



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

**FINANCIAL STATEMENTS AND INDEPENDENT
AUDITOR'S REPORT
FOR THE YEAR ENDED
31 DECEMBER 2020**

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

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Independent Auditor's Report

To the Shareholders of National Agricultural Development Company

Opinion

We have audited the financial statements of **National Agricultural Development Company** ("the Company"), which comprise the statement of financial position as at 31 December 2020, the statements of profit or loss, comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Certified Public Accountants (SOCPA).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the professional code of conduct and ethics that are endorsed in the Kingdom of Saudi Arabia that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



Independent Auditor's Report

To the Shareholders of National Agricultural Development Company (continued)

Key audit matters (continued)

Recoverability of Assets pertaining to Sudan Project

See Note 3 to the financial statements for the accounting policy relating to impairment of non-financial assets and Note 13.3 and 15 to the financial statements for the related disclosures.

The key audit matter	How the matter was addressed in our audit
<p>During the year, the Company recognized an impairment loss of SR 99.40 million in respect of Sudan Project. Net book value after impairment of Property, plant and equipment and Capital work in progress pertaining to Sudan project as at 31 December 2020 is Nil.</p> <p>The Company's operation in Sudan did not reach the intended level of productivity and showed indication of impairment.</p> <p>Accordingly, an assessment for impairment was carried out by management which included a comparison of the carrying value of the non-financial assets of the cash-generating-unit (CGU) in Sudan to the recoverable amount of the CGU. Due to restrictions in the land lease agreement relating to sale of project's assets, management has used the value-in-use (VIU) model to determine the recoverable amount of the Sudan project, under which the future cashflows relating to the Sudan project were discounted and compared to its carrying amounts.</p> <p>VIU model requires input of several key assumptions, including estimates of future sales volumes, prices, operating costs, terminal value, growth rates and discount rates.</p> <p>This is considered as a Key Audit Matter as there are significant assumptions / judgements involved in the determination of the VIU.</p>	<p>The audit procedures performed in this area, included among others:</p> <ul style="list-style-type: none">- Evaluated the identification of the CGU within the Company against the requirements of the applicable accounting standards;- Considered the basis of the valuation methodologies used in determining the VIU of the CGU;- Considered management's assumption that alfalfa will be sold in Sudan's local market;- Evaluated management's key assumptions used in the cashflow projections including estimates of future sales volumes, prices, operating costs, terminal value, growth rates and discount rates used in the VIU model;- Checked the accuracy and completeness of the information produced by management, which was used as the basis of the impairment assessment; and- Evaluated the completeness, accuracy and adequacy of disclosures in the financial statements.

Independent Auditor's Report

To the Shareholders of National Agricultural Development Company (continued)

Key audit matters (continued)

Accounting for Land as Government Grant

See Note 3 to the financial statements for the accounting policy relating to government grants and Note 13.2 to the financial statements for the related disclosures.

The key audit matter	How the matter was addressed in our audit
<p>The Company was granted land under Royal Decree and Ministry of Environment, Water and Agriculture (Ministry) notifications issued in 1981. As per the Royal Decree, the transfer of land title was conditional upon revival of the land by the Company. Up till 1993, the Company capitalized land of SR 120.9 million which it revived. No further revival cost was capitalised in subsequent years. The transfer of the title deeds for the land was pending till 31 December 2019.</p> <p>On 23 June 2020, the Company received a letter from the Ministry stating that under a Royal Decree dated 20 June 2020, the Company had been granted the ownership of the land, and the additional land was recorded at the fair value prevailing at the date of the letter when the recognition criteria of the grant was fulfilled.</p> <p>Based on the Royal Decree, the Company in 2020 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 SR 111.8 million and have increased the carrying value of land by SR 111.8 million.</p> <p>This is considered as a Key Audit Matter as there are significant assumptions / judgements involved in the determination of the accounting treatment of additional revived land and its fair valuation.</p>	<p>The audit procedures performed in relation to accounting treatment of the grant of the land, included:</p> <ul style="list-style-type: none"> - Inspected the historical correspondence with Ministry specifying the land originally received by the Company and land area revived; - Inspected the correspondence with Ministry received in 2020 confirming the land area granted; - Compared the land area granted with the land area recognised in the books to determine the additional granted land; - Evaluated the accounting treatment adopted by the Company in light of the requirements of the relevant standards; - Checked that the land area as per valuation report agrees with the land area granted to the Company; - Involved our specialist to evaluate the fair value of land provided by the external consultant appointed by the management and assessed the key assumptions used; and - Evaluated the completeness, accuracy and adequacy of disclosures in the financial statements.



Independent Auditor's Report

To the Shareholders of National Agricultural Development Company (continued)

Key audit matters (continued)

Revenue recognition

See Note 3 to the financial statements for the accounting policy relating to revenue recognition and Note 6 to the financial statements for the related disclosures.

The key audit matter	How the matter was addressed in our audit
<p>During 2020, the Company recognized total revenue of SR 2.30 billion (2019: SR 2.22 billion).</p> <p>The Company's sales arrangements are on point of sales basis with the right of return provided to customers in case of expiry of product sold.</p> <p>Revenue recognition is considered as a key audit matter since revenue is a key measure of Company's performance and the Company may overstate revenue by underestimating the expected sales returns.</p>	<p>The audit procedures performed in this area, included among others:</p> <ul style="list-style-type: none">- Obtained an understanding of the process followed by management for recognition of revenue, and assessed the design and implementation and tested the operating effectiveness of management's key internal controls over the revenue recognition process;- Evaluated the Company's revenue recognition accounting policy, including method of estimating the sales return;- Evaluated key contractual arrangements with customers, including customer's right to return products sold by considering relevant documentation and agreements with the customers;- Tested a sample of sales transactions during the year and inspected the underlying goods delivery and acceptance notes to assess compliance with Company's revenue recognition accounting policy; and- Tested calculation of sales return provision at year end to assess its compliance with Company's policy for sales return provision and historical experience.



Independent Auditor's Report

To the Shareholders of National Agricultural Development Company (continued)

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, when made available to us, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, the applicable requirements of the Regulations for Companies and Company's By-laws and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, Board of Directors, are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 'Reasonable assurance' is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

Independent Auditor's Report

To the Shareholders of National Agricultural Development Company (continued)

Auditor's Responsibilities for the Audit of the Financial Statements (continued)


- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, then we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit of **National Agricultural Development Company** ("the Company").

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

For KPMG Al Fozan & Partners
Certified Public Accountants



Dr. Abdullah Hamad Al Fozan
License No: 348

Al Riyadh, 8 Shaban 1442 H
Corresponding to: 21 March 2021



		31 December 2020	31 December 2019
	Note	SAR	SAR
Assets			
Non-Current Assets			
Property, Plant and Equipment	13	1,963,125,942	2,084,375,922
Right of Use Assets	14	58,562,699	69,713,717
Capital Work in Progress	15	112,185,675	112,532,259
Biological Assets	16	625,491,645	552,595,379
Intangible Assets	17	8,060,361	11,650,458
Equity Investment at FVOCI	18	7,629,000	6,372,000
Total Non-Current Assets		2,775,055,322	2,837,239,735
Current Assets			
Biological Assets	19	27,689,189	39,105,460
Inventory	20	536,562,512	547,746,877
Biological Assets - Available for Sale	21	25,112,448	22,228,936
Trade Receivables, Prepayments and Other Receivables	22	442,506,217	435,122,193
Derivative Financial Instrument	23	-	482,300
Cash and Bank Balances	24	68,713,854	62,031,969
Total Current Assets		1,100,584,220	1,106,717,735
Total Assets		3,875,639,542	3,943,957,470
Shareholders' Equity and Liabilities			
Shareholders' Equity			
Share Capital	25	1,016,400,000	847,000,000
Share Premium	25	78,719	-
Statutory Reserve	26	184,238,643	180,673,185
Other Reserves	27	22,641,853	20,637,006
Retained Earnings		254,919,030	392,167,953
Total Shareholders' Equity		1,478,278,245	1,440,478,144
Non-Current Liabilities			
Murabaha Loans and Borrowings	28	880,974,358	1,046,272,854
Lease Liabilities	14	29,982,682	42,066,460
Deferred Income		5,642,608	6,184,482
Employee Benefits Obligation	29	165,619,617	165,813,558
Total Non-Current Liabilities		1,082,219,265	1,260,337,354
Current Liabilities			
Trade and Other Payables	30	606,083,653	556,731,342
Murabaha Loans and Borrowings – Short Term	28	291,064,937	315,978,167
Murabaha Loans and Borrowings - Current Portion	28	318,693,328	273,760,010
Lease Liabilities	14	32,776,779	34,559,845
Dividend Payables	31	33,130,736	33,381,206
Provision for Zakat	32	33,392,599	28,731,402
Total Current Liabilities		1,315,142,032	1,243,141,972
Total Liabilities		2,397,361,297	2,503,479,326
Total Shareholders' Equity and Liabilities		3,875,639,542	3,943,957,470

The accompanying notes 1 to 38 are an integral part of these financial statements
These financial statements appearing on pages (7) to (43) were approved by the Board of Directors and were signed on its behalf by

Asimakopoulos Georgios
Chief Financial Officer

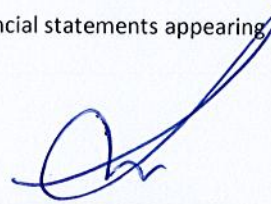
Steen Hadsbjerg
Chief Executive Officer

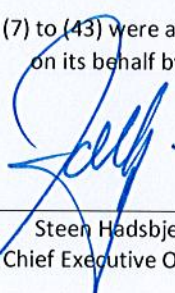
Mazen Ahmed AlJubeir
Chairman

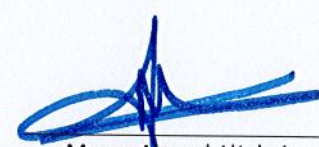
	Note	31 December 2020 SAR	31 December 2019 SAR
Revenue	6	2,303,059,045	2,225,255,972
Cost of Sales	7	(1,577,220,006)	(1,380,659,424)
Gross Profit		725,839,039	844,596,548
Selling and Marketing Expenses	8	(545,415,016)	(537,934,493)
General and Administrative Expenses	9	(111,975,325)	(114,785,256)
Impairment Losses on Trade Receivables	22	(4,309,878)	(6,881,449)
Other Income, net	10	119,882,916	10,906,878
Impairment losses on Property, Plant and Equipment & Capital Work in Progress	13.3	(99,402,625)	-
Land development cost written off	15	-	(79,984,391)
Total Expenses		(641,219,928)	(728,678,711)
Operating Profit		84,619,111	115,917,837
Net gain/ (loss) on Derivative Financial Instruments	23	353,255	(42,938,915)
Finance cost	11	(43,601,879)	(75,362,830)
Profit/ (Loss) before Zakat		41,370,487	(2,383,908)
Zakat	32	(5,715,912)	(4,914,513)
Profit/ (Loss) for the year		35,654,575	(7,298,421)
Earnings/ (Loss) per share based on profit/ loss per year attributable to ordinary shareholders			
Basic and Diluted	12	0.35	(0.07)

The accompanying notes 1 to 38 are an integral part of these financial statements

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Asimakopoulos Georgios
Chief Financial Officer

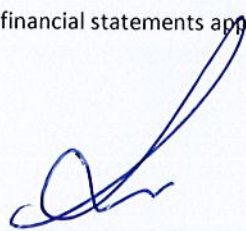

Steen Hadsbjerg
Chief Executive Officer


Mazen Ahmed AlJubeir
Chairman

		31 December 2020	31 December 2019
	Note	SAR	SAR
Profit/ (Loss) for the year		35,654,575	(7,298,421)
Items that will not be reclassified to Profit or Loss			
Re-measurement of Defined Benefit obligation	29	747,847	3,400,305
Movement in Equity Investment at fair value through Other Comprehensive Income (FVOCI)	18	1,257,000	(1,877,000)
Total Items that will not be reclassified to Profit or Loss		2,004,847	1,523,305
Total other comprehensive income		2,004,847	1,523,305
Total Comprehensive Income/ (Loss) for the year		37,659,422	(5,775,116)

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Asimakopoulos Georgios
Chief Financial Officer



Steen Hadsbjerg
Chief Executive Officer



Mazen Ahmed AlJubeir
Chairman

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




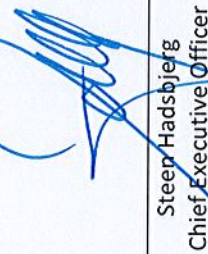
Statement of Changes in Shareholders' Equity for the year ended 31 December 2020

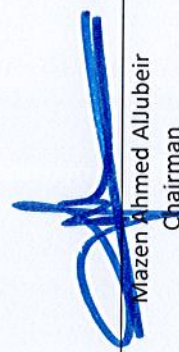
	Share Capital	Share Premium	Statutory Reserve	Other Reserves	Retained Earnings	Total Shareholders' Equity
	SAR					
Balance at 1 January 2020	847,000,000	-	180,673,185	20,637,006	392,167,953	1,440,478,144
Profit for the year	-	-	-	-	35,654,575	35,654,575
Other Comprehensive Income for the year	-	-	-	-	-	2,004,847
Total Comprehensive Income	-	-	-	2,004,847	35,654,575	37,659,422
Issue of Bonus shares (Note 25)	169,400,000	78,719	-	-	(169,338,040)	140,679
Transfer to Statutory Reserve	-	-	3,565,458	-	(3,565,458)	-
Balance at 31 December 2020	1,016,400,000	78,719	184,238,643	22,641,853	254,919,030	1,478,278,245
Balance at 1 January 2019	847,000,000	-	180,673,185	19,113,701	399,466,374	1,446,253,260
Loss for the year	-	-	-	-	(7,298,421)	(7,298,421)
Other Comprehensive Income for the year	-	-	-	1,523,305	-	1,523,305
Total Comprehensive Income/ (Loss)	-	-	-	1,523,305	(7,298,421)	(5,775,116)
Transfer to Statutory Reserve	-	-	-	-	-	-
Balance at 31 December 2019	847,000,000	-	180,673,185	20,637,006	392,167,953	1,440,478,144

The accompanying notes 1 to 38 are an integral part of these financial statements

These financial statements appearing on pages (7) to (43) were approved by the Board of Directors and were signed on its behalf by


Asimakopoulos Georgios
Chief Financial Officer


Steep Hadsbjerg
Chief Executive Officer


Mazen Ahmed Allubeir
Chairman

	Note	31 December 2020 SAR	31 December 2019 SAR
Cash flows from Operating Activities			
Profit/ (Loss) for the year		35,654,575	(7,298,421)
Adjustments for			
Depreciation – Property Plant and Equipment and Biological Assets	13&16	260,499,269	248,877,839
Depreciation – Right of Use Assets	14	28,490,885	25,753,216
Amortization	17	3,590,097	3,137,030
Zakat Expense	32	5,715,912	4,914,513
Deferred income		(541,874)	(541,887)
Employee Benefits Obligation	29	22,395,722	23,716,478
Impairment Losses on Trade Receivables	22	4,309,878	6,881,449
Inventory Provision movement, net	20	18,055,548	1,293,518
Finance Cost	11	43,601,879	75,362,830
Unrealized gain on Derivative Financial Instruments	23	-	(482,300)
Income from Government Grant (net)	13.2	(111,805,466)	-
Loss on sale of Property Plant and Equipment and Biological Assets	10	17,490,764	1,794,067
Impairment losses on Property, Plant and Equipment & Capital Work in Progress	13.3	99,402,625	-
Land development cost written off	15	-	79,984,391
		426,859,814	463,392,723
Changes in			
Inventory and Biological Assets - Available for Sale		(9,754,695)	8,873,725
Biological Assets		11,416,271	2,977,750
Trade Receivables, Prepayments and Other Receivables		(11,693,902)	(8,544,997)
Trade and Other Payables		49,352,311	114,337,450
		466,179,799	581,036,651
Zakat Paid	32	(1,054,715)	(10,505,908)
Employee Benefits Paid	29	(21,841,816)	(19,320,876)
Net Cash from Operating Activities		443,283,268	551,209,867
Cash flows from Investing Activities			
Acquisition of Property, Plant and Equipment, Intangible Assets and Biological Assets	13,15, 16&17	(268,300,950)	(310,577,351)
Proceeds from sales of Property, Plant and Equipment and Biological Assets		51,414,056	74,971,134
Net Cash Used in Investing Activities		(216,886,894)	(235,606,217)
Cash flows from Financing Activities			
Proceeds from issue of Shares	25	140,679	-
Proceeds from Murabaha Loans and Borrowings		211,297,198	475,864,183
Repayment of Murabaha Loans and Borrowings		(345,790,919)	(679,572,635)
Finance Cost Paid		(50,662,007)	(66,276,229)
Payment of Lease Liabilities		(34,448,970)	(18,569,568)
Dividend Paid		(250,470)	(236,909)
Net Cash Used in Financing Activities		(219,714,489)	(288,791,158)
Net Change in Cash and Cash Equivalents		6,681,885	26,812,492
Cash and Cash Equivalents at beginning of the year		62,031,969	35,219,477
Cash and Cash Equivalents at end of the year	24	68,713,854	62,031,969

The accompanying notes 1 to 38 are an integral part of these financial statements

These financial statements appearing on pages (7) to (43) were approved by the Board of Directors and were signed on its behalf by

Asimakopoulos Georgios
Chief Financial Officer

Steen Hadsbjerg
Chief Executive Officer

Mazen Ahmed AlJubeir
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, 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 annual Financial Statements of the Company have been prepared in accordance with the International Financial Reporting Standards ("IFRS") as endorsed in the Kingdom of Saudi Arabia (KSA) and other standards and pronouncements that are issued by the Saudi Organization for Certified Public Accountants ("SOCPA").

2.2 Basis of Measurement

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

- Equity Investments at FVOCI are valued at fair value in accordance with the requirements of IFRS 13 second level of 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 are recognized at cost.
- Derivative financial instruments are measured at Fair Value through Profit or Loss.
- Employee defined benefit obligations is recognized at the present value of future obligations in accordance with the benefit plan.

2.3 Functional and Presentation Currency

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

2.4 Comparatives

When necessary, prior year comparatives have been regrouped on a basis consistent with current year classification.

3. SIGNIFICANT ACCOUNTING POLICIES

A. New Standards and Amendments Issued and not yet effective:

Following are the new standards and amendments to standards which are effective for annual periods beginning after 1 January 2020 and earlier application is permitted; however, the Company has not opted for early adoption of the same in preparing these annual Financial Statements. These amended standards and interpretations are not expected to have a significant impact on the financial statements.

- Onerous Contracts – Cost of fulfilling a contract (Amendments to IAS 37).
- Interest Rate Benchmark Reform -Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16).
- COVID-19 Related Rent Concessions (Amendments to IFRS 16).
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)
- Reference to Conceptual Framework (Amendments to IFRS 3)
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1)
- IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts.
- Annual Improvements to IFRS Standards 2018-2020.
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28).

3. SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

B. Changes in Significant Accounting Policies

During the year there were no changes in the accounting policies.

C. Cash and Cash Equivalents

Cash and cash equivalents consist of Cash on hand, Cash with banks and other short-term liquid investments/deposits with original maturities of three months or less which are available to use without any restrictions.

D. Trade and Other Receivables

Trade and Other receivables are stated at amortized cost less Expected Credit Loss as per IFRS 9. Bad debts once identified are written off against the related provisions.

E. Inventories

Inventories are measured at the lower of cost and net realisable value. Cost is determined using the weighted average method. Inventory cost includes costs of purchase (including taxes, transport, and handling etc.) net of trade discounts received, costs of conversion (including fixed and variable manufacturing overheads) and any other costs incurred in bringing the inventories to their present location and condition. Provision is made, when necessary, for obsolete, slow moving and defective inventory.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The amount of any write-down of inventories to net realisable value and all losses of inventories shall be recognized as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, shall be recognized as a reduction in the amount of inventories recognized as an expense in the period in which the reversal occurs.

F. Property, Plant and Equipment

Property, Plant and Equipment are recognized as assets if, and only if:

- a. It is probable that future economic benefits associated with the item will flow to the entity; and
- b. The cost of the item can be measured reliably.

Property, Plant and Equipment are initially recognized at cost and subsequently stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. Subsequent and additional costs to existing asset are included in the asset's carrying amount or recognized as a separate asset, as appropriate, when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Finance costs on borrowings, to finance the construction of the qualifying assets, are capitalized during the period that is required to substantially complete and prepare the qualifying asset for its intended use. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria is satisfied. All other repair and maintenance costs are recognized in the profit or loss when incurred. The items of property, plant and equipment are subject to impairment test whenever there is a substantial evidence for impairment. The present value of the expected cost for the decommissioning of the asset after its use, is included in the cost of the respective asset if the recognition criteria for a provision are met.

3. SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

F. Property, Plant and Equipment – (CONTINUED)

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets (except for land) as follows:

Description	Number of years
Concrete Buildings	50
Pre-fabricated Building	5-10
Wells and Civil works	7-50
Machinery and Equipment	7-25
Tanks and Silos	7-30
Agricultural Equipment	8-25
Vehicles and Trucks	4-8
Tools	5-10
Office Furniture	5-10
Bearer Plants	20
Leasehold Improvements	As per Lease Agreement

Property, Plant and Equipment are derecognized upon disposal or when no future economic benefits are expected from their use or disposal. The gain or loss arising on disposal of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss during the period when the asset is derecognized.

The residual values, useful lives and methods of depreciation of Property, Plant and Equipment are reviewed at each financial year end and adjusted prospectively, where appropriate.

G. Capital Work in Progress

Capital Work in Progress is recorded according to acquisition cost plus all direct costs that are incurred on them to bring them to location and condition necessary to enable the Company to have these assets ready for intended use. These assets are transferred to relevant assets categories and are depreciated once they are available for their intended use.

H. Biological Assets

Biological Assets are the herd of productive and non-productive cows as well as the Biological Assets acquired for sale, including crops in the growth stage that have not yet reached the harvest point. Each of these items is presented separately in the Statement of Financial Position.

Biological assets are measured at fair value less cost to sell except when fair value cannot be measured reliably.

In case the fair value of biological assets cannot be measured reliably, it is measured at historical cost less accumulated depreciation and accumulated impairment losses. The Company's management has not been able to obtain reliable data that can be relied upon as inputs or indicators that support the measurement of biological assets at fair value as per the Income, replacement cost or market approach of IFRS 13 – Fair Value Measurement. If such data are available in the future, the Company will adjust the measurement of the biological assets to fair value rather than cost.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows

Description	Number of years
Biological Assets (Cows)	5

3. SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

I. Intangible Assets

Internally generated Intangible Assets, excluding capitalized development costs, are not capitalized and the related expenditure is recognized in the Statement of Profit or Loss when it is incurred.

Intangible Assets are recognized if it is probable that the future economic benefits that are attributable to the asset will flow to the Company and the cost of the asset can be measured reliably. Amortization is calculated on a straight-line basis over the estimated useful lives of the assets i.e., 5-10 years.

Intangible assets with finite lives are amortized over their useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at the end of each reporting year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the Statement of Profit or loss in the expense category consistent with the function of the intangible assets.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the Statement of Profit or loss when the asset is derecognized.

J. Trade and Other Payables

Trade and Other payables are recognized based on the net payable amount or the expected payment for goods and services received whether invoiced by supplier or not.

K. Provisions

Provision is recognized if, and only if a present obligation (legal or constructive) has arisen as a result of a past event (the obligating event), payment is probable ('more likely than not'), and when the amount can be estimated reliably. An obligating event is an event that creates a legal or constructive obligation and, therefore, results in an entity having no realistic alternative but to settle the obligation. The amount recognized as a provision is the best estimate of the expenditure required to settle the present obligation at the reporting date. Provisions are reviewed at the end of each reporting year and adjusted to reflect the current best estimate.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a Contingent Liability, unless the probability of outflow of economic benefits is unreliable. Contingent liabilities, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events not wholly within the control of the Company, are not recognized in the financial statements but are disclosed as Contingent Liabilities unless the possibility of an outflow of economic resources is considered unreliable.

L. Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As a lessee

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

3. SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

L. Leases– (Continued)

As a lessee (continued)

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

M. Borrowing Costs

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying asset (an asset that necessarily takes a substantial period of time to get ready for its intended use or sale) form part of the cost of that asset (refer 13.1). No borrowing costs are capitalized during idle periods.

All other borrowing costs are recognized as an expense in the Statement of Profit or Loss.

N. Segment Reporting

An operating segment is a group of assets and processes that deliver products or services that are subject to risks and rewards that differ from those of other operating segments. Operating segments are segmented according to their geographical scope and each sector's performance is reviewed by the Company's decision makers. These sectors may operate within a specific economic environment that is subject to risks and rewards different from those of sectors operating in other economic environments.

3. SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

O. Government Grants

Government grants, including non-monetary grants at fair value, shall not be recognized until there is reasonable assurance that, the entity will comply with the conditions attaching to them; and the grants will be received. When the grant relates to an expense item, it is recognized in Statement of Profit or Loss on a systematic basis over the periods that the costs which it is intended to compensate, are expensed. Where the grant relates to an asset, it is recognized on Statement of Financial Position as Deferred Income and is amortized in equal amounts over the expected useful life of the related asset.

The Company has elected to present the grant in the Statement of Financial Position as deferred income, which is recognized in Statement of Profit or Loss on a systematic and rational basis over the useful life of the asset. When the Company receives grants of non-monetary assets, the asset and the grant are recorded at fair value and released to Statement of Profit or Loss over the expected useful life of the asset, based on the pattern of consumption of the benefits of the underlying asset.

The benefit of a Government loan at a below-market rate of interest is treated as a Government Grant. The loan is recognized and measured in accordance with IFRS 9 – Financial Instruments.

P. Statutory Reserve

In accordance with the Regulations for Companies in Kingdom of Saudi Arabia and Company's Articles of Association, the Company is required to transfer 10% of its Net Income (Profit for the year) to a statutory reserve until such reserve equals 30% of its Share Capital. This Statutory Reserve is not available for distribution to shareholders. However, it can be used to cover the Company's losses or to increase its Capital.

Q. Impairment of Non-Financial Assets

Non-financial assets (other than biological assets measured at fair value, inventories) are reviewed by the Company at each reporting date to identify circumstances indicating occurrence of impairment loss or reversal of impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss or reversal of impairment loss (if any). Recoverable amount is the higher of fair value less costs to sell and value in use. It is determined for an individual asset, when it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit (CGU) to which the asset belongs. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of sell, recent market transactions are considered. If no such transactions can be identified, an appropriate valuation model is used.

R. Foreign Currency Transaction

Foreign currency transactions are translated to Saudi Riyal ('SAR') at the exchange rates prevailing at the dates of the respective transactions. At Statement of Financial Position date, balances of monetary assets and liabilities denominated in foreign currencies are translated to Saudi Riyal ('SAR') at the prevailing exchange rates on that date. Gains and losses resulting from changes in exchange rates are recognized in the Statement of Profit or Loss.

S. Revenue Recognition

Revenue represents the fair value of the consideration received or receivable for goods sold, net of returns, trade discounts and volume rebates. The Company recognizes revenue when a customer obtains control of the goods at a point in time i.e. on delivery and acknowledgement of goods.

Products are sold principally on a sale or return basis. Allowances for expected sales returns are calculated based on the forecasted return of expired products. Expected sales returns are netted off against revenue with the corresponding impact in Trade and Other Payables for cash sales and Trade Receivables for credit sales.

3. SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

S. Revenue Recognition – (Continued)

The goods are often sold with retrospective volume discounts based on aggregate sales over a 12 months period. Revenue from these sales is recognized based on the price specified in the contract, net of the estimated volume discounts. Accumulated experience is used to estimate and provide for the discounts and revenue is only recognized to the extent that it is highly probable that a significant reversal will not occur. A refund liability (included in trade and other payables) is recognized for expected volume discounts payable to customers in relation to sales made during the year.

T. Share Capital

Shares are classified as equity and are recorded at their face value. Incremental costs, if any, directly attributable to the issue of new shares, are recognized in Equity as a deduction from the proceeds.

U. Dividends

Dividends are recognized in the Financial Statements in the period in which it is approved by General Assembly Meeting.

V. Expenses

Selling and marketing expenses are those expenses arising from the Company's efforts underlying the marketing, selling and distribution functions. All other expenses, excluding Cost of Sales, Finance Cost and Zakat are classified as General and Administrative Expenses. Allocations between Cost of Sales, Selling and Distribution and General and Administration Expenses, when required, are made on a consistent basis.

W. Zakat

The Company is subject to Zakat according to the regulations of the General Authority for Zakat and Tax "GAZT". Zakat provision is estimated and charged to the Statement of Profit or Loss. Any differences in the estimates are recognized when the final assessment is approved by "GAZT", such differences are recognized in the Statement of Profit or Loss in the year in which the final assessment is approved by "GAZT".

X. Employee Benefits

a) Saudi Employees

Pension and other social benefits for the Company's employees are covered by the applicable social insurance scheme of the countries in which they are employed and are considered as a defined contribution scheme. The employees and employer contribute monthly to the scheme on a fixed-percentage-of-salaries basis.

b) Foreign Employees

Foreign employees on limited-term contracts are entitled to end of service payments under the respective labour laws of the countries in which they are employed, based on length of service and final remuneration. Provision for this unfunded commitment has been made by calculating the full liability, had all employees left at the reporting date.

i. Defined Contribution Plan

Obligations for contributions to defined contribution plans are expensed as the related service is provided and the contributions paid in advance are recognized as an asset to the extent that the cash is recovered, or future payments reduced.

ii. Defined Benefit Plan

The net liability of the Company in respect of benefit plans is identified separately for each plan and is calculated by estimating the value of the future benefits realized by the employees in current and prior periods and determining that amount and the fair value discount on any of the plan's assets. The defined benefit obligations are calculated

3. SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

X. Employee Benefits – (Continued)

ii. Defined Benefit Plan – (Continued)

annually by a qualified actuarial expert using the Projected Unit Credit method. Where the calculation results in potential assets of the Company, the recognized asset is limited to the present value of the economic benefits available in the form of any future recoveries from the benefit plan or reductions in future contributions to the plan. The calculation of the present value of economic benefits considers current financing requirements. The amounts of the net identifiable benefit obligations that include actuarial gains and losses, return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest) are recognized directly in Statement of Other Comprehensive Income. The Company determines the net interest expense (or income) on the Net Liabilities (Net Assets) determined for the period by applying the discount rate used to measure the obligation and benefits identified at the beginning of the annual period of the obligation (or the asset), considering any changes in net liabilities.

Net interest expense and other expense related to benefit plans are recognized in the Statement of Profit or Loss. When the benefits of the plan change or when the plan is amortized, the change in the benefits relating to the past service or the gain or loss resulting from the reduction in profit or loss is recognized immediately. The Company recognizes the gain or loss arising from settlement of the defined benefits plan when the settlement occurs.

iii. Other Long-Term Employee Benefits

The net obligation of the Company in respect of other long-term employee benefits is the amount of future benefits to which the employees are entitled in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Remeasurements are recognized in the Statement of Profit or Loss in the period in which they arise.

Y. Financial instruments

I. Non-Derivative Financial Instruments

a. Non-Derivative Financial Assets

The Company classifies its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- Those to be measured at amortized cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses are either recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Company initially recognizes financial assets on the date that they are originated. All other financial assets are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in the transferred financial asset that is created or retained by the Company is recognized as a separate asset or liability.

Financial assets and liabilities are offset, and the net amount is presented in the Statement of Financial Position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

3. SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

Y. Financial instruments – (Continued)

I. Non-Derivative Financial Instruments – (Continued)

a. Non-Derivative Financial Assets – (Continued)

The Company has the following non-derivative financial assets;

Financial Assets at Amortized Cost

Financial assets held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest (SPPI), are measured at amortized cost. Gains or losses on debt investments are subsequently measured at amortized cost and are recognized in the Statement of Profit or Loss when the asset is derecognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method. The Company classifies its Trade and Other receivables and Cash and Bank Balances under this category.

Financial Assets at FVOCI

Financial assets held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI.

Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in the Statement of Profit or Loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to the Statement of Profit or Loss.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

The Company has classified its Equity investment in other Companies as FVOCI.

b. Non-Derivative Financial Liabilities

Financial liabilities are recognized initially on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument.

The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expired. Financial assets and liabilities are offset and the net amount is presented in the Statement of Financial Position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Company classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortized cost using the effective interest method.

Non-derivative financial liabilities of the Company comprise of bank borrowings, lease liabilities and trade and other payables.

II. Derivative Financial Instruments

All derivatives do not qualify as hedging instruments and are therefore held and accounted for as trading derivatives. These derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognized in the Statement of Profit or Loss.

4. SIGNIFICANT ACCOUNTING ESTIMATES, JUDGEMENTS AND ASSUMPTIONS

The preparation of the Company's 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 described below. 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.

4.1. Impairment of Non-Financial Assets

A non-financial asset is impaired when the carrying amount of the asset or cash-generating unit exceeds the asset's recoverable amount (which represents the fair value of the asset less costs to sell or its value in use, whichever is greater). The fair value of the asset is estimated through sales that are on a purely commercial basis for similar assets. Market prices are observable minus the incremental costs of selling the asset. The value in use is calculated based on the present value of the expected cash flows of the asset over the next five years. These expected cash flows do not include restructuring activities for which the Company is not yet committed or significant future investments that enhance the asset performance of the cash-generating unit under consideration. The recoverable amount is most sensitive to the discount rate used to calculate the cash flows as well as the expected future cash flows and the growth rate used to estimate the value in use.

4.2. Fair Value Measurement of Financial Instruments including derivative financial instruments

When the fair value of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be measured based on quoted prices in active markets, their fair value is determined using valuation techniques including the DCF (discounted cash flows) model that includes the use of the present value of expected cash flows from such assets or using other methods as provided for in IFRS 13. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. The judgements include considerations of inputs such as Liquidity risk, Credit risk and Volatility. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments.

4.3. Impairment of Non-Derivative Financial Assets

The Company recognizes loss allowances for ECLs (Expected Credit Loss) on Financial Assets measured at amortized cost i.e. Trade Receivables of the Company.

The Company assesses on a forward-looking basis the Expected Credit Losses ("ECL") associated with its financial assets carried at amortized cost.

For trade receivables, the Company applies the simplified approach, which requires expected lifetime losses to be recognized from initial recognition of the receivables. To measure the expected credit losses, receivables have been grouped based on shared credit risk characteristics and the days past due. Expected loss rates were derived from historical information of the Company and are adjusted to reflect the expected future outcome which also incorporates forward looking information for macroeconomic factors such as inflation and gross domestic product growth rate.

Other financial assets such as employees' receivables, bank balances have low credit risk and the impact of applying ECL is immaterial.

4. SIGNIFICANT ACCOUNTING ESTIMATES, JUDGEMENTS AND ASSUMPTIONS – (CONTINUED)

4.4. Provision for Slow Moving Inventory Items

The management makes a provision for slow moving and obsolete inventory items. Estimates of net realizable value of inventories are based on the most reliable evidence at the time the estimates are made. These estimates take into consideration fluctuations of price or cost directly related to events occurring subsequent to the Statement of Financial Position date to the extent that such events confirm conditions existing at the end of year. (Note 20)

4.5. Useful Lives of Property, Plant and Equipment

The management determines the estimated useful lives of Property, Plant and Equipment for calculating depreciation. This estimate is determined after considering expected usage of the assets and physical wear and tear. Management reviews the residual value and useful lives annually and change in depreciation charges are adjusted in current and future periods, if any.

4.6. Defined Benefit Plans (Employee Benefits)

The cost of Defined Benefit Pension Plans and other post-employment medical benefits and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions which may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate, management considers the interest rates of corporate bonds in currencies consistent with the currencies of the post-employment benefit obligation with at least an 'AA' rating or above, as set by an internationally acknowledged rating agency, and extrapolated as needed along the yield curve to correspond with the expected term of the defined benefit obligation. The underlying bonds are further reviewed for quality. Those having excessive credit spreads are removed from the analysis of bonds on which the discount rate is based, on the basis that they do not represent high quality bonds.

The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at intervals in response to demographic changes. Future salary increases, and pension increase are based on expected future inflation rates for the respective countries.

Further details about post-employment benefit obligation is provided in Note 29.

4.7. COVID -19

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 has proactively assessed its impacts on its operations and has taken 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 remain unaffected as the food industry in general is exempted from various bans and restrictions imposed by various regulatory authorities including exemption from curfew hours and cargo shipping and flight operations restrictions. Based on these factors, NADEC's management believes that the Covid-19 pandemic has had no material effects on NADEC's financial statements for the year ended 31 December 2020. NADEC's management continues to monitor the situation closely.

4.8. Judgements

The Company has evaluated its Biological Assets at cost as there is no active market to obtain the fair value of these assets and there are no indications that fair value can be reliably determined. Equity Investments are measured at fair value and any changes in fair value are recognized through OCI. The cumulative change in the fair value of those investments is reported under Other Reserves under Equity in Statement of Financial Position. (Note 16,18 and 19)

5. 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 has 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 business 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 Financial Statements.

The following is a summary of the operating segments as at and for the year ended 31 December 2020

	Dairy and Food	Agriculture	Elimination of Inter-Segment Sales /Unallocated Expenses	Total
	SAR	SAR	SAR	SAR
Revenue				
External Revenue	2,140,856,016	162,203,029	-	2,303,059,045
Inter-Segment Revenue	21,380,800	59,035,870	(80,416,670)	-
Total Revenue	2,162,236,816	221,238,899	(80,416,670)	2,303,059,045
Expenses				
Depreciation and Amortization	255,047,979	37,141,996	-	292,189,975
Impairment losses on Property, Plant and Equipment & Capital Work in Progress	-	(99,402,625)	-	(99,402,625)
Operating Profit/ (Loss)	123,123,631	(38,504,520)	-	84,619,111
Finance Cost	(42,024,754)	(1,577,125)	-	(43,601,879)
Gain from Derivative Financial Instruments	-	-	353,255	353,255
Profit/ (Loss) before Zakat	81,098,877	(40,081,645)	353,255	41,370,487
Zakat	(5,400,000)	(315,912)	-	(5,715,912)
Profit/ (Loss) for the year	75,698,877	(40,397,557)	353,255	35,654,575
Total Assets	3,197,034,264	678,605,278	-	3,875,639,542

The following is a summary of the operating segments as at and for the year ended 31 December 2019

	Dairy and Food	Agriculture	Elimination of Inter-Segment Sales / unallocated expenses	Total
	SAR	SAR	SAR	SAR
Revenue				
External Revenue	2,081,673,743	143,582,229	-	2,225,255,972
Inter-Segment Revenue	18,235,800	55,910,075	(74,145,875)	-
Total Revenue	2,099,909,543	199,492,304	(74,145,875)	2,225,255,972
Expenses				
Depreciation and Amortization	237,851,128	39,375,070	-	277,226,198
Impairment losses on Capital Work in Progress	-	(79,984,391)	-	(79,984,391)
Operating Profit	185,774,775	(69,856,938)	-	115,917,837
Finance Cost	(71,818,243)	(3,544,587)	-	(75,362,830)
Loss on Derivative Financial Instruments	-	-	(42,938,915)	(42,938,915)
Profit/ (Loss) before Zakat	113,956,532	(73,401,525)	(42,938,915)	(2,383,908)
Zakat	(4,800,000)	(114,513)	-	(4,914,513)
Profit/ (Loss) for the year	109,156,532	(73,516,038)	(42,938,915)	(7,298,421)
Total Assets	3,234,033,684	709,923,786	-	3,943,957,470

5. OPERATING SEGMENTS – (CONTINUED)

The following is the summary of revenue allocated to geographical segments:

	31 December 2020	31 December 2019
	SAR	SAR
Saudi Arabia	2,049,653,929	1,946,502,840
Other Countries	253,405,116	278,753,132
	2,303,059,045	2,225,255,972

6. REVENUE

	31 December 2020	31 December 2019
	SAR	SAR
Dairy and Food revenue	2,119,224,570	2,061,689,722
Agricultural Products revenue	113,092,426	100,550,699
Sales of Calves & Bulls	69,767,506	62,400,284
Others	974,543	615,267
	2,303,059,045	2,225,255,972

The main sources of the Company's revenues from contracts with customers include dairy and food sales as well as agricultural products, sales of calves and others. The control of the products is transferred to the customer at actual time of delivery and upon acknowledgment.

7. COST OF SALES

	31 December 2020	31 December 2019
	SAR	SAR
Material Consumed	1,112,123,256	983,645,004
Government Subsidies *	(54,409,515)	(85,598,347)
	1,057,713,741	898,046,657
Depreciation – Property Plant and Equipment and Biological Assets **	217,087,603	204,716,031
Employee Benefits	170,958,002	177,911,360
Maintenance and Repairs expenses	56,604,817	55,680,930
Provision for Slow Moving Inventories, net (Note 20)	18,055,548	1,293,518
Fees and Government Expenses	15,999,152	17,310,411
Rent and Lease Expenses	14,749,802	4,956,497
Insurance Expenses on Property, Plant and Equipment	4,065,750	4,287,955
Depreciation – Right of Use Assets	1,001,866	-
Amortization	387,566	430,606
Utility Expenses	191,601	660,352
Other Expenses	20,404,558	15,365,107
	1,577,220,006	1,380,659,424

* Government subsidies receivables for the import of certain feed items are supported by the Government of Saudi Arabia have been recognized against the cost of materials.

** Net of Deferred Income (Government Grant on Property, Plant and Equipment) 2020: SAR 0.3 Million (2019: SAR 0.50020Million).

8. SELLING AND MARKETING EXPENSES

	31 December 2020	31 December 2019
	SAR	SAR
Employee Benefits	224,026,420	235,492,469
Marketing and Distribution Expenses	159,393,147	147,581,097
Depreciation – Property Plant and Equipment	40,307,276	40,912,009
Fees and Government Expenses	36,104,585	32,545,133
Depreciation – Right of Use Assets	27,489,019	25,753,216
Maintenance and Repairs expense	19,418,243	19,287,611
Utility Expenses	16,068,509	15,337,506
Rent and Lease Expenses	8,294,665	9,932,873
Insurance Expenses on Property, Plant and Equipment	3,543,630	2,489,828
Amortization	307,588	269,109
Other Expenses	10,461,934	8,333,642
	545,415,016	537,934,493

9. GENERAL AND ADMINISTRATIVE EXPENSES

	31 December 2020	31 December 2019
	SAR	SAR
Employee Benefits	71,541,685	81,598,413
Information Technology Expenses	15,133,953	12,248,561
Professional and Consultancy Expenses	10,705,145	9,231,717
Depreciation – Property Plant and Equipment	2,714,114	2,707,912
Amortization	2,894,943	2,437,315
Fees and Government Expenses	2,219,625	1,247,523
Utility Expenses	946,718	1,128,356
Insurance Expenses on Property, Plant and Equipment	111,138	146,272
Rent and Lease Expenses	90,717	125,366
Other Expenses	5,617,287	3,913,821
	111,975,325	114,785,256

10. OTHER INCOME, NET

	31 December 2020	31 December 2019
	SAR	SAR
Government Grant Income * (Refer note 13.2)	109,877,371	-
Sales of Ancillary Products	13,023,515	11,462,149
Net Foreign Exchange Gain/ (Loss)	11,750,415	(1,956,352)
Scrap Sales	2,722,379	3,015,148
Dividend Income from Equity Investments at FVOCI	-	180,000
Loss on Sale of Property, Plant and Equipment and Biological Assets, net	(17,490,764)	(1,794,067)
	119,882,916	10,906,878

* Grant income is net of the expenses of SAR. 1.9 Million incurred towards land survey charges for obtaining the title deeds.



11. FINANCE COST

	31 December 2020	31 December 2019
	SAR	SAR
Interest expense on Murabaha Loans	33,757,555	62,889,505
Interest expense on Lease Liabilities	3,242,259	3,767,821
Other Finance Charges	6,602,065	8,705,504
	43,601,879	75,362,830

12. EARNINGS PER SHARE

	31 December 2020	31 December 2019
Profit/ (Loss) attributable to Ordinary Shareholders' (Saudi Riyal - SAR)	35,654,575	(7,298,421)
Weighted Average Number of Ordinary Shares (# of Shares)	101,637,444	84,700,000
Add: Adjustment for issue of bonus shares	-	16,933,804
	101,637,444	101,633,804
Earnings/ (Loss) per Share (SAR/Share)	0.35	(0.07)

13. PROPERTY, PLANT AND EQUIPMENT

Description	Land	Concrete Buildings	Prefabricated Buildings	Wells and Civil works	Machinery and Equipment	Tanks and Silos	Agricultural Equipment	Vehicles and Trucks	Tools	Office Furniture	Bearer Plants	Leasehold Improvements	Capital Parts	Total
	SAR	SAR	SAR	SAR	SAR	SAR	SAR	SAR	SAR	SAR	SAR	SAR	SAR	SAR
Cost														
At 1 January 2019	182,996,013	586,307,096	439,157,802	475,782,999	1,907,425,229	74,390,741	199,495,509	344,630,458	356,588,170	163,610,655	91,416,260	4,603,790	1,330,162	4,827,734,884
Addition	-	12,045,139	218,769	5,999,474	47,192,286	1,869,791	3,531,397	1,972,521	19,483,177	27,828,932	28,018,777	-	-	148,160,263
Reclassification	-	(23,636,037)	23,791,984	273,628	157,503	-	225,604	(121,744)	9,402	1,905,841	(1,133,985)	-	395,037	1,867,233
Disposals (-)	-	-	-	-	(58,984,393)	(62,800)	(15,269,014)	(22,499,803)	(301,310)	(45,635)	(357,701)	-	-	(97,520,656)
At 31 December 2019	182,996,013	574,716,198	463,168,555	482,056,101	1,895,790,625	76,197,732	187,983,496	323,981,432	375,779,439	193,299,793	117,943,351	4,603,790	1,725,199	4,880,241,724
Additions	111,805,466	1,335,973	9,071,593	1,406,870	20,853,764	734,798	1,207,495	2,065,930	6,943,663	6,628,272	24,341,028	-	-	186,394,852
Disposals (-)	-	-	-	-	-	-	-	(12,436,032)	(7,540,318)	-	-	-	-	(19,976,350)
At 31 December 2020	294,801,479	576,052,171	472,240,148	483,462,971	1,916,644,389	76,932,530	189,190,991	313,611,330	375,182,784	199,928,065	142,284,379	4,603,790	1,725,199	5,046,660,226
Accumulated Depreciation and Impairment														
At 1 January 2019	-	128,867,631	273,011,871	275,799,848	1,069,834,772	63,342,228	160,372,199	272,106,885	267,003,303	134,548,223	36,706,654	3,908,312	-	2,685,501,926
Depreciation during the year (+)	-	11,808,301	28,257,448	9,604,173	80,670,065	2,381,159	8,092,162	22,097,403	24,101,477	9,901,018	7,377,491	656,729	124,340	205,071,766
Disposals(-)	-	-	-	-	(57,857,449)	(62,800)	(15,661,428)	(22,383,055)	(300,886)	(45,635)	(263,870)	-	-	(96,575,123)
Reclassification	-	-	-	-	-	-	-	-	-	1,867,233	-	-	-	1,867,233
At 31 December 2019	-	140,675,932	301,269,319	285,404,021	1,092,647,388	65,660,587	152,802,933	271,821,233	290,803,894	146,270,839	43,820,275	4,565,041	124,340	2,795,865,802
Depreciation during the year (+)	-	12,842,671	27,583,373	9,036,673	82,189,492	2,675,153	8,819,382	18,771,566	25,909,048	16,512,343	5,877,181	21,929	197,518	210,436,329
Disposals(-)	-	-	-	-	-	-	-	(12,024,634)	(7,522,751)	-	-	-	-	(19,547,385)
Impairment (+)	-	8,908,716	3,551,505	44,991,998	21,830,929	785,563	9,757,378	2,800,030	421,579	162,226	3,569,614	-	-	96,779,538
At 31 December 2020	-	162,427,319	332,404,197	339,432,692	1,196,667,809	69,121,303	171,379,693	281,368,195	309,611,770	162,945,408	53,267,070	4,586,970	321,858	3,083,534,284
Net Book Value														
At 31 December 2020	294,801,479	413,624,852	139,835,951	144,030,279	719,976,580	7,811,227	17,811,298	32,243,135	65,571,014	36,982,657	89,017,309	16,820	1,403,341	1,963,125,942
At 31 December 2019	182,996,013	434,040,266	161,899,236	196,652,080	803,143,237	10,537,145	35,180,563	52,160,199	84,975,545	47,028,954	74,123,076	38,749	1,600,859	2,084,375,922

The Company was granted a loan from the Saudi Agricultural Development Fund to finance and expand the olive trees and olive pressing plant in Al Jouf with the guarantee against the property and equipment of Al-Sali Center, including the land on which it is built and the additions and expansions thereof as well as some of the vehicles, machinery and equipment owned by the Company, with a net book value of SAR 51.10 Million, as at 31 December 2020 (31 December 2019: SAR 51.12 Million). (Note 28).

13. PROPERTY, PLANT AND EQUIPMENT – (CONTINUED)

13.1 Capitalization of Borrowing Cost

The value of borrowing costs capitalized during the year ended 31 December 2020 amounted to SAR 10.4 million (31 December 2019: SAR 14.2 million). Effective interest rate was used to determine the amount of borrowing cost eligible for capitalization. (Refer Note 28).

13.2 Land

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

Land under the Company's control but pending transfer of legal title (Carrying value of land is SAR 232.67 million)

The Company held SAR 120.86 million worth of land received from the Government for which the conditions of the grant had been met in earlier years. During the current year the Company has booked additional land of SAR 111.81 million and net gain of SAR 111.81 million upon receiving a confirmation from the Ministry of Environment, Water and Agriculture regarding area to which Company is entitled.

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 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 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 the Company is entitled. Based on the "Royal Order of 2020", management is reasonably certain that the legal title of these lands will be transferred to the Company in due course upon completion of the regulatory procedures.
- 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 in 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 as of 31 December 2020.
- The impact of the "Royal Order of 2020" is summarized as follows:

Land	Land area granted as per the Royal Order of 2020 (Square KM)	Land area recognized in the books until 31 March 2020 (Square KM)	Land area recognized/ (derecognized) based on Royal Order of 2020 (Square KM)	Gain/(loss) recognized in the Statement of Profit or Loss SAR'M	Carrying value of land as at 31 December 2020 SAR'M
Al Jouf	72	37	35	122.50	132.08
Wadi Al Dawasir	269.2	269	0.2	0.32	33.99
Hail	193.1	225	(31.9)	(11.01)	66.60
				111.81	232.67

Land Occupied by Saudi Aramco

As per the Royal Decree number (151), 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.

Subsequently Aramco had taken possession of a minor part of NADEC's land as per title deed number (333801001781) issued by Notary Public at Haradh.

Following the occupation of land by Aramco at the Haradh project, NADEC filed a lawsuit against Aramco before the General Court of Al-Khobar requesting Aramco to surrender the land taken into their possession and the General Court of Al-Khobar issued a decision numbered 3/172 dated 2 Dhul-Qadah 1428H (corresponding to 12 November 2007) in favour of NADEC. Subsequently, the Supreme Court issued its final judgment numbered A/3/686 dated 5 Dhul-Qadah 1431H (corresponding to 13 October 2010) endorsing the preliminary judgement issued by General Court of Al-Khobar.

Aramco filed a complaint against NADEC in Haradh Court requesting the cancelation of the title deed of the land. A judgment was issued rejecting the case and sanctioning the validity of title deed for NADEC.

13. PROPERTY, PLANT AND EQUIPMENT – (CONTINUED)

13.2 Land– (CONTINUED)

Land Occupied by Saudi Aramco – (CONTINUED)

In response to the Supreme Court's said decision, Aramco had presented the case to the Royal Court, which referred the case again to the Supreme Court for consideration. The Supreme Court issued its final judgment dated 18 Rabi ul Awal 1442H (corresponding to 4 November 2020), cancelling the previous decisions issued in favor of the NADEC and also canceled the original title deed issued to NADEC.

Based on discussions with the relevant authorities, 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 only impact will be a carve out of a limited portion of the land, which is currently being occupied by Aramco. The financial impact of the change in land area is not ascertainable as at balance sheet date in the absence of relevant information about the actual areas of land usage, however management estimates that the impact will not be material.

13.3 Impairment losses on Property, Plant and Equipment

NADEC started operations in Sudan (the Sudan Operations) in 2010 with an aim to expand its Agri business beyond GCC to meet the increasing needs of green forage. In 2011, NADEC leased a parcel of 60,000 acres of dry land from Sudan government to develop it for the purpose of producing green forage and started converting dry land into agricultural land from the year 2014 with the expectation that this land would be available for commercial production of agricultural produce within a timeframe of 8 to 10 years.

Until 31 December 2020, NADEC has revived 7,000 acres of land, however, NADEC continued to incur financial losses from the Sudan Operations due to low yield, collapsing wells, diesel shortage for running irrigation pumps and pivots and high cost of transportation from site to NADEC.

The Sudan Operations currently do not show any positive cash flows over the life of the project and there are no plan for further investment in expansion of operations in Sudan.

Based on the projected cashflows of Sudan Operations, the management carried out an impairment assessment and considered the viability of continuing operations in Sudan as well as the possibility of transfer of operations and disposal of Sudan Operations' assets in light of the contractual obligation under the land lease agreement while determining the recoverable amount.

Based on the impairment assessment of Sudan Operations the management concluded that the project's assets are not recoverable through sale or transfer without Sudan Government's approval and continuation of Sudan Operations will also not provide any positive cash flows and accordingly decided to impair the project completely. Consequently, an impairment equal to SAR 99.40 million (Property, Plant and Equipment: SAR 96.78 million and Capital Work in Progress: SAR 2.62 million) was recognized during the year which reduced the Sudan Operations value to zero.

14. RIGHT OF USE ASSETS AND LEASE LIABILITIES

i. Reconciliation of carrying value of Right of Use Assets

	Buildings	Vehicles and Trucks	Machinery	Total
	SAR	SAR	SAR	SAR
Recognition of right-of-use asset on initial application of IFRS 16	22,108,561	51,891,726	-	74,000,287
Additions during 2019	-	21,466,646	-	21,466,646
Depreciation for 2019	(4,834,269)	(20,918,947)	-	(25,753,216)
Carrying value at 31 December 2019	17,274,292	52,439,425	-	69,713,717
Additions during 2020	6,103,492	932,404	10,496,752	17,532,648
Lease reclassified	(192,781)	-	-	(192,781)
Depreciation for 2020	(4,759,683)	(22,729,336)	(1,001,866)	(28,490,885)
Carrying value at 31 December 2020	18,425,320	30,642,493	9,494,886	58,562,699

14. RIGHT OF USE ASSETS AND LEASE LIABILITIES – (CONTINUED)

ii. Reconciliation of Lease liabilities

	Total
	SAR
Lease liability on initial application of IFRS 16	69,961,406
Additions on account of new leases in 2019	21,466,645
Interest expense for 2019	3,767,821
Payment of lease liability during 2019	(18,569,567)
Carrying value at 31 December 2019	76,626,305
Additions on account of new leases in 2020	17,532,648
Interest expense for 2020	3,242,259
Lease reclassified	(192,781)
Payment of lease liability during 2020	(34,448,970)
	62,759,461
Lease liability – Current portion	32,776,779
Lease liability – Non-current portion	29,982,682

15. CAPITAL WORK IN PROGRESS

	31 December 2020	31 December 2019
	SAR	SAR
Capital Work in Progress	114,808,762	192,516,650
Impairment (Note 13.3)	(2,623,087)	-
Development cost of Sudan project Charged to the Statement of Profit or loss*	-	(79,984,391)
	112,185,675	112,532,259

*During the previous year, the management has charged the development cost incurred on Sudan Project to the Statement of Profit or Loss after considering the status of the project.

16. BIOLOGICAL ASSETS (NON-CURRENT)

The Company's Biological Assets consist of the dairy herd, which are classified as milk producing cows or non-milk producing cows. The non-productive cows include milk cows, which are raised up to the production stage. Such herd on the production of raw milk are converted into the category of productive cows and are depreciated at an estimated useful life of five years. Their value increases as they age, based on milk production or production of offspring. The cattle breeding is exposed to disease risk. Therefore, the Company separates all the other farms and activities from cattle farms to prevent the transmission of diseases to the herd, and the herd is subject to very strict medical standards and precautionary measures are in place to prevent such diseases from transmission or infection.

The Company's Biological Assets as at 31 December 2020 and their changes during the year, and the comparative amounts are as follows;

Biological Assets	Cows	Heifers	Total
	SAR	SAR	SAR
Cost as at 1 January 2019	355,671,876	237,334,078	593,005,954
Additions through Birth/ Conversion	134,001,905	150,507,531	284,509,436
Exclusions as a result of Sale or Death or Conversion	(111,342,171)	(134,001,905)	(245,344,076)
Cost at 31 December 2019	378,331,610	253,839,704	632,171,314
Accumulated depreciation at 1 January 2019	78,711,552	-	78,711,552
Depreciation for the year 2019	43,806,073	-	43,806,073
Depreciation on disposals during the year 2019	(42,941,690)	-	(42,941,690)
Accumulated Depreciation as at 31 December 2019	79,575,935	-	79,575,935
Net book value at 31 December 2019	298,755,675	253,839,704	552,595,379
Cost as at 1 January 2020	378,331,610	253,839,704	632,171,314
Additions through Birth/ Conversion	140,947,193	191,010,720	331,957,913
Exclusions as a result of Sale or Death or Conversion	(109,947,356)	(140,947,193)	(250,894,549)
Cost at 31 December 2020	409,331,447	303,903,231	713,234,678
Accumulated depreciation at 1 January 2020	79,575,935	-	79,575,935
Depreciation for the year 2020	50,062,940	-	50,062,940
Depreciation on disposals during the year 2020	(41,895,842)	-	(41,895,842)
Accumulated depreciation at 31 December 2020	87,743,033	-	87,743,033
Net book value at 31 December 2020	321,588,414	303,903,231	625,491,645

17. INTANGIBLE ASSETS

	Software and Licenses
	SAR
Cost	
Cost as at 1 January 2019	26,705,814
Additions during the year - 2019	6,783,792
Reclassification	(1,867,233)
Cost as at 31 December 2019	31,622,373
Additions during the year - 2020	-
Cost as at 31 December 2020	31,622,373
Amortization	
Accumulated Amortization at January 1, 2019	18,702,118
Amortization for the year - 2019	3,137,030
Reclassification	(1,867,233)
Accumulated Amortization as at 31 December 2019	19,971,915
Amortization for the year - 2020	3,590,097
Accumulated Amortization as at 31 December 2020	23,562,012
Net Book value	
As at 31 December 2020	8,060,361
As at 31 December 2019	11,650,458

18. EQUITY INVESTMENT AT FVOCI

	Ownership (%)	Historical Cost SAR	31 December 2020 SAR	31 December 2019 SAR	Change in Fair Value 2020 SAR	Change in Fair Value 2019 SAR
National Company for Seed Production (Seeds)	13.99%	4,128,000	4,860,000	2,086,000	2,774,000	(294,000)
United Dairy Farms Company	8.26%	600,000	2,769,000	4,286,000	(1,517,000)	(1,583,000)
United Poultry Marketing Company (under liquidation)	7.30%	500,000	500,000	500,000	-	-
Total		5,228,000	8,129,000	6,872,000	1,257,000	(1,877,000)
Impairment of Equity Investments at FVOCI		(500,000)	(500,000)	(500,000)	-	-
Net Equity Investments at FVOCI		4,728,000	7,629,000	6,372,000	-	-

Equity Investments at Fair Value through Other Comprehensive Income (FVOCI) are measured in accordance with IFRS 9 Financial Instruments and IFRS 13 Fair Value Measurement. The Impairment of Equity Investments at FVOCI represents the value of the investment in United Poultry Marketing Company due to its liquidation status.

19. BIOLOGICAL ASSETS (CURRENT)

	31 December 2020 SAR	31 December 2019 SAR
Green forage Crop (Sudan project)	3,064,152	2,313,088
Annual Crops	24,625,037	36,792,372
	27,689,189	39,105,460

20. INVENTORY

	31 December 2020	31 December 2019
	SAR	SAR
Raw Materials	284,983,634	298,420,930
Spare Parts	92,871,235	81,201,929
Agricultural Products Inventory	75,334,400	92,161,970
Finished Goods	103,766,068	76,107,689
Animal Products (Manure)	8,445,114	8,862,134
Fuel and Oil	7,254,180	9,028,796
	572,654,631	565,783,448
Provision for slow moving Inventory	(36,092,119)	(18,036,571)
	<u>536,562,512</u>	<u>547,746,877</u>
Slow moving inventory	31 December 2020	31 December 2019
	SAR	SAR
Opening Balance for the year	18,036,571	16,743,053
Inventory Provision movement, net	18,055,548	1,293,518
Closing balance for the year	<u>36,092,119</u>	<u>18,036,571</u>

21. BIOLOGICAL ASSETS - AVAILABLE FOR SALE

	31 December 2020	31 December 2019
	SAR	SAR
Biological Assets - Available for Sale	<u>25,112,448</u>	<u>22,228,936</u>

22. TRADE RECEIVABLES, PREPAYMENTS AND OTHER RECEIVABLES

	31 December 2020	31 December 2019
	SAR	SAR
Trade Receivables*	257,487,597	269,028,140
Prepayments	116,578,737	94,081,085
Government Subsidies due**	81,844,956	62,001,588
Staff Receivables	22,696,077	27,633,333
Dividend Receivable on Equity Investment at FVOCI	-	180,000
Other Receivables	7,326,463	21,315,782
	485,933,830	474,239,928
Impairment allowance on Trade and Other Receivables	(43,427,613)	(39,117,735)
	<u>442,506,217</u>	<u>435,122,193</u>

* Trade and Other Receivables have been classified as financial assets measured at amortized cost.

** Government subsidies are due on the value of subsidies not yet disbursed from government agencies until 31 December 2020.

Impairment Loss on Trade Receivables	31 December 2020	31 December 2019
	SAR	SAR
Balance at beginning of the year	39,117,735	32,236,286
Impairment Loss charged in Statement of Profit or Loss for the year	4,309,878	6,881,449
Balance at end of year	<u>43,427,613</u>	<u>39,117,735</u>

23. DERIVATIVES FINANCIAL INSTRUMENTS

During the last year the Company entered into few derivative contracts to reduce its borrowing costs and potential losses from the fluctuation in the foreign currency exchange rates under certain future economic conditions which were subsequently closed and there are no active derivative contracts as at 31 December 2020. During the current year, the Company recognized a realized gain of SAR 0.4 million on derivative financial instrument (for the year ended 31 December 2019: recognized realized loss of SAR 43.42 million and unrealized gain of SAR 0.48 million).

24. CASH AND BANK BALANCES

	31 December 2020	31 December 2019
	SAR	SAR
Cash at Bank	64,381,858	57,675,105
Cash in Hand	4,331,996	4,356,864
	68,713,854	62,031,969

25. SHARE CAPITAL

	31 December 2020	31 December 2019
Authorized Shares (# of Shares)	101,640,000	84,700,000
Movement of Stocks Issued		
Ordinary Shares issued and fully paid	No. of Shares	Value (SAR)
Balance at 31 December 2019	84,700,000	847,000,000
Issue of Bonus shares	16,933,804	169,338,040
Issue of fractional shares	6,196	61,960
Balance at 31 December 2020	101,640,000	1,016,400,000

The Company's Share Capital as at 31 December 2020 amounted to SAR 1,016.4 million (31 December 2019: SAR 847 million). On 7 November 2019 (corresponding to 10 Rabi' Awal 1441H), the Board of Directors recommended an increase of 20% to the Company's issued share capital through a 1 for 5 bonus issue to the Shareholders of the Company, which was approved in the Extra Ordinary General Assembly meeting dated 5 May 2020 (corresponding to 12 Ramadan 1441H). Accordingly, bonus shares of 16,933,804 were issued to the existing Shareholders of the Company and fractional shares of 6,196 were issued to the public at an average price of SAR 22.71.

26. STATUTORY RESERVE

In accordance with the Regulations for the Kingdom of Saudi Arabia and the Company's Articles of Association, the Company shall transfer 10% of the net profit for the year to statutory reserve until such reserve reaches 30% of its capital. This reserve is not available for distribution to shareholders.

27. OTHER RESERVES

	SAR
Balance at 1 January 2019	19,113,701
Changes	
Change in Fair value of Equity Investment at FVOCI	(1,877,000)
Actuarial Valuation adjustments to Other Reserves	3,400,305
Total adjustments to Other Components of Equity	1,523,305
Balance at 31 December 2019	20,637,006
Changes	
Change in Fair value of Equity Investment at FVOCI	1,257,000
Actuarial Valuation adjustments to Other Reserves	747,847
Total adjustments to Other Components of Equity	2,004,847
Balance at 31 December 2020	22,641,853

28. MURABAHA LOANS AND BORROWINGS

	Currency of Loans	Interest Rate	Due Date	31 December 2020		31 December 2019	
				Nominal Value SAR'000	Book Value SAR'000	Nominal Value SAR'000	Book Value SAR'000
Islamic Banking Facilities (Murabaha) (28.1)	SAR	SIBOR + Bank Margin	2020-2026	1,478,350	1,484,279	1,611,852	1,628,565
Agricultural Development Fund Loan (28.2)	SAR	Fixed	2020-2027	6,454	6,454	7,446	7,446
Total Loans				1,484,804	1,490,733	1,619,298	1,636,011

- The weighted average markup on bank loans during the year 2020 was 2.82% (2019: 4.44%) on per annum basis, 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 Statement of Financial Position as follows:

	31 December 2020 SAR'000	31 December 2019 SAR'000
Non-current liabilities		
Loans secured by Guarantees	5,463	6,455
Loans not secured by any Guarantee or Security	875,512	1,039,818
	880,975	1,046,273
Current liabilities		
Loans secured by Guarantees	991	991
Loans not secured by any Guarantee or Security	608,767	588,747
	609,758	589,738

28. MURABAHA LOANS AND BORROWINGS – (CONTINUED)

28.1 Islamic Banking Facilities (Murabaha) from Local Banks

The borrowing under Islamic banking facilities (Murabaha) have been granted against a promissory note issued by the Company. These facilities are in accordance with the maturities of facilities given by each bank and are mostly of a revolving nature. The amount of unused facilities as at 31 December 2020 amounted to SAR 608 million (31 December 2019: SAR 935 million).

28.2 Agricultural Development Fund Loan

The Company was granted a loan from the Agricultural Development Fund under number 803405009 dated 24 Jumada II 1433H (corresponding to 5 May 2012) with a total value of SAR 8.35 million. This loan is secured by a mortgage of specific land owned by the Company along with building on it and any new additions and expansions. Annual installments started from 4 Muharram 1440H (corresponding to 14 September 2018) and ending on 4 Muharram 1449H (corresponding to 8 September 2027), the loan amount was used to finance the irrigation netting pivots of olive seedlings.

The Company was granted another loan on 1 Dhul Qa'da 1433H (corresponding to 17 September 2012 with a total value of SAR 1.6 million under Loan number 803805048. This loan is secured by mortgage on cars, machines and equipment owned by the Company. This loan is payable on annual installments basis starting from 1 Dhul al-Qa'da 1436H (Corresponding to 15 August 2015) and ending on 1 Dhul al-Qa'da 1445H (corresponding to 8 May 2024). This loan was fully utilized in Olive and Sesame project.

The balance of these loans from Agricultural Development Fund on 31 December 2020 amounted to SAR 6.5 million (31 December 2019: SAR 7.4 million).

29. EMPLOYEE BENEFITS OBLIGATION

The entity operates a defined benefit plan (as defined in IAS 19) to provide a lump-sum compensation when the employee leaves the service, in line with the current labor law in the Kingdom of Saudi Arabia. The plan and its obligations are therefore more sensitive to changes in future salary increases, future withdrawal rates and the discount rate used to assess commitments, and the Company is not required to finance the plan, the plan's liabilities have been assessed using the expected credit unit method in accordance with IAS 19. Since the amount and timing of future maturities are not known currently, assumptions have been made to value the obligations relating to the past service. These assumptions have been derived using methodologies consistent with the requirements of IAS 19. Any changes in assumptions in financial, economic and demographic conditions over time, where future experience does not match established assumptions, that change is included in Other Comprehensive Income in the future financial year.

The movement in the present value of the liability for the benefits of the end of service plan of the enterprise is as follows:

	31 December 2020	31 December 2019
	SAR	SAR
Opening balance for Employee Benefits Obligation	165,813,558	164,818,261
Interest Cost	4,600,312	6,687,302
Current Service Cost	17,795,410	17,029,176
Benefits Paid	(21,841,816)	(19,320,876)
Actuarial gain in Other Comprehensive Income	(747,847)	(3,400,305)
Closing Balance for Employee Benefits Obligation	165,619,617	165,813,558

The value of the amounts that have been adjusted for the year ended 31 December 2020 and 31 December 2019 are as follows, according to the Actuarial study conducted

	31 December 2020	31 December 2019
	SAR	SAR
Current Service cost	17,795,410	17,029,176
Interest cost	4,600,312	6,687,302
Expense charged to Statement of Profit or Loss for the year	22,395,722	23,716,478

29. EMPLOYEE BENEFITS OBLIGATION – (CONTINUED)

Other comprehensive income related to the Employee Benefits Plan for the years 2020 and 2019 consists of the following items:

	31 December 2020	31 December 2019
	SAR	SAR
Actuarial loss/ (gain) resulting from changes in financial assumptions	2,050,037	(1,855,159)
Actuarial gain resulting from the liability revision	(2,797,884)	(1,545,146)
Actuarial gain in Other Comprehensive Income	(747,847)	(3,400,305)

The significant assumptions used to determine the defined benefit obligations of the employees' end of service plan are as follows:

	31 December 2020	31 December 2019
Discount rate	2.75%	2.97%
Expected salary increase rate	3.5%	3.5%
Withdrawal from work (Average Ratio)	<u>Age: Ratio</u> 18-25:18.75% 26-30:15.00% 31-50:7.50% +51:3.75%	<u>Age: Ratio</u> 18-25:18.75% 26-30:15.00% 31-50:7.50% +51:3.75%

30. TRADE AND OTHER PAYABLES

	31 December 2020	31 December 2019
	SAR	SAR
Trade Creditors	411,514,771	410,229,852
Accrued Expenses	98,963,995	67,355,723
Employee Benefits	66,935,231	60,375,918
Advances from Customers	9,118,118	2,777,772
Payable to Related Parties	2,277,333	4,989,442
Other Payables	17,274,205	11,002,635
Total	606,083,653	556,731,342

31. DIVIDEND PAYABLES

Below table represents the movement in the Dividend Payables.

	SAR
Balance at 01 January 2019	33,618,115
Paid during the year 2019	(236,909)
Balance at 31 December 2019	33,381,206
Paid during the year 2020	(250,470)
Balance at 31 December 2020	33,130,736

32. PROVISION FOR ZAKAT

	SAR
Balance at 1 January 2020	28,731,402
Provision recognized during the year	5,400,000
Zakat on Crops (Sudan)	315,912
Total charged to Statement of Profit or Loss	5,715,912
Zakat paid during the Year	(1,054,715)
Balance at 31 December 2020	33,392,599
 Balance at 1 January 2019	 34,322,797
Provision recognized during the year	4,800,000
Zakat on Crops (Sudan)	114,513
Total charged to Statement of Profit or Loss	4,914,513
Zakat paid during the Year	(10,505,908)
Balance as at 31 December 2019	28,731,402

The Company obtained the final Zakat certificates for the years up to 1997 from the General Authority for Zakat and Tax (GAZT) (The Authority). The Authority issued Zakat assessments for the years 1998-2006 and the Company objected to some of its items. The Zakat Tax Objection Committee did not accept the Company's objection. The Company appealed against the Zakat Tax Objection Committee decision at the Zakat Tax Appeal Committee which supported the Company's objection on items under dispute. The Appeals Committee decision was in favor of the Company and reduced Zakat liability from SAR 12.1 million to SAR 4.9 million. The Company gave a bank guarantee of SAR 4.9 million against the revised Zakat Tax Appeal Committee and filed an objection to the revised assessments for 2005 and 2006, presently the case is pending with Zakat Tax Appeal committee. The Authority also issued Zakat assessments for the years 2014-2018, the Company objected to some of its items with the Authority and presently these objections are pending for discussion.

The Company submitted the Zakat declarations for the year 2019 in accordance with the established regulations. Zakat is calculated in accordance with the Zakat Regulations and provision for the fiscal year 2020 is computed in accordance with Zakat base as required by the Authority.

33. COMMITMENT AND CONTINGENCIES

Capital Commitments

Capital commitments amounted to SAR 25.06 million against contracts for the supply of property, plant and equipment as at 31 December 2020 (31 December 2019: SAR 8.98 million)

Letters of credit

The contingent liabilities against letters of credit are SAR 180.68 million at 31 December 2020 (31 December 2019: SAR 238.1 million).

Letters of guarantee

The contingent liabilities against letters of guarantee are SAR 66.23 million at 31 December 2020 (31 December 2019: SAR 66.56 million).

34. FAIR VALUE

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 the disclosed financial assets and financial liabilities does not vary significantly.

31 December 2020							
	Carrying Amount			Fair Value			
	Amortized			Level 1	Level 2	Level 3	Total
	Cost	Fair Value	Total				
	SAR'000	SAR'000	SAR'000	SAR'000	SAR'000	SAR'000	SAR'000
Financial Assets							
Equity Investment at FVOCI	-	7,629	7,629	-	7,629	-	7,629
Trade and Other Receivables	286,753	-	286,753	-	-	-	-
Cash and Bank Balances	68,714	-	68,714	-	-	-	-
	355,467	7,629	363,096	-	7,629	-	7,629
Financial Liabilities							
Trade and Other Payables	589,088	-	589,088	-	-	-	-
Loans	1,490,733	-	1,490,733	-	-	-	-
Lease Liabilities	62,759	-	62,759	-	-	-	-
	2,142,580	-	2,142,580	-	-	-	-

31 December 2019							
	Carrying Amount			Fair Value			
	Amortized			Level 1	Level 2	Level 3	Total
	Cost	Fair Value	Total				
	SAR'000	SAR'000	SAR'000	SAR'000	SAR'000	SAR'000	SAR'000
Financial Assets							
Equity Investment at FVOCI	-	6,372	6,372	-	6,372	-	6,372
Trade and Other Receivables	305,430	-	305,430	-	-	-	-
Derivative Financial Instruments	-	482	482	-	482	-	482
Cash and Bank Balances	62,032	-	62,032	-	-	-	-
	367,462	6,854	374,316	-	6,854	-	6,854
Financial Liabilities							
Trade and Other Payables	547,155	-	547,155	-	-	-	-
Loans	1,636,011	-	1,636,011	-	-	-	-
Lease Liabilities	76,626	-	76,626	-	-	-	-
	2,259,792	-	2,259,792	-	-	-	-

35. Financial Risk Management

The Company is exposed to the following risks through its use of financial instruments:

- A. Credit Risk.
- B. Liquidity Risk.
- C. Market Risk

This note provides information on the Company's exposure to each of the above risks, the Company's objectives, policies and procedures for measuring and managing risks, and the Company's capital management. Further quantitative disclosures are included in these financial statements. The overall risk management program focuses on the unpredictability of financial markets and seeks to minimize the potential negative impact on the financial performance of the Company. Financial instruments included in the Statement of Financial Position include cash and cash equivalents, short-term investments, receivables, due from related parties, short- and long-term loans, due to related parties and accrued expenses, as well as other current liabilities.

35.1 Credit Risk

Credit risk is the risk that the counter party will not meet its obligations under a financial instrument or a business contract resulting in a financial loss. The Company is exposed to credit risk from its operating activities (mainly trade receivables) and from financing activities. The financial assets subject to credit risk are set out in table below:

	31 December 2020	31 December 2019
	SAR	SAR
Cash and Bank Balances	68,713,854	62,031,969
Trade and Other Receivables	286,753,143	305,429,598
	355,466,997	367,461,567

• Trade Receivables

Customer credit risk is managed by each business segment in accordance with the Company's business policy, procedures and control related to business risk management. The credit quality of the customer is assessed on the basis of an evaluation card for each customer based on the date of the customer's dealings with the Company and the extent of his obligation to pay by setting a grace period and credit limit for each customer. The Company calculates impairment losses on the basis of its estimate of losses incurred in respect of trade receivables. The main components of this provision are the expected loss element of specific customers as well as the aggregate loss element that is estimated for a group of similar customers in respect of losses that may be incurred, and which have not yet been determined. The consolidated loss provision is determined based on historical data of collection statistics for similar customers. Management believes that there is no additional allowance for credit risk required in excess of the normal decrease in receivables.

Trade Receivables consist of 82% of the balances in Saudi Arabia and 18% of the outstanding balances in the GCC as at 31 December 2020 (31 December 2019: 77% and 23% respectively).

Bank balances are kept with banks of BBB rating or higher rating banks.

35.2 Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulties in meeting obligations associated with financial liabilities settled through the delivery of cash or other financial assets. The Company's approach to liquidity management is to ensure, as far as possible, that it always has sufficient liquidity to meet its obligations when due in normal and difficult circumstances without incurring unacceptable losses or risking the Company's reputation. Liquidity risk may result from the inability to sell the financial asset quickly near its fair value. A significant portion of the Company's funds are in Cash and Bank balances and are readily available to cover expected operating expenses, including servicing of financial obligations. In order to improve the liquidity of the Company, the Company will develop a plan to develop working capital performance and restructure its capital components.

35. Financial Risk Management – (Continued)

35.2 Liquidity Risk – (Continued)

Payable as of 31 December 2020	On Demand SAR	Less than 3 months SAR	3 Months to 1 year SAR	1 year to 5 years SAR	Greater than 5 years SAR	Total SAR
Murabaha & Government Loans	-	372,858,502	261,105,209	883,891,493	35,370,874	1,553,226,078
Trade Payables	-	413,792,104	-	-	-	413,792,104
Lease Liability repayment	-	17,414,981	17,567,107	26,884,248	7,615,313	69,481,649
Total	-	804,065,587	278,672,316	910,775,741	42,986,187	2,036,499,831

Payable as of 31 December 2019	On Demand SAR	Less than 3 months SAR	3 Months to 1 year SAR	1 year to 5 years SAR	Greater than 5 years SAR	Total SAR
Murabaha & Government Loans	-	406,096,767	231,751,150	1,001,076,818	106,123,227	1,745,047,962
Trade Payables	-	415,219,294	-	-	-	415,219,294
Lease Liability repayment	-	17,667,932	19,842,655	40,800,319	5,906,317	84,217,223
Total	-	838,983,993	251,593,805	1,041,877,137	112,029,544	2,244,484,479

• Capital Management

Equity includes the equity of the Company's shareholders. The main objective of the Company's Capital Management is to ensure that it maintains a strong credit rating and decent capital ratios to support the Company's business and increase the value of the Company. The Company manages and adjusts the capital structure in light of changes in economic conditions and the requirements of financial commitments. To maintain or adjust the capital structure, the Company may amend dividend payments to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using the Lending Ratio (debt), which is Shareholders' Equity plus Net Debt divided by Net Debt. The Company's policy is to maintain a debt ratio between 1.8 and 2.5. The Company includes in its net debt interest bearing loans and borrowings and trade payables other credit balances less cash deposits.

	31 December 2020 SAR	31 December 2019 SAR
Islamic and Government Murabaha Loans	1,490,732,623	1,636,011,031
Trade and Other Payables	606,083,653	556,731,342
Employee Benefit Obligations	165,619,617	165,813,558
Provision for Zakat	33,392,599	28,731,402
Dividend Payable	33,130,736	33,381,206
Lease Liabilities	62,759,461	76,626,305
Total Debt	2,391,718,689	2,497,294,844
Cash and Bank Balances	(68,713,854)	(62,031,969)
Net Debt	2,323,004,835	2,435,262,875
Shareholders' Equity	1,478,278,245	1,440,478,144
Shareholders' Equity and Net Debt	3,801,283,080	3,875,741,019
Ratio of Borrowing (indebtedness)	1.64	1.59

To achieve this objective, the Company's capital management aims, among other things, to ensure that the financial commitments associated with interest bearing loans and advances that meet the requirements of the capital structure are met.

35. FINANCIAL RISK MANAGEMENT – (CONTINUED)

35.2 Liquidity Risk – (Continued)

• Capital Management – (Continued)

In the event of a breach of compliance with these financial commitments, banks may be allowed to claim loans and bank facilities granted to the Company. There have been no violations of the financial commitments contracted with banks that lend to those loans, and in the event of such irregularities, the Company gets exemptions from banks for periods to be determined by those banks.

No changes were made in the objectives, policies and processes for capital management during the year ended 31 December 2020 and the year ended 31 December 2019.

35.3 Market Risk

Market risk is the risk of changes in market prices such as foreign exchange rates, profit rates and equity prices. These risks affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposure within acceptable limits, while improving returns.

The Company's exposure to market risk arises from:

- Currency risk
- Interest rate risk

• Currency Risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates

Currency Movement vs. Saudi Riyal (SAR)									
Foreign Currency	% Change	Average Fx Rate (Foreign Currency/ SAR)		Upward	Downward	Upward	Downward		
		2020	2019					2020	2019
Price for \$1	1.00%	3.750	3.750	(179,294)	179,294	(929,246)	929,246		
Price for € 1	1.00%	4.483	4.210	(68,886)	68,886	(54,266)	54,266		
Price for £1	1.00%	5.011	4.975	(3,064)	3,064	(10,498)	10,498		
				(251,244)	251,244	(994,010)	994,010		

The Company mainly trades in Saudi Riyal and US Dollars. The exchange rate fluctuations are closely monitored by management. Based on its experience, management does not believe it is necessary to hedge against the impact of foreign currency risk as most transactions are in Saudi Riyal and US Dollars. The Saudi Riyal is pegged to the US Dollar and there are no other significant foreign currency instruments other than the US Dollar and thus foreign currency risk is mitigated.

• Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to market risk of changes in interest rates mainly relates to the Company's borrowed loans to finance working capital requirements and capital expenditures. These loans are repriced periodically, and the Company is exposed to interest rate risk related to cash flows. The Company's practice is to manage bank interest costs by improving available cash flow and reducing borrowing. When borrowing is necessary, the loan term is matched with the expected repayments. There is a regular review of bank interest rates to ensure that these risks are mitigated.

The following table shows the impact on finance cost of the Company based on interest rate movement:

	Change %	Interest Rate Upward Movement	Interest Rate Downward Movement
		SAR	SAR
31 December 2020	1%	15,633,718	(15,633,718)
31 December 2019	1%	17,352,059	(17,352,059)

36 KEY RELATED PARTIES, TRANSACTIONS AND BALANCES

Related parties in the Company include companies and business entities owned or managed by some of the Company's Board of Directors. In the normal course of business, the Company deals with these companies through contracts approved by the management.

Details of key transactions with related parties are as follows:

Company	Relationship with NADEC	Nature of Transaction	Balance at 31 December 2019	Movement during the year 2020		Balance at 31 December 2020
			Payables	Purchases	Payments	Payables
-SAR-						
Seera Holidays Travel & Tourism co. Ltd	Common Directorship	Purchase of Travelling Services	-	2,944,109	2,944,109	-
Saudi Plastic Packaging Systems	Common Directorship	Purchase of Plastic Materials	4,621,210	27,546,635	29,890,512	2,277,333
Alwatania-agri	Common Directorship	Purchase of Olive Oil	368,232	-	368,232	-
Total			4,989,442	30,490,743	33,202,853	2,277,333

Transactions with Key Management Personnel:

	31 December 2020	31 December 2019
	SAR	SAR
Short term benefits	9,738,434	14,793,204
Long-term benefits	1,924,293	4,510,677
Total Benefits of Senior Management Personnel	11,662,727	19,303,881

Proposal of the Board of Directors

Dated 19th Jumada I 1442H (corresponding to 3 January 2021), the Board of Directors recommended the payment of Saudi Riyal One Million and Seven Hundred Fifty Thousand as remuneration to the members of the Board of Directors. This amount is subject to the approval of shareholders during the Annual General Assembly meeting.

37 SUBSEQUENT EVENTS

In the opinion of the management, there have been no significant subsequent events since the year-end and up to the approval of these Financial Statements that require disclosure or adjustment in these Financial Statements.

38 APPROVAL BY THE BOARD OF DIRECTORS

These Financial Statements for the year ended 31 December 2020 were approved by the Board of Directors on 3 Sha'aban 1442H corresponding to 16 March 2021.