

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

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

INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
AND INDEPENDENT AUDITOR'S REVIEW REPORT
FOR THREE AND SIX MONTH PERIOD ENDED 30 JUNE 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 condensed statement of financial position as at 30 June 2021, condensed statement of profit or loss and statement of other comprehensive income, condensed statement of changes in equity and condensed interim statement of cash flows for the six month period then ended and summary of significant accounting policies and selected explanatory notes from (1) to (19).

Management is responsible for fair preparation and presentation of these interim condensed financial statements and their fair presentation 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 condensed interim 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 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



12/08/2021(G)
04/01/1443(H)

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

	Note	30 June 2021 (Unaudited)	31 December 2020 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	(5)	499,535,307	489,099,643
Intangible assets		1,266,644	1,356,795
Right of use Assets		1,398,127	-
Investments	(6)	-	-
Total non-current assets		502,200,078	490,456,438
Current assets			
Inventory	(7)	121,830,658	120,029,106
Biological assets	(8)	78,515,763	16,103,348
Prepayments and other debit Balance		14,307,150	14,160,492
Trade receivables	(9)	47,246,924	43,412,143
Cash and cash equivalents	(10)	12,110,739	47,721,786
Total Current assets		274,011,234	241,426,875
TOTAL ASSETS		776,211,312	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		165,309,912	158,028,078
Accumulated changes in other comprehensive income		106,168	106,168
TOTAL EQUITY		615,416,080	608,134,246
Non-current liabilities			
Non-current portion of long-term loan		4,128,431	6,252,478
Employee defined benefit obligations		23,553,525	22,822,259
Non-current part of lease obligations		1,057,167	-
Total non-current liabilities		28,739,123	29,074,737
Current liabilities			
Current portion of long-term loan		4,000,000	4,046,153
Current portion of lease obligations		310,695	-
Trade payables		74,690,118	30,175,537
Accrual and other Credit Balance		36,021,042	33,244,848
Dividends payable to shareholders		14,196,451	21,696,451
Zakat		2,837,803	5,511,341
Total current liabilities		132,056,109	94,674,330
TOTAL LIABILITIES		160,795,232	123,749,067
TOTAL EQUITY AND LIABILITIES		776,211,312	731,883,313

Chief Financial Officer
Ziad Aljaafirah

Chief Executive Officer
Mazen Badawood

Authorized Board Member
Khalid Alaraifi

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

AL-JOUF AGRICULTURAL DEVELOPMENT COMPANY
(A SAUDI JOINT STOCK COMPANY)
CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE THREE AND SIX-MONTH PERIOD ENDED 30 JUNE 2021
(EXPRESSED IN SAUDI RIYALS)

	Note	For the three-month period from 1 April to 30 June		For the six-month period ended 30 June	
		2021	2020	2021	2020
Sales		55,701,218	71,968,608	117,062,518	118,093,896
Cost of sales		(38,952,017)	(42,986,920)	(87,833,872)	(69,949,562)
Gross profit		16,749,201	28,981,688	29,228,646	48,144,334
Selling and Distribution Expenses		(6,505,302)	(4,438,133)	(11,072,758)	(7,575,710)
General and administrative Expenses		(5,831,566)	(4,475,259)	(9,956,198)	(8,736,116)
Net Operating profit		4,412,333	20,068,296	8,199,690	31,832,508
Finance charges		(185,984)	(273,813)	(325,950)	(417,229)
Other gains /(losses) - net		418,069	(2,256,792)	1,866,499	(5,848,823)
Net Profit before Zakat		4,644,418	17,537,691	9,740,239	25,566,456
Zakat		(1,200,000)	(5,665,203)	(2,458,405)	(7,149,061)
Profit for the Period		3,444,418	11,872,488	7,281,834	18,417,395
Other comprehensive income items					
Items that will not to be reclassified subsequently to profit or loss					
Re-measurement (Loss) of employees defined benefit obligations		-	-	-	-
Total comprehensive income for the Period		3,444,418	11,872,488	7,281,834	18,417,395
Basic and diluted profit earnings per share based on profit of the period	(13)	0.11	0.39	0.24	0.61

Chief Financial Officer
Ziad Aljaafirah

Chief Executive Officer
Mazen Badawood

Authorized Board Member
Khalid Alarajfi

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

**AL-JOUF AGRICULTURAL DEVELOPMENT COMPANY
(A SAUDI JOINT STOCK COMPANY)
CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2021
(EXPRESSED IN SAUDI RIYALS)**

	Share capital	Statutory reserve	Retained earnings	Proposed dividends	Accumulated changes in other comprehensive income	Total Equity
Balance as at January 1, 2021 (Audited)	300,000,000	150,000,000	158,028,078	-	106,168	608,134,246
Net Profit for the Period	-	-	7,281,834	-	-	7,281,834
Balance as at June 30, 2021 (Unaudited)	300,000,000	150,000,000	165,309,912	-	106,168	615,416,080
Balance as at January 1, 2020 (Audited)	300,000,000	150,000,000	159,177,571	15,000,000	2,065,742	626,243,313
Net Profit for the Period	-	-	18,417,395	-	-	18,417,395
Dividend Paid	-	-	-	(15,000,000)	-	(15,000,000)
Balance as at June 30, 2020 (Unaudited)	300,000,000	150,000,000	177,594,966	-	2,065,742	629,660,708

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 financial statements

**AL-JOUF AGRICULTURAL DEVELOPMENT COMPANY
(A SAUDI JOINT STOCK COMPANY)
CONDENSED STATEMENT OF CASH FLOWS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2021
(EXPRESSED IN SAUDI RIYALS)**

	30 June 2021 (Unaudited)	30 June 2020 (Unaudited)
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>		
Profit for the Period before zakat	9,740,239	25,566,456
Adjustments to Reconcile net income to net cash flow from operating activities		
Depreciation of property, plant and equipment	16,559,219	18,091,218
Amortization of intangible assets	90,151	89,457
Depreciation of Right of use assets	155,347	-
Loss on property, plant and equipment disposal	-	98,458
Impairment of property, plant and equipment	-	6,281,064
(Reverse) Provision for slow moving inventory	(2,144,804)	699,599
Provision for expected credit losses	1,009,053	17,584
Employees defined benefit obligations	1,129,241	1,422,621
Finance charges	325,950	417,229
<u>Changes in operating assets and liabilities</u>		
Trade receivables	(4,843,834)	(25,506,550)
Prepayments and other debit Balance	(146,658)	(1,134,094)
Biological assets	(62,412,415)	(46,322,202)
Inventory	343,252	25,126,172
Trade payables	44,514,581	16,042,566
Accrual and other Credit Balance	2,776,194	355,095
Cash generated from operating activities	7,095,516	21,244,673
Finance charges paid	(196,150)	(417,229)
Employees defined benefit obligations paid	(397,975)	(1,823,409)
Zakat paid	(5,131,943)	(5,362,163)
Net cash generated from operating activities	1,369,448	13,641,872
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>		
Additions of property, plant and equipment	(26,994,883)	(10,924,014)
Proceeds from sale of property, plant and equipment	-	305,373
Net cash (used in) investing activities	(26,994,883)	(10,618,641)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Part of Loan paid	(2,300,000)	(1,013,171)
Dividends payable to shareholders paid	(7,500,000)	(9,452)
Lease obligations paid	(185,612)	-
Dividends Paid	-	(15,000,000)
Net cash (used in) financing activities	(9,985,612)	(16,022,623)
Net change in cash and cash equivalents	(35,611,047)	(12,999,392)
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	12,110,739	52,431,117

Chief Financial Officer
Ziad Aljaafirah

Chief Executive Officer
Mazen Badawood

Authorized Board Member
Khalid Alaraifi

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

**ALJOUF AGRICULTURAL DEVELOPMENT COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE AND SIX-MONTH PERIODS ENDED 30 JUNE 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 corresponding to 18 December 1988. The Company operates under Ministerial Resolution No. (63) issued by the Ministry of Commerce and Investment on 24 Rabi 'Al-Akher 1409 corresponding to 3 December 1988 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 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 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).
- 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 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).
- 5- 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).
- 6- 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).

The company's financial year begins on the January 1 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 condensed interim 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 June 2021 may not be considered an accurate indicator of the expected results for the fiscal year ending on 31 December 2021.

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

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

4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and calculation methods applied in preparing of the condensed interim 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 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 THREE AND SIX-MONTH PERIODS ENDED 30 JUNE 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
Cost											
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	-	-	5,100,823	5,157,110	-	153,600	-	4,442,628	-	12,140,722	26,994,883
Transfers	-	-	-	1,554,663	-	-	-	-	-	(1,554,663)	-
As of 30 June 2021	55,656,100	82,009,081	344,975,223	189,164,330	38,518,147	23,874,926	352,787,369	48,141,727	309,774	15,954,916	1,151,391,593
Accumulated depreciation											
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	-	908,675	3,288,014	4,439,067	388,408	404,633	7,130,422	-	-	-	16,559,219
As of 30 June 2021	-	50,786,801	313,847,676	147,959,122	37,185,389	11,322,340	80,841,578	9,603,617	309,763	-	651,856,286
Net book value											
As of 30 June 2021	55,656,100	31,222,280	31,127,547	41,205,208	1,332,758	12,552,586	271,945,791	38,538,110	11	15,954,916	499,535,307
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

* Agricultural lands are represented in a government grant, the approval of the Ministry of Environment, Water and Agriculture was issued on 24 June 2020 for the company to own this land, and the title deed has not yet been issued by the name of the company.

** Work in Progress include an amount of SAR 10,189,339 represents in advance payments for the purchase of property and equipment (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.

**ALJOUF AGRICULTURAL DEVELOPMENT COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE AND SIX-MONTH PERIODS ENDED 30 JUNE 2021
(EXPRESSED IN SAUDI RIYALS)**

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).

7. INVENTORY

	As of 30 June 2021 (Unaudited)	As of 31 December 2020 (Audited)
Finished goods	41,676,283	21,154,298
Raw materials - Industrial	39,459,551	66,896,330
Raw materials - Agricultural	14,809,562	8,366,516
Work in progress	1,589,958	2,266,934
Spare parts	22,207,128	18,369,120
Packing material	11,709,370	14,399,629
Fuel and oil	1,962,948	2,248,759
consumables materials	732,069	788,535
	134,146,869	134,490,121
Less: provision for slow moving inventory	(12,316,211)	(14,461,015)
	121,830,658	120,029,106

8. BIOLOGICAL ASSETS

Biological assets represented in the costs of cultivated seasonal crops and unharvested agricultural products as of 30 June 2021 and 31 December 2020, which is as follows:

	As of 30 June 2021 (Unaudited)	As of 31 December 2020 (Audited)
Seeds, fertilizers and pesticides	31,718,177	6,010,873
fuel and maintenance	18,685,066	5,024,864
wages and benefits	5,788,518	1,498,482
Other costs	22,324,002	3,569,129
	78,515,763	16,103,348

**ALJOUF AGRICULTURAL DEVELOPMENT COMPANY
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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE AND SIX-MONTH PERIODS ENDED 30 JUNE 2021
(EXPRESSED IN SAUDI RIYALS)**

9. TRADE RECEIVABLES

	As of 30 June 2021 <u>(Unaudited)</u>	As of 31 December 2020 <u>(Audited)</u>
Trade receivables	56,977,261	52,133,427
Less: provision for expected credit losses	<u>(9,730,337)</u>	<u>(8,721,284)</u>
	<u>47,246,924</u>	<u>43,412,143</u>

10. CASH AND CASH EQUIVALENT

	As of 30 June 2021 <u>(Unaudited)</u>	As of 31 December 2020 <u>(Audited)</u>
Cash at bank	11,421,660	47,136,789
Checks under collection	-	584,997
Cash on hands	<u>689,079</u>	<u>-</u>
	<u>12,110,739</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.

12. STATUTORY RESERVE

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

13. EARNING PER SHARE

	For the three-month period from 1 April to 30 June		For the six-month period ended 30 June	
	2021 <u>(Unaudited)</u>	2020 <u>(Unaudited)</u>	2021 <u>(Unaudited)</u>	2020 <u>(Unaudited)</u>
Net profit for the period	3,444,418	11,872,488	7,281,834	18,417,395
Weighted average number of common shares	<u>30,000,000</u>	<u>30,000,000</u>	<u>30,000,000</u>	<u>30,000,000</u>
Basic and diluted earnings per share based on profit for the period	<u>0.11</u>	<u>0.39</u>	<u>0.24</u>	<u>0.61</u>

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.

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

14. FINANCIAL RISK MANAGEMENT (Continued)

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.

liquidity risk management

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

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

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

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

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE AND SIX-MONTH PERIODS ENDED 30 JUNE 2021
(EXPRESSED IN SAUDI RIYALS)**

14. FINANCIAL RISK MANAGEMENT (Continued)

Fair value (Continued)

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.

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 June 2021 and 30 June 2020 for each segments:

	Agricultural activity - Plants	Agricultural activity - Manufacturing	Total
30 June 2021 (Unaudited)			
Sales	33,866,362	83,196,156	117,062,518
Depreciation and Amortization	5,679,542	11,125,175	16,804,717
Net (Losses)/profit for the Period	(1,971,496)	9,253,330	7,281,834
Total Assets	292,264,003	483,947,309	776,211,312
30 June 2020 (Unaudited)			
Sales	18,728,241	99,365,655	118,093,896
Depreciation and Amortization	6,345,138	11,835,537	18,180,675
Net (Losses)/profit for the Period	(6,187,340)	24,604,735	18,417,395
Total Assets	283,669,664	510,615,905	794,285,569

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

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(EXPRESSED IN SAUDI RIYALS)**

16. RELATED PARTIES' TRANSACTIONS (Continued)

Remuneration and allowances of Board of Directors members and senior executives

	For the six-month period ended 30 June	
	<u>2021</u>	<u>2020</u>
Salaries and remunerations of top management and senior executives	1,460,683	1,573,538
Remuneration of Board of Directors Members	900,000	900,000
Allowance for attending meetings of Board of Directors	278,667	135,000
Top management incentive	<u>375,000</u>	<u>187,500</u>

17. CONTINGENT LIABILITIES

- The company has contingent liabilities against documentary credits as on 30 June 2021, amounting to SAR 605,745 (June 2020: nil).
- The company has potential liabilities as result of the part that is not covered of letters of guarantee amounting to SAR 10,960,420 (June 2020: SAR 6,552,421).

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 Condensed interim financial statements were approved by the Board of Directors on 03/08/2021.