AL-JOUF AGRICULTURAL DEVELOPMENT COMPANY
(A SAUDI JOINT STOCK COMPANY)
FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED DECEMBER 31, 2020

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

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT
For the year ended December 31, 2020

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BDO الدكتور محمد العمري وشركاه
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INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS of AL-JOUF Agricultural Development Company
(A Saudi Joint Stock Company)

Opinion

We have audited the financial statements of Al-Jouf Agricultural Development Company - A Saudi Joint Stock Company - ("the Company"), which comprise the statement of financial position as at December 31, 2020, statement of profit or loss and statement of other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and notes from (1) to (30), including a summary of significant accounting policies.

In our opinion, the accompanying financial statements taken as a whole present fairly, in all material respects, the financial position of the Company as at December 31, 2020, and its financial performance and 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 (ISAs) 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, 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 for the year ended December 31, 2020. These matters were addressed in the context of our audit, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The key audit matters as follows:

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Inventory Valuation	
Key audit matter	**How the matter was addressed**
Inventory is stated at the lower of cost or net realizable value, The Company, when necessary, record a slow-moving provision. The company determines the level of obsolescence for inventory items by taking into account their nature, ages, viability and expectations of sale, using past trends and other qualitative factors. Management reviews the inventory valuation at the date of each financial reporting and the cost of inventory is reduced when the inventory is expected to be sold at a lower value. We considered this a major audit matter due to the significant judgments and assumptions used by management in determining the provision for slow moving inventory items and the level of stock write-offs required based on the assessment of net realizable value.	We performed the following audit procedures related to inventory valuation: - Evaluate the design and implementation and testing the efficiency of the main controls related to the company procedures for creating and monitoring the provision for slow-moving inventory. - Evaluate the Company's accounting policy for slow-moving inventory by performing a retrospective test and comparing previous estimates with actual results. - Test the net realizable value of the inventory by taking into account the assumptions used by the management to verify whether the inventory was valued at the lower of cost or net realizable value. - Assessed the adequacy and appropriates of the relevant disclosure in the accompanying financial statements.
Refer to note (3-7) for accounting policies and note (7) for relevant disclosures.	

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Impairment assessment of property, plant and equipment	
Key audit matter	**How the matter was addressed**
As at December 31, 2020, the company had property, plant and equipment with a net carrying value of 489 million Saudi riyals (2019: 541 million Saudi riyals), as at December 31, 2020, property, plant and equipment were sated net after deducting the impairment loss of 20.9 million Saudi riyals (2019: 12.4 million Saudi riyals), Company's management decided disposal of 52 million Saudi riyals from the cost of property and equipment with a net carrying value of 16 million Saudi riyals during the current year. The company, at the date of each financial reporting, reviews the impairment of the carrying value of these assets in light of any new existing events or changes in circumstances indicating the possibility of not recovering the carrying value. Management is required to determine the recoverable amount, which represents the highest value between value in use and the fair value less costs of disposal, management is required to determine the recoverable amount of each asset or cash-generating unit to which the asset belongs. The recoverable amount used based on the management's view of the main internal inputs that determine the value and also the external market conditions, which include, for example, the prices of future products as mentioned in the approved budget. It also requires management to make estimates of growth rates after the approval of the budget period and also to determine the most appropriate discounting rate.	We performed the following audit procedures related to the impairment of property, plant and equipment section: • Evaluated management's determination of impairment indicators, including the conclusions reached. We also assessed the design and implementation of main controls over the impairment assessment process, which includes identifying impairment indicators and estimating recoverable amounts. • Assess the reasonableness of management's assumptions and estimates used to assess impairment indicators and determine the recoverable amount. • Evaluating the adequacy of the impairment value prepared by the management by evaluating the model, assumptions and estimates used. • Assessed the adequacy and appropriateness of the relevant disclosures in the accompanying financial statements.
Refer to note (3-10) of the accounting policy, and note (5) for the relevant disclosures.	

Other Information:

Company's Management is responsible for the other information. Other information consists of information included in the company annual report other than the financial statements and our report on them. Our opinion on the financial statements does not include the other information nor does it express any form of conclusive guarantee in this regard.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above as it becomes available and, in doing so, consider whether the other information is not materially consistent with the financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If based on the work we performed we conclude that there is material misstatement of this information, we are required to report that fact and we have nothing to mention in this regard.

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

Company's management is responsible for the preparation and fair presentation of the financial statements in conformity with the International Financial Reporting Standards ("IFRS") endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA and the Regulations for Companies, and responsible for the 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 the company's management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance 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 a 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 ISAs endorsed in 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 the 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 ISAs endorsed in the Kingdom of Saudi Arabia, we exercise professional judgment and maintain professional skepticism 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.

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- 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 company's management.

- Conclude on the appropriateness of the company'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 ability to continue as a going concern. If we conclude that a material uncertainty exists, 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 communicated 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.

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

From the matters we communicated with those charged with governance, we determined those matters were of most significance in the audit of the financial statements for the current period, and are therefore key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matters 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 Dr. Mohamed Al-Amri & Co.

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

Dr. Mohamed Al-Amri & Co.
Certified Public Accountants
Jeddah

01/03/2021G
17/07/1442H

AL-JOUF AGRICULTURAL DEVELOPMENT COMPANY
(A SAUDI JOINT STOCK COMPANY)
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31,2020
(Expressed in Saudi Riyals)

	Note	2020	2019
ASSETS			
Non-current assets			
Property, plant and equipment	(5)	489,099,643	540,714,950
Intangible assets		1,356,795	1,533,003
Investments	(6)	-	-
Total non-current assets		**490,456,438**	**542,247,953**
Current assets			
Inventory	(7)	120,029,106	107,350,268
Biological assets	(8)	16,103,348	13,919,870
Prepayments and other current assets	(9)	14,160,492	9,581,740
Trade receivables	(10)	43,412,143	35,576,687
Cash and cash equivalents	(11)	47,721,786	65,430,509
Total Current assets		**241,426,875**	**231,859,074**
TOTAL ASSETS		**731,883,313**	**774,107,027**
EQUITY AND LIABILITIES			
Equity			
Share capital	(12)	300,000,000	300,000,000
Statutory reserve	(13)	150,000,000	150,000,000
Retained earnings		158,028,078	159,177,571
Proposed dividends		-	15,000,000
Cumulative changes in other comprehensive income items		106,168	2,065,742
Total equity		**608,134,246**	**626,243,313**
Non-current liabilities			
Non-current portion of term loan	(14)	6,252,478	8,457,514
Employee defined benefit obligations	(15)	22,822,259	20,323,280
Restricted government grants	(20)	-	58,719,000
Total non-current liabilities		**29,074,737**	**87,499,794**
Current liabilities			
Current portion of term loan	(14)	4,046,153	2,357,850
Trade payables		30,175,537	11,917,045
Accruals and other current liabilities	(16)	33,244,848	26,485,757
Dividends payable to shareholders		21,696,451	14,217,426
Zakat provision	(17)	5,511,341	5,385,842
Total current liabilities		**94,674,330**	**60,363,920**
Total liabilities		**123,749,067**	**147,863,714**
TOTAL EQUITY AND LIABILITIES		**731,883,313**	**774,107,027**

Chief Financial Officer	Chief Executive Officer	Authorized Board Member
Ziad Aljaafirah	Mazen Badawood	Abdulrahman Alyomni

The accompanying notes (1) to (30) form an integral part of these financial statements

AL-JOUF AGRICULTURAL DEVELOPMENT COMPANY
(A SAUDI JOINT STOCK COMPANY)
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED DECEMBER 31, 2020
(Expressed in Saudi Riyals)

	Note	2020	2019
Sales		223,210,102	224,447,971
Cost of sales		(158,922,930)	(183,955,192)
Gross profit		**64,287,172**	**40,492,779**
Selling and marketing expenses	(18)	(27,762,520)	(24,880,305)
General and administrative expenses	(19)	(21,943,627)	(17,364,265)
Impairment of property, plant and equipment and biological assets		(6,478,234)	(14,334,506)
Operating profit / (loss)		**8,102,791**	**(16,086,297)**
Financing charges	(14-1)	(969,667)	(597,774)
Net gain of land ownership arising from Government grant	(20)	25,458,846	-
Other (losses)/gains - net	(21)	(1,163,907)	1,271,206
Profit / (Loss) before Zakat		**31,428,063**	**(15,412,865)**
Zakat	(17-1)	(10,077,556)	(5,385,842)
Net income / (loss) for the year		**21,350,507**	**(20,798,707)**
Basic and diluted profit / (loss) earnings per share	(22)	**0,71**	**(0.69)**

Chief Financial Officer
Ziad Aljaafirah

Chief Executive Officer
Mazen Badawood

Authorized Board Member
Abdulrahman Alyomni

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AL-JOUF AGRICULTURAL DEVELOPMENT COMPANY
(A SAUDI JOINT STOCK COMPANY)
STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2020
(Expressed in Saudi Riyals)

	Note	2020	2019
Net income / (loss) for the year		21,350,507	(20,798,707)
<u>Other comprehensive loss items</u>			
Items that will not to be reclassified subsequently to profit or loss			
Re-measurement (Loss) of employees defined benefit obligations	(15)	(1,959,574)	(2,137,259)
Total comprehensive income/(loss) for the year		19,390,933	(22,935,966)

Chief Financial Officer
Ziad Aljaafirah

Chief Executive Officer
Mazen Badawood

Authorized Board Member
Abdulrahman Alyomni

The accompanying notes (1) to (30) form an integral part of these financial statements

AL-JOUF AGRICULTURAL DEVELOPMENT COMPANY
(A SAUDI JOINT STOCK COMPANY)
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2020
(Expressed in Saudi Riyals)

	Note	Share capital	Statutory reserve	Retained earnings	Proposed dividends	Cumulative other comprehensive income	Total equity
Balance as at January 1, 2019		**300,000,000**	**150,000,000**	**209,976,278**	**30,000,000**	**4,203,001**	**694,179,279**
Net loss for the year		-	-	(20,798,707)	-	-	(20,798,707)
Changes in the other comprehensive income items during the year		-	-	-	-	(2,137,259)	(2,137,259)
Total comprehensive (loss) for the year		-	-	**(20,798,707)**	-	**(2,137,259)**	**(22,935,966)**
Proposed Dividends	(27)	-	-	(15,000,000)	15,000,000	-	-
Dividends paid	(27)	-	-	(15,000,000)	(30,000,000)	-	(45,000,000)
Balance at December 31,2019		**300,000,000**	**150,000,000**	**159,177,571**	**15,000,000**	**2,065,742**	**626,243,313**
Net income for the year		-	-	21,350,507	-	-	21,350,507
Changes in the other comprehensive income items during the year		-	-	-	-	(1,959,574)	(1,959,574)
Total comprehensive income for the year		-	-	**21,350,507**	-	**(1,959,574)**	**19,390,933**
Dividends paid	(27)	-	-	(15,000,000)	(15,000,000)	-	(30,000,000)
Dividends	(27)	-	-	(7,500,000)	-	-	(7,500,000)
Balance at December 31,2020		**300,000,000**	**150,000,000**	**158,028,078**	**-**	**106,168**	**608,134,246**

Chief Financial Officer
Ziad Aljaafirah

Chief Executive Officer
Mazen Badawood

Authorized Board Member
Abdulrahman Alyomni

he accompanying notes (1) to (30) form an integral part of these financial statements

AL-JOUF AGRICULTURAL DEVELOPMENT COMPANY
(A SAUDI JOINT STOCK COMPANY)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020
(Expressed in Saudi Riyals)

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Profit / (loss) for the year before zakat	**31,428,063**	**(15,412,865)**
Adjustments for:		
Depreciation of property, plant and equipment	35,008,398	44,527,160
Amortization of intangible assets	179,608	178,602
Loss on disposal of property, plant and equipment	97,979	2,103,208
Net gain of land ownership arising from government grant	(25,458,846)	-
Provision for expected credit losses	6,007,736	2,110,716
Zakat adjustments	-	992
Provision for slow moving inventory	2,109,129	498,872
Impairment of biological assets	-	1,894,345
Impairment of property, plant and equipment	6,478,234	12,440,161
Employees defined benefit obligations	2,960,859	2,758,673
Finance charges	969,667	597,774
Changes in operating assets and liabilities		
Trade receivables	(13,843,192)	57,719,347
Prepayment and other current assets	(4,578,752)	(974,623)
Biological assets	(2,183,478)	(6,348,199)
Inventory	(14,787,967)	(7,964,160)
Trade payables	18,258,492	(3,718,375)
Accruals and other current liabilities	3,691,331	(1,318,210)
Cash generated from operating activities	**46,337,261**	**89,093,418**
Finance charges paid	(186,400)	(597,774)
Employees defined benefit obligations paid	(2,421,454)	(2,250,012)
Zakat paid	(9,952,057)	(6,266,851)
Net cash generated from operating activities	**33,777,350**	**79,978,781**
CASH FLOWS FROM INVESTING ACTIVITIES:		
Additions of property, plant and equipment additions	(20,467,071)	(38,777,337)
Additions of intangible assets additions	(3,400)	-
Proceeds from disposal of property, plant and equipment	305,373	2,944,101
Net cash (used in) investing activities	**(20,165,098)**	**(35,833,236)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Net changes in term loan	(1,300,000)	(1,633,264)
Net change in dividends payable to shareholders	(20,975)	(146,498)
Dividends paid	(30,000,000)	(45,000,000)
Net cash (used in) financing activities	**(31,320,975)**	**(46,779,762)**
Net change in cash and cash equivalents	(17,708,723)	(2,634,217)
Cash and cash equivalents as at the beginning of the year	65,430,509	68,064,726
Cash and cash equivalents as at the ending of the year	**47,721,786**	**65,430,509**
Non - cash transactions		
Dividends payable	**(7,500,00)**	-

Chief Financial Officer	Chief Executive Officer	Authorized Board Member
Ziad Aljaafirah	Mazen Badawood	Abdulrahman Alyomni

The accompanying notes (1) to (30) form an integral part of these financial statements

1- COMPANY'S GENERAL INFORMATION:

AL-JOUF Agricultural Development Company ("the Company") is a Saudi Joint Stock Company registered under the commercial register issued by the Sakaka city with the number 3400004730 and issued on Jumada Al-Awwal 9, 1409H corresponding to December 18, 1988. The Company operates under Ministerial Resolution No. (63) issued by the Ministry of Commerce and Investment on Rabi 'Al-Akher 24, 1409H corresponding to December 3, 1988G.

The company engaged in the agricultural of potatoes and sweet potatoes, palm agriculture, dates production, olive agriculture, beekeeping and honey production (apiaries) under license number 3130298379 dated 7/11/1437H issued by the Ministry of Environment, Water and Agriculture, installation of agricultural houses, rendering agricultural services, fresh olive and olive oil and pickled olives, cosmetic soap and charcoal.

Branches commercial registrations:

1- Al-Jouf Factory for Olive Oil and Pickles Production located in Al-Jouf district - Sakakah - buseita, registration number 3400018986, dated Safar 10, 1436H, corresponding to December 2, 2014.
2- A sub-register for retail sales of dairy products, eggs, olives, pickles, and refrigerated foodstuff stores with number 1010500161 dated 17 Rabi 'Al-Akher 1440H corresponding to December 24, 2018.
3- A sub-register for rendering services and agricultural works with number 3400117276 dated 9 Jumada I 1440H corresponding to January 15, 2019.
4- A sub-register for the wholesale sale of vegetable oils and storage in the warehouses of grain and flour silos and stores of food and agricultural products with the number 2050122474 dated 14 Jumada II 1440H corresponding to February 19, 2019.
5- A sub-register for the retail activity of dairy products, eggs, olives, pickles, and storage in the silos, flour, food and agricultural products warehouses with the number 4030361809 on Dhul Qi'dah 18 1440H corresponding to July 21, 2019.
6- A sub-register for the activity of manufacturing food products made from potatoes that includes (potato chips) with number 3400119924 dated Muharram 14, 1442H, corresponding to September 2, 2020.

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

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

2- BASIS OF PREPARATION

2-1 Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Certified Public Accountants ("SOCPA").

2-2 Basis of Measurement

The financial statements have been prepared on the historical cost basis, except for the employee defined benefit obligation "End of service benefits provision" which have been actuarially valued using the Projected Unit Credit Method and the going concern principle.

2- BASIS OF PREPARATION (continued)

2-3 Functional currency

The financial statements are presented in Saudi Riyal (SAR), which is also the functional and presentational currency of the Company.

2-4 Standards, interpretations, and amendments to existing standards

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the Company has decided not to adopt early. The most significant of these are as follows:

a. New standards, interpretations and amendments not yet effective

IFRS	Summary	Effective date
Annual Improvements to IFRS: 2018-2020 Cycle	In May 2020, the IASB issued minor amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IAS 41 Agriculture and the Illustrative Examples accompanying IFRS 16 Leases.	1 January 2022
Conceptual Framework for Financial Reporting (Amendments to IFRS 3)	In May 2020, the IASB issued amendments to IFRS 3, which update a reference to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations. The amendments are effective for annual reporting periods beginning on or after 1 January 2022. Earlier application is permitted.	1 January 2022
IAS 16 (Amendment - Proceeds before Intended Use)	In May 2020, the IASB issued amendments to IAS 16, which prohibit a company from deducting amounts received from selling items produced while the company is preparing the asset for its intended use from the cost of property, plant and equipment. Instead, a company will recognize such sales proceeds and any related costs in profit or loss.	1 January 2022
IAS 37 (Amendment - Onerous Contracts – Cost of Fulfilling a Contract)	In May 2020, the IASB issued amendments to IAS 37, which specify the costs a company includes when assessing whether a contract will be loss-making and is therefore recognized as an onerous contract. These amendments are expected to result in more contracts being accounted for as onerous contracts because they increase the scope of costs that are included in the onerous contract assessment.	1 January 2022
IAS 1 (Amendment - Classification of Liabilities as Current or Non-Current)	In January 2020, the IASB issued amendments to IAS 1, which clarify how an entity classifies liabilities as current or non-current. The amendments initially had an effective date of 1 January 2022, however, in July 2020 this was deferred until 1 January 2023 as a result of the COVID-19 pandemic. At the IFRS Interpretations Committee's December meeting, the Committee discussed the amendments due to feedback from stakeholders which indicated that the requirements of the amendments may be unclear. These amendments are expected to have a significant impact on many entities, with more liabilities being classified as current, particularly those with covenants relating to borrowings.	1 January 2023
IFRS 4	Insurance Contracts-Amendments regarding the expiry date of the deferral approach	1 January 2023
IFRS 9	Amendments regarding the interaction of IFRS 4 and IFRS 9	1 January 2023

(Expressed in Saudi Riyals)

2- BASIS OF PREPARATION (continued)

2-4 Standards, interpretations, and amendments to existing standards (Continued)

a. New standards, interpretations and amendments not yet effective (Continued)

IFRS	Summary	Effective date
IFRS 17	IFRS 17 introduces an internationally consistent approach to the accounting for insurance contracts. Prior to IFRS 17, significant diversity has existed worldwide relating to the accounting for and disclosure of insurance contracts, with IFRS 4 permitting many previous (non-IFRS) accounting approaches to continue to be followed. IFRS 17 will result in significant changes for many insurers, requiring adjustments to existing systems and processes.	1 January 2023

B. New standards, interpretations and amendments effective in the current year

The following are the new standards, interpretations and amendments to standards that are effective in the current year which have not given rise to changes in the Company's accounting policies and have no impact on its financial statements:

IFRS	Summary	Effective date
IAS 1 and IAS 8 (Amendment – Disclosure Initiative - Definition of Material)	Materiality decisions are common in determining the level of precision in applying accounting policies in practice. These amendments are a component of the IASB's 'Disclosure Initiative' project, which is intended to simplify financial statements and increase their usability.	1 January 2020
IFRS 3 (Amendment – Definition of Business)	As a result of the post-implementation review of IFRS 3, these amendments modify the definition of a business. These changes will result in fewer acquisitions being accounted for as a business combination within the scope of IFRS 3. The amendments also introduce an optional 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is a business.	1 January 2020
Conceptual Framework for Financial Reporting (Revised)	The Conceptual Framework contains the improved definitions that underpin all requirements in IFRS (e.g. the definition of an asset, liability, income, expense, the objectives of general purpose financial reporting, etc.).	1 January 2020
IBOR Reform and its Effects on Financial Reporting – Phase 1	The amendments modify the requirements relating to hedge accounting in order to provide relief from potential consequences of IBOR reform, during the period before the related changes to benchmark rates take place. Additionally, the standards were amended to require additional disclosures explaining how an entity's hedging relationships are affected by the uncertainties involving IBOR reform.	1 January 2020
IFRS 16 (Amendment – COVID-19 Related Rent Concessions)	In response to the COVID-19 pandemic, in May 2020 the IASB issued amendments to IFRS 16, which permits lessees not to assess whether a rent concession received meets the definition of a lease modification, if certain criteria are satisfied. Instead, lessees apply other applicable IFRS standards, which will often result in a rent concession being recorded as a negative variable payment.	1 June 2020

3- SIGNIFICANT ACCOUNTING POLICIES

3-1 Financial instruments

Financial Assets

A) Classification
The company classifies financial assets in the following measurement categories:
- Those to be measured subsequently at fair value (either through other comprehensive income or profit or loss), and
- Those to be measured at amortized cost.

The classification depends on the company’s business model of managing its financial assets and the contractual terms of cash flows.

For financial assets measured at fair value, gains and losses are recognized in the statement of profit or loss or other comprehensive income.

B) Measurement
On initial recognition, the Company measures the financial asset at its fair value. If the financial asset is not measured at fair value through profit or loss, it is measured through transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are charged as an expense in profit or loss.

Financial instruments included in derivative financial instruments are taken into account in determining whether their cash flows are the sole payment of principal and interest.

Debt Instruments:
Subsequent to the measurement of the debt instrument, which is based on the Company's business method of managing the asset and the cash flow characteristics of the asset, there are three measurement categories for which the Company classifies debt instruments:

Amortized cost: Assets held for the purpose of aggregating contractual cash flows where those cash flows represent the payments of principal and interest are measured at amortised cost. Gains or losses on a debt instrument subsequently measured at amortized cost and which are not part of the hedging relationship is recognized in profit or loss when the asset is derecognized or impaired. Interest income from these financial assets is included in financing income using the effective interest rate method.

Fair value through other comprehensive income statement:
Financial assets held for the purpose of the aggregation of contractual cash flows and for the purpose of selling the financial asset. Such cash flows are the principal of the principal and interest measured at fair value that is recognized in the Statement of Comprehensive Income. Movement in carrying amount is accounted for through other Comprehensive Income, except for gains or losses on impairment, as well as interest income and foreign exchange gains and losses which are recorgnized in the Statement of Profit or Loss. Upon derecognition of the financial asset, the cumulative gain or loss previously recognized in the Statement of Other Comprehensive Income is reclassified from equity to profit or loss and recognized in other gains / losses. Interest income from these financial assets is included in finance income using the effective interest rate method.

3- SIGNIFICANT ACCOUNTING POLICIES (continued)

3-1 Financial instruments (Continued)

Fair value through profit or loss: Assets that do not meet the criteria of amortized cost or fair value through other comprehensive income are measured at fair value through profit or loss. Gains or losses on investment in a debt instrument that are remeasured at fair value through profit or loss and are not considered part of the hedging relationship are recognized in profit or (loss) and presented in the statement
of profit or loss in other income / (losses) in the period when they arise. Interest income from these financial instruments is included in financing income using the effective interest rate method.

Financial assets Impairment
The company recognizes an impairment provision for expected credit losses in financial assets. The ECL amounts are updated at each reporting date to reflect changes in credit risk since the initial recognition of the financial instrument.

The company always recognizes the aging of the expected credit losses of the financial assets. Expected credit losses on these financial assets are estimated using a provision matrix, which is based on the company's historical experience in expected credit loss, adjusted for debtors' factors, general economic conditions, and evaluation of both the current trend as well as forecasting conditions at the reporting date, including time value of money, when appropriate.

The ECL measurement is a function of the probability of default, or the loss arising from default (meaning size of the loss if there is a default) and exposure to default. The assessment of the probability of default and the resulting loss in default are based on historical data modified by forward-looking information as described above. The exposure to default, for financial assets, is recognized at the total carrying value of the assets at the reporting date.

For financial assets, the ECL is estimated as the difference between all contractual cash flows due to the company according to the contract and all cash flows that the company expects to receive, which discounted at the effective interest rate.

If the company measured the impairment loss for a financial instrument at an amount equal to the lifetime ECL amount at the previous reporting date, but determined at the current reporting date that it did not meet the lifetime ECL terms. The Company measures the impairment loss according to the age of the debt for expected credit losses at the current reporting date, except for assets for which the simplified approach was used.

The company recognizes impairment gain or loss in the profit or loss statement for all financial instruments.

Financial Liabilities
All financial liabilities are subsequently measured at amortized cost using the effective interest rate method or at FVTPL. The company does not have any financial liabilities that are measured at fair value through profit or loss.

The effective interest method is a method of calculating the amortized cost of a financial liability and allocating interest expense over the relevant period. The effective interest rate is the rate that discounts the estimated future cash flows (including all fees and points paid or received that are an integral part of the effective interest rate, transaction costs, and other premiums or discounts) over the expected life of the financial liability, or (if appropriate), shorter period, to the amortized cost of the financial liability.

3- SIGNIFICANT ACCOUNTING POLICIES (continued)

3-1 Financial instruments (Continued)

De-recognition Financial Liabilities
A financial liability is derecognized when the specified obligation is discharged, canceled or expires. When replacing an existing financial obligation with another from the same lender on substantially different terms or amending the terms of the current liabilities substantially, this exchange or amendment is treated as a non-fulfillment of the original obligation and realization of a new obligation, and the difference in the related carrying value is recognized in the statement of profit or loss.

Offset of Financial instruments
The financial assets and liabilities are offset and the net amount reported in the statement of financial position only when a legal right exists and the company has the intention to settle the assets and liabilities recorded on a net basis to achieve the assets and settle the liabilities at the same time. An enforceable legal right must not be dependent on future events, and it must be enforceable in the normal course of business and in case of default, insolvency or bankruptcy of the company or the counterparty.

3-2 Right-of-use assets and lease obligations

The company assesses whether the contract is a lease or contains a lease, at the beginning of the contract the company recognizes the right of use asset and the corresponding lease obligation in relation to all lease agreements in which the company is a lessee, except for short-term leases and leases of low-value assets rentals.

a) Right-of-use assets
The lease contract is recognized as a right-of-use asset with its corresponding obligations on the date when the leased assets are ready for use by the company. Each lease payment is allocated between the lease obligation and the finance cost. The finance cost is recognized in the profit or loss statement over the lease term. The right of use assets are depreciated over the shorter of lease term or useful life of the asset, on a straight-line basis.

Initially, the right-of-use assets are measured at cost and consist of the following:

- The amount of the initial measurement of the lease obligation,
- Any lease payments made in or prior to the start date of the lease minus the rental incentives received;
- Any initial direct costs
- Recovery costs, where applicable.

b) Lease obligations
On the date of commencement of the lease, the company records lease obligations measured in the current value of lease payments made over the lease term. Lease payments include fixed payments (including substantially fixed payments) minus any receivable rental incentives, variable rental payments based on an indicator or rate and amounts expected under guaranteed residual value. Lease payments include the price of exercising the purchase option when there is reasonable certainty that the company will exercise this right in addition to penalty payments for the cancellation of the lease if the terms of the lease provide for the company's practice of cancellation. For variable lease payments that do not depend on an index or rate, they are recorded as expense in the period during which they are paid. Lease payments are discounting using the interest rate included in the lease or the company's incremental borrowing rate.

c) Short-term leases and leases with low value assets
Short-term leases are leases term with 12 months or less. Low value assets are items that do not meet the company capitalization limits and are considered to be not material to the company's financial position statement as a whole. Short-term lease payments and low-value asset leases are recognized on a straight line basis in the profit or loss statement.

(Expressed in Saudi Riyals)

3- SIGNIFICANT ACCOUNTING POLICIES (continued)

3-3 Property, plant and equipment

A) Recognition and measurement

Items of property, plant and equipment as well as Bearer plants are measured at cost net of accumulated depreciation and accumulated impairment losses - if any.

The cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes costs of materials, direct labor, any other costs directly attributable to preparing the asset for its intended use, and costs of dismantling, removing, and reinstalling them on the site.

When the useful lives of some items of property, plant and equipment are different, they are accounted for as separate components (Major components) of property, plant and equipment.

Gains or losses are determined upon disposal of any item of property, plant and equipment by comparing the consideration received with the asset's carrying value and is inserted net in other income in the statement of profit or loss.

B) Subsequent costs & maintenance

The replacement cost of any item of property, plant, equipment and overhaul is recognized in the carrying amount of the asset if it is probable that economic benefits will flow from that asset to the company, and those benefits can be measured reliably and the carrying value of the replaced part is derecognized. The daily cost of servicing property, plant, equipment and overhaul is recognized in profit or loss as incurred.

C) Deprecation

Depreciation is calculated based on the depreciable amount and it is the asset cost or alternative amount of cost less the residual value.

Depreciation is recognized in the statement of profit or loss using the straight-line method over the estimated useful lives of each item of property, plant and equipment, as this is the closest method that reflects the expected pattern of depreciation of the economic benefits inherent in the asset.

Below are the estimated depreciation rates for the current and comparative periods:

Buildings and silos	3% - 10%
Wells and accessories	5% - 25%
Agricultural machinery and equipment	10% - 20%
Vehicles	15% - 25%
Machines and equipment	6% - 20%
Living animals	7.5%
Tools	10% - 20%
Furniture and fixtures	2.5% - 25%
Project roads	3 %
Capital spare parts and maintenance	33 %
Bearer plants	2% - 10%

Agricultural lands, projects under construction, and immature bearer plants are not Depreciated.

Projects under construction at the end of the year include some assets that have been acquired but are not ready for their intended use. These assets are transferred to the relevant asset classes and are depreciated when they are ready for use.

Depreciation methods, useful lives and residual values are reviewed at the end of each financial year, to ensure that they reflect the benefit obtained, and in the event of a difference, it is treated as changes in the accounting estimates (in the year of change and subsequent years).

3- SIGNIFICANT ACCOUNTING POLICIES (continued)

3-4 Bearer plants

IAS 16 Property, Plant and Equipment defines the bearer plants as:
Used in the production or supply of agricultural products.
Expected to yield more than once during the period.
There is a remote possibility of selling them as agricultural products other than scrap sales.

Bearer plants are initially recognized at cost less accumulated depreciation and accumulated impairment losses. The cost incurred by the Company includes the acquisition of the asset and includes the costs of raw materials, labor and all other direct costs associated with placing the asset in a condition that enables it to achieve the purpose for which it was purchased.

Any gain or loss arising from the disposal of bearer plants (calculated on the basis of the difference between the net proceeds of sale and the carrying amount of plants) is recognized in other income in the statement of profit or loss in the period in which the asset is derecognized.

3-5 Biological assets

Biological assets are measured at fair value less costs to sell. However, when fair value measurements are not reliable, biological assets are measured at cost.

Cost of sale includes the additional costs and estimated costs of transporting to the market but do not include financing costs. Agriculture costs such as water expenses, labor costs and fertilizer costs are charged as expenses incurred when measuring biological assets at fair value.

Fruit, olive, and palm trees are bearer plants and thus are presented and accounted for as property, machinery and equipment. However, agricultural produce that grow on those bearer plants are accounted for as biological assets up to harvest date. Harvested biological assets are transferred to inventory at fair value less costs to sell at the point of harvested. Changes in the fair value of the biological assets prior to harvest are recognized in the statement of profit and loss.

The fair value of immature biological assets is determined using the discounted cash flow model based on the expected date yield of agricultural produce through the cultivated areas, and the market price of mature agricultural produce, taking into account the following:

harvest costs, cost of land and bearer plants ownership and other costs not yet incurred to obtain agricultural produce until mature. If prices are not available from an active mature agricultural produce market and fair value cannot be reliably determined, in such a case, the biological asset should be measured at cost.

Management measures biological assets at cost less impairment losses as the determination of fair value cannot be measured reliably. Management has concluded the following:

Level 1 - There is no active market in the Kingdom of Saudi Arabia and therefore Level 1 assessment is not possible.

Level 2 - No observable market data available, and given the significant differences in location, environment, associated costs, average return per (RP), and distance to active markets, this means that Level 2 assessment is not possible.

Level 3 - Discounted Cash Flow Techniques (DCF) (Income or Market Approach) - No favorable market for the company's products or any other intermediary product that requires any discounted cash flow valuation method that may use gross revenues as the basis for any valuation and then cancel The costs and profit margin associated with farming and / or manufacturing, packaging, sales and distribution in order to determine the net indirect cash flows generated from each agricultural product. Management believes that any fair value derived from this would be clearly unreliable as any calculated cash flows derived from this valuation approach may be You rely excessively on a large number of assumptions, many of which cannot be derived from, or compared, to market assumptions or observable data.

3- SIGNIFICANT ACCOUNTING POLICIES (continued)

3-6 Intangible assets

Intangible assets are measured at cost less accumulated amortization and accumulated impairment losses, if any. Intangible assets internally generated, except for development costs, are not capitalized, and expenses are recognized in the statement of profit or loss as incurred. Intangible assets with finite useful lives are amortized on a straight-line basis over their estimated useful lives.

Subsequent expenditure is capitalized only when it is probable that future economic benefits associated with the expenditure will flow to the company, and the expenditure can be measured reliably.

Residual values of intangible assets, useful lives and indicators of impairment are reviewed at the end of each financial year and adjusted prospectively when necessary.

3-7 Inventory

Inventories are stated at the lower of cost or net realizable value After taking the necessary allowance for any slow moving or obsolete items. Cost is determined using the weighted average method. The cost includes the sum of the purchase price, conversion costs and other costs associated with bringing the inventory into its current condition and location. Net realizable value is the estimated selling price in the ordinary course of business less expected selling costs.

3-8 Cash and cash equivalent

Cash and cash equivalent includes cash in banks, demand deposits and other short-term, highly liquid investments with maturities of three months or less.

3-9 Trade receivables, prepayments, and other current assets

Trade receivables, prepayments and current assets are initially recorded at the transaction price less impairment losses in an amount equal to the estimated lifetime credit loss. When the due amounts are uncollectible, they are written off against the impairment losses. Any subsequent recoverable amounts previously written off are credited for impairment losses in the statement of profit or loss.

3-10 Impairment of non-financial assets

At the end of each reporting period, the company reviews the carrying values of its tangible and intangible assets for any impairment losses to determine whether there is any indication that these assets have suffered impairment losses. If any indication exists, the recoverable amount of the asset is estimated in order to determine impairment losses (if any). In the case that it is not possible to estimate the recoverable amount of a specific asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, similar group assets are also allocated to cash generating units, or allocated to the smallest group of cash generating units for which a reasonable and consistent basis of allocation can be identified. The cash-generating unit to which goodwill has been allocated is tested for impairment annually, whenever there is an indicator of impairment of the unit by comparing the carrying value of the unit with the recoverable amount, including the goodwill. Intangible assets with an indefinite useful life are not amortized. Instead, the asset is tested for impairment annually, whenever there is an indication of impairment of the asset.

The recoverable amount is the higher of fair value of the asset less disposal costs or value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the future cash flow assessment has not been adjusted.

3- SIGNIFICANT ACCOUNTING POLICIES (continued)

3-10 Impairment of non-financial assets (Continued)

If the recoverable amount of the asset (or cash-generating unit) is estimated to be less than the carrying value, the carrying amount of the asset (or cash-generating unit) is reduced to the recoverable value. Impairment losses are recognized directly in profit or loss.

When subsequently the impairment loss is reversed, the carrying amount of the asset (or cash-generating unit) is increased to the recoverable amount, so that the revised carrying amount does not exceed the value of the asset (or cash-generating unit) if the impairment loss was not accounted for previously. The reversal of an impairment loss is recognized directly in profit or loss. An impairment loss recognized in past periods is not reversed for goodwill in a subsequent period

3-11 Zakat provision

Zakat provision is calculated annually in the financial statements in accordance with the instructions of the General Authority for Zakat and Tax "GAZT" in the Kingdom of Saudi Arabia. The zakat provision is settled in the financial year during which the valuation is approved, and any differences between the zakat provision are recorded in accordance with the requirements of IAS (8) "Accounting Policies and Changes in Accounting Estimates, and Errors".

3-12 Value-added tax

The company is subject to the value-added tax system, and the tax is calculated as soon as the invoice is issued, the good is delivered or the price or part thereof is received, and the VAT return is submitted on a monthly basis.

3-13 Term Loan

Term loan are recognized initially at fair value, net of transaction costs, and are subsequently measured at amortized cost using the effective interest rate method.

Loan are derecognized from the statement of financial position when the obligation specified in the contract is satisfied, canceled, or expired. Term Loan are classified as current liabilities when they mature in less than 12 months.

3-14 Employee Benefits obligations

The company contributes to the retirement pension and social insurance for its employees in accordance with the Saudi Labor Law.

a) Employees End of Service benefit

End of service benefit is payable to all employees in accordance with the terms and conditions of the company's work system, upon the termination of their service contracts. The company's obligation to the defined benefit plans is calculated by estimating the value of future benefits due to employees in the current and future periods and discounting the due amount to arrive at the present value.

The company makes assumptions that are used when determining the main components of costs for the purpose of meeting these future obligations. These assumptions are made by an actuary and include those assumptions that are used to determine normal service cost as well as the financing component of the obligation, if any. The qualified actuary calculates the defined benefit obligation using the planned credit unit method.

The revaluation of defined benefit obligations that consist of actuarial gains and losses is recognized directly in the statement of other comprehensive income. considering any change in the net defined benefit obligations during the year as a result of contributions and payments of obligations. The net interest expense and other expenses related to defined benefit plans are recognized in the statement of profit or loss.

3- SIGNIFICANT ACCOUNTING POLICIES (Continued)

3-14 Employee Benefits obligations (Continued)

b) Short-term employee benefits

Short-term employee benefit obligations are measured on a non-discounted basis and are expensed when the related service is provided.

The obligation is recognized for the amount expected to be paid under a short-term cash bonus payment plan or profit share plan if the company has a legal or contractual obligation to pay that amount as a result of a prior service provided by the employee, and if the value of the obligation can be estimated reliably.

3-15 Restricted government grants

Restricted government grants are initially recognized in other liabilities at fair values, then to profit and loss when the conditions for obtaining the grant are fulfilled.

3-16 Provisions

Provisions are recognized when the company has a present obligation (legal or constructive) as a result of past event, and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the obligation amount. Provisions are determined by discounting the expected future cash flows to settle the present obligation that reflects current market assessments of the time value of money and the risks specific to that obligation (when the effect of the time value of money is material). The discount is recognized in finance costs.

3-17 Revenue

Revenue is recognized when the company fulfills its obligations in contracts with customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. Specifically, the standard provides a five-step approach for revenue recognition:
Step one: identify the contract(s) with customers.
Step two: identify the performance obligations in the contract.
Step three: Determine the transaction price.
Step four: Allocate the transaction price to each performance obligation in the contract.
Step five: Recognize revenue when a performance obligations are satisfied.

Revenue is recognized upon satisfying the performance of contractual obligations, when control over the goods or services is transferred to the customer to be able to use them for the intended purpose and without restrictions or to benefit from the services rendered under the contract.

Revenue from the sale of any by-products resulting from agricultural or industrial waste is treated as other income in the statement of profit or loss.

In case there is a difference in price, between the selling price of the product at the delivery site at the company’s location and the selling price of the same product at the customer’s location, the resulting difference will be treated as transport income and inserting the related cost in the cost of revenue.

Discounts

Additional discounts are granted to customers according to the market conditions and the competitive conditions, so revenue is recognized based on the price specified in the contract or agreed upon with the customer after deducting the specific discounts for each customer, using the accumulated experience to estimate and grant discounts, using the expected value method, Revenue is recognized only to the extent that it is highly probable that a significant reversal will not occur, the contractual obligation is recognized for the expected discounts in the volume of payable amounts to customers in respect of sales made up to the end of the reporting period.

3- SIGNIFICANT ACCOUNTING POLICIES (continued)

3-17 Revenue (continued)

Finance component

The company does not expect the existence of any contracts that exceed the period between the delivery of the products agreed to be sold to the customer and the payment by the customer for one year, so the company does not adjust any of the transaction prices by the time value of money.

3-18 Expenses

Selling and marketing expenses include direct and indirect expenses that are not part of the cost of revenue. Selling and marketing expenses are those expenses related to selling activity and goods delivery, in addition to all other expenses related to marketing.

General and administrative expenses include direct and indirect costs which are not a specific part of the operating activities, including salaries, other employee benefits, rents, consulting services fees, telecommunications expenses, and others.

A common expense is allocated between the cost of revenue, selling and marketing expenses and general and administrative expenses, if necessary, on a consistent basis.

3-19 Foreign currency transactions

Transactions in foreign currency are recognized using the exchange rates prevailing on the date of the transactions. Monetary assets and liabilities are transferred using the exchange rates prevailing on the date of preparing the financial statements.
Gains and losses resulting foreign currency differences are directly included in the statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the prevailing exchange rates at the dates of the initial transactions.

3-20 Segment reports

The main activity of the company consists of segments that includes agricultural production, manufacturing and marketing of plant products. Operating segments are major components of the company that engages in business activities from which it may earn revenues and incur expenses. All operating results of the operating segments are reviewed regularly by the company's chief operating decision-makers. Decisions are made regarding the resources allocated to the segments, their performance evaluation, whose detailed financial information is available.

3-21 Earnings per share

Basic and diluted earnings per share are calculated by dividing:

- Net income attributable to the company's ordinary shareholders
- Weighted average number of ordinary shares issued and outstanding during the year

No ordinary shares have been issued by the company therefore the basic and diluted earnings per share are the same.

4- USE OF JUDGMENT, ESTIMATES AND ASSUPTIONS

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the amounts related to revenues, expenses, assets and liabilities, and the disclosure of potential liabilities on the date of preparing the financial statements. However, the uncertainty involved in these assumptions and estimates may lead to significant adjustments to the carrying amount of assets or liabilities that may be affected in future periods.

Judgment

While applying the company's accounting policies, management has made the following judgments that have a material impact on the amounts recognized in the financial statements:

Estimates and Assumptions

The following are the main assumptions related to future sources and other sources that cause uncertainty about estimates at the date of preparing the financial statements, and with which there are significant risks associated that may cause significant adjustments to the carrying values of assets and liabilities in subsequent financial periods. The company relied, in its estimates and assumptions, on the available information when preparing the financial statements. However, circumstances and assumptions about future developments may change according to changes in the market or circumstances arising outside the company's control. These changes are reflected in the assumptions as they occur.

A) Allowance for expected credit losses

The expected credit loss allowance is determined by reference to a set of factors to ensure that receivable balances are not overvalued as a result of the probability that they will not be collected, based on aging from the initial date of recognition to measure expected credit losses. Accounts receivable have been grouped based on common credit risk characteristics and the aging per days. The expected loss rates are derived from the company's historical

information and adjusted to reflect the expected future outcome, which includes any future information on macroeconomic factors such as inflation and GDP growth rate.

B) Provision for slow moving inventory

The company determines the provision for slow moving inventory based on historical experience, the expected turnover of the inventory, inventory aging and inventory current condition, and current and future expectations of sales. The assumptions underlying when determining the provision for inventory obsolescence include future sales trends, projected inventory requirements and the inventory components needed to support future sales and offers. The Company's estimates of the provision for inventory obsolescence may differ substantially from period to period as a result of changes in product offers related to inventory.

C) Useful lives of property, machinery, equipment and intangible assets

The company's management determines the estimated useful lives of property, machinery and equipment for calculating depreciation. These estimates are determined after considering the expected usage of the assets or physical wear and tear. The company reviews the residual value and useful lives of these assets annually, depreciation charges would be adjusted where the management believes the useful lives differ from previous estimates.

4- USE OF JUDGMENT AND ESTIMATES (Continued)

D) Impairment of non-financial assets

Non-financial assets are reviewed for any impairment losses due to the decrease in its value whenever the events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized by finding the difference between the carrying amount of the asset and the recoverable amount. The recoverable amount is the fair value of the asset less costs to sell and the value in use, whichever is higher. For the purpose of assessing impairment, assets are grouped to their lowest level where there are identifiable cash flows (cash-generating units). Non-financial assets other than goodwill and those that have been impaired are reviewed for possible reversal of impairment at each reporting date. Where the impairment loss is subsequently reversed, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but the carrying amount that has been increased must not exceed the carrying amount that would have been determined, Any impairment loss is recognized for the asset or cash-generating unit in prior years. The reversal of impairment loss is recognized as direct income in the statement of profit or loss. Impairment losses on goodwill are not reversed.

E) Employees Defined Benefits Obligations

The cost of employees' end of service benefits is determined under the defined unfunded remuneration program that is measured using actuarial valuation. The actuarial valuation includes many assumptions that may differ from actual developments in the future. These assumptions include determining the discount rate, future salary increases, employee behavior, and employee turnover. Due to the complexity of the evaluation and its long-term nature, the specific unfunded bonus obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed once or more per year when necessary.

(Expressed in Saudi Riyals)

5- PROPERTY, MACHINERY AND EQUIPMENT

	Agricultural lands*	Buildings and silos	Wells and accessories	agricultural equipment, furniture and equipment	Vehicles	Project roads	Capital spare parts and maintenance	Bearer plants	Un Immature Bearer plants	Livestock	Work in progress**	Total
Cost												
January 1, 2019	58,719,000	80,631,968	383,946,244	184,268,332	40,401,648	32,834,317	32,419,634	251,603,196	124,849,605	309,774	121,798	1,190,105,516
Additions	-	155,333	126,933	7,947,202	140,800	-	-	-	29,094,173	-	1,312,896	38,777,337
Disposals	-	-	(16,773,493)	(11,015,524)	(3,029,239)	-	(32,419,634)	(9,302,606)	-	-	-	(72,540,496)
Transfers	-	-	-	-	-	-	-	61,630,282	(61,630,282)	-	-	-
December 31, 2019	58,719,000	80,787,301	367,299,684	181,200,010	37,513,209	32,834,317	-	303,930,872	92,313,496	309,774	1,434,694	1,156,342,357
Additions	**-**	**1,176,780**	**1,590,378**	**2,620,212**	**1,402,100**	**95,000**	**-**	**-**	**9,527,838**	**-**	**4,054,763**	**20,467,071**
Disposals	(3,062,900)	-	(29,015,662)	(1,367,665)	(472,762)	(9,207,991)	-	(8,855,270)	(430,468)	-	-	(52,412,718)
Transfers	-	45,000	-	-	75,600	-	-	57,711,767	(57,711,767)	-	(120,600)	-
December 31, 2020	**55,656,100**	**82,009,081**	**339,874,400**	**182,452,557**	**38,518,147**	**23,721,326**	**-**	**352,787,369**	**43,699,099**	**309,774**	**5,368,857**	**1,124,396,710**
Accumulated depreciation												
January 1,2019	-	45,929,354	324,790,188	127,883,675	36,787,834	15,452,033	25,514,905	49,485,521	-	309,763	-	626,153,273
Depreciation	-	2,186,200	9,756,694	10,836,791	2,165,629	987,499	6,904,729	11,689,618	-	-	-	44,527,160
Disposals	-	-	(15,018,265)	(10,891,253)	(3,029,210)	-	(32,419,634)	(6,134,825)	-	-	-	(67,493,187)
Impairment	-	-	50,740	7,957,116	-	-	-	4,001,838	430,467	-	-	12,440,161
December 31,2019	-	48,115,554	319,579,357	135,786,329	35,924,253	16,439,532	-	59,042,152	430,467	309,763	-	615,627,407
Depreciation	-	1,762,572	7,963,648	9,101,862	1,080,815	921,841	-	14,177,660	-	-	-	35,008,398
Disposals	-	-	(18,954,843)	(1,368,136)	(208,087)	(6,443,666)	-	(8,855,270)	(430,468)	-	-	(36,260,470)
Impairment	-	-	1,971,500	-	-	-	-	9,346,614	9,603,618	-	-	20,921,732
December 1,2020	**-**	**49,878,126**	**310,559,662**	**143,520,055**	**36,796,981**	**10,917,707**	**-**	**73,711,156**	**9,603,617**	**309,763**	**-**	**635,297,067**
Net book value												
December 31, 2020	**55,656,100**	**32,130,955**	**29,314,738**	**38,932,502**	**1,721,166**	**12,803,619**	**-**	**279,076,213**	**34,095,482**	**11**	**5,368,857**	**489,099,643**
December 31, 2019	58,719,000	32,671,747	47,720,327	45,413,681	1,588,956	16,394,785	-	244,888,720	91,883,029	11	1,434,694	540,714,950

* Agricultural land represents a government grant on which the company's buildings, activities and businesses are based. On June 24, 2020, the Ministry of Environment, Water and Agriculture approved the company's ownership of these lands. During the current financial year, the company recorded a decline in the value of land, property, machinery and equipment for the unappropriated land area (note 20). The average fair value of owned agricultural lands amounted to 515,444,500 Saudi riyals according to an approved valuation from the approved valuers of the Saudi Authority for Accredited Valuers on October 20, 2020 and November 5, 2020 (Araqa Real Estate Appraisal Company - Member of the Saudi Authority for Accredited Valuers - License No. 1210000115 and Esnad Company for Valuation) Real Estate - Member of the Saudi Authority for Accredited Residents - License No. 1210000934).

** Work in progress contains an amount of 4,054,763 Saudi riyals represents advance payments for the purchase of property and equipment (2019: 1,022,130 Saudi riyals).

- All buildings constructed or will be constructed on land, along with all the project buildings, equipment, machinery and accessories related to it or that are acquired for the project are mortgaged in favor of the Saudi Industrial Development Fund.

Expressed in Saudi Riyals

5- PROPERTY AND EQUIPMENT (CONTINUED)

Depreciation expense was allocated among the following items :

	2020	2019
Cost of Sales	31,716,070	38,693,110
Selling and marketing expenses	1,529,950	2,595,431
General and administrative expenses	925,590	1,413,932
Biological assets	836,788	1,824,687
	35,008,398	**44,527,160**

6- INVESTMENTS

The company has an investment with amount SR 7,000,000, or 11.1% in Jannat Agricultural Investment Company, a limited liability company -under liquidation-, the company recognized losses of the full investment amount.

On December 31, 2019, Jannat Agricultural Investment Company - as part of the liquidation procedures - transferred 6,902 shares of its ownership shares in Rakha Agricultural Investment and Development Company – A Egyptian Joint Stock Company - Arab Republic of Egypt, equivalent to 8,6275% of the capital of Rakhaa Agricultural Investment and Development Company, which is the nominal value of the share 1,000 Egyptian pounds to the ownership of the company, and accordingly, the company's share of the percentage transferred to the Al-Jouf Agricultural Development Company, and the shareholder equity deficit for Rakhaa Agricultural Investment and Development Company as of December 31, 2019 (the last audited financial statements) amounted to about 305.6 million Egyptian pounds.

Rakhaa Company for Agricultural Investment and Development obtained a loan from the Industrial Development Fund for the purpose of investing in agricultural activity, with a guarantee from the founding partners of Jannat Agricultural Investment Company. Because of the default of Rakhaa, the company created an allowance against its share of the loan guarantee of 11 million riyals (note 16), and its share of the value of the due installments was paid.

7- INVENTORY

	December 31, 2020	December 31, 2019
Finished goods	21,154,298	32,921,266
Raw materials - Industrial	66,896,330	48,066,967
Raw materials – Agricultural	8,366,516	7,298,778
Work in progress	2,266,934	1,282,667
Spare parts	18,369,120	17,885,511
Packing material	14,399,629	14,201,616
Fuels and oils	2,248,759	2,082,550
consumables materials	788,535	844,709
	134,490,121	**124,584,064**
Less: provision for slow moving inventory (7-1)	(14,461,015)	(17,233,796)
	120,029,106	**107,350,268**

Expressed in Saudi Riyals

7- INVENTORY (CONTINUED)

7-1 Movement of the Provision for slow moving inventory as follow:

	December 31, 2020	December 31, 2019
Balance at the beginning of the year	17,233,796	16,734,924
Charged during the year	2,109,129	3,051,886
Used during the year	(4,881,910)	(2,553,014)
	14,461,015	**17,233,796**

8- BIOLOGICAL ASSETS

The biological assets represent the costs of seasonal crops grown and agricultural products not harvested as of December 31, and are as follows:

	December 31, 2020	December 31, 2019
Seeds, fertilizers and pesticides	6,010,873	6,154,751
Fuel and maintenance	5,907,864	3,882,416
Salaries, wages and benefits	1,498,482	1,201,767
Others costs	3,569,129	2,680,936
	16,103,348	**13,919,870**

9- PREPAYMENTS AND OTHER CURRENT ASSETS

	December 31, 2020	December 31, 2019
Prepaid expenses	5,784,877	4,718,027
Advance to supplier	5,907,718	3,682,591
Letters of credit	240,286	204,918
Letters of guarantee	687,825	460,825
Advances to employees	1,323,162	381,215
Others	216,624	134,164
	14,160,492	**9,581,740**

Expressed in Saudi Riyals

10 - TRADE RECEIVABLES

	December 31, 2020	December 31, 2019
Trade accounts receivable	52,133,427	38,290,235
Less : provision for Expected credit losses	(8,721,284)	(2,713,548)
	43,412,143	**35,576,687**

10-1 Movement of the provision for expected credit losses as follow:

	December 31, 2020	December 31, 2019
Balance at the beginning of the year	2,713,548	602,832
Charged during the year	6,007,736	2,110,716
	8,721,284	**2,713,548**

11 - CASH AND CASH EQUIVALENT

	December 31, 2020	December 31, 2019
Cash at bank	47,136,789	65,326,202
Checks under collection	584,997	-
Cash on hand	-	104,307
	47,721,786	**65,430,509**

12- SHARE CAPITAL

The share capital consists of 30 million shares, each share value of 10 Saudi riyals, fully paid up (2019: 30 million shares).

13- STATUTORY RESERVE

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

Expressed in Saudi Riyals

14- TERM LOAN

	December 31, 2020	December 31, 2019
Saudi Industrial Development Fund - non-current portion	6,252,478	8,457,514
Saudi Industrial Development Fund - current portion	4,046,153	2,357,850
	10,298,631	**10,815,364**

On September 5, 2013, the company signed a loan agreement with the Saudi Industrial Development Fund to finance the establishment of a factory for the production of olive oil, pickles and cosmetic soap. The loan amount is SR 15,350,000, and the loan will be repaid in unequal semi-annual installments for a period of 5 years starting on December 24, 2018 until November 10, 2022.

The loan is secured by the mortgage of all the buildings constructed or will be constructed on a plot of land space 59,790 hectares located in Buestita with all the project buildings, equipment, machinery and related accessories that obtained for the project.

On December 9, 2020, and within the government measures to mitigate the impact of the Corona virus epidemic on the economy, the Saudi Industrial Development Fund issued instructions to restructure the installments due during the year 2020, and accordingly the schedule of payment of the remaining installments was amended, provided that the last payment is made on May 5, 2023.

14-1 Finance charges

Financing costs as for the year ended December 31, 2020 amounted to SAR 969,667 (2019: SAR 597,774).

15- EMPLOYEES DEFINDED BENEFITS OBLIGATION

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

	December 31, 2020	December 31, 2019
Present value of the defined benefits obligation	22,822,259	20,323,280

Expressed in Saudi Riyals

15- EMPLOYEES DEFINDED BENEFITS OBLIGATION (CONTINUED)

The movement in the net defined benefit obligation:
The net defined benefit obligation includes only the defined benefit obligation, the movement in the defined benefit obligation is as follows:

	December 31, 2020	December 31, 2019
Balance at the beginning of the year	20,323,280	17,677,360
Including in the Statement of profit or loss		
Current service cost	2,333,598	1,975,113
Interest cost	627,261	783,560
Including in the Statement of comprehensive income		
Actuarial Losses	1,959,574	2,137,259
Cash movement		
Benefits paid	(2,421,454)	(2,250,012)
Year-end balance	**22,822,259**	**20,323,280**

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

	December 31, 2020	December 31, 2019
Cost of sales	2,265,946	2,266,990
Selling and marketing expenses	197,353	276,810
General and administrative expenses	497,560	214,873

The following are the basis actuarial assumptions:

	December 31, 2020	December 31, 2019
Discount rate	2.65%	3.08%
Future Salary increment rate\Expected salaries increment rate	4%	6%
Retirement age	60	60

The sensitivity of employee benefit plan to changes of any weighted underlying assumptions.

	Impact on defined benefit obligation - increase / (decrease)		
	Change in assumptions	Increase in assumptions	Decrease in assumptions
Discount rate	0,5%	21,421,494	24,368,906
Future Salary increment rate\Expected salaries increment rate	0,5%	24,340,152	21,432,450
Death rate	20%	22,901,541	22,745,077

An actuarial evaluation was performed by an independent and qualified actuary to ensure the sufficiency of the employees end of service benefits provision on December 31, 2020 in accordance with the terms of work in the Kingdom of Saudi Arabia using the expected unit credit method and in accordance with IAS 19: Employee Benefits.

Expressed in Saudi Riyals

16- ACCRUALS AND OTHER CURRENT LIABILITIES

	December 31, 2020	December 31, 2019
Due loan guarantee (note 24)	8,388,130	9,547,092
Remuneration and allowances for Board of Directors members	1,000,000	1,809,000
Accrued expenses	9,424,441	5,620,746
Shares holders creditors	1,465,560	1,465,900
Other creditors	6,624,380	5,443,594
Advance from customers	3,274,577	1,693,761
Dismantling provision	3,067,760	-
Value added tax	-	905,664
	33,244,848	**26,485,757**

17- ZAKAT PROVISION

17-1 Charged on the statement of profit and loss

	December 31, 2020	December 31, 2019
Zakat for the current year	5,487,661	5,385,842
Zakat for previous years	4,589,895	-
Ending balance	**10,077,556**	**5,385,842**

17-2 Zakat provision movement

	December 31, 2020	December 31, 2019
Balance at the beginning of the year	5,385,842	6,265,859
Addition during the year	10,077,556	5,385,842
Adjustments during the year	-	992
Paid during the year	(9,952,057)	(6,266,851)
Ending balance	**5,511,341**	**5,385,842**

17-3 Components of the Zakat base

The main components of the Zakat base and according to the regulations of the General Authority of Zakat and Tax “GAZT” are shareholders' equity, provisions at the beginning of the year and adjusted net income, less the net carrying value of non-current assets and some other items.

17-4 zakat status

The company submitted its zakat declaration for the year 2019 and obtained a zakat certificate.

The company obtained the final assessments from the General Authority for Zakat and Tax until the end of 2014 and paid the zakat differences resulting from those final assessments. During the current year, the company received an initial zakat assessment from the General Authority for Zakat and Tax to pay the Zakat assessment difference for the years from 2015 to 2018, with a total amount of 7.6 million Saudi riyals, and accordingly the company submitted the necessary documents to the General Authority for Zakat and Tax and based on these documents the General Authority for Zakat And the Tax by amending the zakat assessment to bring the total difference to 4.6 million Saudi riyals, and the difference and final settlement were paid during the year ending on December 31, 2020.

Expressed in Saudi Riyals

18 – SELLING AND MARKETING EXPESNES

	December 31, 2020	December 31, 2019
Salaries, wages and related costs	7,653,316	6,233,447
Shipping and transportation	7,419,847	9,064,513
Provision for credit losses	6,007,736	2,110,716
Selling commissions	948,793	1,287,116
Depreciation	1,529,950	2,595,431
Repair and Maintenance	1,477,264	728,269
Materials and consumables tools	679,116	888,933
Rents	722,923	656,459
Other	1,323,575	1,315,421
	27,762,520	**24,880,305**

19 – GENERAL AND ADMINISTRATIVE EXPENSES

	December 31, 2020	December 31, 2019
Salaries, wages and related costs	11,682,004	9,114,029
Board of directors remunerations and Allowances	2,303,000	2,088,000
Repair and Maintenance	891,243	216,325
Professional fees	2,286,837	275,403
Studies and consultations	756,156	819,144
Depreciation	925,590	1,413,932
Other	3,098,797	3,437,432
	21,943,627	**17,364,265**

20- NET GAIN OF LAND OWNERSHIP ARISING FROM THE GOVERNMENT GRANT

	December 31, 2020	December 31, 2019
Gains arising the of land ownership decision *	58,719,000	-
Impairment of Property, machinery and equipment	(14,443,498)	-
Losses of property, machinery and equipment disposal	(15,748,896)	-
Dismantling provision	(3,067,760)	-
	25,458,846	**-**

* It represents the income resulting from the recognition of the government grant (land) amounting to 58,719,000 Saudi riyals, as the company received on June 24, 2020 (corresponding to Dhul-Qi'dah 3 1441H) the decision to acquire the agricultural land granted based on the planted area of 426.5 million square meters according to the Ministry of Environment Water and Agriculture decision No. 566981/107/1441 and No. 56700/1057/1441, and according to the Royal Order No. 58367 dated June 20, 2020 (corresponding to Shawwal 28, 1441H), the company also recognized a disposal of the agricultural lands that did not acquire amounted to 3,062,900 Saudi riyals, as well as recognizing a disposal of wells and their annexes and decision with a net book value of 12,685,996 Saudi riyals, in addition to recognizing an impairment for Bearer and immature-Bearer plants and well attachments with a carrying value of 14,443,498 Saudi riyals, in addition to recognizing of dismantling provision of 3,067,760 Saudi riyals.

Expressed in Saudi Riyals

21- (LOSSES) / AND OTHER GAINS, NET

	December 31, 2020	December 31, 2019
Miscellaneous revenue and compensation	3,320,937	7,215,659
Damaged, lost, and slow-moving inventory	(2,109,129)	(3,051,886)
Disposal losses of property, plant and equipment	(97,979)	(2,103,208)
Other expenses	(2,277,736)	(789,359)
	(1,163,907)	**1,271,206**

22- EARNING PER SHARE

	December 31, 2020	December 31, 2019
Profit/(Loss) for the year attributable to equity shareholders	21,350,507	(20,798,707)
Weighted average number of common shares used as the denominator in calculating basic and diluted earnings per share	30,000,000	30,000,000
Profit /(Loss) Basic and diluted earnings per share (EPS) from continuing operations	0.71	(0.69)

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

23- FINANCIAL RISK MANAGEMENT

Capital management

The company manage its capital to ensure its continuity and maximize return to shareholders by improving the balance between debt and equity. The group's overall strategy remains unchanged from the previous year.

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

Financial instruments Categories

Financial assets At amortized cost	**31 December 2020**	**31 December 2019**
Cash and cash equivalent	47,721,786	65,430,509
Trade Accounts receivable	43,412,143	35,576,687
Prepaid expenses and other debit balances	14,160,492	9,581,740

Financial liabilities At amortized cost	**31 December 2020**	**31 December 2019**
Trade Accounts payable	30,175,537	11,917,045
Accrued expenses and other credit balances	33,244,848	26,485,757
Loan	10,298,631	10,815,364

Market risk

The company is exposed to market risk in the form of interest rate risk as shown below. During the review period, there were no changes in these conditions from the previous year.

23- FINANCIAL RISK MANAGEMENT (continued)

Foreign currency risk management
Most of the company's transactions are done using Saudi riyals and US dollars, and the US dollar is tied to the Saudi riyal at a fixed exchange rate. The company did not have any significant cash assets or liabilities in foreign currency at the date of the financial statements. Hence, the foreign currency sensitivity analysis was not presented.

Interest rate and liquidity risk Management
The primary responsibility for managing liquidity risk assigned to the Board of Directors, which has put in place an appropriate framework for managing liquidity risk to manage the company's short, medium and long-term requirements and liquidity management requirements. The company manages liquidity risk by maintaining adequate funds by monitoring projected and actual cash flows on an ongoing basis by matching the maturities of financial assets and liabilities. The company is not exposed to interest rate risk, as the company's management depends fundamentally on providing liquidity through the company's operations, and it does not depend on facilities and loans. Therefore, interest rate sensitivity analysis has not been presented.

Credit risk management
Credit risk is the risk that one party will not be able to fulfill its obligations and cause the other party to incur a financial loss. The company has established procedures to manage exposure to credit risk, including assessing the creditworthiness of customers and credit approvals, allocating credit limits, monitoring the aging of receivables, and following them up on a permanent basis.

Trade Accounts receivable
Customer credit risk is managed by each business unit in accordance with the company's policies and procedures. The company has a policy of dealing with strong creditworthy parties only. Credit rating information for customers is obtained from independent rating agencies where it is available, and if it is not available, the company uses the available information and its trading records to evaluate its major clients. Credit limits are set for all customers based on internal evaluation criteria.

Trade receivables are interest free and often have a credit period in line with industry standards. Usually guarantees are not required, and letters of credit as well, but they can be used under certain circumstances in some markets, especially in less developed markets. The company has no concentration of credit risk as the customer base is equally distributed on both the economic and geographic levels.

The Company reviews the recoverable amounts of each commercial debt on an individual basis at the end of the reporting period to ensure that there is an adequate provision for the non-recoverable amounts. In addition, impairment analysis is also performed at each reporting date based on facts and circumstances existing at that date to determine expected losses due to the time value of money and credit risk. For the purposes of this analysis, receivables are classified into portfolios based on homogeneous receivables. Each portfolio is then evaluated for impairment using the expected credit loss model in accordance with the provisions of the International Financial Reporting Standard No. (9). The calculation is based on a provision matrix in which actual historical data are adjusted appropriately for future projections and prospects. Loss rates are based on actual experience of credit losses over the past years. Loss rates are then appropriately adjusted to reflect differences between current and historical economic conditions and the Company's view of economic conditions over the expected life of receivables.

Expressed in Saudi Riyals

23- FINANCIAL RISK MANAGEMENT (continued)

Other financial assets
It mainly consists of cash with banks and the banks with which the company deals with good credit ratings.

The maximum credit exposure as at the reporting date is as follows:

Financial assets	**31 December 2020**	**31 December 2019**
Cash and cash equivalent	47,721,786	65,430,509
Trade Accounts receivable	43,412,143	35,576,687
	91,133,929	**101,007,196**

Trade accounts receivable aging at the reporting date is as follows:

	December 31, 2020	**December 31, 2019**
Less than three months	33,482,622	29,163,316
More than three months and less than six months	8,636,515	7,014,004
More than six months and less than nine months	6,360,815	793,777
More than nine months and less than a year	989,185	676,870
More than a year	2,664,290	642,268
The total before deducting credit losses	**52,133,427**	**38,290,235**
After deducting the provision for:		
Provision for expected credit losses	**(8,721,284)**	**(2,713,548)**
Trade accounts receivable, net	**43,412,143**	**35,576,687**

Interest rate risk
Interest rate risk is the risk that the value of financial instruments or the associated cash flows will fluctuate due to changes in interest rates. The company does not have significant assets bearing variable interest, as the Saudi Industrial Development Fund loan is fixed in the interest value from the beginning of the contract.

Fair value of financial instruments
For the purposes of financial reporting, the company used the fair value hierarchy categorized in levels 1, 2 and 3 based on the degree of observance of the inputs in the fair value measurement and the importance of these inputs in measuring the fair value in its entirety, as shown below:

- **Level 1 -** Prices traded in an active market for similar assets or liabilities that the company can value at the measurement date (without modification).
- **Level 2 -** Inputs other than prices included in Level 1 that can be considered as a value for an asset or liability, either directly (for example, prices) or indirectly (for example, derived from prices).
- **Level 3 -** Inputs for assets and liabilities that are not based on observable market information (unobservable inputs).

The company does not have financial instruments measured at fair value, and the financial instruments are carried at amortized cost. As at the date of the financial statements, the fair value of these instruments approximates the amortized cost that has been taken into account in the financial reports and related disclosures.

Expressed in Saudi Riyals

24- RELATED PARTIES' TRANSACTIONS

The related parties are the major shareholders, members of the board of directors, and senior management personnel in the company and establishments managed or exercising significant influence over them by these parties. The following is a statement of the related parties to the company:

	Relationship nature
Jannat Agricultural Investment Company	An invested company
Rakhaa Company for Agricultural Investment and Development	An invested company
Company's Board of Directors members	Board of Directors members
Company's Senior management	Executive management

A) **Related parties' transactions and their balances**

Entity	Relationship nature	Amount of transactions		Balance	
		2020	2019	2020	2019
Jannat Agricultural Investment Company		-	-	-	-
Rakhaa Company for Agricultural Investment and Development	finance	555,000	1,312,835	2,665,670	2,110,670
Total				**2,665,670**	**2,110,670**
Deducted: Provision for impairment				(2,665,670)	(2,110,670)
				-	-

- Jannat Agricultural Investment Company obtained a loan from the Industrial Development Fund and was transferred to the Rakhaa Agricultural Investment Development Company with the guarantee of the shareholders and as a result of the failure of Jannat Agricultural Investment Company, a provision was recognized for the entire share of the company from the fund's guarantee amount (note 16), the company paid its share of that loan according to the repayment schedule agreed upon with the fund, and a balance owed by the company has been recognized.

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

The top management of the company consists of senior employees or executives in the administration and members of the board of directors who have powers and responsibilities for planning, directing and supervising the activities of the company. The total salaries and remuneration for senior management and senior executives were as follows:

	December 31, 2020	December 31, 2019
Salaries and remunerations of top management and senior executives	3,645,437	2,889,474
Remuneration of Board or directors Members	1,800,000	1,800,000
Allowance for attending meetings of Board of Directors	303,000	288,000
Profits incentive	-	72,840

Expressed in Saudi Riyals

25 – SEGMENT REPORTING

The main activity of the company consists of segments that include agricultural production, both plant and animal, manufacturing and marketing of plant and animal products. The following is a list of the selected segments information on December 31, 2020 and 2019 for each segments:

December 31, 2020	**Agricultural activity - Plants**	**Agricultural activity - Manufacturing**	**Total**
Revenue	68,306,446	154,903,656	223,210,102
Depreciation and amortization	11,820,231	23,367,775	35,188,006
Net (loss) / profit for the year	(21,583,666)	42,934,173	21,350,507
Total Assets	249,903,813	481,979,500	731,883,313
December 31, 2019			
Revenue	102,019,375	122,428,596	224,447,971
Depreciation and amortization	24,728,863	19,976,899	44,705,762
Net (loss) / profit for the year	(51,944,614)	31,145,907	(20,798,707)
Total Assets	345,901,196	428,205,831	774,107,027

26- CONTINGENT LIABILITIES

The company has potential liabilities as result of the part that is not covered of letters of guarantee amounting to SR 10,960,420 and letters of credit with an amount of SR 2,212,340 (2019 SR: letters of guarantee 7,013,245, and letters of credit SR 2,278,258).

27- DIVIDENDS

On May 6, 2020, the Ordinary General Assembly, in its meeting No. (32), approved the recommendation of the Board of Directors in its meeting held on March 19, 2020 to distribute cash dividends to shareholders for the second half of the fiscal year 2019 at 50 halalas per share, at a rate of 5% of the capital and a total amount 15 million Saudi riyals. The actual distribution took place on May 21, 2020 (2019: 30 million Saudi riyals on April 10, 2019).

On August 19, 2020, and based on a decision of the General Assembly on May 6, 2020 to authorize the Board of Directors to distribute interim dividends semi-quarterly for the fiscal year 2020, the Board of Directors decided to distribute cash dividends to the shareholders of the company for the first half of the fiscal year 2020 at 50 halalas per share, at a rate of 5 % Of the capital, with a total amount of 15 million Saudi riyals. The actual distribution took place on September 10, 2020.

On December 23, 2020 and based on the decision of the General Assembly on May 6, 2020 to authorize the Board of Directors to distribute interim dividends semi / quarterly for the fiscal year 2020, the Board of Directors decided to distribute cash dividends to the shareholders of the company for the second half of the fiscal year 2020 at the rate of 25 halalas per share, at a rate of 2.5% of the capital, with a total amount of 7.5 million Saudi riyals. The actual distribution took place on February 11, 2021 (2019: 15 million Saudi riyals proposed by the Board of Directors on March 19, 2020).

28- IMPACT OF COVID 19

The outbreak of novel coronavirus ("COVID-19") since early 2020, its spread across mainland China and then globally caused disruptions to businesses and economic activity globally including the Kingdom of Saudi Arabia. The declaration of this pandemic by the World Health Organization necessitated the Group's management to revisit its significant judgments in applying the Group's accounting policies and the methods of computation and the key sources of estimation during the current year ended 31 December 2020. Whilst it is challenging now, to predict the full extent and duration of its business and economic impact, the company's management carried out an impact assessment on the overall company's operations and business aspects including factors like supply chain, travel restrictions, product demand, etc. and concluded that, as of the issuance date of these consolidated financial statements, no significant changes are required to the judgements and key estimates. However, in view of the current uncertainty, any future change in the assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future periods. As the situation is rapidly evolving with future uncertainties, management will continue to assess the impact based on prospective development and will take further actions as necessary and appropriate in response to the economic disruption and other COVID-19 consequences.

Below are the key assumptions about the future and other key sources of estimations that may have significant risk of causing a material adjustment to these financial statements:

a) Provision of expected credit losses (ECL) of trade accounts receivables

The uncertainties caused by COVID 19 has required the Company to reassess the input and assumptions used for the determination of ECL as at year end. The Company has considered the relevant forward-looking information with respect to; macro-economic scenario of the market it operates in; significant increase in credit risk; and assessing the indicator of impairment for the exposure in potentially affected sector.

In determining the recoverability of trade receivables, the Company considers any significant change in the credit quality of trade receivables from the date credit was initially granted up to the reporting date. Since the majority of trade receivable are secured against guarantees or letter of credits, management believes that the allowance for ECL (Refer Note 10) at the reporting date is appropriate.

b) Impairment of non-financial assets

Referring to the improved financial performance of the company reported in these financial statements despite COVID-19 pandemic and going concern by the company's management, management believes that the COVID-19 does not give rise to any impairment indicator. Accordingly, no impairment assessment is performed by the management.

c) Fair value of financial instrument

The company has assessed the appropriateness of valuation techniques in line with the volatile environment due to current market conditions and has concluded that there is no material impact of COVID-19.

d) **Going concern**

The ability of the company to continue has been evaluated according to the concept of continuity. The management is convinced that it has the necessary resources to continue working in the near future. Moreover, the management is not aware of any fundamental doubts that may lead to great doubts about the ability of the company to continue on the basis of the concept of continuity, and thus The financial statements have been prepared in accordance with the going concern concept.

29-COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current year's presentation.

30- APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements have been approved by the Board of Directors on 01/03/2021.