



**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 2020**

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

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# 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 2020 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 2020;
- the condensed statement of profit or loss for the three-months period ended 31 March 2020;
- the condensed statement of comprehensive income for the three-months period ended 31 March 2020;
- the condensed statement of changes in Shareholders' equity for the three-months period ended 31 March 2020;
- the condensed statement of cash flows for the three-months period ended 31 March 2020; 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 2020 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.

For KPMG Al Fozan & Partners  
Certified Public Accountants

Dr. Abdullah Hamad Al Fozan  
License No: 348

Al Riyadh, 17 Ramadan 1441H  
Corresponding to: 10 May 2020



	Note	31-Mar-20 SAR (Unaudited)	31-Dec-19 SAR (Audited)
<b>Assets</b>			
<b>Non-Current Assets</b>			
Property, Plant and Equipment	9	2,070,088,717	2,084,375,922
Right of Use Assets		62,890,167	69,713,717
Capital Work in Progress		88,911,594	112,532,259
Biological Assets		565,617,024	552,595,379
Intangible Assets		10,833,200	11,650,458
Equity Investment at FVOCI	10	6,372,000	6,372,000
<b>Total Non-Current Assets</b>		<b>2,804,712,702</b>	<b>2,837,239,735</b>
<b>Current Assets</b>			
Biological Assets		68,123,715	39,105,460
Inventory		598,030,371	547,746,877
Biological Assets - Available for Sale		18,694,829	22,228,936
Trade Receivables, Prepayments and Other Receivables		556,449,127	435,122,193
Derivative Financial Instrument		341,427	482,300
Cash and Bank Balances		46,537,256	62,031,969
<b>Total Current Assets</b>		<b>1,288,176,725</b>	<b>1,106,717,735</b>
<b>Total Assets</b>		<b>4,092,889,427</b>	<b>3,943,957,470</b>
<b>Shareholders' Equity and Liabilities</b>			
<b>Shareholders' Equity</b>			
Share Capital	6	847,000,000	847,000,000
Statutory Reserve		180,673,185	180,673,185
Other Reserves		20,637,006	20,637,006
Retained Earnings		410,354,416	392,167,953
<b>Total Shareholders' Equity</b>		<b>1,458,664,607</b>	<b>1,440,478,144</b>
<b>Non-Current Liabilities</b>			
Murabaha Loans and Borrowings	7	1,023,350,285	1,046,272,854
Lease Liabilities		35,489,176	42,066,460
Deferred Income		6,049,755	6,184,482
Employee Benefits Obligation		165,505,147	165,813,558
<b>Total Non-Current Liabilities</b>		<b>1,230,394,363</b>	<b>1,260,337,354</b>
<b>Current Liabilities</b>			
Trade and Other Payables		694,617,686	556,731,342
Short term Murabaha Loans and Borrowings	7	376,280,902	315,978,167
Murabaha Loans and Borrowings - Current Portion	7	236,864,302	273,760,010
Lease Liabilities		32,534,108	34,559,845
Dividend Payables		33,352,057	33,381,206
Provision for Zakat		30,181,402	28,731,402
<b>Total Current Liabilities</b>		<b>1,403,830,457</b>	<b>1,243,141,972</b>
<b>Total Liabilities</b>		<b>2,634,224,820</b>	<b>2,503,479,326</b>
<b>Total Shareholders' Equity and Liabilities</b>		<b>4,092,889,427</b>	<b>3,943,957,470</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

Syed Mohammad Naseer Ali  
Chief Financial Officer

*Naseer*

Deer Hadsbjerg  
Chief Executive Officer

Raid Abdullah Ismail Ismail  
Board Member

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 2020



		Three months period ended 31 March 2020 SAR (Unaudited)	Three months period ended 31 March 2019 SAR (Unaudited)
	Note		
Revenue	8	559,150,632	530,466,295
Cost of Sales		<u>(356,684,353)</u>	<u>(327,193,122)</u>
<b>Gross Profit</b>		<b>202,466,279</b>	<b>203,273,173</b>
Selling and Marketing Expenses		<u>(134,975,626)</u>	<u>(131,113,246)</u>
General and Administrative Expenses		<u>(28,911,804)</u>	<u>(29,279,151)</u>
Impairment Losses on Trade Receivables		<u>(2,513,141)</u>	<u>(2,818,673)</u>
Other Income & (Expenses) - net		<u>(2,513,965)</u>	<u>(2,545,636)</u>
<b>Total Expenses</b>		<b><u>(168,914,536)</u></b>	<b><u>(165,756,706)</u></b>
<b>Operating Profit</b>		<b>33,551,743</b>	<b>37,516,467</b>
Net gain/ (loss) on Derivatives financial instruments		162,970	(20,766,967)
Finance cost		<u>(14,078,250)</u>	<u>(19,221,305)</u>
<b>Profit/ (Loss) before Zakat</b>		<b>19,636,463</b>	<b>(2,471,805)</b>
Zakat		<u>(1,450,000)</u>	<u>(1,200,000)</u>
<b>Profit/ (Loss) for the period</b>		<b><u>18,186,463</u></b>	<b><u>(3,671,805)</u></b>
<b>Earnings/ (loss) per share based on the profit/ (loss) for the period attributable to ordinary shareholders</b>			
Basic and Diluted	5	<u>0.21</u>	<u>(0.04)</u>

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Syed Mohammad Naseer Ali  
Chief Financial Officer

*Naseer*

Steer Hadsbjerg  
Chief Executive Officer

Raid Abdullah Ismail Ismail  
Board Member

*Raid*



	Three months period ended 31 March 2020	Three months period ended 31 March 2019
	SAR (Unaudited)	SAR (Unaudited)
<b>Profit/ (Loss) for the period</b>	<b>18,186,463</b>	<b>(3,671,805)</b>
<b>Items that will not be reclassified to Profit or Loss</b>		
Re-measurement gain in Defined Benefit Plans	-	-
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/ (Loss) for the period</b>	<b>18,186,463</b>	<b>(3,671,805)</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

\_\_\_\_\_  
 Syed Mohammad Naseer Ali  
 Chief Financial Officer

*Naseer*

\_\_\_\_\_  
 Steen Hadsbjerg  
 Chief Executive Officer

\_\_\_\_\_  
 Raid Abdullah Ismail Ismail  
 Board Member

*[Signature]*

Condensed Statement of Changes in Shareholders' Equity for the three months period ended 31 March 2020

	Share Capital	Statutory Reserve	Other Reserves	Retained Earnings	Total Shareholders' Equity
	SAR				
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	-	-	-	18,186,463	18,186,463
Other comprehensive income for the period	-	-	-	-	-
Total Comprehensive Income	-	-	-	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
Balance at 1 January 2019 - (Audited)	847,000,000	180,673,185	19,113,701	399,466,374	1,446,253,260
Loss for the period	-	-	-	(3,671,805)	(3,671,805)
Other comprehensive income for the period	-	-	-	-	-
Total Comprehensive Loss	-	-	-	(3,671,805)	(3,671,805)
Balance at 31 March 2019 - (Unaudited)	847,000,000	180,673,185	19,113,701	395,794,569	1,442,581,455

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Syed Mohammad Naseer Ali  
Chief Financial Officer

Steen Hadsbjerg  
Chief Executive Officer

Raid Abdullah Ismail  
Board Member

2020/3



	Three months period ended 31 March 2020 SAR (Unaudited)	Three months period ended 31 March 2019 SAR (Unaudited)
<b><u>Cash flows from Operating Activities</u></b>		
<b>Profit/ (Loss) for the period</b>	<b>18,186,463</b>	<b>(3,671,805)</b>
<b>Adjustments for</b>		
Depreciation – Property, Plant and Equipment and Biological Assets	66,921,396	57,866,058
Depreciation – Right of Use Assets	6,823,550	7,573,333
Amortization	817,258	736,132
Zakat Expense	1,450,000	1,200,000
Deferred income	(134,727)	(133,615)
Employee Benefits Obligation	5,884,220	5,025,517
Impairment Losses on Trade Receivables	2,513,141	2,818,673
Inventory Provision movement, net	1,000,000	3,600,000
Net loss on Derivatives financial instruments	140,873	20,766,967
Finance Cost	14,078,250	19,221,305
Loss on sale of Property, Plant and Equipment and Biological Assets	4,215,453	2,888,962
	<b>121,895,877</b>	<b>117,891,527</b>
<b>Changes in</b>		
Inventory and Biological Assets - Available for Sale	(47,749,387)	(1,714,036)
Biological Assets	(29,018,255)	(20,953,615)
Trade Receivables, Prepayments and Other Receivables	(123,840,075)	(118,008,512)
Trade and Other Payables	137,886,344	131,482,215
	<b>59,174,504</b>	<b>108,697,579</b>
Zakat Paid	-	(10,000,000)
Employee Benefits Paid	(6,192,631)	(2,572,816)
<b>Net cash from Operating Activities</b>	<b>52,981,873</b>	<b>96,124,763</b>
<b><u>Cash flows from Investing Activities</u></b>		
Acquisition of Property, Plant and Equipment, Intangible Assets and Biological Assets	(59,689,934)	(61,693,177)
Proceeds from sale of Property, Plant and Equipment and Biological Assets	13,439,310	12,331,630
<b>Net cash Used in Investing Activities</b>	<b>(46,250,624)</b>	<b>(49,361,547)</b>
<b><u>Cash flows from Financing Activities</u></b>		
Proceeds from Murabaha Loans and Borrowings	50,408,014	318,028,453
Repayment of Murabaha Loans and Borrowings	(43,365,231)	(329,127,510)
Finance Cost Paid	(19,769,719)	(11,187,240)
Payment of Lease Liabilities	(9,469,877)	(1,421,004)
Dividend Paid	(29,149)	(63,346)
<b>Net cash Used in Financing Activities</b>	<b>(22,225,962)</b>	<b>(23,770,647)</b>
<b>Net Change in Cash and Cash Equivalents</b>	<b>(15,494,713)</b>	<b>22,992,569</b>
Cash and Cash Equivalents at beginning of the period	62,031,969	35,219,477
<b>Cash and Cash Equivalents at end of the period</b>	<b>46,537,256</b>	<b>58,212,046</b>

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Chief Financial Officer

Steen Hadsbjerg  
Chief Executive Officer

Raid Abdullah Ismail Ismail  
Board Member

Naseer

## 1- The Company and its Operations

The National Agricultural Development Company (NADEC) (the "Company") 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 principally 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 2019 (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 recognised 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 interim condensed 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 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 2020. NADEC's management continues to monitor the situation closely.

#### 4. Segment Reporting

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 recognised in the Condensed Interim Financial Statements.

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</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)
Gain 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>

The following is a summary of the operating segments as at 31 March 2019

	Dairy and Food	Agriculture	Elimination of Inter-Segment Sales/ unallocated expenses	Total
	SAR	SAR	SAR	SAR
<b>Revenue</b>				
External Revenue	497,869,695	32,596,600	-	530,466,295
Inter-Segment Revenue	4,252,500	18,110,761	(22,363,261)	-
<b>Total</b>	<b>502,122,195</b>	<b>50,707,361</b>	<b>(22,363,261)</b>	<b>530,466,295</b>
<b>Expenses</b>				
Depreciation and Amortization	(57,830,401)	(8,345,122)	-	(66,175,523)
<b>Operating Profit</b>	<b>34,262,467</b>	<b>3,254,000</b>	<b>-</b>	<b>37,516,467</b>
Finance Cost	(17,306,296)	(1,915,009)	-	(19,221,305)
Loss on Derivative financial Instruments	-	-	(20,766,967)	(20,766,967)
<b>Profit/ (Loss) before Zakat</b>	<b>16,956,171</b>	<b>1,338,991</b>	<b>(20,766,967)</b>	<b>(2,471,805)</b>
Zakat	(1,200,000)	-	-	(1,200,000)
<b>Profit/ (Loss) for the Period</b>	<b>15,756,171</b>	<b>1,338,991</b>	<b>(20,766,967)</b>	<b>(3,671,805)</b>
<b>Total Assets</b>	<b>3,397,022,442</b>	<b>792,988,550</b>	<b>-</b>	<b>4,190,010,992</b>

## 5. Earnings/ (losses) per Share

	31-Mar-20 (Unaudited)	31-Mar-19 (Unaudited)
Profit/ (Loss) attributable to Shareholders' (Saudi Riyal -SAR)	18,186,463	(3,671,805)
Weighted Average Number of Ordinary Shares (# of Shares)	84,700,000	84,700,000
Earnings/ (Loss) per Share (SAR/Share)	0.21	(0.04)

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

## 6. Share Capital

Capital	31-Mar-20 (Unaudited)	31-Dec-19 (Audited)
Ordinary Shares issued and fully paid	84,700,000	84,700,000

The Company's Share Capital as at 31 March 2020 amounted to SAR 847 million (31 December 2019: SAR 847 million).

## 7. Murabaha Loans and Borrowings

	Loan Currency	Interest rate	Due date	31-Mar-20 (Unaudited)		31-Dec-19 (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
Agricultural Development Fund (7.2)	SAR	-	2020-2027	7	7	7	7
				<u>1,626</u>	<u>1,636</u>	<u>1,619</u>	<u>1,636</u>

The weighted average margin on bank loans during the three months period ended 31 March 2020 was 3.7% per annum basis (Three months period ended 31 March 2019: 4.4%), however, the rates varied between medium and short-term loans.

The loans have been provided against promissory notes.

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

	31-Mar-20 SAR 'M (Unaudited)	31-Dec-19 SAR 'M (Audited)
<b>Non-Current Liabilities</b>		
Loans secured by guarantees	6	6
Loans secured by promissory notes	1,017	1,040
	<u>1,023</u>	<u>1,046</u>
<b>Current Liabilities</b>		
Loans secured by guarantees	1	1
Loans secured by promissory notes	612	589
	<u>613</u>	<u>590</u>

## 7. Murabaha Loans and Borrowings (continued)

### 7.1 Islamic Banking Facilities (Murabaha) from Local Banks

The borrowing under Islamic banking facilities (Murabaha) have been provided against a promissory note issued by the Company. The maturity dates of these facilities are from 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 2020 amounted to SAR 936 Million. (31 December 2019: SAR 935 Million).

### 7.2 Agricultural Development Fund Loan

The Company was granted a loan from the Agricultural Development Fund under number 803405009 dated 24 Jumada II 1433 (corresponding to 5 May 2012) with a total value of SAR 8.35 million. This loan is secured by a mortgage of specific land owned by the Company along with building on it and any new additions and expansions. Annual installments starting from 4 Muharram 1440H (corresponding to 14 September 2018) and ending on 4 Muharram 1449H (corresponding to 8 September 2027), the loan amount was used to finance the irrigation netting pivots of olive seedlings.

The Company was granted another loan on 1 Dhul Qa'da 1433H (corresponding to 17 September 2012 with a total value of SAR 1.6 Million under Loan number 803805048. This loan is secured by mortgage on cars, machines and equipment owned by the Company. This loan is payable on annual installments basis starting from 1 Dhul al-Qa'da 1436H (Corresponding to 15 August 2015) and ending on 1 Dhul al-Qa'da 1445 AH (corresponding to 8 May 2024). This loan was fully utilized in Olive and Sesame project. The balance of these loans from Agricultural Development Fund on 31 March 2020 amounted to SAR 7.4million (31 December 2019: SAR 7.4 million).

## 8. Revenue

	31-Mar-20 SAR (Unaudited)	31-Mar-19 SAR (Unaudited)
Saudi Arabia	491,964,065	455,379,184
Other Countries	67,186,567	75,087,111
	<u>559,150,632</u>	<u>530,466,295</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 acknowledgment has been taken.

## 9. Property, Plant and Equipment

The carrying amount of Property, Plant and Equipment as at 31 March 2020 amounted to SR 2.07 Billion (31 December 2019: SR 2.08 Billion). During the period ended 31 March 2020, the Company added Property, Plant and Equipment amounting to SR 40.8 Million.

### 9.1 Lands:

The following matters are pending with respect to Land held by the Company at the reporting date

#### **Land under Company's control but pending transfer of legal title (Carrying value of land is SR 120.9 million)**

The lands include land granted by the State under the Royal Decree issued on 17 Shawwal 1410 A.H. with a carrying value of SAR 120.9 million as at 31 March 2020 (31 December 2019: SAR 120.9 million), all of which have been revived and used by the Company. As per the Royal Decree, the Company has an exemption from the granted land conditions such as the required planted area and the time frame required to revive the land. A request has been submitted for the transfer of ownership of these lands which has not yet been concluded by the Government.

The Management attended a meeting on 19 September 2017 with the Area and Lands Agency of the Ministry of Environment, Water and Agriculture and the consultant in charge of the project of developing the area of the agricultural land of the Company. During the meeting, the results of the engineer's survey project of the Company's sites were presented, and calculation of the revived land that will be owned by the Company were also clarified. However, no decision was reached.

Subsequent to the meeting, upon the recommendation of Executive Committee of the Board of Directors and after approval of the Board of Directors, the Company has sent an official letter to the Ministry regarding its views on the results of the Project, however no response has yet been received. Any financial impact will be announced after receiving the final survey results that will be provided to the Company.

However, since the conditions specified in royal decree have been fulfilled and there is no specific timeframe highlighted in the said decree for the fulfilment of any further conditions that may be attached to the grant of land and based on ongoing discussions / information obtained to date, the Company has not received any negative indicators that the land will have to be returned to the Government or that there will be any amendments to the rights granted to the Company under the Royal Decree; therefore the management believes that the legal title of the land will be transferred to the Company in due course. Further, as the Company possesses the control over the land and has the beneficial ownership of land, the same has been included in the assets of the Company.

The land is recognized at the Fair value of the Grant determined at the date of the Grant and where relevant has been depreciated to the useful life of the relevant assets.

#### **Land Occupied by Saudi Aramco**

As per the Royal Decree number (151), NADEC was granted Haradh project, including a piece of agricultural land, fixed and movable facilities and assets as well as the energy sources which are considered part of its properties. Aramco had taken control over a part of NADEC's land as per title deed number (333801001781) issued by Notary Public at Haradh. NADEC had previously filed a lawsuit against Aramco before the General Court of Al-Khobar requesting Aramco to surrender the land taken into their control. 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. Further, 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 had 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. The case has been referred to the Royal Court, which in turn has referred the case to the Supreme Court and is still pending to date.

## 10. Fair Value

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 the all disclosed financial assets and financial liabilities does not vary significantly.

	31-Mar-20 SAR'000 (Unaudited)	31-Dec-19 SAR'000 (Audited)	FV level
<b>Financial Assets at Fair Value</b>			
Equity Investment at FVOCI	6,372	6,372	Level 2
Derivative Financial Instruments	341	482	Level 2
<b>Total Financial Assets at Fair Value</b>	<b>6,713</b>	<b>6,854</b>	
<b>Financial Assets at Amortised Cost</b>			
Trade and Other Receivables	450,880	341,041	-
Cash and Bank Balances	46,537	62,032	-
<b>Total Financial Assets at Amortised Cost</b>	<b>497,417</b>	<b>403,073</b>	
<b>Total Financial Assets</b>	<b>504,130</b>	<b>409,927</b>	

	31-Mar-20 SAR'000 (Unaudited)	31-Dec-19 SAR'000 (Audited)	FV level
<b>Financial Liabilities at Amortised Cost</b>			
Trade and Other Payables	694,617	556,731	-
Loans	1,636,495	1,636,011	-
Lease Liabilities	68,023	76,626	
<b>Total Financial Liabilities at Amortised Cost</b>	<b>2,399,135</b>	<b>2,269,368</b>	
<b>Total Financial Liabilities</b>	<b>2,399,135</b>	<b>2,269,368</b>	

## 11. Approval by the Board of Directors

These Condensed Interim Financial Statements for the three months period ended 31 March 2020 were approved by the Board of Directors on 14 Ramadan 1441 A.H. corresponding to 7 May 2020.