



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

**CONDENSED INTERIM FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REVIEW REPORT
FOR THE THREE MONTH AND NINE MONTH PERIODS
ENDED
30 SEPTEMBER 2021**

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

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KPMG Professional Services

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كي بي إم جي للاستشارات المهنية

واجهة الرياض، طريق المطار
صندوق بريد ٩٢٨٧٦
الرياض ١١٦٦٣
المملكة العربية السعودية
المركز الرئيسي

سجل تجاري رقم ١٠١٠٤٢٥٤٩٤

Independent auditor's report on review of condensed interim financial statements

To the Shareholders of National Agricultural Development Company

Introduction

We have reviewed the accompanying 30 September 2021 condensed interim financial statements of **National Agricultural Development Company – A Saudi Joint Stock Company** ("the Company") which comprises:

- the condensed statement of financial position as at 30 September 2021;
- the condensed statement of profit or loss for the three-month and nine-month periods ended 30 September 2021;
- the condensed statement of comprehensive income for the three-month and nine-month periods ended 30 September 2021;
- the condensed statement of changes in shareholders' equity for the nine-month period ended 30 September 2021;
- the condensed statement of cash flows for the nine-month period ended 30 September 2021; and
- the notes to the condensed interim financial statements.

Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

Scope of Review

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



Independent auditor's report on review of condensed interim financial statements

To the Shareholders of National Agricultural Development Company (continued)

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 30 September 2021 condensed interim financial statements of National Agricultural Development Company are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia.

KPMG Professional Services

Khalil Ibrahim Al Sedais
License No. 371



Riyadh on 18 Rabi' al-Awwal 1443 H
Corresponding to 24 October 2021

The National Agricultural Development Company (NADEC)
A Saudi Joint Stock Company
Condensed Statement of Financial Position as at 30 September 2021



	Note	30-Sep-21 SAR (Unaudited)	31-Dec-20 SAR (Audited)
Assets			
Non-Current Assets			
Property, Plant and Equipment	9	1,894,267,212	1,963,125,942
Right of Use Assets		72,432,506	58,562,699
Capital Work in Progress		109,830,987	112,185,675
Biological Assets		684,574,573	625,491,645
Intangible Assets		19,249,325	8,060,361
Equity Investment at FVOCI	11	7,629,000	7,629,000
Total Non-Current Assets		2,787,983,603	2,775,055,322
Current Assets			
Biological Assets		38,416,697	27,689,189
Inventory		527,489,054	536,562,512
Biological Assets - Available for Sale		37,176,977	25,112,448
Trade Receivables and Other Receivables		340,557,704	325,927,480
Prepayments	10	318,568,723	116,578,737
Cash and Bank Balances		89,704,657	68,713,854
Total Current Assets		1,351,913,812	1,100,584,220
Total Assets		4,139,897,415	3,875,639,542
Shareholders' Equity and Liabilities			
Shareholders' Equity			
Share Capital	6	1,016,400,000	1,016,400,000
Share Premium		78,719	78,719
Statutory Reserve		184,238,643	184,238,643
Other Reserves		22,641,853	22,641,853
Retained Earnings		247,149,166	254,919,030
Total Shareholders' Equity		1,470,508,381	1,478,278,245
Non-Current Liabilities			
Murabaha Loans and Borrowings	7	1,149,404,885	880,974,358
Lease Liabilities		45,879,528	29,982,682
Deferred Income		5,237,307	5,642,608
Employee Benefits Obligation		160,529,659	165,619,617
Total Non-Current Liabilities		1,361,051,379	1,082,219,265
Current Liabilities			
Trade and Other Payables		790,730,453	606,083,653
Murabaha Loans and Borrowings - Short term	7	197,769,153	291,064,937
Murabaha Loans and Borrowings - Current Portion	7	221,570,035	318,693,328
Lease Liabilities		28,309,894	32,776,779
Dividend Payables		32,873,514	33,130,736
Provision for Zakat		37,084,606	33,392,599
Total Current Liabilities		1,308,337,655	1,315,142,032
Total Liabilities		2,669,389,034	2,397,361,297
Total Shareholders' Equity and Liabilities		4,139,897,415	3,875,639,542

The accompanying notes 1 to 12 are an integral part of these condensed interim financial statements
The condensed interim financial statements appearing on pages 3 to 14 were approved by the Board of Directors and
were signed on its behalf by

Asimakopoulos Georgios
Chief Financial Officer

Steen Hadsbjerg
Chief Executive Officer

Abdulaziz Saleh Alreabri
Chairman

The National Agricultural Development Company (NADEC)
A Saudi Joint Stock Company
Condensed Statement of Profit or Loss
For the three month and nine month periods ended 30 September 2021



		Three month period ended 30 Sep 2021 SAR (Unaudited)	Three month period ended 30 Sep 2020 SAR (Unaudited)	Nine month period ended 30 Sep 2021 SAR (Unaudited)	Nine month period ended 30 Sep 2020 SAR (Unaudited)
Revenue	8	591,437,086	587,229,361	1,665,092,712	1,754,440,076
Cost of Sales		(413,021,112)	(404,362,537)	(1,148,861,948)	(1,157,468,392)
Gross Profit		178,415,974	182,866,824	516,230,764	596,971,684
Selling and Marketing Expenses		(122,477,891)	(138,967,747)	(362,516,199)	(417,311,358)
General and Administrative Expenses		(32,124,158)	(31,369,182)	(93,372,591)	(89,816,318)
Impairment Losses on Trade Receivables		(1,314,791)	(2,520,247)	(5,630,032)	(10,724,770)
Other (Expenses) & Income – net		(9,287,999)	(1,198,605)	(33,154,040)	107,901,017
Impairment losses on Property, Plant and Equipment		-	(43,888,805)	-	(43,888,805)
Operating Profit/ (Loss)		13,211,135	(35,077,762)	21,557,902	143,131,450
Net gain on Derivative financial instruments		-	15,917	-	353,193
Finance cost		(8,497,135)	(8,604,143)	(24,799,763)	(34,243,013)
Profit / (Loss) before Zakat		4,714,000	(43,665,988)	(3,241,861)	109,241,630
Zakat		(1,500,000)	(1,227,927)	(4,528,003)	(4,321,839)
Profit / (Loss) for the period		3,214,000	(44,893,915)	(7,769,864)	104,919,791
Earnings/ (Loss) per share based on the Profit/ (Loss) for the period attributable to ordinary shareholders					
Basic and Diluted	5	0.03	(0.44)	(0.08)	1.03

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Chief Executive Officer


Abdulaziz Saleh Alrebdi
Chairman

The National Agricultural Development Company (NADEC)
A Saudi Joint Stock Company
Condensed Statement of Comprehensive Income
For the three month and nine month periods ended 30 September 2021



	Three month period ended 30 Sep 2021 SAR (Unaudited)	Three month period ended 30 Sep 2020 SAR (Unaudited)	Nine month period ended 30 Sep 2021 SAR (Unaudited)	Nine month period ended 30 Sep 2020 SAR (Unaudited)
Profit / (Loss) for the period	3,214,000	(44,893,915)	(7,769,864)	104,919,791
Items that will not be reclassified to Profit or Loss				
Re-measurement of Defined Benefit Obligation	-	-	-	-
Movement in Equity Investment at Fair Value through Other Comprehensive Income (FVOCI)	-	-	-	-
Total Items that will not be reclassified to Profit or Loss	-	-	-	-
Total other comprehensive income	-	-	-	-
Total Comprehensive Income/ (Loss) for the period	3,214,000	(44,893,915)	(7,769,864)	104,919,791

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The National Agricultural Development Company (NADEC)
A Saudi Joint Stock Company

Condensed Statement of Changes in Shareholders' Equity for the nine month period ended 30 Sep 2021

	Share Capital	Share premium	Statutory Reserve	Other Reserves	Retained Earnings	Total Shareholders' Equity
	SAR					
Balance at 1 January 2021 (Audited)	1,016,400,000	78,719	184,238,643	22,641,853	254,919,030	1,478,278,245
Loss for the period	-	-	-	-	(7,769,864)	(7,769,864)
Other comprehensive income for the period	-	-	-	-	-	-
Total Comprehensive Loss for the period	-	-	-	-	(7,769,864)	(7,769,864)
Balance at 30 Sep 2021 (Unaudited)	1,016,400,000	78,719	184,238,643	22,641,853	247,149,166	1,470,508,381
Balance at 1 January 2020 (Audited)	847,000,000	-	180,673,185	20,637,006	392,167,953	1,440,478,144
Profit for the period	-	-	-	-	104,919,791	104,919,791
Other comprehensive income for the period	-	-	-	-	-	-
Total Comprehensive income for the period	-	-	-	-	104,919,791	104,919,791
Transactions with shareholders	-	-	-	-	-	-
Issue of Bonus Shares	169,400,000	78,719	-	-	(169,338,040)	140,679
Balance at 30 Sep 2020 (Unaudited)	1,016,400,000	78,719	180,673,185	20,637,006	327,749,704	1,545,538,614

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Steen Hadsbjerg
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Chairman

The National Agricultural Development Company (NADEC)
A Saudi Joint Stock Company
Condensed Statement of Cash Flows for the nine month period ended 30 Sep 2021



	Nine month period ended 30 Sep 2021 SAR (Unaudited)	Nine month period ended 30 Sep 2020 SAR (Unaudited)
Cash flows from Operating Activities		
(Loss) / Profit for the period	(7,769,864)	104,919,791
Adjustments for		
Depreciation - Property Plant and Equipment and Biological Assets	178,972,611	196,615,766
Depreciation - Right of Use Assets	19,802,152	21,024,090
Amortization	4,585,621	2,667,491
Zakat Expense	4,528,003	4,321,839
Deferred income	(405,301)	(405,666)
Employee Benefits Obligation	21,415,470	20,697,990
Impairment Losses on Trade Receivables	5,630,032	10,724,770
Inventory Provision movement, net	2,250,000	23,817,259
Unrealized loss on Derivatives financial instruments	-	406,403
Finance Cost	24,799,763	34,243,013
Income from Government grant (Net)	-	(111,805,466)
Loss on sale of Property Plant and Equipment and Biological Assets	25,847,135	11,717,317
Impairment losses on Property, Plant and Equipment	-	43,888,805
	<u>279,655,622</u>	<u>362,833,402</u>
Changes in		
Inventory and Biological Assets - Available for Sale	(5,241,071)	(51,094,926)
Biological Assets	(10,727,508)	5,589,097
Trade Receivables, Prepayments and Other Receivables	(222,250,242)	(66,864,138)
Trade and Other Payables	184,646,800	86,704,824
	<u>226,083,601</u>	<u>337,168,259</u>
Zakat Paid	(835,996)	(1,010,642)
Employee Benefits Paid	(26,505,428)	(15,412,205)
Net cash from Operating Activities	<u>198,742,177</u>	<u>320,745,412</u>
Cash flows from Investing Activities		
Acquisition of Property, Plant and Equipment, Intangible Assets and Biological Assets	(267,564,143)	(183,456,822)
Proceeds from sale of Property, Plant and Equipment and Biological Assets	59,100,302	40,527,075
Net cash Used in Investing Activities	<u>(208,463,841)</u>	<u>(142,929,747)</u>
Cash flows from Financing Activities		
Proceeds from issue of shares	-	140,679
Proceeds from Murabaha Loans and Borrowings	308,752,993	110,314,202
Repayment of Murabaha Loans and Borrowings	(228,819,186)	(216,536,016)
Finance Cost Paid	(24,677,440)	(41,561,577)
Payment of Lease Liabilities	(24,286,678)	(27,973,310)
Dividend Paid	(257,222)	(112,418)
Net cash from/ (Used in) Financing Activities	<u>30,712,467</u>	<u>(175,728,440)</u>
Net Change in Cash and Cash Equivalents	<u>20,990,803</u>	<u>2,087,225</u>
Cash and Cash Equivalents at beginning of the period	68,713,854	62,031,969
Cash and Cash Equivalents at end of the period	<u>89,704,657</u>	<u>64,119,194</u>

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Chairman



1- The Company and its Operations

The National Agricultural Development Company (NADEC) (the "Company") is a Saudi Joint-Stock Company, formed under the Royal Decree No. M/41 dated 17 Shawwal 1401H (corresponding to 17 August 1981) and registered in Riyadh under Commercial Registration No. 1010018795 dated 26 Dhul-Hijjah 1398H (corresponding to 26 November 1978).

The Company is engaged in agricultural and livestock production, reclamation of agricultural land, food processing and marketing and distribution of its products.

The Company's financial year begins on January 1 and ends at the end of December of the same year.

The Company's registered office is located at the following address:
Riyadh - Kingdom of Saudi Arabia
P.O. Box 2557 Riyadh 11461

2- Basis of Preparation

2.1 Statement of Compliance

These Condensed Interim Financial Statements of the Company have been prepared in accordance with the requirements of the International Accounting Standard- IAS 34 - "Interim Financial Reporting" that is endorsed in the Kingdom of Saudi Arabia (KSA) and other standards and pronouncements that are issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

These Condensed Interim Financial Statements should be read in conjunction with the Financial Statements of the Company for the year ended 31 December 2020 (last annual financial statements). They do not include all the information required to present a complete set of financial statements prepared in accordance with International Financial Reporting Standards (IFRS) that are endorsed in the KSA. However, accounting policies and specific explanatory notes have been included to interpret significant events and transactions in order to understand the changes in the financial position and financial performance of the Company, since the last annual financial statements.

2.2 Basis of Measurement

These Condensed Interim Financial Statements have been prepared in accordance with historical cost except for the following significant items included in the Condensed Interim Statement of Financial Position:

- Equity Investment at FVOCI is valued at fair value in accordance with the requirements of IFRS 13 using level 2 valuation method.
- Biological Assets for which market is available or can be measured reliably are valued at Fair value, where fair value is not available or cannot be measured reliably, these assets are measured at cost.
- Derivative financial instruments are measured at Fair Value through Profit or Loss.
- Employee defined benefit obligations are recognized at the present value using Projected Unit Credit method.

2.3 Functional and Presentation Currency

These Condensed Interim Financial Statements have been presented in Saudi Riyal ("SAR") which is also the functional currency of the Company, unless stated otherwise.

2.4 SIGNIFICANT ACCOUNTING POLICIES

New Standards, Amendment to Standards and Interpretations:

There are no new standards issued, however, there are number of amendments to standards which are effective from 1 January 2021 and has been explained in Company's annual Financial Statements, but they do not have a material effect on the Company's Condensed Interim Financial Statements.



3- Significant Accounting Estimates, Judgements and Assumptions

The preparation of the Company's condensed interim Financial Statements requires management to make judgments, estimates and assumptions that affect the reported amounts of Revenues, Expenses, Assets and Liabilities, and the accompanying Disclosures, and the disclosure of Contingent Liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

The key assumptions concerning the future and other key sources of estimation, uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial years, are consistent with those disclosed in the last annual financial statements. The Company based its assumptions and estimates on parameters available when the Financial Statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur. The significant judgments made by management in applying the Company's accounting policies are consistent with those disclosed in the last annual financial statements.

In response to the spread of the Covid-19 in territories where the Company operates and its resulting disruptions to the social and economic activities in those markets, NADEC's management proactively assessed its impacts on its operations and took a series of preventive measures, including the creation of Corona task force team, to ensure the health and safety of its employees, customers, consumers and wider community as well as to ensure the continuity of supply of its products throughout its markets. NADEC's business operations largely remained unaffected as the food industry in general was exempted from various bans and restrictions imposed by various regulatory authorities. Accordingly, the Covid-19 pandemic has had no material effects on NADEC's reported financial results for the nine month period ended 30 September 2021. Also, as the restrictions of COVID 19 eases out and the vaccination rate is increasing, NADEC's management does not foresee any negative impacts on the Company in the foreseeable future arising from COVID 19.



4. Operating Segments

IFRS 8 requires operating segments to be identified based on internal reports that are regularly reviewed by the Company's executive management and used to allocate resources to segments and assess their performance. The operating segments described below have been prepared in accordance with IFRS 8. The Company operates in two main business segments: Manufacturing of Dairy and foods and Production of Agricultural products. Most of the Company's revenues, profits and assets relate to its operations in Saudi Arabia and arise from these reportable operating segments. The executive management monitors the operational results of these operating segments separately for making decisions about resource allocation and performance evaluation. The performance of the segment is evaluated on a profit or loss basis and is measured in a manner consistent with the profit or loss recognized in the Condensed Interim Financial Statements.

The following is a summary of the operating segments as at and for the nine month period ended 30 September 2021

	Dairy and Food	Agriculture	(Elimination of Inter-Segment Sales)/ unallocated	Total
	SAR	SAR	SAR	SAR
Revenue				
External Revenue	1,601,463,223	63,629,489	-	1,665,092,712
Inter-Segment Revenue	19,437,500	54,040,252	(73,477,752)	-
Total	1,620,900,723	117,669,741	(73,477,752)	1,665,092,712
Expenses				
Depreciation and Amortization	(184,325,229)	(19,035,155)	-	(203,360,384)
Operating Profit/ (Loss)	72,749,827	(55,691,925)	4,500,000	21,557,902
Finance Cost	(24,799,763)	-	-	(24,799,763)
Profit/ (Loss) before Zakat	47,950,064	(55,691,925)	4,500,000	(3,241,861)
Zakat	(4,500,000)	(28,003)	-	(4,528,003)
Profit/ (Loss) for the Period	43,450,064	(55,719,928)	4,500,000	(7,769,864)
Total Assets	3,524,873,828	615,023,587	-	4,139,897,415

The following is a summary of the operating segments as at and for the nine month period ended 30 September 2020

	Dairy and Food	Agriculture	(Elimination of Inter-Segment Sales)/ unallocated	Total
	SAR	SAR	SAR	SAR
Revenue				
External Revenue	1,644,456,509	109,983,567	-	1,754,440,076
Inter-Segment Revenue	15,080,800	42,877,683	(57,958,483)	-
Total	1,659,537,309	152,861,250	(57,958,483)	1,754,440,076
Expenses				
Depreciation and Amortization	(190,884,928)	(29,422,419)	-	(220,307,347)
Operating Profit	103,506,865	39,624,585	-	143,131,450
Finance Cost	(33,084,259)	(1,158,754)	-	(34,243,013)
Gain on Derivative financial Instruments	-	-	353,193	353,193
Profit before Zakat	70,422,606	38,465,831	353,193	109,241,630
Zakat	(4,050,000)	(271,839)	-	(4,321,839)
Profit for the Period	66,372,606	38,193,992	353,193	104,919,791
Total Assets	3,269,566,796	743,217,929	-	4,012,784,725



5. Earnings per Share

	Three month period ended 30 Sep 2021 SAR (Unaudited)	Three month period ended 30 Sep 2020 SAR (Unaudited)	Nine month period ended 30 Sep 2021 SAR (Unaudited)	Nine month period ended 30 Sep 2020 SAR (Unaudited)
Profit/ (Loss) attributable to Shareholders' (Saudi Riyal -SAR)	3,214,000	(44,893,915)	(7,769,864)	104,919,791
Weighted Average Number of Ordinary Shares (# of Shares)	101,640,000	101,640,000	101,640,000	101,636,585
Earnings/ (Loss) per Share (SAR/Share)	0.03	(0.44)	(0.08)	1.03

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

6. Share Capital

Capital	30 Sep 21 (Unaudited)	31 Dec 20 (Audited)
Ordinary Shares issued and fully paid of SAR 10 each	101,640,000	101,640,000

7. Murabaha Loans and Borrowings

	Loan Currency	Interest rate	Due date	30 Sep 21 (Unaudited)		31 Dec 20 (Audited)	
				Nominal Value SAR 'M	Book value SAR 'M	Nominal Value SAR 'M	Book value SAR 'M
Islamic Banking Facilities (7.1)	SAR	SIBOR+ Bank Margin*	2021-2028	1,559	1,563	1,478	1,484
Agricultural Development Fund (7.2)	SAR	-	2021-2027	6	6	7	7
				1,565	1,569	1,485	1,491

- *The weighted average interest rate on bank loans during the nine month period ended 30 September 2021 was 2.02% per annum (Nine month period ended 30 September 2020: 3.00% per annum), however, the rates varied between medium and short-term loans.
- Loans from local banks were granted against promissory note given by the Company.

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

	30 Sep 21 SAR 'M (Unaudited)	31 Dec 20 SAR 'M (Audited)
Non-Current Liabilities		
Loans secured by guarantees	5	6
Loans secured by promissory notes	1,145	875
	1,150	881
Current Liabilities		
Loans secured by guarantees	1	1
Loans secured by promissory notes	418	609
	419	610



7. Murabaha Loans and Borrowings (Continued)

7.1 Islamic Banking Facilities (Murabaha) from Local Banks

The borrowing under Islamic banking facilities (Murabaha) have been provided against a promissory note issued by the Company. The maturity dates of these facilities are from 2021 to 2028 as agreed with the respective banks and are mostly of a revolving nature. The amount of unused facilities as at 30 September 2021 amounted to SAR 724 Million. (31 December 2020: SAR 608 Million).

7.2 Agricultural Development Fund Loan

The Company was granted two loans from the Agricultural Development Fund with a total value of SAR 9.95 million. These loans are secured by a mortgage of specific assets owned by the Company. The maturity dates of these facilities are from 2024 to 2027 as agreed with the Agricultural Development Fund. The balance of these loans from Agricultural Development Fund on 30 September 2021 amounted to SAR 5.5 million (31 December 2020: SAR 7.4 million).

8. Revenue

	Nine month period ended 30 Sep 2021 SAR (Unaudited)	Nine months period ended 30 Sep 2021 SAR (Unaudited)
Saudi Arabia	1,491,682,295	1,559,118,682
Other Countries	173,410,417	195,321,394
	<u>1,665,092,712</u>	<u>1,754,440,076</u>

The main sources of the Company's revenues from contracts with customers includes dairy and food sales as well as the agricultural products, calves' sales and others. The control of the products is transferred to the customer as soon as it is delivered to them and the delivery has been acknowledged.

9. Property, Plant and Equipment

The carrying amount of Property, Plant and Equipment as at 30 Sept 2021 amounted to SAR 1.89 Billion (31 December 2020: SAR 1.96 Billion). During the nine month period ended 30 September 2021, the Company added Property, Plant and Equipment amounting to SAR 73 Million (Nine month period ended 30 September 2020: SAR 58 Million).

9.1 Lands:

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

Land granted to the Company by the Government awaiting transfer of legal title (Carrying value of land is SAR 198.67 million)

As at 30 September 2021, the Company held SAR 198.67 million worth of land received from the Government awaiting transfer of legal titles for which the conditions of the grant had been met in earlier years.

The details of the land and government grant are as follows:

- The Company originally received certain area of land in Hail, Wadi Al Dawasir and Al Jouf as a conditional non-monetary grant under the Ministry of Environment, Water and Agriculture under the Royal Order M/41 issued on 17 Shawwal 1401H (corresponding to 17 August 1981) hereinafter referred to as "Royal Order of 1981" which stated that the Company will be entitled to the ownership of the land which is revived by the Company. Until 31 March 2020, the Company had recognized portion of these lands at a value of SAR 120.86 million for which the conditions of the grant were met.
- On 2 Dhul-Qadah 1441H (corresponding to 23 June 2020), the Company received a letter from Ministry of Environment, Water and Agriculture under number 600/1057/1438 regarding issuance of Royal Order No. 58378 dated 28 Shawwal 1441H (corresponding to 20 June 2020) hereinafter referred to as "Royal Order of 2020" confirming the area to which Company is entitled.
- Based on the Royal Order of 2020, the Company has recorded the additional land granted for Al Jouf and Wadi Al Dawasir at its current fair value and has derecognized the unconfirmed land area of Hail from the books which has resulted in a net gain of SAR 111.8 million and have increased the carrying value of land to SAR 232.67 million during the year 2020.



9. Property, Plant and Equipment – (Continued)

9.1 Land– (Continued)

Land granted to the Company by the Government awaiting transfer of legal title (Continued)

- During the current quarter the Company received the legal titles of land in Wadi Al Dawasir and the management is reasonably certain that the legal title of remaining lands will be transferred to the Company in due course upon completion of the regulatory procedures.

Land Occupied by Saudi Aramco

As per the Royal Decree number (151) dated 5 Shawwal 1401H (corresponding to 5 August 1981), NADEC was granted the Haradh project. This included a piece of agricultural land, fixed and movable facilities and assets as well as the energy sources being part of the site. Notary Public at Haradh issued land title deed to NADEC through title deed number (333801001781).

The Supreme Court cancelled the land title deed issued to the NADEC by Notary Public at Haradh through its decision dated 18 Rabi ul Awal 1442H (corresponding to 4 November 2020), with an understanding of reissuing the title deed for the area occupied by NADEC and is under NADEC's use.

Based on discussions with the officials of Ministry of environment, water, and agriculture, management is reasonably certain that the legal title of this land under NADEC's use and control will be issued to the NADEC after obtaining all the necessary approvals from related government authorities. Consequently, the new title deed will result in reduction of NADEC's assets, due to removal of a limited portion of the land, which is currently being occupied by ARAMCO and a small piece of land in the southern area which is not suitable for agricultural production and consequently is not being used by NADEC.

The financial Impact of the change in land area is not ascertainable as at the reporting date in the absence of definitive court order however management estimates that the impact will not be material.

10. Prepayments

Increase in prepayments during the current period is mainly on account of increase in purchases during the period.



11. Financial Instruments

Financial Assets and Liabilities are measured at amortized cost except for Equity Investments at Fair value through Other Comprehensive Income (FVOCI) which are measured at fair value. The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under market conditions. In the absence of an active market, the asset or liability is measured in the most advantageous market for the asset or liability and relies on the perceptions of market participants to maximize the benefits of using the asset. The Company relied on valuation methods for Equity Investments at FVOCI based on the performance of similar financial assets in an active market considering the performance of the asset itself to maximize benefits from the asset.

The book value and the fair value of all financial assets and financial liabilities does not vary significantly.

	30 Sep 21 SAR'000 (Unaudited)	31 Dec 20 SAR'000 (Audited)	FV level
Financial Assets at Fair Value			
Equity Investment at FVOCI	7,629	7,629	Level 2
Total Financial Assets at Fair Value	7,629	7,629	
Financial Assets at Amortized Cost			
Trade and Other Receivables	293,771	286,753	
Cash and Bank Balances	89,704	68,714	
Total Financial Assets at Amortized Cost	383,475	355,467	
Total Financial Assets	391,104	363,096	
Financial Liabilities at Amortized Cost			
Trade and Other Payables	764,061	589,088	
Loans	1,568,744	1,490,733	
Lease Liabilities	74,189	62,759	
Total Financial Liabilities at Amortized Cost	2,406,994	2,142,580	
Total Financial Liabilities	2,406,994	2,142,580	

12. Approval by the Board of Directors

These Condensed Interim Financial Statements for the nine months period ended 30 September 2021 were approved by the Board of Directors on 15 Rabi ul Awal 1443 H (corresponding to 21 October 2021).