

**AL-JOUF AGRICULTURAL DEVELOPMENT  
COMPANY  
(A SAUDI JOINT STOCK COMPANY)  
INTERIM CONDENSED FINANCIAL STATEMENTS  
(UNAUDITED)  
AND INDEPENDENT AUDITOR'S REVIEW REPORT  
FOR THE THREE-MONTH PERIOD ENDED  
31 MARCH 2021**

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

INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)  
AND INDEPENDENT AUDITOR'S REVIEW REPORT  
FOR THE THREE-MONTH PERIOD ENDED 31 March 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 31 March, 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 three-month period then ended and explanatory notes from (1) to (19), which are an integral part of these condensed interim financial statements.

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 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.

### 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, as endorsed in the Kingdom of Saudi Arabia.

For Dr. Mohamed Al-Amri & Co.



Jamal M. Al-Amri  
Certified Public Accountant  
Registration No. 331



04/05/2021(G)  
22/09/1442(H)

AL-JOUF AGRICULTURAL DEVELOPMENT COMPANY  
(A SAUDI JOINT STOCK COMPANY)  
CONDENSED STATEMENT OF FINANCIAL POSITION  
AS AT 31 MARCH 2021  
(EXPRESSED IN SAUDI RIYALS)

	Note	31 March 2021 (Unaudited)	31 December 2020 (Audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	(5)	493,522,739	489,099,643
Intangible assets		1,311,719	1,356,795
Investments		-	-
Right of use Assets	(6)	1,475,801	-
<b>Total non-current assets</b>		<b>496,310,259</b>	<b>490,456,438</b>
<b>Current assets</b>			
Inventory	(7)	99,699,032	120,029,106
Biological assets		68,053,768	16,103,348
Prepayments and other current assets		15,144,158	14,160,492
Trade receivables	(8)	49,251,004	43,412,143
Cash and cash equivalents	(9)	35,249,046	47,721,786
<b>Total Current assets</b>		<b>267,397,008</b>	<b>241,426,875</b>
<b>TOTAL ASSETS</b>		<b>763,707,267</b>	<b>731,883,313</b>
<b>EQUITY And Liabilities</b>			
<b>Equity</b>			
Share capital	(10)	300,000,000	300,000,000
Statutory reserve	(11)	150,000,000	150,000,000
Retained earnings		161,865,494	158,028,078
Accumulated changes in other comprehensive income		106,168	106,168
<b>TOTAL EQUITY</b>		<b>611,971,662</b>	<b>608,134,246</b>
<b>Non-current liabilities</b>			
Non-current portion of long-term loan		6,308,774	6,252,478
Non-current part of lease obligations		1,127,667	-
Employee defined benefit obligations	(12)	23,124,810	22,822,259
<b>Total non-current liabilities</b>		<b>30,561,251</b>	<b>29,074,737</b>
<b>Current liabilities</b>			
Current portion of long-term loan		3,558,493	4,046,153
Current portion of lease obligations		310,695	-
Trade payables		61,708,471	30,175,537
Accruals and other current liabilities		34,630,498	33,244,848
Dividends payable to shareholders		14,196,451	21,696,451
Zakat provision		6,769,746	5,511,341
<b>Total current liabilities</b>		<b>121,174,354</b>	<b>94,674,330</b>
<b>TOTAL LIABILITIES</b>		<b>151,735,605</b>	<b>123,749,067</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>763,707,267</b>	<b>731,883,313</b>

Chief Financial Officer  
Ziad Aljaafirah

Chief Executive Officer  
Mazen Badawood

Authorized Board Member  
Khalid Al-Arifi

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 COMPRHENIVE INCOME  
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021  
(EXPRESSED IN SAUDI RIYALS)**

	Note	31 March 2021 (Unaudited)	31 March 2020 (Unaudited)
Sales		61,361,300	46,125,288
Cost of sales		(48,881,855)	(26,962,642)
<b>Gross profit</b>		<b>12,479,445</b>	<b>19,162,646</b>
Selling and Distribution Expenses		(4,567,456)	(3,137,577)
General and administrative Expenses		(4,124,632)	(4,260,857)
<b>Operating profit</b>		<b>3,787,357</b>	<b>11,764,212</b>
Impairment of property, plant and equipment		-	(3,232,523)
Finance charges		(139,966)	(143,416)
Other gains /(losses) - net		1,448,430	(359,508)
<b>Profit before Zakat</b>		<b>5,095,821</b>	<b>8,028,765</b>
Zakat		(1,258,405)	(1,483,858)
<b>Profit for the Period</b>		<b>3,837,416</b>	<b>6,544,907</b>
<b><u>Other comprehensive loss items</u></b>			
<b>Items that will not to be reclassified subsequently to profit or loss</b>			
Re-measurement (Loss) of employees defined benefit obligations		-	-
<b>Total comprehensive income/(loss) for the Period</b>		<b>3,837,416</b>	<b>6,544,907</b>
<b>Basic and diluted profit earnings per share based on profit of the period</b>	(13)	<b>0.13</b>	<b>0.22</b>

Chief Financial Officer  
Ziad Aljaafirah



Chief Executive Officer  
Mazen Badawood



Authorized Board Member  
Khalid Al-Arifi

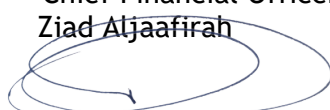


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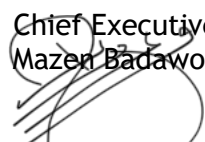
**AL-JOUF AGRICULTURAL DEVELOPMENT COMPANY  
(A SAUDI JOINT STOCK COMPANY)  
CONDENSED STATEMENT OF CHANGES IN EQUITY  
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021  
(EXPRESSED IN SAUDI RIYALS)**

	<u>Share capital</u>	<u>Statutory reserve</u>	<u>Retained earnings</u>	<u>Proposed dividends</u>	<u>Accumulated changes in other comprehensive income</u>	<u>Total Equity</u>
Balance as at January 1,2021 (Audited)	300,000,000	150,000,000	158,028,078	-	106,168	608,134,246
Total comprehensive for the Period	-	-	3,837,416	-	-	3,837,416
<b>Balance as at March 31,2021(Unaudited)</b>	<b>300,000,000</b>	<b>150,000,000</b>	<b>161,865,494</b>	<b>-</b>	<b>106,168</b>	<b>611,971,662</b>
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
Total comprehensive for the Period			6,544,907	-	-	6,544,907
<b>Balance as at March 31,2020(Unaudited)</b>	<b>300,000,000</b>	<b>150,000,000</b>	<b>165,722,478</b>	<b>15,000,000</b>	<b>2,065,742</b>	<b>632,788,220</b>

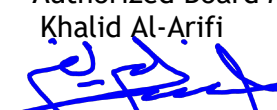
Chief Financial Officer  
Ziad Aljaafirah



Chief Executive Officer  
Mazen Badawood



Authorized Board Member  
Khalid Al-Arifi



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 THREE-MONTH PERIOD ENDED 31 MARCH 2021  
(EXPRESSED IN SAUDI RIYALS)**

	<b>31 March 2021 (Unaudited)</b>	<b>31 March 2020 (Unaudited)</b>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES:</u></b>		
Profit for the Period before zakat	5,095,821	8,028,765
<b>Adjustments for:</b>		
Depreciation of property, plant and equipment	8,231,794	8,887,597
Amortization of intangible assets	45,076	44,651
Amortization of Right of use assets	77,674	-
Loss on property, plant and equipment disposal	-	139,157
Impairment of property, plant and equipment	-	3,232,523
Provision for slow moving inventory	(1,370,761)	243,833
Provision for expected credit losses	-	(45,715)
Employees defined benefit obligations	524,084	711,216
Finance charges	139,966	143,416
<b><u>Changes in operating assets and liabilities</u></b>		
Trade receivables	(5,838,861)	(7,063,755)
Prepayments and other current assets	(983,666)	1,311,839
Biological assets	(51,950,420)	(32,735,277)
Inventory	21,700,835	10,859,218
Trade payables	31,532,934	14,012,601
Accruals and other credit balances	1,385,650	(391,188)
<b>Cash generated from operating activities</b>	<b>8,590,126</b>	<b>7,378,881</b>
Finance charges paid	(186,443)	-
Employees defined benefit obligations paid	(221,533)	(1,818,050)
<b>Net cash generated from operating activities</b>	<b>8,182,150</b>	<b>5,560,831</b>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES:</u></b>		
Additions of property, plant and equipment	(12,654,890)	(6,544,624)
<b>Net cash (used in) investing activities</b>	<b>(12,654,890)</b>	<b>(6,544,624)</b>
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>		
Dividends payable to shareholders paid	(7,500,000)	(4,450)
Part of Loan paid	(500,000)	-
<b>Net cash (used in) financing activities</b>	<b>(8,000,000)</b>	<b>(4,450)</b>
Net change in cash and cash equivalents	(12,472,740)	(988,243)
Cash and cash equivalents as at the beginning of the Period	47,721,786	65,430,509
<b>Cash and cash equivalents as at the ending of the Period</b>	<b>35,249,046</b>	<b>64,442,266</b>

Chief Financial Officer  
Ziad Aljaafirah

Chief Executive Officer  
Mazen Badawood

Authorized Board Member  
Khalid Al-Arifi

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  
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021  
(EXPRESSED IN SAUDI RIYALS)**

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**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 Jumada Al-Awwal 9, 1409 corresponding to December 18, 1988. The Company operates under Ministerial Resolution No. (63) issued by the Ministry of Commerce and Investment on Rabi 'Al-Akher 24, 1409 corresponding to December 3, 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 Safar 10, 1436H, corresponding to December 2, 2014.
- 2- A sub-register for retail sales of dairy products, eggs, olives, pickles, and refrigerated foodstuff stores with number 1010500161 dated 17 Rabi 'Al-Akher 1440H corresponding to December 24, 2018.
- 3- A sub-register for rendering services and agricultural works with number 3400117276 dated 9 Jumada I 1440H corresponding to January 15, 2019.
- 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 II 1440H corresponding to February 19, 2019.
- 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 Dhul Qi'dah 18 1440H corresponding to July 21, 2019.
- 6- A sub-register for the activity of manufacturing food products made from potatoes that includes (potato chips) with number 3400119924 dated Muharram 14, 1442H, corresponding to September 2, 2020.

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.



**ALJOUF AGRICULTURAL DEVELOPMENT COMPANY  
(A SAUDI JOINT STOCK COMPANY)  
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS  
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021  
(EXPRESSED IN SAUDI RIYALS)**

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**2. BASIS OF PREPARATION (Continued)**

**2.1 Statement of compliance (Continued)**

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 December 31, 2020 (the “last annual financial statements”). In addition, the results of the interim period ending on March 31, 2021 may not be considered an accurate indicator of the expected results for the fiscal year ending on December 31, 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 December 31, 2020. There are a number of amendments to standards which are effective from 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  
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 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
<b>Cost</b>											
January 1, 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	-	-	1,926,769	916,424	-	153,600	-	2,068,064	-	7,590,033	12,654,890
Transfers	-	-	-	1,463,320	-	-	-	-	-	(1,463,320)	-
<b>March 31, 2021</b>	<b>55,656,100</b>	<b>82,009,081</b>	<b>341,801,169</b>	<b>184,832,301</b>	<b>38,518,147</b>	<b>23,874,926</b>	<b>352,787,369</b>	<b>45,767,163</b>	<b>309,774</b>	<b>11,495,570</b>	<b>1,137,051,600</b>
<b>Accumulated depreciation</b>											
January 1,2021	-	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
Additions	-	455,124	1,618,818	2,202,300	194,424	195,917	3,565,211	-	-	-	8,231,794
<b>March 31,2021</b>	<b>-</b>	<b>50,333,250</b>	<b>312,178,480</b>	<b>145,722,355</b>	<b>36,991,405</b>	<b>11,113,624</b>	<b>77,276,367</b>	<b>9,603,617</b>	<b>309,763</b>	<b>-</b>	<b>643,528,861</b>
<b>Net book value</b>											
March 31, 2021	55,656,100	31,675,831	29,622,689	39,109,946	1,526,742	12,761,302	275,511,002	36,163,546	11	11,495,570	493,522,739
December 31, 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 June 24, 2020 for the company to own this land, and the title deed has not yet been issued in the name of the company.

\*\* Work in Progress include an amount of SAR 8,672,493 represents in advance payments for the purchase of property and equipment (2020: SAR 4,054,763 Saudi riyals).

- All buildings constructed or to be erected on the 59,790 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-MONTH PERIOD ENDED 31 MARCH 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 December 31, 2020, 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 Rakhaa Agricultural Investment and Development Company's capital. The nominal value of one share is EGP 1,000 to the ownership of the company, and the equity deficit of Rakhaa for Agricultural Investment and Development as of December 31, 2019 (the last audited financial statements) was approximately EGP 305.6 million.

**7. INVENTORY**

	<b>March 31, 2021 (Unaudited)</b>	<b>December 31, 2020 (Audited)</b>
Finished goods	19,000,359	21,154,298
Raw materials - Industrial	40,433,737	66,896,330
Raw materials - Agricultural	17,476,806	8,366,516
Work in progress	2,039,750	2,266,934
Spare parts	20,244,841	18,369,120
Packing material	11,855,647	14,399,629
Fuels and oils	678,901	2,248,759
consumables materials	1,059,245	788,535
	<b>112,789,286</b>	<b>134,490,121</b>
Less: provision for slow moving inventory	(13,090,254)	(14,461,015)
	<b>99,699,032</b>	<b>120,029,106</b>

**8. TRADE RECEIVABLES**

	<b>March 31, 2021 (Unaudited)</b>	<b>December 31, 2020 (Audited)</b>
Trade receivables	57,972,288	52,133,427
Less: provision for expected credit losses	(8,721,284)	(8,721,284)
	<b>49,251,004</b>	<b>43,412,143</b>

**ALJOUF AGRICULTURAL DEVELOPMENT COMPANY  
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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS  
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021  
(EXPRESSED IN SAUDI RIYALS)**

**9. CASH AND CASH EQUIVALENT**

	<u>March 31, 2021</u> <u>(Unaudited)</u>	<u>December 31, 2020</u> <u>(Audited)</u>
Cash at bank	35,249,046	47,136,789
Checks under collection	-	584,997
	<u><b>35,249,046</b></u>	<u><b>47,721,786</b></u>

**10. SHARE CAPITAL**

The Company's share capital consists of SAR 300 million, divided into 30 million shares, with share value of SAR 10 (December 31, 2020: 30 million shares).

**11. 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 10% of the net income to the statutory reserve.

**12. EMPLOYEE DEFINED BENEFITS OBLIGATIONS**

The amount recognized in the statement of financial position is as follows:

	<u>March 31, 2021</u> <u>(Unaudited)</u>	<u>December 31, 2020</u> <u>(Audited)</u>
Present value of employee defined benefits obligation	<u><b>23,124,810</b></u>	<u><b>22,822,259</b></u>

**The movement in the net defined benefit obligation:**

Balance at the beginning of the period/year <b>Including in the Statement of profit or loss</b>	22,822,259	20,323,280
Current service cost	524,084	2,333,598
Interest cost	-	627,261
<b>Including in the Statement of comprehensive income</b>		
Actuarial profit (Losses) from re-measurement of employee benefit obligation	-	1,959,574
<b>Cash movement</b>		
Benefits paid	(221,533)	(2,421,454)
<b>At the end of the period/year</b>	<u><b>23,124,810</b></u>	<u><b>22,822,259</b></u>

Expenses are allocated as following in the statement of profit or loss:

	<u>March 31, 2021</u> <u>(Unaudited)</u>	<u>December 31, 2020</u> <u>(Audited)</u>
Cost of sales	446,632	2,265,946
Selling and marketing expenses	40,699	197,353
General and administrative expenses	<u>36,753</u>	<u>497,560</u>

**ALJOUF AGRICULTURAL DEVELOPMENT COMPANY  
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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS  
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021  
(EXPRESSED IN SAUDI RIYALS)**

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**13. EARNING PER SHARE**

	<u>March 31, 2021 (Unaudited)</u>	<u>March 31, 2020 (Unaudited)</u>
Profit for the Period	3,837,416	6,544,907
Weighted average number of common shares	30,000,000	30,000,000
Basic and diluted earnings per share based on Profit for the Period	<u>0.13</u>	<u>0.22</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

**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.

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**14. FINANCIAL RISK MANAGEMENT (Continued)**

**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.

**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.

**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 March 31, 2021 and March 31, 2020 for each segments:

	<b>Agricultural activity - Plants</b>	<b>Agricultural activity - Manufacturing</b>	<b>Total</b>
<b>March 31, 2021 (Unaudited)</b>			
Sales	13,295,229	48,066,071	61,361,300
Depreciation	2,793,424	5,438,370	8,231,794
profit for the Period	103,772	3,733,644	3,837,416
Total Assets	274,773,056	488,934,211	763,707,267
<b>March 31, 2020 (Unaudited)</b>			
Sales	8,877,579	37,247,709	46,125,288
Depreciation	3,266,442	5,621,155	8,887,597
profit for the Period	362,863	6,182,044	6,544,907
Total Assets	283,353,186	511,436,151	794,789,337

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**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

**Remunerations and allowances of Board of Directors members and senior executives**

	<u>March 31, 2021</u>	<u>March 31, 2020</u>
Salaries and remunerations of top management and senior executives	912,869	948,831
Remuneration of Board or directors Members	450,000	450,000
Allowance for attending meetings of Board of Directors	72,000	99,000

**17. CONTINGENT LIABILITIES**

The company has potential liabilities as result of the part that is not covered of letters of guarantee amounting to SAR 10,960,420 and letters of credit with an amount of SR 605,745 (March 31,2020: letters of guarantee SAR 6,755,420).

**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 company has assessed the impact of the virus on its operations and has taken some precautionary measures. Despite these challenges, the company's business and operations are currently still largely unaffected, based on these factors, the company's management believes that the emerging corona virus (Covid-19) epidemic had no material impact on the company's results that were reported for the period ended.

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.

**19. APPROVAL OF THE FINANCIAL STATEMENTS**

These Condensed interim financial statements were approved by the Board of Directors on 04/05/2021.