



**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 2021**

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

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## KPMG Professional Services

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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 31 March 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 31 March 2021;
- the condensed statement of profit or loss for the three-months period ended 31 March 2021;
- the condensed statement of comprehensive income for the three-months period ended 31 March 2021;
- the condensed statement of changes in Shareholders' equity for the three-months period ended 31 March 2021;
- the condensed statement of cash flows for the three-months period ended 31 March 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.



# 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 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



**Dr. Abdullah Hamad Al Fozan**  
License No. 348

Riyadh on 16 Ramadan 1442 H  
Corresponding to 28 April 2021





	Note	31-March-21 SAR (Unaudited)	31-Dec-20 SAR (Audited)
<b>Assets</b>			
<b>Non-Current Assets</b>			
Property, Plant and Equipment	9	1,967,717,706	1,963,125,942
Right of Use Assets		51,262,473	58,562,699
Capital Work in Progress		96,670,018	112,185,675
Biological Assets		631,619,766	625,491,645
Intangible Assets		22,634,915	8,060,361
Equity Investment at FVOCI	10	7,629,000	7,629,000
<b>Total Non-Current Assets</b>		<b>2,777,533,878</b>	<b>2,775,055,322</b>
<b>Current Assets</b>			
Biological Assets		54,970,021	27,689,189
Inventory		521,667,693	536,562,512
Biological Assets - Available for Sale		29,079,065	25,112,448
Trade Receivables, Prepayments and Other Receivables		503,243,791	442,506,217
Cash and Bank Balances		80,635,553	68,713,854
<b>Total Current Assets</b>		<b>1,189,596,123</b>	<b>1,100,584,220</b>
<b>Total Assets</b>		<b>3,967,130,001</b>	<b>3,875,639,542</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		22,641,853	22,641,853
Retained Earnings		261,284,854	254,919,030
<b>Total Shareholders' Equity</b>		<b>1,484,644,069</b>	<b>1,478,278,245</b>
<b>Non-Current Liabilities</b>			
Murabaha Loans and Borrowings	7	886,739,329	880,974,358
Lease Liabilities		25,101,699	29,982,682
Deferred Income		5,508,993	5,642,608
Employee Benefits Obligation		160,822,779	165,619,617
<b>Total Non-Current Liabilities</b>		<b>1,078,172,800</b>	<b>1,082,219,265</b>
<b>Current Liabilities</b>			
Trade and Other Payables		700,561,882	606,083,653
Murabaha Loans and Borrowings - Short term	7	326,764,413	291,064,937
Murabaha Loans and Borrowings - Current Portion	7	277,822,185	318,693,328
Lease Liabilities		31,208,551	32,776,779
Dividend Payables		33,063,502	33,130,736
Provision for Zakat		34,892,599	33,392,599
<b>Total Current Liabilities</b>		<b>1,404,313,132</b>	<b>1,315,142,032</b>
<b>Total Liabilities</b>		<b>2,482,485,932</b>	<b>2,397,361,297</b>
<b>Total Shareholders' Equity and Liabilities</b>		<b>3,967,130,001</b>	<b>3,875,639,542</b>

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 Alrebdi  
Chairman



		Three months period ended 31 March 2021 SAR (Unaudited)	Three months period ended 31 March 2020 SAR (Unaudited)
	Note		
Revenue	8	536,425,870	559,150,632
Cost of Sales		(363,528,543)	(356,684,353)
<b>Gross Profit</b>		<b>172,897,327</b>	<b>202,466,279</b>
Selling and Marketing Expenses		(114,145,983)	(134,975,626)
General and Administrative Expenses		(33,595,462)	(28,911,804)
Impairment Losses on Trade Receivables		(2,190,308)	(2,513,141)
Other Expenses – net		(7,574,142)	(2,513,965)
<b>Total Expenses</b>		<b>(157,505,895)</b>	<b>(168,914,536)</b>
<b>Operating Profit</b>		<b>15,391,432</b>	<b>33,551,743</b>
Net gain on Derivative financial instruments		-	162,970
Finance cost		(7,524,775)	(14,078,250)
<b>Profit before Zakat</b>		<b>7,866,657</b>	<b>19,636,463</b>
Zakat		(1,500,833)	(1,450,000)
<b>Profit for the period</b>		<b>6,365,824</b>	<b>18,186,463</b>
<b>Earnings per share based on the profit for the period attributable to ordinary shareholders</b>			
Basic and Diluted	5	0.06	0.18

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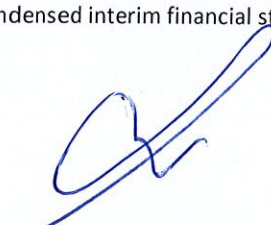
Asimakopoulos Georgios  
Chief Financial Officer


Steen Hadsbjerg  
Chief Executive Officer

Abdulaziz Saleh Alrebbi  
Chairman

	Three months period ended 31 March 2021 SAR (Unaudited)	Three months period ended 31 March 2020 SAR (Unaudited)
<b>Profit for the period</b>	<b>6,365,824</b>	<b>18,186,463</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>Total other comprehensive income</b>	<b>-</b>	<b>-</b>
<b>Total Comprehensive Income for the period</b>	<b>6,365,824</b>	<b>18,186,463</b>

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Steen Hadsbjerg  
Chief Executive Officer

  
Abdulaziz Saleh Alrebdi  
Chairman

Condensed Statement of Changes in Shareholders' Equity for the three months period ended 31 March 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
Profit for the period	-	-	-	-	-	-
Other comprehensive income for the period	-	-	-	-	6,365,824	6,365,824
Total Comprehensive Income for the period	-	-	-	-	6,365,824	6,365,824
Balance at 31 March 2021 (Unaudited)	1,016,400,000	78,719	184,238,643	22,641,853	261,284,854	1,484,644,069
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	-	-	-	-	-	-
Other comprehensive income for the period	-	-	-	-	18,186,463	18,186,463
Total Comprehensive Income for the period	-	-	-	-	18,186,463	18,186,463
Balance at 31 March 2020 (Unaudited)	847,000,000	-	180,673,185	20,637,006	410,354,416	1,458,664,607

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Chief Financial Officer

Steen Hadsbjerg  
Chief Executive Officer

Abdulaziz Saleh Alrebdi  
Chairman

	Three months period ended 31 March 2021 SAR (Unaudited)	Three months period ended 31 March 2020 SAR (Unaudited)
<b>Cash flows from Operating Activities</b>		
Profit for the period	6,365,824	18,186,463
Adjustments for		
Depreciation - Property Plant and Equipment and Biological Assets	60,456,342	66,921,396
Depreciation - Right of Use Assets	6,757,588	6,823,550
Amortization	1,164,327	817,258
Zakat Expense	1,500,833	1,450,000
Deferred income	(133,615)	(134,727)
Employee Benefits Obligation	4,855,079	5,884,220
Impairment Losses on Trade Receivables	2,190,308	2,513,141
Inventory Provision movement, net	1,900,000	1,000,000
Unrealized loss on Derivatives financial instruments	-	140,873
Finance Cost	7,524,775	14,078,250
Loss on sale of Property Plant and Equipment and Biological Assets	5,558,518	4,215,453
	<b>98,139,979</b>	<b>121,895,877</b>
<b>Changes in</b>		
Inventory and Biological Assets - Available for Sale	9,028,202	(47,749,387)
Biological Assets	(27,280,832)	(29,018,255)
Trade Receivables, Prepayments and Other Receivables	(62,927,882)	(123,840,075)
Trade and Other Payables	94,478,229	137,886,344
	<b>111,437,696</b>	<b>59,174,504</b>
Zakat Paid	(833)	-
Employee Benefits Paid	(9,651,917)	(6,192,631)
<b>Net cash from Operating Activities</b>	<b>101,784,946</b>	<b>52,981,873</b>
<b>Cash flows from Investing Activities</b>		
Acquisition of Property, Plant and Equipment, Intangible Assets and Biological Assets	(103,743,112)	(59,689,934)
Proceeds from sale of Property, Plant and Equipment and Biological Assets	26,785,143	13,439,310
<b>Net cash Used in Investing Activities</b>	<b>(76,957,969)</b>	<b>(46,250,624)</b>
<b>Cash flows from Financing Activities</b>		
Proceeds from Murabaha Loans and Borrowings	124,994,844	50,408,014
Repayment of Murabaha Loans and Borrowings	(123,458,008)	(43,365,231)
Finance Cost Paid	(7,843,594)	(19,769,719)
Payment of Lease Liabilities	(6,531,286)	(9,469,877)
Dividend Paid	(67,234)	(29,149)
<b>Net cash Used in Financing Activities</b>	<b>(12,905,278)</b>	<b>(22,225,962)</b>
<b>Net Change in Cash and Cash Equivalents</b>	<b>11,921,699</b>	<b>(15,494,713)</b>
Cash and Cash Equivalents at beginning of the period	68,713,854	62,031,969
<b>Cash and Cash Equivalents at end of the period</b>	<b>80,635,553</b>	<b>46,537,256</b>

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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 Certified Public 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.

### **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 period ended 31 March 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 31 March 2021

	Dairy and Food	Agriculture	Elimination of Inter-Segment Sales/ unallocated expenses	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>

The following is a summary of the operating segments as at 31 March 2020

	Dairy and Food	Agriculture	Elimination of Inter-Segment Sales/ unallocated expenses	Total
	SAR	SAR	SAR	SAR
<b>Revenue</b>				
External Revenue	525,029,174	34,121,458	-	559,150,632
Inter-Segment Revenue	4,760,000	14,498,342	(19,258,342)	-
<b>Total</b>	<b>529,789,174</b>	<b>48,619,800</b>	<b>(19,258,342)</b>	<b>559,150,632</b>
<b>Expenses</b>				
Depreciation and Amortization	(63,920,797)	(10,641,407)	-	(74,562,204)
<b>Operating Profit/ (Loss)</b>	<b>37,296,368</b>	<b>(3,744,625)</b>	<b>-</b>	<b>33,551,743</b>
Finance Cost	(13,187,611)	(890,639)	-	(14,078,250)
Loss on Derivative financial Instruments	-	-	162,970	162,970
<b>Profit/ (Loss) before Zakat</b>	<b>24,108,757</b>	<b>(4,635,264)</b>	<b>162,970</b>	<b>19,636,463</b>
Zakat	(1,450,000)	-	-	(1,450,000)
<b>Profit/ (Loss) for the Period</b>	<b>22,658,757</b>	<b>(4,635,264)</b>	<b>162,970</b>	<b>18,186,463</b>
<b>Total Assets</b>	<b>3,372,605,851</b>	<b>720,283,576</b>	<b>-</b>	<b>4,092,889,427</b>

## 5. Earnings per Share

	Three months period ended 31 March 2021 SAR (Unaudited)	Three months period ended 31 March 2020 SAR (Unaudited)
Profit attributable to Shareholders' (Saudi Riyal -SAR)	6,365,824	18,186,463
Weighted Average Number of Ordinary Shares	101,640,000	84,700,000
Add: Adjustments for issue of bonus shares	-	16,933,804
Adjusted Weighted Average Number of Ordinary Shares (# of Shares)	101,640,000	101,633,804
Earnings per Share (SAR/Share)	0.06	0.18

Basic 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-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	31-March-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*	2020-2026	1,480	1,485	1,478	1,484
Agricultural Development Fund (7.2)	SAR	-	2020-2027	6	6	7	7
				1,486	1,491	1,485	1,491

- \*The weighted average interest rate on bank loans during the three months period ended 31 March 2021 was 2.1% per annum (Three months period ended 31 March 2020: 3.7% 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-21 SAR 'M (Unaudited)	31-Dec-20 SAR 'M (Audited)
<b>Non-Current Liabilities</b>		
Loans secured by guarantees	5	6
Loans secured by promissory notes	882	875
	887	881
<b>Current Liabilities</b>		
Loans secured by guarantees	1	1
Loans secured by promissory notes	603	609
	604	610

## 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 2020 to 2026 as agreed with the respective banks and are mostly of a revolving nature. The amount of unused facilities as at 31 March 2021 amounted to SAR 596 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 31 March 2021 amounted to SAR 6.4 million (31 December 2020: SAR 7.4 million).

## 8. Revenue

	Three months period ended 31 March 2021 SAR (Unaudited)	Three months period ended 31 March 2020 SAR (Unaudited)
Saudi Arabia	474,416,950	491,964,065
Other Countries	62,008,920	67,186,567
	<b>536,425,870</b>	<b>559,150,632</b>

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 acknowledgment has been taken.

## 9. Property, Plant and Equipment

The carrying amount of Property, Plant and Equipment as at 31 March 2021 amounted to SAR 1.97 Billion (31 December 2020: SAR 1.96 Billion). During the three months period ended 31 March 2021, the Company added Property, Plant and Equipment amounting to SAR 53 Million (Three months ended 31 March 2020: SAR 41 Million).

### 9.1 Lands:

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

#### Land under Company's control but pending transfer of legal title (Carrying value of land is SAR 232.67 million)

The Company held SAR 232.67 million worth of land received from the Government 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.

Subsequently Aramco had taken possession of a minor part of NADEC's land as per title deed number (333801001781) issued by Notary Public at Haradh.

Following the occupation of land by Aramco at the Haradh project, NADEC filed a lawsuit against Aramco before the General Court of Al-Khobar requesting Aramco to surrender the land taken into their possession and the General Court of Al-Khobar issued a decision numbered 3/172 dated 2 Dhul-Qadah 1428H (corresponding to 12 November 2007) in favour of NADEC.

Subsequently, the Supreme Court issued its final judgment numbered A/3/686 dated 5 Dhul-Qadah 1431H (corresponding to 13 October 2010) endorsing the preliminary judgement issued by General Court of Al-Khobar.

Aramco filed a complaint against NADEC in Haradh Court requesting the cancelation of the title deed of the land. A judgment was issued rejecting the case and sanctioning the validity of title deed for NADEC.

In response to the Supreme Court's said decision, Aramco had presented the case to the Royal Court, which referred the case again to the Supreme Court for consideration. The Supreme Court issued its final judgment dated 18 Rabi ul Awal 1442H (corresponding to 4 November 2020), cancelling the previous decisions issued in favor of the NADEC and, also canceled the original title deed issued to NADEC.

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 only impact will be a carve out of a limited portion of the land, which is currently being occupied by Aramco. 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-March-21 SAR'000 (Unaudited)	31-Dec-20 SAR'000 (Audited)	FV level
<b>Financial Assets at Fair Value</b>			
Equity Investment at FVOCI	7,629	7,629	Level 2
<b>Total Financial Assets at Fair Value</b>	<b>7,629</b>	<b>7,629</b>	
<b>Financial Assets at Amortized Cost</b>			
Trade and Other Receivables	302,608	286,753	
Cash and Bank Balances	80,636	68,714	
<b>Total Financial Assets at Amortized Cost</b>	<b>383,244</b>	<b>355,467</b>	
<b>Total Financial Assets</b>	<b>390,873</b>	<b>363,096</b>	
<b>Financial Liabilities at Amortized Cost</b>			
Trade and Other Payables	675,432	589,088	
Loans	1,491,326	1,490,733	
Lease Liabilities	56,310	62,759	
<b>Total Financial Liabilities at Amortized Cost</b>	<b>2,223,068</b>	<b>2,142,580</b>	
<b>Total Financial Liabilities</b>	<b>2,223,068</b>	<b>2,142,580</b>	

## 11. Approval by the Board of Directors

These Condensed Interim Financial Statements for the three months period ended 31 March 2021 were approved by the Board of Directors on 16 Ramadan 1442 H (corresponding to 28 April 2021).