

Al-Jouf Agricultural Development Company
(A Saudi Joint Stock Company)

Interim Condensed Financial Statements (Unaudited)
For the three-month and six-month periods ended 30 June 2022
With The Independent Auditor's Review Report

Al-Jouf Agricultural Development Company
(A Saudi Joint Stock Company)

Interim Condensed Financial Statements (unaudited)
For the three-month and six-month periods ended 30 June 2022

<u>Index</u>	<u>Page</u>
Independent auditor's review report on the interim condensed financial statements	1
Interim condensed statement of financial position	2
Interim condensed statement of profit or loss and other comprehensive income	3
Interim condensed statement of changes in shareholders' equity	4
Interim condensed statement of cash flows	5
Notes to the interim condensed financial statements	6-12

INDEPENDENT AUDITOR'S REVIEW REPORT ON THE INTERIM CONDENSED FINANCIAL STATEMENTS

TO THE SHAREHOLDERS OF AL-JOUF AGRICULTURAL DEVELOPMENT COMPANY

(1/1)

INTRODUCTION

We have reviewed the accompanying interim statement of financial position of Al-Jouf Agricultural Development Company (the "Company") as at 30 June 2022 and the related interim statement of comprehensive income for the three-month and six-month periods then ended, and the interim statements of changes in equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes (the "interim condensed financial statements"). Management is responsible for the preparation and presentation of these interim condensed financial statements in accordance with International Accounting Standard 34 - "Interim Financial Reporting" ("IAS 34") that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

SCOPE OF REVIEW

We conducted our review in accordance with International Standard on Review Engagement 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 condensed financial statements 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.

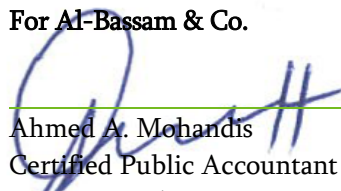
CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial statements are not prepared, in all material respects, in accordance with IAS 34 that is endorsed in the Kingdom of Saudi Arabia.

OTHER MATER

The financial statements of Al-Jouf Agricultural Development Company for the year ended 31 December 2021 and the interim condensed financial statements for the three-month and six-month periods ended 30 June 2021 were audited and reviewed respectively by another auditor who expressed an unqualified opinion and conclusion thereon vide their reports dated 7 Shaaban 1443H corresponding to 10 March 2022 and 4 Muharram 1443H corresponding to 12 August 2021 respectively.

For Al-Bassam & Co.


Ahmed A. Mohandis
Certified Public Accountant
License No. 477

Jeddah: 11 Muharram 1444H
Corresponding to: 9 August 2022



Al-Jouf Agricultural Development Company
(A Saudi Joint Stock Company)

Interim Condensed Statement of Financial Position (Unaudited)

As of 30 June 2022

(All amounts expressed in Saudi Riyals)

	Not e	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Assets			
Non-current assets			
Property, plant and equipment, net	5	536,252,816	507,033,301
Intangible assets, net		1,484,015	1,176,492
Right-to-use assets, net		1,557,140	1,242,780
Investments	6	--	--
Total non-current assets		539,293,971	509,452,573
Current assets			
Inventories, net		120,092,908	119,391,394
Biological assets		87,312,523	25,297,930
Trade receivables, net		51,574,543	63,219,083
Prepayments and other receivables		15,254,825	15,226,022
Time deposit	7	20,036,666	--
Cash and cash equivalents		38,236,968	18,027,401
Total current assets		332,508,433	241,161,830
Total assets		871,802,404	750,614,403
Shareholders' equity and liabilities			
Shareholders' equity			
Share capital	8	300,000,000	300,000,000
Statutory reserve	9	150,000,000	150,000,000
Retained earnings		197,461,582	175,402,560
Accumulated changes in other comprehensive income		2,219,713	2,219,713
Total Shareholders' equity		649,681,295	627,622,273
Liabilities			
Non-current liabilities			
Loans and credit facilities – non-current portion	10	61,728,724	2,043,381
Lease liabilities – non-current portion		1,225,298	869,796
Employee defined benefits obligation		25,220,217	22,779,948
Total non-current liabilities		88,174,239	25,693,125
Current liabilities			
Loans and credit facilities – current portion	10	23,952,421	4,225,000
Lease liabilities – current portion		481,498	310,695
Trade payables		44,378,171	32,634,041
Accrued expenses and other payables		32,828,589	24,994,285
Dismantling provision		3,067,760	3,067,760
Provision for Guarantee loan related to associate		6,587,990	8,388,130
Dividend payable to shareholders		18,941,350	18,947,511
Zakat provision		3,709,091	4,731,583
Total current liabilities		133,946,870	97,299,005
Total liabilities		222,121,109	122,992,130
Total shareholders' equity and liabilities		871,802,404	750,614,403

Chief Financial Officer
Ziad Aljaafirah

Chief Executive Officer
Mazen Badawood

Authorized Board Member
Khalid Alaraifi

The accompanying notes an integral part of these interim condensed financial statements

Al-Jouf Agricultural Development Company
(A Saudi Joint Stock Company)

Interim Condensed Statement of Profit or Loss and Other Comprehensive Income (Unaudited)

For the three-month and six-month periods ended 30 June 2022

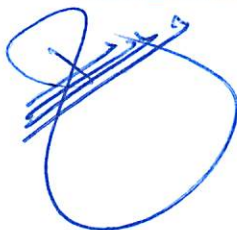
(All amounts expressed in Saudi Riyals)

	For the three-month period ended 30 June		For the six-month period ended 30 June	
	2022 (Unaudited)	2021 (Unaudited)	2022 (Unaudited)	2021 (Unaudited)
Note				
Sales	64,024,817	55,701,218	124,433,384	117,062,518
Cost of sales	(43,890,279)	(38,952,017)	(72,418,516)	(87,833,872)
Gross profit	20,134,538	16,749,201	52,014,868	29,228,646
Selling and distribution expenses	(5,653,117)	(6,505,302)	(13,190,275)	(11,072,758)
General and administrative expenses	(6,994,077)	(5,831,566)	(13,433,886)	(9,956,198)
Net operating profit	7,487,344	4,412,333	25,390,707	8,199,690
Finance costs	(184,667)	(185,984)	(325,918)	(325,950)
Other gains / (losses), net	1,624,512	418,069	743,983	1,866,499
Net profit before Zakat	8,927,189	4,644,418	25,808,772	9,740,239
Zakat	(2,100,000)	(1,200,000)	(3,749,750)	(2,458,405)
Net profit for the period	6,827,189	3,444,418	22,059,022	7,281,834
Other comprehensive income:				
Items that will not be reclassified under profit or loss:				
Re-measurement of employee defined benefit obligations	--	--	--	--
Total other comprehensive income	--	--	--	--
Total comprehensive income	6,827,189	3,444,418	22,059,022	7,281,834
Earnings per share to net income for the period:				
Basic	0.23	0.11	0.74	0.24
Diluted	0.23	0.11	0.74	0.24

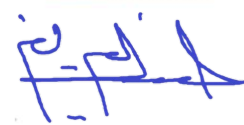
Chief Financial Officer
Ziad Aljaafirah



Chief Executive Officer
Mazen Badawood



Authorized Board Member
Khalid Alaraifi



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Al-Jouf Agricultural Development Company
(A Saudi Joint Stock Company)

Interim Condensed Statement of Changes in Shareholders' Equity
For the six-month period ended 30 June 2022
(All amounts expressed in Saudi Riyals)

	Share capital	Statutory reserve	Retained earnings	Accumulated changes in other comprehensive income	Total
For the six-month period ended 30 June 2022					
Balance at 1 January 2022 (Audited)	300,000,000	150,000,000	175,402,560	2,219,713	627,622,273
Net profit for the period	--	--	22,059,022	--	22,059,022
Total other comprehensive income	--	--	--	--	--
Total comprehensive income	--	--	22,059,022	--	22,059,022
Balance at 30 June 2022 (Unaudited)	300,000,000	150,000,000	197,461,582	2,219,713	649,681,295
For the six-month period ended 30 June 2021					
Balance at 1 January 2021 (Audited)	300,000,000	150,000,000	158,028,078	106,168	608,134,246
Net profit for the period	--	--	7,281,834	--	7,281,834
Total other comprehensive income	--	--	--	--	--
Total comprehensive income	--	--	7,281,834	--	7,281,834
Balance at 30 June 2021 (Unaudited)	300,000,000	150,000,000	165,309,912	106,168	615,416,080

Chief Financial Officer
Ziad Aljaafrah

Chief Executive Officer
Mazen Badawood

Authorized Board Member
Khalid Alaraifi

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Al-Jouf Agricultural Development Company
(A Saudi Joint Stock Company)

Interim Condensed Statement of Cash Flows (Unaudited)

For the six-month period ended 30 June 2022

(All amounts expressed in Saudi Riyals)

	2022 (Unaudited)	2021 (Unaudited)
<u>Cash flows from operating activities</u>		
Net profit before Zakat	25,808,772	9,740,239
Adjustments:		
Depreciation of property, plant, and equipment	19,015,642	16,559,219
Amortization of intangibles assets	107,277	90,151
Depreciation of right of use asset	368,850	155,347
Gains on disposal of property, plant, and equipment	(425,000)	--
Provision for inventories	--	(2,144,804)
Provision for expected credit losses	555,520	1,009,053
Finance costs	325,198	325,950
Provision for employee benefits charged for the period	3,000,000	1,129,241
<u>Changes in operating assets and liabilities</u>		
Inventories	(701,514)	343,252
Biological assets	(62,014,593)	(62,412,415)
Trade receivables	11,089,020	(4,843,834)
Prepayments and other receivables	(28,803)	(146,658)
Trade payables	11,744,130	44,514,581
Guaranteeing loans in an associate company provision	(1,800,140)	--
Accrued expenses and other payables	7,834,304	2,776,194
Net cash generated from operations	14,878,663	7,095,516
Finance costs paid	(232,090)	(196,150)
Zakat paid during the period	(4,772,242)	(5,131,943)
Employee defined benefits obligations paid	(559,731)	(397,975)
Net cash flows from operating activities	9,314,600	1,369,448
<u>Cash flows from investing activities</u>		
Purchase of property, plant, and equipment	(48,235,157)	(26,994,883)
Placement of time deposits	(20,036,666)	--
Purchase of intangibles assets	(414,800)	--
Proceeds from disposal of property, plant, and equipment	425,000	--
Net cash flows (used in) investing activities	(68,261,623)	(26,994,883)
<u>Cash flows from financing activities</u>		
Proceeds from loans and credit facilities	81,319,656	--
Payment of loans and credit facilities	(2,000,000)	(2,300,000)
Payment of lease liabilities	(156,905)	(185,612)
Dividends paid	(6,161)	(7,500,000)
Net cash flows from / (used in) financing activities	79,156,590	(9,985,612)
Net increase / (decrease) in cash and cash equivalents balance	20,209,567	(35,611,047)
Cash and cash equivalents at the beginning of the period	18,027,401	47,721,786
Cash and cash equivalents at the end of the period	38,236,968	12,110,739

Chief Financial Officer

Ziad Aljaafrah

Chief Executive Officer

Mazen Badawood

Authorized Board Member

Khalid Alaraifi

The accompanying notes an integral part of these interim condensed financial statements

Al-Jouf Agricultural Development Company
(A Saudi Joint Stock Company)

Notes to The Interim Condensed Financial Statements (Unaudited)

For the three-months and six-months periods ended 30 June 2022

(All amounts expressed in Saudi Riyals)

1- The company and its business description

Al-Jouf Agricultural Development Company (“the Company”) is A Saudi Joint Stock Company registered under the commercial register issued by the Sakaka city with the number 3400004730 and issued on 9 Jumada Al-Awwal 1409 corresponding to 18 December 1988. The Company operates under Ministerial Resolution No. (63) issued by the Ministry of Commerce and Investment on 24 Rabi 'Al-Akher 1409 corresponding to 3 December 1988.

The company engaged in the agricultural of potatoes and sweet potatoes, palm agriculture, dates production, olive agriculture, beekeeping and honey production (apiaries) under license number 3130298379 dated 7/11/1437 issued by the Ministry of Environment, Water and Agriculture, installation of agricultural houses, rendering agricultural services, fresh olive and olive oil and pickled olives, cosmetic soap and charcoal.

The Company’s head office is located in Al-Jouf region – Buseita – Sakaka PO box 321.

The Company's financial year begins in January of each calendar year and ends at the end of December of the same year.

COVID 19 Update

In response to the spread of the COVID-19 virus and the resulting disruption to social and economic activities over the past two years, management continues to proactively assess its impact on its operations. The preventive measures taken by the company in April 2020 are still ongoing, including the formation of continuous crisis management teams and operations, to ensure the health and safety of its employees, customers, consumers, and society as a whole, as well as ensuring the continuity of supplying its products in all its markets. Fully vaccinated individuals are allowed entry to farms and manufacturing facilities.

Employee health continues to be a primary concern with the implementation of programs that help in raising awareness, identifying, supporting, and monitoring employee health. Management facilitated employee access to the vaccine and more than 95% of the company's employees were fully vaccinated.

Globally, there has been a significant decrease in the number of cases registered as a result, restrictions related to COVID-19 such as social distancing, travel bans, and the requirement that travelers submit a negative PCR test result have been lifted.

Based on these factors, management believes that the COVID-19 pandemic did not have a material impact on the Company's reported financial results for the period ended 30 June 2022, including significant accounting judgments and estimates.

The Company continues to closely monitor the situation of COVID-19 although management at this time is not aware of any expected factors that may change the impact of the pandemic on the Company's operations during 2022 or beyond.

2- Basis of preparation

2/1- Statement of compliance

The financial statements for the three-month and six-month periods ended 30 June 2022 have been prepared in accordance with International Accounting Standard 34 ‘Interim Financial Reporting’ as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants (“SOCPA”) and should be read in conjunction with the Company’s last annual Financial Statements for the year ended 31 December 2021.

Notes to The Interim Condensed Financial Statements (Unaudited) “Continued”

For the three-months and six-months periods ended 30 June 2022

(All amounts expressed in Saudi Riyals)

2- Basis of preparation “Continued”

2/1- Statement of compliance “Continued”

These interim condensed financial statements do not include all of the information normally required for a complete set of Financial Statements; however, accounting policies and selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company’s financial position and performance since 31 December 2021.

The accounting policies for this interim condensed financial statement match with accounting policies for the year-end financial statement on 31 December 2021.

2/2- Basis of measurement

The accompanying financial statements are prepared on a historical cost basis, except the international standard for financial reporting allowed to use of another evaluation measurement method.

The preparation of interim condensed financial statements in accordance with International Financial Reporting Standards requires management to make judgments, estimates, and assumptions that may affect the application of accounting policies and the amounts disclosed in the interim condensed financial statements. These significant estimates and assumptions were disclosed in the annual financial statements for the year ended 31 December 2021.

2/3 Functional and presentation currency

These condensed interim financial statements are presented in Saudi Riyal (“SR”), which is the Company’s functional and presentation currency.

3- Use of judgment and estimates

In preparing these condensed interim financial statements, management has made judgments and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income, and expenses, and actual results may differ from these estimates.

Judgment and estimates are based on past experience and factors that include expectations of future events that are reasonable in the circumstances and are used to extend the carrying period of assets and liabilities that are not independent of other sources. Judgment and estimates are evaluated on an ongoing basis. Accounting estimates recognized in the period in which the estimates are revised are reviewed in the review period and future periods if the changed estimates affect the current and future periods.

The significant judgments made by management in applying the Company's accounting policies and methods of calculation and key sources of estimation uncertainty were the same as those described in the last annual financial statements.

Going concern

The Company's management has evaluated the Company's ability to continue in accordance with the principle of continuity and is convinced that the Company has sufficient resources to continue its business in the near future. In addition, the management does not have any material doubts about the Company's ability to continue as a going concern. Therefore, the interim condensed financial statements have been prepared on a going concern basis.

Al-Jouf Agricultural Development Company
(A Saudi Joint Stock Company)

Notes to The Interim Condensed Financial Statements (Unaudited) “Continued”

For the three-months and six-months periods ended 30 June 2022

(All amounts expressed in Saudi Riyals)

4- Significant accounting policies

New standards, amendments to standards, and interpretations

There are no new standards issued, however, there are number of amendments to standards which are effective from 1 January 2022 and has been explained in Company annual Financial Statements, but they do not have a material effect on the Company’s Interim Condensed Financial Statements. The Company did not have to change its accounting policies or make retrospective adjustments as a result of adopting these amended standards.

5- Property, plant, and equipment

During the six-month period ending on 30 June 2022, the Company added property, plant, and equipment amounting to SR 48.23 million (six-month period ended on 30 June 2021: SR 27 million). Property, plant, and equipment included projects under progress which represent advance payments paid for the establishment of a project to produce French Fries, as well as some capital expansions for the Company. As of 30 June 2022 project under progress are amounting to SR 36.38 million (31 December 2021: SR 17.93 million) (note 9).

During the six-month period ending on 30 June 2022, the depreciation of property, plant, and equipment amounted to SR 19.01 million (six-month period ended 30 June 2021: SR 16.56 million).

6- Investments

The Company owns an investment of 11.1%, amounting to SR 7 million in Jannat Agricultural Investment Company – A Saudi Limited Liability Company – under liquidation, and all investment losses have been previously recognized for the entire invested share.

Jannat Agricultural Investment Company owns a 78% share in the capital of Rakhaa Agricultural Investment and Development Company – An Egyptian Joint Stock Company. Because of the liquidation procedures, the Company relinquished its 78% share to the shareholders, and the shares were transferred to them, each according to his share. The ownership of Al-Jouf Agricultural Development Company became 8.6% as a direct share in Rakhaa for Agricultural Investment and Development – An Egyptian Joint Stock Company.

During 2009, Rakhaa Agricultural Investment and Development Company obtained a loan of SR 100 million, with guarantees provided by the shareholders in Jannat Agricultural Investment Company. Because of the deficit in the financial statements and the inability of Rakhaa Agricultural Investment and Development Company to pay, Al-Jouf Agricultural Development Company proved its share in the loan against the guarantee provided for the benefit of the Saudi Industrial Development Fund in the amount of SR 9.5 million. The deficit in the equity of Rakhaa for Agricultural Investment and Development Company as of 31 December 2021 (the last audited financial statements) amounted to about 210 million Egyptian Pound.

During the subsequent period the shareholders of Rakhaa Company for Agricultural Investment and Development agreed to transfer the balance of the loan which records at the books of the Rakha Agricultural Investment and Development Company, and registered in favor of the Saudi Industrial Development Fund, to be a loan from the shareholders without any financial returns and in the Egyptian pound. It is being approved by the competent authorities, and the Company’s books have not been affected by this settlement until the approval of the general assembly.

7- Time Deposit

The Company invested with one of the local banks amounting to SR 20 million for 6 months. The deposit carries a commission rate of 3% p.a.

Al-Jouf Agricultural Development Company
(A Saudi Joint Stock Company)

Notes to The Interim Condensed Financial Statements (Unaudited) “Continued”

For the three-months and six-months periods ended 30 June 2022

(All amounts expressed in Saudi Riyals)

8- Share capital

The Company’s share capital consists of SR 300 million, divided into 30 million shares, with a share value of SR 10 (31 December 2021: 30 million shares).

9- Statutory reserve

According to the Company's bylaws, 10% of the net income is required to be transferred to the statutory reserve, and the Ordinary General Assembly may resolve to discontinue such transfer when the reserve totals 30% of the share capital. The General Assembly decided, in its meeting on 6 May 2020, to resolve to discontinue the 10% of the net income to the statutory reserve.

10- Loans and credit facilities

	Note	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Saudi Industrial Development Fund loan	10/1	4,358,834	6,268,381
Agricultural Development Fund Loan	10/2	61,728,724	--
Islamic Banking Facilities	10/3	19,593,587	--
		85,681,145	6,268,381
Loans and credit facilities – non-current portion		61,728,724	2,043,381
Loans and credit facilities – current portion		23,952,421	4,225,000
		85,681,145	6,268,381

10/1- The Company obtained a loan from the Saudi Industrial Development Fund during the year 2013 in the amount of SR 15.3 million to finance the establishment of a factory for the production of oil, pickles and cosmetic soap, provided that the installments are paid in annual installments of equal value starting from 2018 and ending in 2022. During 2020, as part of the government’s measures to mitigate the impact of the Covid-19 epidemic on the economy, the fund’s management has restructured the installments that are due during the crisis of this epidemic, and the installments have been modified so that the last installment will be paid in 2023. The loan is secured by a mortgage guarantee on the property and equipment of the project.

10/2- On 7 February 2022, the Company signed a long-term loan contract with the Agricultural Development Fund in order to finance the project to establish a fried potato chips factory at an amount of SR 186 million. During the period, the Company received a payment of SR 63 million, the installments are due to be paid starting from the year 2025 in annual installments of equal value and ending in the year 2034. The loan is secured by a guarantee of mortgaging the land deed to one of the land deeds owned by the Company.

10/3- The Company entered into an agreement with Alinma Bank to obtain bank facilities in the amount of SR 110 million for the purpose of opening a letter of credit for the project of French Fries, by guaranteeing the proceeds from the loan of the Agricultural Development Fund.

Al-Jouf Agricultural Development Company
(A Saudi Joint Stock Company)

Notes to The Interim Condensed Financial Statements (Unaudited) “Continued”

For the three-months and six-months periods ended 30 June 2022

(All amounts expressed in Saudi Riyals)

11- Earnings per share

11/1- Basic Earnings per share

The calculation of basic earnings per share has been based on the distributable earnings attributable to shareholders of ordinary shares and the weighted average number of ordinary shares outstanding at the date of the financial statements amounting to 30 million shares.

	<u>Three-month period ended</u>		<u>Six-month period ended</u>	
	<u>30 June</u>		<u>30 June</u>	
	2022	2021	2022	2021
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Net profit for the period	6,827,189	3,444,418	22,059,022	7,281,834
weighted average number of ordinary shares	30,000,000	30,000,000	30,000,000	30,000,000
EPS to net income for the period	0.23	0.11	0.74	0.24

11/2- Diluted Earnings per share

The calculation of diluted earnings per share has been based on the profit distributable to shareholders on ordinary shares and the weighted-average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares “if any”.

During the period there are no diluted shares and therefore the diluted earnings per share are not different from the basic earnings per share.

12- Financial risk management

Financial instruments included in the Company's interim condensed statement of financial position consist mainly of cash and cash equivalents, trade receivables, other current assets, loans, trade payables, accrued expenses, and other current liabilities.

12/1- Currency risk management

Currency risk arises from changes and fluctuations in the value of financial instruments as a result of changes in foreign exchange rates.

The Company did not carry out any operations of relative importance in currencies other than the Saudi riyal and the US dollar. Since the Saudi Riyal exchange rate is fixed against the US dollar, the Company's management believes that it is not fundamentally exposed to currency risk.

12/2- Credit risk management

Credit risk is the risk that one party will not be able to fulfill its obligations and cause the other party to incur a financial loss. The Company's financial instruments that are subject to credit risk include mainly cash and cash equivalents and trade receivables. The Company deposits its funds in banks with high reliability and creditworthiness. The Company has a policy regarding the size of funds deposited in each bank, and the management does not expect the existence of significant credit risks resulting from this. The management also does not expect to be exposed to significant credit risk from clients' accounts, given that it has a broad base of clients operating in different activities and multiple locations. It also monitors the outstanding trade receivables periodically to cover any expected unrecoverable debts.

Notes to The Interim Condensed Financial Statements (Unaudited) “Continued”

For the three-months and six-months periods ended 30 June 2022

(All amounts expressed in Saudi Riyals)

12- Financial risk management “Continued”

12/2- Credit risk management

A major review and restructuring of key interest rate indicators are currently underway at the world level, and in line with the Saudi Central Bank’s goal of maintaining monetary and financial stability, the Saudi Central Bank decided in May 2022 to raise the rate of repurchase agreements “RIBOR” by 0.5 percent from 1.25 to 1.75 percent. The Company's management is closely following these changes to determine the possible financial impact on the results of its business during the coming periods.

12/3- liquidity risk management

Liquidity risk is the inability of the Company to meet its liabilities related to financial liabilities as they fall due. Liquidity needs are monitored on a monthly basis and the management works to ensure that sufficient funds are available to meet any commitments when they are due.

The Company's financial liabilities consist of loans, commercial payables, accrued expenses, and other credit balances, and the Company works to reduce liquidity risk by ensuring that the necessary cash is available, in addition to making a harmonization between collection periods of trade receivables, loan repayment periods, trade and other credit balances.

12/4- Commission rate risk

Commission risk arises from possible changes and fluctuations in commission rates that affect future profit or fair values of financial instruments. The Company monitors commission rate fluctuations and believes that the impact of commission rate risk is not material.

12/5- Fair value

The fair value is the price that is received to sell an asset or paid to transfer any of the liabilities in a transaction under regular conditions between market participants at the measurement date. As such, differences can arise between the carrying values and the fair value estimates. The definition of fair value is based on market-based measurement and assumptions used by market participants.

Fair values are classified into different levels in the fair value hierarchy based on the inputs used in the valuation methods as follows:

- Level 1 - Quoted market prices in active markets for the same financial instrument.
- Level 2 - Valuation techniques that depend on inputs that affect the fair value and can be directly or indirectly observable in the market.
- Level 3 - Valuation techniques that rely on inputs that affect the fair value and are not directly or indirectly observable in the market.

All financial assets and liabilities of the Company are stated at amortized cost, and the Company’s management believes that the fair value of the current assets and liabilities is not materially different from their carrying value.

Al-Jouf Agricultural Development Company
(A Saudi Joint Stock Company)

Notes to The Interim Condensed Financial Statements (Unaudited) “Continued”

For the three-months and six-months periods ended 30 June 2022

(All amounts expressed in Saudi Riyals)

13- Segment reporting

The main activity of the Company consists of segments that include agricultural production, both plant and Industrial, manufacturing, and marketing of plants. The following is a list of the selected segments' information on 30 June 2022 and 30 June 2021 for each segment:

30 June 2022 (Unaudited)	Agricultural activity Plants	Agricultural activity Manufacturing	Total
Sales	21,903,003	102,530,381	124,433,384
Depreciation and amortization	8,203,113	11,288,656	19,491,769
Net profit / (loss) for the period	(4,373,635)	26,432,657	22,059,022
Total assets	358,426,842	513,375,561	871,802,403
30 June 2021 (Unaudited)			
Sales	33,866,362	83,196,156	117,062,518
Depreciation and amortization	5,679,542	11,125,175	16,804,717
Net profit / (loss) for the period	(1,971,496)	9,253,330	7,281,834
Total assets	292,264,003	483,947,309	776,211,312

14- Contingent liabilities

The Company has potential liabilities as a result of the part that is not covered of letters of guarantees amounting to SR 12,803,421 and letters of credit with an amount of SR 84,596,491 (31 Dec 2021: letters of guarantee SR 12,000,000 letters of credit SR 378,000).

15- Comparative figures

Some of the comparative figures have been reclassified to conform with the current presentation of the interim condensed financial statements.

16- Subsequent events

During July 2022, the General Assembly of Rakhaa for Agricultural Investment and Development (Associate Company) have met and the shareholders agreed to transfer the balance of the Saudi Industrial Development Fund loan to the shareholders without any financial returns and be in Egyptian pounds. Based on the recommendation of the Associate Company's board of directors on 20 March 2022, and approval is under process regarding Assembly resolution from the competent authorities in the Arab Republic of Egypt.

17- Approval of the condensed interim financial statements

These condensed interim financial statements were approved by the Board of Directors on 11 Muharram 1444H corresponding to 9 August 2022.