

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

**INTERIM CONDENSED FINANCIAL STATEMENTS (UN AUDITED)**  
**FOR THE THREE AND SIX- MONTH PERIODS ENDED ON 30 JUNE 2023**  
**AND INDEPENDENT AUDITOR'S REVIEW REPORT**

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

**INTERIM CONDENSED FINANCIAL STATEMENTS (UN AUDITED)**  
**FOR THE THREE AND SIX -MONTH PERIODS ENDED 30 JUNE 2023**  
(Expressed in Saudi Riyals)

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**INDEPENDENT AUDITOR'S REVIEW REPORT ON THE INTERIM CONDENSED FINANCIAL STATEMENTS**

**TO THE SHAREHOLDERS OF AL-JOUF AGRICULTURAL DEVELOPMENT COMPANY**

**(1/1)**

**INTRODUCTION**

We have reviewed the accompanying interim statement of financial position of AL Jouf Agricultural Development Company ("the Company") as of June 30, 2023 and the interim statement of profit and loss, statement of other comprehensive income for the three and six-month period that ended, and the interim condensed statements of changes in equity and cash flows for the Three and six-month periods then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of these interim condensed financial statements in accordance with International Accounting Standard 34 - "Interim Financial Reporting" that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

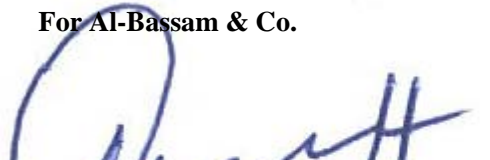
**SCOPE OF REVIEW**

We conducted our review in accordance with International Standard on Review Engagement (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 statements 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.

**CONCLUSION**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 that is endorsed in the Kingdom of Saudi Arabia

**For Al-Bassam & Co.**



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Ahmed Abdulmajeed Mohandas  
Certified Public Accountant  
License No. (477)  
Jeddah: 19 Muharram 1445  
Corresponding to: 6 August 2023



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

**INTERIM STATEMENT OF FINANCIAL POSITION (UNAUDITED)**

**As of 30 June 2023**

(Expressed in Saudi Riyals)

	<b>Note</b>	<b>30 JUNE 2023</b> <b>(Unaudited)</b>	<b>31 December</b> <b>2022 (audited)</b>
<b><u>Assets</u></b>			
<b>Non-Current Assets</b>			
Property, plant and equipment, Net	5	489,829,268	490,058,440
Projects under constructions	6	197,427,740	130,682,669
Intangible assets, Net		1,646,025	1,786,280
Right of use assets, Net		4,270,613	1,316,392
Investments at fair value through OCI	7	--	--
<b>Total Non-Current Assets</b>		<b>693,173,646</b>	<b>623,843,781</b>
<b>Current Assets</b>			
Inventory, Net		151,787,897	160,510,813
Biological assets		122,461,728	27,539,281
Trade Receivable, Net		44,673,076	45,682,044
Prepayments and other current assets, Net		17,537,455	19,410,069
Cash and cash equivalents		11,767,252	31,734,891
<b>Total Current Assets</b>		<b>348,227,408</b>	<b>284,877,098</b>
<b>Total Assets</b>		<b>1,041,401,054</b>	<b>908,720,879</b>
<b><u>Shareholders Equity And Liabilities</u></b>			
<b>Shareholders' Equity</b>			
Share capital	8	300,000,000	300,000,000
Statutory reserve	9	150,000,000	150,000,000
Retained earnings		221,238,200	211,467,822
Accumulated changes in other comprehensive income		6,068,734	6,068,734
<b>Total Shareholders' Equity</b>		<b>677,306,934</b>	<b>667,536,556</b>
<b>Non-Current Liabilities</b>			
Loans and facilities - Non-current portion	10	152,416,746	101,178,870
Lease liability - Non-current portion		3,297,412	785,170
Employee defined benefit obligations		22,738,813	22,473,631
<b>Total Non-Current Liabilities</b>		<b>178,452,971</b>	<b>124,437,671</b>
<b>Current Liabilities</b>			
Loans and facilities - Current portion	10	21,499,828	11,970,712
Lease liability - Current portion		1,339,620	481,498
Trade payables		90,003,707	33,225,294
Accruals and other current liabilities		43,010,165	39,374,804
Provisions of loans guaranty		6,587,990	6,587,990
Dividends payable to shareholders		19,306,782	18,911,598
Zakat provision		3,893,057	6,194,756
<b>Total current liabilities</b>		<b>185,641,149</b>	<b>116,746,652</b>
<b>Total liabilities</b>		<b>364,094,120</b>	<b>241,184,323</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<b>1,041,401,054</b>	<b>908,720,879</b>

**Member of board of director**

Ahmed Hayjan



**Chief Executive Officer**

Mazen Bada'ood



**Chief Financial Officer**

Ziad Aljaafreh



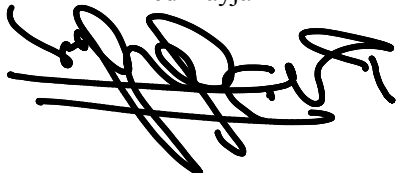
The accompanying notes an integral part of these financial statements

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

**INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UNAUDITED)**  
**FOR THE THREE AND SIX-MONTHS PERIOD ENDING ON 30 JUNE 2023**  
(Expressed in Saudi Riyals)

	Note	For the three-month period ended 30 June		For the six-month period ended 30 June	
		2023 (Unaudited)	2022 (Unaudited)	2023 (Unaudited)	2022 (Unaudited)
Sales		57,900,220	64,024,817	162,342,713	124,433,384
Cost of sales		(38,924,101)	(43,890,279)	(105,553,729)	(72,418,516)
<b>Gross profit</b>		<b>18,976,119</b>	<b>20,134,538</b>	<b>56,788,984</b>	<b>52,014,868</b>
Selling and distribution expenses		(6,618,853)	(5,653,117)	(14,426,931)	(13,190,275)
General and administrative expenses		(7,457,302)	(6,994,077)	(16,028,816)	(13,433,886)
<b>Operating profit</b>		<b>4,899,964</b>	<b>7,487,344</b>	<b>26,333,237</b>	<b>25,390,707</b>
Financing charges		(117,492)	(184,667)	(480,747)	(325,918)
Other income, net		1,162,056	1,624,512	1,967,888	743,983
<b>Profit before Zakat</b>		<b>5,944,528</b>	<b>8,927,189</b>	<b>27,820,378</b>	<b>25,808,772</b>
Zakat		(1,250,000)	(2,100,000)	(3,050,000)	(3,749,750)
<b>Net profit for the period</b>		<b>4,694,528</b>	<b>6,827,189</b>	<b>24,770,378</b>	<b>22,059,022</b>
<b>Other comprehensive income items</b>					
<b>Items that will not be reclassified subsequently to profit or loss</b>					
Re-measurement gain of employees defined benefit obligations					
<b>Total comprehensive income for the period</b>		<b>4,694,528</b>	<b>6,827,189</b>	<b>24,770,378</b>	<b>22,059,022</b>
<b>Earnings per share for net profit of the period:</b>					
Basic and diluted	11	<b>0.16</b>	0.23	<b>0.83</b>	0.74

Member of board of director  
Ahmed Hayjan



Chief Executive Officer  
Mazen Badawood



Chief Financial Officer  
Ziad Aljaafreh



The accompanying notes an integral part of these financial statements

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

**INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)**  
**FOR THE SIX – MONTH PERIOD ENDING ON 30 JUNE 2023**  
(Expressed in Saudi Riyals)

	<u>Share Capital</u>	<u>Statutory Reserve</u>	<u>Retained Earnings</u>	<u>Accumulated changes in other comprehensive income</u>	<u>Total Equity</u>
<b><u>For six month period ended 30 June 2022</u></b>					
Balance in 1 January 2022 (audited)	300,000,000	150,000,000	175,402,560	2,219,713	627,622,273
Net profit for the period	--	--	22,059,022	--	22,059,022
Other comprehensive income	--	--	--	--	--
<b>Total comprehensive income for the period (unaudited)</b>	--	--	22,059,022	--	22,059,022
<b>Balance at 30 June 2022 (unaudited)</b>	<u>300,000,000</u>	<u>150,000,000</u>	<u>197,461,582</u>	<u>2,219,713</u>	<u>649,681,295</u>
<b><u>For six month period ended 30 June 2023</u></b>					
Balance at 1 January 2023 (audited)	300,000,000	150,000,000	211,467,822	6,068,734	667,536,556
Net profit for the period	--	--	24,770,378	--	24,770,378
Other comprehensive income	--	--	--	--	--
<b>Total comprehensive income for the period (unaudited)</b>	--	--	24,770,378	--	24,770,378
Dividends	--	--	(15,000,000)	--	(15,000,000)
<b>Balance at 30 June 2023 (unaudited)</b>	<u>300,000,000</u>	<u>150,000,000</u>	<u>221,238,200</u>	<u>6,068,734</u>	<u>677,306,934</u>

**Member of board of director**

Ahmed Hayjan

**Chief Executive Officer**

Mazen Badawood

**Chief Financial Officer**

Ziad Aljaafreh

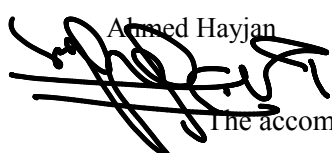
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**AL-JOUF AGRICULTURAL DEVELOPMENT COMPANY**  
(A SAUDI JOINT STOCK COMPANY)

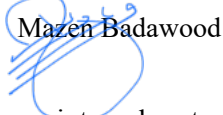
**INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)**  
**FOR THE SIX – MONTH PERIOD ENDING ON 30 JUNE 2023**  
(Expressed in Saudi Riyals)

	<b>2023</b>	<b>2022</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES:</u></b>		
Profit for the period before zakat	27,820,378	25,808,772
<b>Adjustments for:</b>		
Depreciation of property, plant and equipment	23,158,222	19,015,642
Amortization of intangible assets	140,255	107,277
Depreciation of right of use assets	1,666,259	368,850
Gains on disposal of property, plant ,and equipment	--	(425,000)
Provision of expected credit loss	--	555,520
Impairment Biological Assets	132,728	-
Finance charges	480,747	325,198
Provision for employee benefits charged for the period	2,371,538	3,000,000
<b><u>Changes in operating assets and liabilities</u></b>		
Inventory	8,722,916	(701,514)
Biological assets	(95,055,175)	(62,014,593)
Trade Receivable	1,008,968	11,089,020
Prepayments and other current assets	1,872,614	(28,803)
Trade payables	55,959,609	11,744,130
Provisions of loans guaranty	--	(1,800,140)
Accruals and other current liabilities	3,635,361	7,834,304
<b>Cash generated from operating activities</b>	<b>31,914,420</b>	<b>14,878,663</b>
Finance charges paid	--	(232,090)
Zakat paid during the period	(5,351,699)	(4,772,242)
Employees defined benefit obligations paid during the period	(2,106,356)	(559,731)
<b>Net cash generated from operating activities</b>	<b>24,456,365</b>	<b>9,314,600</b>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES:</u></b>		
Additions of property, plant and equipment additions	(22,110,246)	(48,235,157)
Project under progress paid	(66,745,071)	--
Placement of time deposits	--	(20,036,666)
Proceeds from disposal of property, plant, and equipment	--	425,000
Additions of intangible assets	--	(414,800)
<b>Net cash used in investing activities</b>	<b>(88,855,317)</b>	<b>(68,261,623)</b>
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>		
Proceeds from loans and credit facilities	74,143,828	81,319,656
Payment of loans and credit facilities	(13,376,836)	(2,000,000)
Finance cost paid	(480,747)	--
Paid lease liabilities	(1,250,116)	(156,905)
Dividends	(14,604,816)	(6,161)
<b>Net cash generated from financing activities</b>	<b>44,431,313</b>	<b>79,156,590</b>
Net change in cash and cash equivalents	(19,967,639)	20,209,567
Cash and cash equivalents as at the beginning of the period	31,734,891	18,027,401
<b>Cash and cash equivalents as at the end of the period</b>	<b>11,767,252</b>	<b>38,236,968</b>
<b><u>Non-cash transactions</u></b>		
Addition right of used assets	4,620,480	--
Addition property, plant and equipment	818,804	--
Dividends payable to shareholders	395,184	--

Member of board of director

Ahmed Hayjan  


Chief Executive Officer

Mazen Badawood  


Chief Financial Officer

Ziad Aljaafreh  


The accompanying notes an integral part of these financial statements

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

**INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)**  
**FOR THE SIX – MONTH PERIOD ENDING ON 30 JUNE 2023**  
(Expressed in Saudi Riyals)

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**1- COMPANY’S MAIN ACTIVITIES:**

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, 1409H 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, 1409H corresponding to December 3, 1988 AD.

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 7/11/1437H 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.

The company’s head office is located in the Al-Jouf region – Buseita- Sakakah po box 321. and the board of Directors may establish branches, offices, or agencies for the company inside and outside the Kingdom of Saudi Arabia.

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.

**2- BASIS OF PREPARATION**

**2-1 Statement of compliance**

These interim condensed financial statement for the period ended 30 June 2023 been prepared in compliance with international accounting standard (“IAS”) 34” interim financial reporting “as endorsed in the kingdom of Saudi Arabia, other standards and pronouncements issued by the Saudi organization for chartered and professional accountants (“SOCPA”) and in compliance with the provisions of the regulations for companies in the kingdom of Saudi Arabia and the by- laws of the company. The interim condensed financial statements do not include all the information and disclosures required in the annual financial statements, Therefore, it must be read along with the company's annual financial statements for the fiscal year ending on 31 December 2022.

The accounting policies in these condensed interim financial statements are consistent with those in the annual financial statements for the year ended 31 December 2022.

**2-2 BASIS OF MEASUREMENT**

These condensed interim financial statements have been prepared on a historical cost basis, unless the international financial reporting standards allow measurement in accordance with other valuation methods.

In preparing these condensed interim financial statements, management has made judgements and estimates that affect the application of accounting policies and the reported amounts disclosed in the condensed interim financial statements. These significant estimates and assumptions have been disclosed in the annual financial statements for the year ending on 31 December 2022.

**2-3 FUNCTIONAL CURRENCY**

Items included in the Company's interim condensed financial statements are measured using the currency of the primary economic environment in which the Company operates (the "functional currency"). The interim condensed financial statements are presented in Saudi Riyals, the functional and presentation currency.

**3- CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS**

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

The estimates and assumptions are based on historical experience and factors including expectations of future events that are considered appropriate in the circumstances and are used to extend the carrying period of assets and liabilities that are not independent of other sources. Estimates and assumptions are evaluated on an ongoing basis. The accounting estimates proven in the period in which the estimates are revised are reviewed in the review period and future periods in the event that the changed estimates affect the current and future periods.



**AL-JOUF AGRICULTURAL DEVELOPMENT COMPANY**  
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**INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)**  
**FOR THE SIX – MONTH PERIOD ENDING ON 30 JUNE 2023**  
(Expressed in Saudi Riyals)

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**3- CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (CONTINUED)**

The significant judgments made by management when applying the company's accounting policies are consistent with those disclosed in the previous year's financial statements.

**Going Concern**

Management has made an assessment of the company's ability to continue as a going concern, and is convinced that the company has sufficient resources to continue its business in the near future. In addition, the management has no material doubts about the Company's ability to continue as such. Therefore, the financial statements have been prepared on a going concern basis.

**4- SIGNIFICANT ACCOUNTING POLICIES**

**New standards and amendments issued**

There are no new standards that have been issued. However, a number of amendments to the standards are effective as of 1 January 2022, which were explained in the company's annual financial statements issued on 31 December 2022, but they do not have a material impact on the company's summary preliminary financial statements.

**5- PROPERTY, PLANT AND EQUIPMENT**

During the six-month period ending on 30 June 2023, the company added property, plant and equipment in the amount of 22,9 million Saudi riyals (for the six-month period ending on 30 June 2022: 48,2 million Saudi riyals)

During the six-month period ending on 30 June 2023, the depreciation of property, plant and equipment amounted to 23,2 million Saudi riyals (the six-month period ending on 30 June 2022: 19 million Saudi riyals).

**6- PROJECTS UNDER PROGRESS**

The projects under implementation are the advance payments paid to establish a project for the production of French fries, as well as some of the company's capital expansions. As of 30 June 2023, they amounted to 197,4 million Saudi riyals (As of 31 December 2022: 130.7 million Saudi riyals).

**7- INVESTMENTS**

The company owns an investment of 11.1%, amounting to 7 million Saudi riyals, in Jannat Agricultural Investment Company - a Saudi limited liability company - under liquidation. All investment losses have been previously recognized for the entire invested share.

Jannat Agricultural Investment Company owns a 78% stake in the capital of Rakhaa Agricultural Investment and Development Company - an Egyptian joint stock company - and due to the liquidation procedures, the company waived its 78% stake in favor of the partners, and the shares were transferred in their names, each according to his share, and accordingly, the ownership of Al-Jouf Agricultural Development Company became 8,6% direct stake in Rakhaa Agricultural Investment and Development Company.

During 2009, Rakhaa Agricultural Investment and Development Company obtained a loan of 100 million Saudi riyals, with guarantees provided by the partners in Jannat Agricultural Investment Company. Because of the deficit in the financial statements and the inability of Rakhaa Company for Agricultural Investment and Development to pay, Al-Jouf Agricultural Development Company proved its share in the loan against the guarantee provided to the Saudi Fund for Development in the amount of 9,5 million Saudi riyals. The equity deficit of Rakhaa Company for Agricultural Investment and Development as of 31 December 2022 (the last audited financial statements) amounted to about 210 million Egyptian pounds.

During 2022, the shareholders of Rakhaa for Agricultural investment and Development Company agreed to transfer the loan balance credited with the records of Rakhaa for Agricultural investment and Development Company to become a loan of shareholders without any financial returns and by Egyptian pounds and to extinguish the accumulated losses of the company. With a loan of support, the General Assembly of Rakhaa for Agricultural investment and Development Company was convened and approved by the General Assembly on 18 July 2022.

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**INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)**  
**FOR THE SIX – MONTH PERIOD ENDING ON 30 JUNE 2023**  
(Expressed in Saudi Riyals)

**8- CAPITAL**

The company's capital is 300 million Saudi riyals, divided into 30 million shares, with a nominal value of 10 Saudi riyals per share (31 December 2022: 30 million shares).

**9- STATUARY RESERVE**

In accordance with the provisions of the Companies Law in the Kingdom of Saudi Arabia and the company's articles of association, 10% of the net profits must be set aside for the statutory reserve. The Ordinary General Assembly may decide to stop this set aside when the reserve reaches 30% of the paid-up capital. The General Assembly decided in its meeting on 6 May 2020 to stop set aside the statutory reserve.

**10- LOANS AND FACILITIES**

**Loans consist of the following:**

	Notes	<b>30 June 2023</b> <b>(Unaudited )</b>	31 December 2022 (audited)
Saudi Industrial Development Fund	1/10	--	2,225,000
Agricultural Development Fund loan	2/10	<b>152,416,746</b>	101,178,870
Bank Islamic Facilities	3/10	<b>21,499,828</b>	9,745,712
		<b>173,916,574</b>	113,149,582
Loans and Facilities non-current portion		<b>152,416,746</b>	101,178,870
Loans and Facilities current portion		<b>21,499,828</b>	11,970,712
		<b>173,916,574</b>	113,149,582

10/1 The company obtained a loan from the Saudi Industrial Development Fund during the year 2013 in the amount of 15.3 million Saudi riyals, in order to finance the construction of a project for the production of oil, pickles and cosmetic soap, provided that the installments are paid in annual installments of equal value starting from 2018 and ending in 2022. During the year 2020 and as part of government measures to mitigate the impact of the Covid-19 epidemic on the economy, the Fund's management restructured the installments that are due during the crisis of this epidemic, and the installments were adjusted so that the last installment is paid in 2023. The loan is secured by a mortgage on the project's property and equipment the last payment has been made.

10/2 On 7 February 2022, the company signed a long-term loan contract with the Agricultural Development Fund, in order to finance the project to establish a French fry's factory in the amount of 186 million Saudi riyals. During The period, the company received a payment of 51,2 million Saudi riyals, due to pay the installments

Starting from 2025 in annual installments of equal value and ends in 2034, the loan is secured by mortgaging the land deed for one of the land deeds owned by the company.

10/3 On 7 March 2023, the company obtained bank facilities from Alinma Bank in the amount of 21.5 million Saudi riyals for a period of 6 months, in accordance with the terms and conditions of the facilities agreement.

**AL-JOUF AGRICULTURAL DEVELOPMENT COMPANY**  
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**INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)**  
**FOR THE SIX – MONTH PERIOD ENDING ON 30 JUNE 2023**  
(Expressed in Saudi Riyals)

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**11- EARNING PER SHARE**

**11/1 Basic Earnings per Share**

Basic earnings per share has been calculated based on the profit distributable to shareholders of ordinary shares and the weighted average number of shares existing on the date of the interim condensed financial statements amounting to 30 million shares.

	<b>2023</b>	2022	<b>2023</b>	2022
	<b>(Unaudited)</b>	(Unaudited)	<b>(Unaudited)</b>	(Unaudited)
Profit for the period	4,694,528	6,827,189	24,770,378	22,059,022
Weighted average number of common shares	30,000,000	30,000,000	30,000,000	30,000,000
Profit basic and diluted earnings per share (EPS) from net profit for the period	<u>0.16</u>	<u>0.23</u>	<u>0.83</u>	<u>0.74</u>

**11/2 Diluted earnings per shares**

Basic and diluted earnings per share is calculated by dividing the net income attributable to the shareholders of the company by the weighted average number of ordinary shares outstanding issued during the year.

During the period there were no dilutive shares and therefore the diluted earnings per share is not different from the basic earnings per share.

**12- FINANCIAL INSTRUMENTS - RISK MANAGEMENT**

The company capital structure consists of equity and debt which consist of capital, statutory reserve, and retained earnings, accruals, and the due loan of the Saudi Industrial Development Fund.

**12/1 Foreign currency**

Currency risk arises from changes and fluctuations in the value of financial instruments due to 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 exchange rate of the Saudi riyal is fixed against the US dollar, the company's management believes that it is not exposed to currency risk in a substantial way.

**12/2 Credit risk management**

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the company to incur a financial loss. The Company's financial instruments that may be exposed to credit risk mainly include cash and cash equivalents and trade receivables. The company deposits its funds in banks with high reliability and credit capacity. The company also has a policy regarding the amount of funds deposited in each bank, and the management does not expect the existence of significant credit risks resulting from that. The management also does not expect to be exposed to significant credit risks from customer accounts, given that it has a wide base of customers operating in different activities and multiple locations. It also monitors the existing commercial debtors periodically to cover any debts that are expected to be uncollected.

A major review and restructuring of key interest rate indicators are currently underway at the world level, and in line with the Saudi Central Bank's goal of maintaining monetary and financial stability, the Saudi Central Bank decided in July 2023 to raise the rate of repurchase agreements "RIBOR" by 0.25 percent from 5.75 to 6 percent. The Company's management is closely following these changes to determine the possible financial impact on the results of its business during the coming periods.

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

**INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)**  
**FOR THE SIX – MONTH PERIOD ENDING ON 30 JUNE 2023**  
(Expressed in Saudi Riyals)

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**12- FINANCIAL INSTRUMENTS - RISK MANAGEMENT (CONTINUED)**

**12/3 Liquidity risk**

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 basic and the management works to ensure that sufficient fund are available to meet any commitments when they are due.

The company's financial liabilities consist of loan, 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 balance.

**12/4 Commission rate risk**

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

**12/5 Fair Value**

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. Underlying the definition of fair value is the presumption that the Group is a going concern and there is no intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse Terms

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

When measuring the fair value, the Group uses market observable data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques 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.

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. The fair value of all other / remaining financial assets and Financial liabilities not mentioned below approximates to their carrying values

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**13- SEGMENT REPORTING**

The main activity of the company consists of segments that include agricultural production, both plant and animal, manufacturing, and marketing of plant and animal products. The following is a list of the selected segments information on 30 June 2023, and 2022 for each segment:

<b>30 June 2023 (Unaudited)</b>	<b>Agricultural activity - Plants</b>	<b>Agricultural activity – Manufacturing</b>	<b>Total</b>
Sales	32,278,455	130,064,258	162,342,713
Depreciation and amortization	11,318,543	13,646,193	24,964,736
Net profit for the period	279,732	24,490,646	24,770,378
Total Assets	339,996,441	701,404,613	1,041,401,054

<b>30 June 2022 (Unaudited)</b>	<b>Agricultural activity - Plants</b>	<b>Agricultural activity – Manufacturing</b>	<b>Total</b>
Sales	21,903,003	102,530,381	124,433,384
Depreciation and amortization	8,203,113	11,288,656	19,491,769
Net profit for the period	(4,373,635)	26,432,657	22,059,022
Total Assets	358,426,842	513,375,562	871,802,404

**14- CONTINGENT LIABILITIES**

The company has potential liabilities as a result of the part that is uncovered of letters of guarantee amounting to SR 18,6 million and letters of credit with an amount of SR 36.9 million (2022 SR: letters of guarantee SR 35,3 million, and letters of credit SR 61,7 million)

**15- COMPARISON FIGURES**

Some comparison numbers have been reclassified to align with the current listing presentation

**16- SUBSEQUENT EVENTS**

There have been no events after the date of the statement of financial position requiring modification or disclosure of these interim condensed financial statements.

**17- APPROVAL OF THE FINANCIAL STATEMENTS**

These financial statements have been approved by the Board of Directors on 19 Muharram 1445 corresponding to 6 August 2023.