the Company for the year ended 31 December 2020 (last annual financial statements). They do not include all the information required to present a complete set of financial statements prepared in accordance with International Financial Reporting Standards (IFRS) that are endorsed in the KSA. However, accounting policies and specific explanatory notes have been included to interpret significant events and transactions in order to understand the changes in the financial position and financial performance of the Company, since the last annual financial statements.

2.2 Basis of Measurement

These Condensed Interim Financial Statements have been prepared in accordance with historical cost except for the following significant items included in the Condensed Interim Statement of Financial Position:

- Equity Investment at FVOCI is valued at fair value in accordance with the requirements of IFRS 13 using level 2 valuation method.
- Biological Assets for which market is available or can be measured reliably are valued at Fair value, where fair value is not available or cannot be measured reliably, these assets are measured at cost.
- Derivative financial instruments are measured at Fair Value through Profit or Loss.
- Employee defined benefit obligations are recognized at the present value of future obligations in accordance with the benefit plan.

2.3 Functional and Presentation Currency

These Condensed Interim Financial Statements have been presented in Saudi Riyal ("SAR") which is also the functional currency of the Company, unless stated otherwise.

2.4 SIGNIFICANT ACCOUNTING POLICIES

New Standards, Amendment to Standards and Interpretations:

There are no new standards issued, however, there are number of amendments to standards which are effective from 1 January 2021 and has been explained in Company's annual Financial Statements, but they do not have a material effect on the Company's Condensed Interim Financial Statements.

3- Significant Accounting Estimates, Judgements and Assumptions

The preparation of the Company's condensed interim Financial Statements requires management to make judgments, 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 the asset or liability affected in future periods.

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 years, are consistent with those disclosed in the last annual financial statements. 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 beyond the control of the Company. Such changes are reflected in the assumptions when they occur. The significant judgments made by management in applying the Company's accounting policies are consistent with those disclosed in the last annual financial statements.

In response to the spread of the Covid-19 in territories where the Company operates and its resulting disruptions to the social and economic activities in those markets, NADEC's management has proactively assessed its impacts on its operations and has taken a series of preventive measures, including the creation of Corona task force team, to ensure the health and safety of its employees, customers, consumers and wider community as well as to ensure the continuity of supply of its products throughout its markets. NADEC's business operations largely remain unaffected as the food industry in general is exempted from various bans and restrictions imposed by various regulatory authorities including exemption from curfew hours and cargo shipping and flight operations restrictions. Based on these factors, NADEC's management believes that the Covid-19 pandemic has had no material effects on NADEC's reported financial results for the six month period ended 30 June 2021. NADEC's management continues to monitor the situation closely.

4. Operating Segments

IFRS 8 requires operating segments to be identified based on internal reports that are regularly reviewed by the Company's executive management and used to allocate resources to segments and assess their performance. The operating segments described below have been prepared in accordance with IFRS 8. The Company operates in two main business segments: Manufacturing of Dairy and foods and Production of Agricultural products. Most of the Company's revenues, profits and assets relate to its operations in Saudi Arabia and arise from these reportable operating segments. The executive management monitors the operational results of these operating segments separately for making decisions about resource allocation and performance evaluation. The performance of the segment is evaluated on a profit or loss basis and is measured in a manner consistent with the profit or loss recognized in the Condensed Interim Financial Statements.

The following is a summary of the operating segments as at and for the six month period ended 30 June 2021

	Dairy and Food	Agriculture	(Elimination of Inter-Segment Sales)/ unallocated	Total
	SAR	SAR	SAR	SAR
Revenue				
External Revenue	1,041,071,158	32,584,468	-	1,073,655,626
Inter-Segment Revenue	11,415,600	38,154,291	(49,569,891)	-
Total	1,052,486,758	70,738,759	(49,569,891)	1,073,655,626
Expenses				
Depreciation and Amortization	(123,068,972)	(12,868,197)	-	(135,937,169)
Operating Profit/ (Loss)	43,370,550	(39,523,783)	4,500,000	8,346,767
Finance Cost	(16,302,628)	-	-	(16,302,628)
Profit/ (Loss) before Zakat	27,067,922	(39,523,783)	4,500,000	(7,955,861)
Zakat	(3,000,000)	(28,003)	-	(3,028,003)
Profit/ (Loss) for the Period	24,067,922	(39,551,786)	4,500,000	(10,983,864)
Total Assets	3,431,891,248	604,737,733	-	4,036,628,981

The following is a summary of the operating segments as at and for the six month period ended 30 June 2020

	Dairy and Food	Agriculture	(Elimination of Inter-Segment Sales)/ unallocated	Total
	SAR	SAR	SAR	SAR
Revenue				
External Revenue	1,093,439,802	73,770,913	-	1,167,210,715
Inter-Segment Revenue	8,400,000	24,115,509	(32,515,509)	-
Total	1,101,839,802	97,886,422	(32,515,509)	1,167,210,715
Expenses				
Depreciation and Amortization	(126,516,050)	(21,839,288)	-	(148,355,338)
Operating Profit	81,394,044	96,815,168	-	178,209,212
Finance Cost	(24,794,047)	(844,823)	-	(25,638,870)
Gain on Derivative financial Instruments	-	-	337,276	337,276
Profit before Zakat	56,599,997	95,970,345	337,276	152,907,618
Zakat	(2,890,000)	(203,912)	-	(3,093,912)
Profit for the Period	53,709,997	95,766,433	337,276	149,813,706
Total Assets	3,357,263,540	812,701,729	-	4,169,965,269

5. Earnings per Share

	Three month period ended 30 June 2021 SAR (Unaudited)	Three month period ended 30 June 2020 SAR (Unaudited)	Six month period ended 30 June 2021 SAR (Unaudited)	Six month period ended 30 June 2020 SAR (Unaudited)
(Loss)/ Profit attributable to Shareholders' (Saudi Riyal -SAR)	(17,349,688)	131,627,243	(10,983,864)	149,813,706
Weighted Average Number of Ordinary Shares (# of Shares)	101,640,000	101,635,915	101,640,000	101,634,859
(Loss)/ Earnings per Share (SAR/Share)	(0.17)	1.30	(0.11)	1.47

(Loss)/ Earnings per share has been calculated by dividing (loss)/ profit attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

6. Share Capital

Capital	30 June 21 SAR (Unaudited)	31 Dec 20 SAR (Audited)
Ordinary Shares issued and fully paid of SAR 10 each	101,640,000	101,640,000

7. Murabaha Loans and Borrowings

	Loan Currency	Interest rate	Due date	30 June 21 (Unaudited)		31 Dec 20 (Audited)	
				Nominal Value SAR 'M	Book value SAR 'M	Nominal Value SAR 'M	Book value SAR 'M
				Islamic Banking Facilities (7.1)	SAR	SIBOR+ Bank Margin*	2021-2028
Agricultural Development Fund (7.2)	SAR	-	2021-2027	6	6	7	7
				<u>1,486</u>	<u>1,490</u>	<u>1,485</u>	<u>1,491</u>

- *The weighted average interest rate on bank loans during the six month period ended 30 June 2021 was 2.05% per annum (Six month period ended 30 June 2020: 3.30% per annum), however, the rates varied between medium and short-term loans.
- Loans from local banks were granted against promissory note given by the Company.

Loans are presented in the Condensed Interim Financial Statements as follows:

	30 June 21 SAR 'M (Unaudited)	31 Dec 20 SAR 'M (Audited)
Non-Current Liabilities		
Loans secured by guarantees	5	6
Loans secured by promissory notes	1,146	875
	<u>1,151</u>	<u>881</u>
Current Liabilities		
Loans secured by guarantees	1	1
Loans secured by promissory notes	338	609
	<u>339</u>	<u>610</u>

7. Murabaha Loans and Borrowings (Continued)

7.1 Islamic Banking Facilities (Murabaha) from Local Banks

The borrowing under Islamic banking facilities (Murabaha) have been provided against a promissory note issued by the Company. The maturity dates of these facilities are from 2021 to 2028 as agreed with the respective banks and are mostly of a revolving nature. The amount of unused facilities as at 30 June 2021 amounted to SAR 802 Million. (31 December 2020: SAR 608 Million).

7.2 Agricultural Development Fund Loan

The Company was granted two loans from the Agricultural Development Fund with a total value of SAR 9.95 million. These loans are secured by a mortgage of specific assets owned by the Company. The maturity dates of these facilities are from 2024 to 2027 as agreed with the Agricultural Development Fund. The balance of these loans from Agricultural Development Fund on 30 June 2021 amounted to SAR 6.4 million (31 December 2020: SAR 7.4 million).

8. Revenue

	Six month period ended 30 June 2021 SAR (Unaudited)	Six months period ended 30 June 2021 SAR (Unaudited)
Saudi Arabia	951,155,287	1,032,076,650
Other Countries	122,500,339	135,134,065
	<u>1,073,655,626</u>	<u>1,167,210,715</u>

The main sources of the Company's revenues from contracts with customers includes dairy and food sales as well as the agricultural products, calves' sales and others. The control of the products is transferred to the customer as soon as it is delivered to them and the delivery has been acknowledged.

9. Property, Plant and Equipment

The carrying amount of Property, Plant and Equipment as at 30 June 2021 amounted to SAR 1.93 Billion (31 December 2020: SAR 1.96 Billion). During the six month period ended 30 June 2021, the Company added Property, Plant and Equipment amounting to SAR 63 Million (Six month period ended 30 June 2020: SAR 47 Million).

9.1 Lands:

The following matters related to Lands held by the Company at the reporting date:

Land granted to the Company by the Government awaiting transfer of legal title (Carrying value of land is SAR 232.67 million)

As at 30 June 2021, the Company held SAR 232.67 million worth of land received from the Government at the carrying value of SAR 232.67 million worth for which the conditions of the grant had been met in earlier years.

The details of the land and government grant are as follows:

- The Company originally received certain area of land in Hail, Wadi Al Dawasir and Al Jouf as a conditional non-monetary grant under the Ministry of Environment, Water and Agriculture under the Royal Order M/41 issued on 17 Shawwal 1401H (corresponding to 17 August 1981) hereinafter referred to as "Royal Order of 1981" which stated that the Company will be entitled to the ownership of the land which is revived by the Company. Until 31 March 2020, the Company had recognized portion of these lands at a value of SAR 120.86 million for which the conditions of the grant were met.
- On 2 Dhul-Qadah 1441H (corresponding to 23 June 2020), the Company received a letter from Ministry of Environment, Water and Agriculture under number 600/1057/1438 regarding issuance of Royal Order No. 58378 dated 28 Shawwal 1441H (corresponding to 20 June 2020) hereinafter referred to as "Royal Order of 2020" confirming the area to which Company is entitled. Based on the Royal Order of 2020, the management is reasonably certain that the legal title of these lands will be transferred to the Company in due course upon completion of the regulatory procedures.
- Based on the Royal Order of 2020, the Company has recorded the additional land granted for Al Jouf and Wadi Al Dawasir at its current fair value and has derecognized the unconfirmed land area of Hail from the books which has resulted in a net gain of SAR 111.8 million and have increased the carrying value of land to SAR 232.67 million during the year 2020.

9. Property, Plant and Equipment – (Continued)

9.1 Land– (Continued)

Land Occupied by Saudi Aramco

As per the Royal Decree number (151) dated 5 Shawwal 1401H (corresponding to 5 August 1981), NADEC was granted the Haradh project. This included a piece of agricultural land, fixed and movable facilities and assets as well as the energy sources being part of the site. Notary Public at Haradh issued land title deed to NADEC through title deed number (333801001781).

The Supreme Court cancelled the land title deed issued to the NADEC by Notary Public at Haradh through its decision dated 18 Rabi ul Awal 1442H (corresponding to 4 November 2020), with an understanding of reissuing the title deed for the area occupied by NADEC and is under NADEC's use.

Based on discussions with the officials of Ministry of environment, water, and agriculture, management is reasonably certain that the legal title of this land under NADEC's use and control will be issued to the NADEC after obtaining all the necessary approvals from related government authorities. Consequently, the new title deed will result in reduction of NADEC's assets, due to removal of a limited portion of the land, which is currently being occupied by ARAMCO and a small piece of land in the southern area which is not suitable for agricultural production and consequently not used by NADEC.

The financial Impact of the change in land area is not ascertainable as at the reporting date in the absence of definitive court order however management estimates that the impact will not be material.

10. Financial Instruments

Financial Assets and Liabilities are measured at amortized cost except for Equity Investments at Fair value through Other Comprehensive Income (FVOCI) which are measured at fair value. The 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 under market conditions. In the absence of an active market, the asset or liability is measured in the most advantageous market for the asset or liability and relies on the perceptions of market participants to maximize the benefits of using the asset. The Company relied on valuation methods for Equity Investments at FVOCI based on the performance of similar financial assets in an active market considering the performance of the asset itself to maximize benefits from the asset.

The book value and the fair value of all financial assets and financial liabilities does not vary significantly.

	30 June 21 SAR'000 (Unaudited)	31 Dec 20 SAR'000 (Audited)	FV level
Financial Assets at Fair Value			
Equity Investment at FVOCI	7,629	7,629	Level 2
Total Financial Assets at Fair Value	7,629	7,629	
Financial Assets at Amortized Cost			
Trade and Other Receivables	287,604	286,753	
Cash and Bank Balances	78,135	68,714	
Total Financial Assets at Amortized Cost	365,739	355,467	
Total Financial Assets	373,368	363,096	
Financial Liabilities at Amortized Cost			
Trade and Other Payables	774,618	589,088	
Loans	1,490,379	1,490,733	
Lease Liabilities	45,470	62,759	
Total Financial Liabilities at Amortized Cost	2,310,467	2,142,580	
Total Financial Liabilities	2,310,467	2,142,580	

11. Approval by the Board of Directors

These Condensed Interim Financial Statements for the six months period ended 30 June 2021 were approved by the Board of Directors on 24 Dhul Hijjah 1442 H (corresponding to 3 August 2021).