

**AL-JOUF AGRICULTURAL DEVELOPMENT
COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED FINANCIAL STATEMENTS
(UNAUDITED)
AND INDEPENDENT AUDITOR'S REVIEW REPORT
FOR THE NINE-MONTHS
PERIOD ENDED 30 SEPTEMBER 2021**

AL-JOUF AGRICULTURAL DEVELOPMENT COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
AND INDEPENDENT AUDITOR'S REVIEW REPORT
FOR NINE MONTH PERIOD ENDED 30 SEPTEMBER 2021

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INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE SHAREHOLDERS OF
AL-JOUF AGRICULTURAL DEVELOPMENT COMPANY
(A SAUDI JOINT STOCK COMPANY)
ALJOUF, KINGDOM OF SAUDI ARABIA

Introduction

We have reviewed the accompanying interim condensed financial statements of Al-Jouf Agricultural Development Company (A Saudi Joint Stock Company) ("the Company"), which comprise the interim condensed statement of financial position as at 30 September 2021, interim condensed statement of profit or loss and statement of other comprehensive income for the three and nine-month periods then ended, interim condensed statements of changes in equity and cash flows for the nine month period then ended and the summary of significant accounting policies and selected explanatory notes from (1) to (19) which form an integral part of these interim condensed financial statements. Management is responsible for fair preparation and presentation of these interim condensed financial statements in accordance with International Accounting Standard ("IAS") No. 34 "Interim Financial Report" as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial statements are not prepared, in all material respects, in accordance with the International Accounting Standard ("IAS") 34 "Interim Financial Report" as endorsed in the Kingdom of Saudi Arabia.

For Dr. Mohamed Al-Amri & Co.



Maher Al-Khatieb
Certified Public Accountant
Registration No. 514



04/11/2021(G)
29/03/1443(H)

AL-JOUF AGRICULTURAL DEVELOPMENT COMPANY
(A SAUDI JOINT STOCK COMPANY)
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UNAUDITED)
AS AT 30 SEPTEMBER 2021
(EXPRESSED IN SAUDI RIYALS)

	Note	30 September 2021 (Unaudited)	31 December 2020 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	(5)	502,447,539	489,099,643
Intangible assets		1,221,568	1,356,795
Right of use Assets		1,320,453	-
Investments	(6)	-	-
Total non-current assets		504,989,560	490,456,438
Current assets			
Inventory	(7)	107,038,767	120,029,106
Biological assets	(8)	57,355,310	16,103,348
Prepayments and other current assets		12,909,166	14,160,492
Trade accounts receivable	(9)	74,749,423	43,412,143
Cash and cash equivalents	(10)	5,670,377	47,721,786
Total Current assets		257,723,043	241,426,875
TOTAL ASSETS		762,712,603	731,883,313
EQUITY And Liabilities			
Equity			
Share capital	(11)	300,000,000	300,000,000
Statutory reserve	(12)	150,000,000	150,000,000
Retained earnings		168,629,356	158,028,078
Accumulated changes in other comprehensive income		106,168	106,168
TOTAL EQUITY		618,735,524	608,134,246
Non-current liabilities			
Long-term loan		4,202,533	6,252,478
Employee defined benefit obligations		23,307,192	22,822,259
Lease contracts obligations		947,655	-
Total non-current liabilities		28,457,380	29,074,737
Current liabilities			
Current portion of long-term loan		4,000,000	4,046,153
Current portion of lease contract obligations		310,695	-
Trade accounts payable		49,039,217	30,175,537
Accrual and other credit balances		43,945,533	33,244,848
Dividends payable to shareholders		14,186,451	21,696,451
Zakat payable		4,037,803	5,511,341
Total current liabilities		115,519,699	94,674,330
TOTAL LIABILITIES		143,977,079	123,749,067
TOTAL EQUITY AND LIABILITIES		762,712,603	731,883,313

Chief Financial Officer
Ziad Aljaafirah

Chief Executive Officer
Mazen Badawood

Authorized Board Member
Khalid Alarafi

The accompanying notes (1) to (19) form an integral part of these condensed interim financial statements

AL-JOUF AGRICULTURAL DEVELOPMENT COMPANY
(A SAUDI JOINT STOCK COMPANY)
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPRHENIVE INCOME
(UNAUDITED)
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2021
(EXPRESSED IN SAUDI RIYALS)

	Note	For the three-month period from 1 July to 30 September		For the nine-month period ended 30 September	
		2021 (Unaudited)	2020 (Unaudited)	2021 (Unaudited)	2020 (Unaudited)
Sales		99,808,806	49,052,902	216,871,324	167,146,798
Cost of sales		(80,876,699)	(44,287,083)	(168,710,571)	(114,236,645)
Gross profit		18,932,107	4,765,819	48,160,753	52,910,153
Selling and distribution expenses		(7,187,645)	(7,938,341)	(19,269,456)	(15,514,051)
General and administrative expenses		(6,331,325)	(4,860,534)	(16,287,523)	(13,596,650)
Net operating profit /(Loss)		5,413,137	(8,033,056)	12,603,774	23,799,452
Finance charges		(147,169)	(127,660)	(473,119)	(544,889)
Other gains /(losses) - net		(746,524)	17,238,368	2,129,028	11,389,545
Net profit before Zakat		4,519,444	9,077,652	14,259,683	34,644,108
Zakat		(1,200,000)	(1,428,495)	(3,658,405)	(8,577,556)
Profit for the period		3,319,444	7,649,157	10,601,278	26,066,552
Other comprehensive income items					
Items that will not to be subsequently reclassified to profit or loss					
Re-measurement of employees defined benefit obligations		-	-	-	-
Total comprehensive income for the period		3,319,444	7,649,157	10,601,278	26,066,552
Basic and diluted earnings per share based on profit of the period	(13)	0.11	0.25	0.35	0.87

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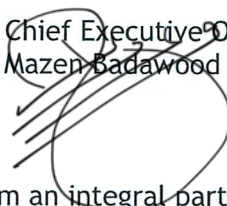
AL-JOUF AGRICULTURAL DEVELOPMENT COMPANY
(A SAUDI JOINT STOCK COMPANY)
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2021
(EXPRESSED IN SAUDI RIYALS)

	Share capital	Statutory reserve	Retained earnings	Proposed dividends	Accumulated changes in other comprehensive income	Total Equity
Balance as at 1 January 2021 (Audited)	300,000,000	150,000,000	158,028,078	-	106,168	608,134,246
Total comprehensive income for the period	-	-	10,601,278	-	-	10,601,278
Balance as at 30 September 2021 (Unaudited)	<u>300,000,000</u>	<u>150,000,000</u>	<u>168,629,356</u>	<u>-</u>	<u>106,168</u>	<u>618,735,524</u>
Balance as at 1 January 2020 (Audited)	300,000,000	150,000,000	159,177,571	15,000,000	2,065,742	626,243,313
Total comprehensive income for the period	-	-	26,066,552	-	-	26,066,552
Dividend	-	-	(15,000,000)	(15,000,000)	-	(30,000,000)
Balance as at 30 September 2020 (Unaudited)	<u>300,000,000</u>	<u>150,000,000</u>	<u>170,244,123</u>	<u>-</u>	<u>2,065,742</u>	<u>622,309,865</u>

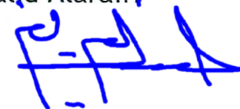
Chief Financial Officer
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Chief Executive Officer
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Authorized Board Member
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**AL-JOUF AGRICULTURAL DEVELOPMENT COMPANY
(A SAUDI JOINT STOCK COMPANY)
CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2021
(EXPRESSED IN SAUDI RIYALS)**

	For the nine-month period ended 30 September	
	2021 (Unaudited)	2020 (Unaudited)
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Net profit for the period before zakat	14,259,683	34,644,108
Adjustments to reconcile net income to net cash flow from operating activities		
Depreciation of property, plant and equipment	25,143,496	27,031,990
Amortization of intangible assets	135,227	134,532
Depreciation of right of use assets	233,021	-
Loss on property, plant and equipment disposal	-	98,461
Impairment of property, plant and equipment	-	36,670,627
Government grants	-	(58,719,000)
provision for slow moving inventory	(2,379,739)	2,953,016
Provision for expected credit losses	398,460	4,433,514
Finance charges	473,119	544,889
<u>Changes in operating assets and liabilities</u>		
Trade accounts receivable	(31,735,740)	(31,291,587)
Prepayments and other current assets	1,251,326	(5,180,695)
Biological assets	(41,251,962)	(39,257,732)
Inventory	15,370,078	21,717,885
Trade accounts payable	18,863,680	15,380,292
Accrual and other credit balances	10,700,685	5,968,273
Cash generated from operating activities	13,191,429	17,367,281
Finance charges paid	(248,250)	-
Employees defined benefit obligations paid	(1,245,162)	(2,410,537)
Zakat paid	(5,131,943)	(9,952,057)
Net cash resulted from operating activities	6,566,074	5,004,687
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Additions of intangible assets	-	(3,400)
Additions of property, plant and equipment	(38,491,392)	(15,118,643)
Proceeds from selling of property, plant and equipment	-	305,373
Net cash (used in) investing activities	(38,491,392)	(14,816,670)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Loan paid	(2,300,000)	(1,300,000)
Lease contracts obligations paid	(316,091)	-
Dividends Paid	(7,510,000)	(30,017,776)
Net cash (used in) financing activities	(10,126,091)	(31,317,776)
Net change in cash and cash equivalents during the period	(42,051,409)	(41,129,759)
Cash and cash equivalents as at the beginning of the period	47,721,786	65,430,509
Cash and cash equivalents as at the ending of the period	5,670,377	24,300,750
<u>Non-cash transactions:</u>		
Accrued finance costs	-	130,400

Chief Financial Officer
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The accompanying notes (1) to (19) form an integral part of these condensed interim financial statements

**ALJOUF AGRICULTURAL DEVELOPMENT COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2021
(EXPRESSED IN SAUDI RIYALS)**

1. THE COMPANY AND ITS BUSINESS DESCRIPTION

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

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

Branches commercial registrations:

- 1- Al-Jouf Factory for Olive Oil and Pickles Production located in Al-Jouf district - Sakakah - buseita, registration number 3400018986, dated 10 Safar 1436(H), corresponding to 2 December 2014(G).
- 2- A sub-register for retail sales of dairy products, eggs, olives, pickles, and refrigerated foodstuff stores with number 1010500161 dated 16 Rabi 'Al-Akher 1440(H) corresponding to 23 December 2018(G).
- 3- A sub-register for rendering services and agricultural works with number 3400117276 dated 9 Jumada Awwal 1440(H) corresponding to 15 January 2019(G).
- 4- A sub-register for the wholesale sale of vegetable oils and storage in the warehouses of grain and flour silos and stores of food and agricultural products with the number 2050122474 dated 14 Jumada Al-Akher 1440(H) corresponding to 19 February 2019(G).
- 5- A sub-register for the retail activity of dairy products, eggs, olives, pickles, and storage in the silos, flour, food and agricultural products warehouses with the number 4030361809 on 19 Dhul Qi'dah 1440(H) corresponding to 22 July 2019(G).
- 6- A sub-register for the activity of manufacturing food products made from potatoes that includes (potato chips) with number 3400119924 dated 15 Muharram 1442(H), corresponding to 3 September 2020(G).

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

The company's head office is located in Al-Jouf region, and the board of directors may establish branches, offices or agencies for the company inside and outside the Kingdom of Saudi Arabia.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These interim condensed financial statements have been prepared in accordance with International Accounting Standard No. (34) “Interim Financial Reporting” that is endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by the Saudi Organization for Auditors and Accountants and should be read in conjunction with the company's last annual financial statements for the year ended 31 December 2020.

The interim condensed financial statements do not include all the information and disclosures required for the full set of financial statements prepared in accordance with international financial reporting standards, but selected accounting policies and explanatory notes have been included to explain important events and transactions to understand the changes in the financial position and financial performance of the company since the last annual financial statements, They are read in conjunction with the annual financial statements of the company as of 31 December 2020 (the “last annual financial statements”). In addition, the results of the interim period ending on 30 September 2021 may not be considered an accurate indicator of the expected results for the fiscal year ending on 31 December 2021.

These interim condensed financial statements have been prepared on the historical cost basis except for the recognition of employee 'defined benefit obligations at the present value of future liabilities using the projected unit credit method.

2.2 Functional and presentation currency

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

3. USE OF JUDGMENT, ESTIMATES

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

The significant judgments and estimates made by management in applying the company's accounting policies and methods of calculation, and key sources of estimation uncertainty were the same as those described in the last annual financial statements for the year ending on 31 December, 2020.

4. SIGNIFICANT ACCOUNTING POLICIES CHANGES

The accounting policies and calculation methods applied in preparing of the interim condensed financial statements are in line with those followed in preparing of the company’s annual financial statements for the year ending 31 December 2020. There are a number of amendments to standards which are effective from 1 January 2021, but they do not have a material effect on the interim condensed financial statements. The company did not early adopted any standard, interpretation or modification issued but did not come into effect.

ALJOUF AGRICULTURAL DEVELOPMENT COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2021
(EXPRESSED IN SAUDI RIYALS)

5. PROPERTY, PLANT AND EQUIPMENT

	Agricultural lands	Buildings and silos	Wells and accessories	agricultural equipment, furniture and equipment	Vehicles	Project roads	Bearer plants	Un-immature bearer plants	Livestock	Work in progress	Total
<u>Cost</u>											
As of 1 January 2021	55,656,100	82,009,081	339,874,400	182,452,557	38,518,147	23,721,326	352,787,369	43,699,099	309,774	5,368,857	1,124,396,710
Additions	-	215,921	7,292,734	9,619,033	153,000	207,600	-	7,234,588	-	13,768,516	38,491,392
Transfers	-	16,065	-	1,629,653	-	-	-	-	-	(1,645,718)	-
As of 30 September 2021	55,656,100	82,241,067	347,167,134	193,701,243	38,671,147	23,928,926	352,787,369	50,933,687	309,774	17,491,655	1,162,888,102
<u>Accumulated depreciation</u>											
As of 1 January 2021	-	49,878,126	310,559,662	143,520,055	36,796,981	10,917,707	73,711,156	9,603,617	309,763	-	635,297,067
Depreciation for the period	-	1,363,134	5,186,553	6,717,207	567,483	613,485	10,695,634	-	-	-	25,143,496
As of 30 September 2021	-	51,241,260	315,746,215	150,237,262	37,364,464	11,531,192	84,406,790	9,603,617	309,763	-	660,440,563
<u>Net book value</u>											
As of 30 September 2021	55,656,100	30,999,807	31,420,919	43,463,981	1,306,683	12,397,734	268,380,579	41,330,070	11	17,491,655	502,447,539
As of 31 December 2020	55,656,100	32,130,955	29,314,738	38,932,502	1,721,166	12,803,619	279,076,213	34,095,482	11	5,368,857	489,099,643

**ALJOUF AGRICULTURAL DEVELOPMENT COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2021
(EXPRESSED IN SAUDI RIYALS)**

5. PROPERTY, PLANT AND EQUIPMENT (Continued)

- Agricultural lands are represented in a government grant, and the title deed was received on 30 Muharram 1443 (H) corresponding to 7 September 2021.
- Work in progress includes the potato chips project, the company obtained an approval from the Agricultural Development Fund to contribute the project's financing at an amount of SAR 186 million. Work in progress also includes an amount of SAR 10,108,969 as advance payments for purchasing property and equipments (2020: SAR 1,022,130).
- All buildings constructed or to be erected on the hectare plot of land located in Al Buseita with all the project buildings, equipment, machinery and accessories related to it or that are acquired for the project are mortgaged in favor of the Saudi Industrial Development Fund.

6. INVESTMENTS

The company has an investment of 11.1% in Jannat Agricultural Investment Company, which is a limited liability company - under liquidation - and in 2016 the company recognized losses in the full value of the investment amounting to SAR 6,566,948 on that date due to the company incurring losses. The accrued expenses and other current liabilities also includes an amount of SAR 9,5 million, which represents the company's share of the investee company's loan, which was obtained with the guarantee of the partners, and the procedures for liquidation have not been completed.

On 31 December 2019, Jannat Agricultural Investment Company - as part of the liquidation procedures - transferred 6,902 shares of its ownership shares in Rakhaa Agricultural Investment and Development Company - an Egyptian Joint Stock Company - headquartered in the Arab Republic of Egypt, equivalent to 8.6275% of the capital of Rakhaa Agricultural Investment Company And development, amounting to EGP 80 million, to the company's shareholders in exchange for canceling the investment of Al-Jouf Company for Agricultural Development in the Jannat Agricultural Investment Company, The deficit in shareholders' equity of Rakhaa for Agricultural Investment and Development Company as of 31 December 2020 amounted to EGP 285.4 million (2019: EGP 305.6 million).

ALJOUF AGRICULTURAL DEVELOPMENT COMPANY
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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2021
(EXPRESSED IN SAUDI RIYALS)

7. INVENTORY

	As of 30 September 2021 (Unaudited)	As of 31 December 2020 (Audited)
Finished goods	49,003,142	21,154,298
Raw materials - Industrial	21,776,705	66,896,330
Raw materials - Agricultural	9,978,072	8,366,516
Work in progress	1,836,243	2,266,934
Spare parts	22,495,230	18,369,120
Packing material	11,337,160	14,399,629
Fuel and oil	1,906,039	2,248,759
Consumables materials	787,452	788,535
	<u>119,120,043</u>	<u>134,490,121</u>
Less: provision for slow moving inventory	(12,081,276)	(14,461,015)
	<u>107,038,767</u>	<u>120,029,106</u>

8. BIOLOGICAL ASSETS

Biological assets represented in the costs of cultivated seasonal crops and agricultural products that were not unharvested at the end of the period/year.

9. TRADE RECEIVABLE

	As of 30 September 2021 (Unaudited)	As of 31 December 2020 (Audited)
Trade receivable	83,869,167	52,133,427
Less: provision for expected credit losses	(9,119,744)	(8,721,284)
	<u>74,749,423</u>	<u>43,412,143</u>

10. CASH AND CASH EQUIVALENT

	As of 30 September 2021 (Unaudited)	As of 31 December 2020 (Audited)
Cash at banks	4,586,512	47,136,789
Checks under collection	-	584,997
Cash on hands	1,083,865	-
	<u>5,670,377</u>	<u>47,721,786</u>

11. SHARE CAPITAL

The Company's share capital consists of SAR 300 million, divided into 30 million shares, with share value of SAR 10.

**ALJOUF AGRICULTURAL DEVELOPMENT COMPANY
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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2021
(EXPRESSED IN SAUDI RIYALS)**

12. STATUTORY RESERVE

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

13. EARNING PER SHARE

	For the three-month period from 1 July to 30 September		For the nine-month period ended 30 September	
	2021 (Unaudited)	2020 (Unaudited)	2021 (Unaudited)	2020 (Unaudited)
Net income for the period	3,319,444	7,649,157	10,601,278	26,066,552
Weighted average number of common shares	30,000,000	30,000,000	30,000,000	30,000,000
Basic and diluted earnings per share based on income for the period	0.11	0.25	0.35	0.87

14. FINANCIAL RISK MANAGEMENT

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

Currency risk management

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

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

Credit risk management

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

**ALJOUF AGRICULTURAL DEVELOPMENT COMPANY
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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2021
(EXPRESSED IN SAUDI RIYALS)**

14. FINANCIAL RISK MANAGEMENT (Continued)

liquidity risk management

Liquidity risk is the inability of the company to meet its liabilities related to financial liabilities as they fall due.

Liquidity needs are monitored on a monthly basis and the management works to ensure that sufficient funds are available to meet any commitments when they are due.

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

Commission rate risk

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

Activity Risks

The company is exposed to the following risks related to its agricultural activities:

a) **Regulatory and environmental risks**

The company is subject to all applicable laws and regulations in the Kingdom of Saudi Arabia, and the company has developed a set of policies and procedures aimed at complying with all applicable environmental laws.

b) **climate-related risks**

The company is exposed to the risk of loss resulting from climatic changes and other natural factors, and the company monitors this type of risk in order to reduce the size of the loss resulting.

Fair value

The fair value is the price that is received to sell an asset or paid to transfer any of the liabilities in a transaction under regular conditions between market participants at the measurement date.

As such, differences can arise between the carrying values and the fair value estimates.

The definition of fair value is based on market-based measurement and assumptions used by market participants.

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

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

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

**ALJOUF AGRICULTURAL DEVELOPMENT COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
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(EXPRESSED IN SAUDI RIYALS)**

15. SEGMENT REPORTING

The main activity of the company consists of segments that include agricultural production, both plant and Industrial, manufacturing and marketing of plant. The following is a list of the selected segments information on 30 September 2021 and 30 September 2020 for each segments:

	Agricultural activity - Plants	Agricultural activity - Manufacturing	Total
30 September 2021 (Unaudited)			
Sales	97,488,833	119,382,491	216,871,324
Depreciation	8,783,741	16,359,755	25,143,496
Net income for the Period	1,176,543	9,424,735	10,601,278
Total Assets	297,322,837	465,389,766	762,712,603
30 September 2020 (Unaudited)			
Sales	48,048,830	119,097,968	167,146,798
Depreciation	9,299,727	17,732,263	27,031,990
Net (Losses)/income for the Period	(1,742,694)	27,809,246	26,066,552
Total Assets	232,431,935	498,051,992	730,483,927

16. RELATED PARTIES' TRANSACTIONS

The related parties are the major shareholders, members of the board of directors, and senior management personnel in the company and establishments managed or exercising significant influence over them by these parties. The following is a statement of the related parties to the company:

	<u>Relationship nature</u>
Company's Board of Directors members	related parties
Company's Senior management	related parties

Remuneration and allowances of Board of Directors members and senior executives

	For the nine-month period ended 30 September	
	<u>2021</u>	<u>2020</u>
Salaries and remunerations of top management and senior executives	2,204,957	2,348,505
Remuneration of Board of Directors Members	1,611,111	1,350,000
Allowance for attending meetings of Board of Directors	372,333	207,000
Top management incentive	562,500	375,000

17. CONTINGENT LIABILITIES

- The company has contingent liabilities against documentary credits as on 30 September 2021, amounting to SAR 822,083 (September 2020: SAR 279,300).
- The company has potential liabilities as result of the part that is not covered of letters of guarantee amounting to SAR 11,511,421 (September 2020: SAR 6,552,421).

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18. COVID 19 UPDATE

The outbreak of the new Corona virus (Covid-19) is increasing and developing. Hence, it is now difficult to predict the level and extent of its overall impact on business and the economy.

The extent and duration of these impacts are still uncertain and depends on future developments that cannot be precisely predicted at present in terms of the rate of mutation of the emerging corona virus (Covid-19) and the effectiveness of the containment measures taken.

The Company's management will continue to monitor the situation closely to update any developments that may affect its financial, although the management at this time is not aware of any expected factors that may affect the company's operations during and after 2021.

19. APPROVAL OF THE FINANCIAL STATEMENTS

These Interim condensed financial statements were approved by the Board of Directors on 04/11/2021.