



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

**CONDENSED INTERIM FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITOR'S REVIEW REPORT  
FOR THE THREE MONTHS PERIOD ENDED  
31 MARCH 2022**

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

**INDEX**

	PAGES
Independent Auditor's Report on Review of Condensed Interim Financial Statements	1-2
Condensed Statement of Financial Position as at 31 March 2022	3
Condensed Statement of Profit or Loss for the three months period ended 31 March 2022	4
Condensed Statement of Comprehensive Income for the three months period ended 31 March 2022	5
Condensed Statement of Changes in Shareholders' Equity for the three months period ended 31 March 2022	6
Condensed Statement of Cash flows for the three months period ended 31 March 2022	7
Notes to the Condensed Interim Financial Statements for the three months period ended 31 March 2022	8-14



## KPMG Professional Services

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Commercial Registration No 1010425494

Headquarters in Riyadh

## كي بي إم جي للاستشارات المهنية

واجهة الرياض، طريق المطار  
صندوق بريد ٩٢٨٧٦  
الرياض ١١٦٦٣  
المملكة العربية السعودية  
سجل تجاري رقم ١٠١٠٤٢٥٤٩٤

المركز الرئيسي في الرياض

# 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 31 March 2022 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 31 March 2022;
- the condensed statement of profit or loss for the three-month period ended 31 March 2022;
- the condensed statement of comprehensive income for the three-month period ended 31 March 2022;
- the condensed statement of changes in shareholders' equity for the three-month period ended 31 March 2022;
- the condensed statement of cash flows for the three-month period ended 31 March 2022; 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 (25,000,000) SAR. (Previously known as "KPMG Al Fozan & 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 مهنية مناهضة مقفلة، مسجلة في المملكة العربية السعودية، رأس مالها (٢٥,٠٠٠,٠٠٠) ريال سعودي مدفوع بالكامل، المسماة سابقاً "شركة كي بي إم جي للفران وشركاء محاسبين ومراجعون قفوليين". و هي عضو غير شريك في الشبكة العالمية لشركات كي بي إم جي المستقلة والتابعة لكي بي إم جي العالمية المحدودة، شركة انجليزية محدودة بضمان. 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 31 March 2022 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: 22 Shawwal 1443 H  
Corresponding to: 23 May 2022





	Note	31-March-22 SAR (Unaudited)	31-Dec-21 SAR (Audited)
<b>Assets</b>			
<b>Non-Current Assets</b>			
Property, Plant and Equipment	9	1,774,800,401	1,809,730,755
Right-of-Use Assets		66,004,201	71,472,237
Capital Work in Progress		93,525,160	95,886,698
Biological Assets		696,070,982	685,558,308
Intangible Assets		38,217,132	17,958,246
Equity-accounted Investee		50,888,776	50,888,776
Equity Investment at FVOCI	11	13,022,000	13,022,000
<b>Total Non-Current Assets</b>		<b>2,732,528,652</b>	<b>2,744,517,020</b>
<b>Current Assets</b>			
Biological Assets		37,062,964	24,118,793
Inventory		428,570,815	452,063,962
Biological Assets - Available for Sale		35,127,765	35,046,943
Trade Receivables and Other Receivables		327,144,859	288,239,731
Prepayments	10	477,948,402	263,825,355
Cash and Bank Balances		117,167,858	81,918,355
<b>Total Current Assets</b>		<b>1,423,022,663</b>	<b>1,145,213,139</b>
<b>Total Assets</b>		<b>4,155,551,315</b>	<b>3,889,730,159</b>
<b>Shareholders' Equity and Liabilities</b>			
<b>Shareholders' Equity</b>			
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		25,637,139	25,204,429
Accumulated Losses		(14,986,337)	(30,109,093)
<b>Total Shareholders' Equity</b>		<b>1,211,368,164</b>	<b>1,195,812,698</b>
<b>Non-Current Liabilities</b>			
Murabaha Loans and Borrowings	7	1,099,561,698	1,150,483,292
Lease Liabilities		36,443,249	45,298,565
Deferred Income		4,967,150	5,100,725
Employee Benefits Obligation		159,552,244	163,003,443
<b>Total Non-Current Liabilities</b>		<b>1,300,524,341</b>	<b>1,363,886,025</b>
<b>Current Liabilities</b>			
Trade and Other Payables		994,194,288	713,900,829
Murabaha Loans and Borrowings - Short term	7	308,133,601	271,024,642
Murabaha Loans and Borrowings - Current Portion	7	208,579,787	214,995,055
Lease Liabilities		26,245,228	25,050,717
Dividend Payables		32,755,491	32,809,778
Provision for Zakat		73,750,415	72,250,415
<b>Total Current Liabilities</b>		<b>1,643,658,810</b>	<b>1,330,031,436</b>
<b>Total Liabilities</b>		<b>2,944,183,151</b>	<b>2,693,917,461</b>
<b>Total Shareholders' Equity and Liabilities</b>		<b>4,155,551,315</b>	<b>3,889,730,159</b>

The accompanying notes 1 to 12 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

Subrahmanyam Lingamallu  
Chief Financial Officer

*L. Subrahmanyam*

Solaiman Al-Twaijri  
Chief Executive Officer


Abdulaziz Saleh Alrebdi  
Chairman


The National Agricultural Development Company (NADEC)  
A Saudi Joint Stock Company  
Condensed Statement of Profit or Loss  
For the three months period ended 31 March 2022



		Three months period ended 31 March 2022 SAR (Unaudited)	Three months period ended 31 March 2021 SAR (Unaudited)
	Note		
Revenue	8	607,325,867	536,425,870
Cost of Sales		(416,986,124)	(363,528,543)
<b>Gross Profit</b>		<b>190,339,743</b>	<b>172,897,327</b>
Selling and Marketing Expenses		(118,544,323)	(114,145,983)
General and Administrative Expenses		(34,835,567)	(33,595,462)
Impairment Losses on Trade Receivables		(2,827,313)	(2,190,308)
Other (Expenses) & Income – net		(8,588,504)	(7,574,142)
<b>Operating Profit</b>		<b>25,544,036</b>	<b>15,391,432</b>
Finance cost		(8,921,280)	(7,524,775)
<b>Profit before Zakat</b>		<b>16,622,756</b>	<b>7,866,657</b>
Zakat		(1,500,000)	(1,500,833)
<b>Profit for the period</b>		<b>15,122,756</b>	<b>6,365,824</b>
<b>Earnings per share based on the Profit for the period attributable to ordinary shareholders</b>			
Basic and Diluted	5	0.15	0.06

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Chief Financial Officer

  
Solaiman Al-Twajri  
Chief Executive Officer

  
Abdulaziz Saleh Alrebdi  
Chairman



The National Agricultural Development Company (NADEC)  
A Saudi Joint Stock Company  
Condensed Statement of Comprehensive Income  
For the three months period ended 31 March 2022



	Three months period ended 31 March 2022 SAR (Unaudited)	Three months period ended 31 March 2021 SAR (Unaudited)
<b>Profit for the period</b>	<b>15,122,756</b>	<b>6,365,824</b>
<b>Items that will not be reclassified to Profit or Loss</b>		
Re-measurement of Defined Benefit Obligation	-	-
Movement in Equity Investment at Fair Value through Other Comprehensive Income (FVOCI)	-	-
<b>Total Items that will not be reclassified to Profit or Loss</b>	<b>-</b>	<b>-</b>
<b>Items that are or may be reclassified to Profit or Loss</b>		
Foreign operations – foreign currency translation differences	432,710	-
<b>Total Items that are or may be reclassified to Profit or Loss</b>	<b>432,710</b>	<b>-</b>
<b>Total other comprehensive income</b>	<b>432,710</b>	<b>-</b>
<b>Total Comprehensive Income for the period</b>	<b>15,555,466</b>	<b>6,365,824</b>

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*L. Subrahmanyam*

Subrahmanyam Lingamallu  
Chief Financial Officer

*Solaiman Al-Twajri*

Solaiman Al-Twajri  
Chief Executive Officer

*Abdulaziz Saleh Alrebdi*

Abdulaziz Saleh Alrebdi  
Chairman

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



Condensed Statement of Changes in Shareholders' Equity for the three months period ended 31 March 2022

	Share Capital	Share premium	Statutory Reserve	Other Reserves	Retained Earnings / Accumulated losses	Total Shareholders' Equity
	SAR					
<b>Balance at 1 January 2022 (Audited)</b>	<b>1,016,400,000</b>	<b>78,719</b>	<b>184,238,643</b>	<b>25,204,429</b>	<b>(30,109,093)</b>	<b>1,195,812,698</b>
Profit for the period	-	-	-	-	15,122,756	15,122,756
Other comprehensive income for the period	-	-	-	432,710	-	432,710
Total Comprehensive income for the period	-	-	-	432,710	15,122,756	15,555,466
<b>Balance at 31 March 2022 (Unaudited)</b>	<b>1,016,400,000</b>	<b>78,719</b>	<b>184,238,643</b>	<b>25,637,139</b>	<b>(14,986,337)</b>	<b>1,211,368,164</b>
<b>Balance at 1 January 2021 (Audited)</b>	<b>1,016,400,000</b>	<b>78,719</b>	<b>184,238,643</b>	<b>22,641,853</b>	<b>254,919,030</b>	<b>1,478,278,245</b>
Profit for the period	-	-	-	-	6,365,824	6,365,824
Other comprehensive income for the period	-	-	-	-	-	-
Total Comprehensive Income for the period	-	-	-	-	6,365,824	6,365,824
Transactions with shareholders	-	-	-	-	-	-
<b>Balance at 31 March 2021 (Unaudited)</b>	<b>1,016,400,000</b>	<b>78,719</b>	<b>184,238,643</b>	<b>22,641,853</b>	<b>261,284,854</b>	<b>1,484,644,069</b>

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*L. Subrahmanyam*  
Subrahmanyam Lingamallu  
Chief Financial Officer

*Solaiman Al-Twajri*  
Solaiman Al-Twajri  
Chief Executive Officer

*Abdulaziz Saleh Alrebdi*  
Abdulaziz Saleh Alrebdi  
Chairman





The National Agricultural Development Company (NADEC)

A Saudi Joint Stock Company

Condensed Statement of Cash Flows for the three months period ended 31 March 2022

	Three months period ended 31 March 2022 SAR (Unaudited)	Three months period ended 31 March 2021 SAR (Unaudited)
<b>Cash flows from Operating Activities</b>		
Profit for the period	15,122,756	6,365,824
Adjustments for		
Depreciation - Property Plant and Equipment and Biological Assets	54,233,044	60,456,342
Depreciation - Right of Use Assets	5,467,371	6,757,588
Amortization	2,407,576	1,164,327
Zakat Expense	1,500,000	1,500,833
Deferred income	(133,575)	(133,615)
Employee Benefits Obligation	5,212,004	4,855,079
Impairment Losses on Trade Receivables	2,827,313	2,190,308
Inventory Provision movement, net	2,708,968	1,900,000
Finance Cost	8,921,280	7,524,775
Loss on sale of Property Plant and Equipment and Biological Assets	8,661,724	5,558,518
	<b>106,928,461</b>	<b>98,139,979</b>
<b>Changes in</b>		
Inventory and Biological Assets - Available for Sale	20,664,712	9,028,202
Biological Assets	(12,962,731)	(27,280,832)
Trade Receivables, Prepayments and Other Receivables	(256,040,229)	(62,927,882)
Trade and Other Payables	280,698,263	94,478,229
	<b>139,288,476</b>	<b>111,437,696</b>
Zakat Paid	-	(833)
Employee Benefits Paid	(8,185,115)	(9,651,917)
<b>Net cash from Operating Activities</b>	<b>131,103,361</b>	<b>101,784,946</b>
<b>Cash flows from Investing Activities</b>		
Acquisition of Property, Plant and Equipment, Intangible Assets and Biological Assets	(76,096,522)	(103,743,112)
Proceeds from sale of Property, Plant and Equipment and Biological Assets	17,314,100	26,785,143
<b>Net cash Used in Investing Activities</b>	<b>(58,782,422)</b>	<b>(76,957,969)</b>
<b>Cash flows from Financing Activities</b>		
Proceeds from Murabaha Loans and Borrowings	7,339,564	124,994,844
Repayment of Murabaha Loans and Borrowings	(27,962,975)	(123,458,008)
Finance Cost Paid	(8,195,638)	(7,843,594)
Payment of Lease Liabilities	(7,895,862)	(6,531,286)
Dividend Paid	(54,288)	(67,234)
<b>Net cash Used in Financing Activities</b>	<b>(36,769,199)</b>	<b>(12,905,278)</b>
<b>Net Change in Cash and Cash Equivalents</b>	<b>35,551,740</b>	<b>11,921,699</b>
Cash and Cash Equivalents at beginning of the period	81,918,355	68,713,854
Effect of exchange rates fluctuations on cash held	(302,237)	-
<b>Cash and Cash Equivalents at end of the period</b>	<b>117,167,858</b>	<b>80,635,553</b>

The accompanying notes 1 to 12 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

Subrahmanyam Lingamallu  
Chief Financial Officer

*L. Subrahmanyam*

Solaiman Al-Twaijri  
Chief Executive Officer

Abdulaziz Saleh Alrebdi  
Chairman



## **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 2021 (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 for the three months period ended 31 March 2022 have been prepared in accordance with historical cost except for the following significant items included in the Condensed Interim Statement of Financial Position:

- Equity Investments at FVOCI are valued at fair value in accordance with the requirements of IFRS 13 second level of valuation method.
- Biological assets are measured at fair value less cost to sell except when fair value cannot be measured reliably.
- Derivative financial instruments are measured at Fair Value through Profit or Loss.
- Employee defined benefit obligations is recognized at the present value of future obligations using the Projected Unit Credit method.

### **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 2022 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 during the last 2 years, NADEC's management has proactively assessed its impacts on its operations and in particular the management is monitoring the current surge in cases due to new variant – Omicron outbreak. The management 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. Access of fully vaccinated individuals to farming and manufacturing facilities has been restored.

Globally, there has been significant drop in the number of registered cases. As a result, restriction related to Covid-19 such as social distancing, travel bans have been lifted. Based on these factors, the management believes that the Covid-19 pandemic has no material effect on reported financial results for the period ended 31 March 2022, and the management continues to monitor the Covid 19 situation closely although at this time management is not aware of any factors that are expected to change the impact of pandemic on the Company's operations during 2022 and beyond.





#### 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 three months period ended 31 March 2022 (Un-audited)

	Dairy and Food	Agriculture	Elimination of Inter-Segment Sales	Total
	SAR	SAR	SAR	SAR
<b>Revenue</b>				
External Revenue	584,434,226	22,891,641	-	607,325,867
Inter-Segment Revenue	6,275,316	10,274,728	(16,550,044)	-
<b>Total</b>	<b>590,709,542</b>	<b>33,166,369</b>	<b>(16,550,044)</b>	<b>607,325,867</b>
<b>Expenses</b>				
Depreciation and Amortization	(56,438,727)	(5,669,264)	-	(62,107,991)
<b>Operating Profit / (Loss)</b>	<b>48,005,543</b>	<b>(22,461,507)</b>	<b>-</b>	<b>25,544,035</b>
Finance Cost	(8,527,201)	(394,079)	-	(8,921,280)
<b>Profit / (Loss) before Zakat</b>	<b>39,478,342</b>	<b>(22,855,586)</b>	<b>-</b>	<b>16,622,756</b>
Zakat	(1,500,000)	-	-	(1,500,000)
<b>Profit / (Loss) for the Period</b>	<b>37,978,342</b>	<b>(22,855,586)</b>	<b>-</b>	<b>15,122,756</b>
<b>Total Assets</b>	<b>3,646,061,488</b>	<b>509,489,827</b>	<b>-</b>	<b>4,155,551,315</b>
<b>Total Assets as at 31 December 2021</b>	<b>3,394,701,313</b>	<b>495,028,846</b>	<b>-</b>	<b>3,889,730,159</b>

The following is a summary of the operating segments as at and for the three months period ended 31 March 2021 (Un-audited)

	Dairy and Food	Agriculture	Elimination of Inter-Segment Sales	Total
	SAR	SAR	SAR	SAR
<b>Revenue</b>				
External Revenue	519,178,324	17,247,546	-	536,425,870
Inter-Segment Revenue	5,776,400	19,898,442	(25,674,842)	-
<b>Total</b>	<b>524,954,724</b>	<b>37,145,988</b>	<b>(25,674,842)</b>	<b>536,425,870</b>
<b>Expenses</b>				
Depreciation and Amortization	(61,872,108)	(6,506,149)	-	(68,378,257)
<b>Operating Profit/ (Loss)</b>	<b>28,142,828</b>	<b>(12,751,396)</b>	<b>-</b>	<b>15,391,432</b>
Finance Cost	(7,401,344)	(123,431)	-	(7,524,775)
<b>Profit/ (Loss) before Zakat</b>	<b>20,741,484</b>	<b>(12,874,827)</b>	<b>-</b>	<b>7,866,657</b>
Zakat	(1,500,000)	(833)	-	(1,500,833)
<b>Profit/ (Loss) for the Period</b>	<b>19,241,484</b>	<b>(12,875,660)</b>	<b>-</b>	<b>6,365,824</b>
<b>Total Assets</b>	<b>3,316,864,194</b>	<b>650,265,807</b>	<b>-</b>	<b>3,967,130,001</b>
<b>Total Assets as at 31 December 2020</b>	<b>3,197,034,264</b>	<b>678,605,278</b>	<b>-</b>	<b>3,875,639,542</b>



## 5. Earnings per Share

	Three months period ended 31 March 2022 SAR (Unaudited)	Three months period ended 31 March 2021 SAR (Unaudited)
Profit attributable to Shareholders' (Saudi Riyal -SAR)	15,122,756	6,365,824
Weighted Average Number of Ordinary Shares (# of Shares)	101,640,000	101,640,000
Earnings per Share (SAR/Share)	0.15	0.06

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

## 6. Share Capital

Capital	31 March 22 (Unaudited)	31 Dec 21 (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	31 March 22 (Unaudited)		31 Dec 21 (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*	2022-2028	1,606	1,611	1,627	1,631
Agricultural Development Fund (7.2)	SAR	-	2022-2027	5	5	5	5
				1,611	1,616	1,632	1,636

- \*The weighted average interest rate on bank loans during the three months period ended 31 March 2022 was 2.15% per annum (Three months period ended 31 March 2021: 2.11% 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:

	31 March 22 SAR 'M (Unaudited)	31 Dec 21 SAR 'M (Audited)
<b>Non-Current Liabilities</b>		
Loans secured by guarantees	4	4
Loans secured by promissory notes	1,096	1,146
	1,100	1,150
<b>Current Liabilities</b>		
Loans secured by guarantees	1	1
Loans secured by promissory notes	515	485
	516	486



## 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 2022 to 2028 as agreed with the respective banks and are mostly of a revolving nature. The amount of unused facilities as at 31 March 2022 amounted to SAR 644 Million. (31 December 2021: SAR 697 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 31 March 2022 amounted to SAR 5.4 million (31 December 2021: SAR 5.4 million).

## 8. Revenue

	Three months period ended 31 March 2022 SAR (Unaudited)	Three months period ended 31 March 2021 SAR (Unaudited)
Saudi Arabia	541,606,379	474,416,950
Other Countries	65,719,488	62,008,920
	<u>607,325,867</u>	<u>536,425,870</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 31 March 2022 amounted to SAR 1.77 Billion (31 December 2021: SAR 1.81 Billion). During the three months period ended 31 March 2022, the Company added Property, Plant and Equipment amounting to SAR 7.9 Million (Three months period ended 31 March 2021: SAR 53 Million).

### 9.1 Lands:

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

#### Land under the Company's control but pending transfer of legal title (Carrying value of land is SAR 66.60 million)

As at 31 March 2022, the Company held SAR 66.60 million worth of land received from the Government awaiting transfer of legal titles for which the conditions of the grant were fulfilled 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 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 granted to the Company by the Government awaiting transfer of legal title (Continued)**

- During the previous year the Company received the legal titles of lands in Wadi Al Dawasir and Al Jouf. The management is reasonably certain that the legal title of land in Hail also will be transferred to the Company in due course upon completion of the regulatory procedures.

#### **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 (٣٣٣٨٠١٠٠١٧٨١).

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, NADEC's 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 is not being 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. Prepayments**

Increase in prepayments during the current period is mainly on account of advances paid to foreign suppliers for import of material in order to minimize the impact of future increase in material prices.



## 11. 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.

	31 March 22 SAR'000 (Unaudited)	31 Dec 21 SAR'000 (Audited)	FV level
<b>Financial Assets at Fair Value</b>			
Equity Investment at FVOCI	13,022	13,022	Level 2
<b>Total Financial Assets at Fair Value</b>	<b>13,022</b>	<b>13,022</b>	
<b>Financial Assets at Amortized Cost</b>			
Trade and Other Receivables	331,962	277,660	
Cash and Bank Balances	117,167	81,918	
<b>Total Financial Assets at Amortized Cost</b>	<b>449,129</b>	<b>359,578</b>	
<b>Total Financial Assets</b>	<b>462,151</b>	<b>372,600</b>	
<b>Financial Liabilities at Amortized Cost</b>			
Trade and Other Payables	955,683	686,896	
Loans	1,616,275	1,636,503	
Lease Liabilities	62,688	70,349	
<b>Total Financial Liabilities at Amortized Cost</b>	<b>2,634,646</b>	<b>2,393,748</b>	
<b>Total Financial Liabilities</b>	<b>2,634,646</b>	<b>2,393,748</b>	

## 12. Approval by the Board of Directors

These Condensed Interim Financial Statements for the three months period ended 31 March 2022 were approved by the Board of Directors on 20 Shawwal 1443 H (corresponding to 21 MAY 2022).