



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

**CONDENSED INTERIM FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITOR'S REVIEW REPORT  
FOR THE THREE MONTH AND NINE MONTH PERIODS  
ENDED  
30 SEPTEMBER 2020**

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

**INDEX**

	PAGES
Independent Auditor's Report on Review of Condensed Interim Financial Statements	1-2
Condensed Statement of Financial Position as at 30 September 2020	3
Condensed Statement of Profit or Loss for the three month and nine month periods ended 30 September 2020	4
Condensed Statement of Comprehensive Income for the three month and nine month periods ended 30 September 2020	5
Condensed Statement of Changes in Shareholders' Equity for the nine month period ended 30 September 2020	6
Condensed Statement of Cash flows for the nine month period ended 30 September 2020	7
Notes to the Condensed Interim Financial Statements for the nine month period ended 30 September 2020	8-14



**KPMG Al Fozan & Partners**  
**Certified Public Accountants**  
Riyadh Front, Airport road  
P. O. Box 92876  
Riyadh 11663  
Kingdom of Saudi Arabia

Telephone +966 11 874 8500  
Fax +966 11 874 8600  
Internet www.kpmg.com/sa  
Licence No. 46/11/323 issued 11/3/1992

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

To the Shareholders of National Agricultural Development Company

## Introduction

We have reviewed the accompanying 30 September 2020 condensed interim financial statements of **National Agricultural Development Company – A Saudi Joint Stock Company** ("the Company") which comprises:

- the condensed statement of financial position as at 30 September 2020;
- the condensed statement of profit or loss for the three-month and nine-month periods ended 30 September 2020;
- the condensed statement of comprehensive income for the three-month and nine-month periods ended 30 September 2020;
- the condensed statement of changes in Shareholders' equity for the nine-month period ended 30 September 2020;
- the condensed statement of cash flows for the nine-month period ended 30 September 2020; and
- the notes to the condensed interim financial statements.

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

## Scope of Review

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

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

To the Shareholders of National Agricultural Development Company (*continued*)

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 30 September 2020 condensed interim financial statements of National Agricultural Development Company are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia.

**For KPMG AI Fozan & Partners**  
**Certified Public Accountants**

**Dr. Abdullah Hamad Al Fozan**  
License No: 348

Al Riyadh, 25 Rabi Al-Awwal 1442 H  
Corresponding to: 11 November 2020





	Note	30-Sep-20 SAR (Unaudited)	31-Dec-19 SAR (Audited)
<b>Assets</b>			
<b>Non-Current Assets</b>			
Property, Plant and Equipment	9	2,050,837,944	2,084,375,922
Right of Use Assets		59,186,378	69,713,717
Capital Work in Progress		100,127,558	112,532,259
Biological Assets		601,051,383	552,595,379
Intangible Assets		8,982,967	11,650,458
Equity Investment at FVOCI	10	6,372,000	6,372,000
<b>Total Non-Current Assets</b>		<b>2,826,558,230</b>	<b>2,837,239,735</b>
<b>Current Assets</b>			
Biological Assets		33,516,363	39,105,460
Inventory		573,775,280	547,746,877
Biological Assets - Available for Sale		23,478,200	22,228,936
Trade Receivables, Prepayments and Other Receivables		491,261,561	435,122,193
Derivative Financial Instrument		75,897	482,300
Cash and Bank Balances		64,119,194	62,031,969
<b>Total Current Assets</b>		<b>1,186,226,495</b>	<b>1,106,717,735</b>
<b>Total Assets</b>		<b>4,012,784,725</b>	<b>3,943,957,470</b>
<b>Shareholders' Equity and Liabilities</b>			
<b>Shareholders' Equity</b>			
Share Capital	6	1,016,400,000	847,000,000
Share Premium	6	78,719	-
Statutory Reserve		180,673,185	180,673,185
Other Reserves		20,637,006	20,637,006
Retained Earnings		327,749,704	392,167,953
<b>Total Shareholders' Equity</b>		<b>1,545,538,614</b>	<b>1,440,478,144</b>
<b>Non-Current Liabilities</b>			
Murabaha Loans and Borrowings	7	910,592,320	1,046,272,854
Lease Liabilities		28,974,923	42,066,460
Deferred Income		5,778,816	6,184,482
Employee Benefits Obligation		171,099,343	165,813,558
<b>Total Non-Current Liabilities</b>		<b>1,116,445,402</b>	<b>1,260,337,354</b>
<b>Current Liabilities</b>			
Trade and Other Payables		643,436,166	556,731,342
Short term Murabaha Loans and Borrowings	7	321,714,361	315,978,167
Murabaha Loans and Borrowings - Current Portion	7	287,834,458	273,760,010
Lease Liabilities		32,504,337	34,559,845
Dividend Payables		33,268,788	33,381,206
Provision for Zakat		32,042,599	28,731,402
<b>Total Current Liabilities</b>		<b>1,350,800,709</b>	<b>1,243,141,972</b>
<b>Total Liabilities</b>		<b>2,467,246,111</b>	<b>2,503,479,326</b>
<b>Total Shareholders' Equity and Liabilities</b>		<b>4,012,784,725</b>	<b>3,943,957,470</b>

The accompanying notes 1 to 11 are an integral part of these condensed interim financial statements  
The condensed interim financial statements appearing on pages 3 to 14 were approved by the Board of Directors and  
were signed on its behalf by

*Naseer*

Syed Mohammad Naseer Ali  
Chief Financial Officer

Steen Hadsbjerg  
Chief Executive Officer

*Raid*

Raid Abdullah Ismail Ismail  
Board Member



		Three month period ended 30-Sep-20 SAR (Unaudited)	Three month period ended 30-Sep-19 SAR (Unaudited)	Nine month period ended 30-Sep-20 SAR (Unaudited)	Nine month period ended 30-Sep-19 SAR (Unaudited)
Revenue	8	587,229,361	578,446,958	1,754,440,076	1,713,106,012
Cost of Sales		<u>(404,362,537)</u>	<u>(360,137,665)</u>	<u>(1,157,468,392)</u>	<u>(1,063,949,492)</u>
<b>Gross Profit</b>		<b>182,866,824</b>	218,309,293	<b>596,971,684</b>	649,156,520
Selling and Marketing Expenses		<u>(138,967,747)</u>	(128,161,342)	<u>(417,311,358)</u>	(404,071,089)
General and Administrative Expenses		<u>(31,369,182)</u>	(27,637,828)	<u>(89,816,318)</u>	(86,216,430)
Impairment Losses on Trade Receivables		<u>(2,520,247)</u>	(2,716,286)	<u>(10,724,770)</u>	(8,442,620)
Other Income & (Expenses) - net	9.1	<u>(1,198,605)</u>	7,673,763	<u>107,901,017</u>	6,767,150
Impairment losses on Property, Plant and Equipment	9.2	<u>(43,888,805)</u>	-	<u>(43,888,805)</u>	-
<b>Total Expenses</b>		<u><b>(217,944,586)</b></u>	<u>(150,841,693)</u>	<u><b>(453,840,234)</b></u>	<u>(491,962,989)</u>
<b>Operating (Loss)/ Profit</b>		<u><b>(35,077,762)</b></u>	67,467,600	<u><b>143,131,450</b></u>	157,193,531
Net gain/ (loss) on Derivatives financial instruments		15,917	2,347,201	353,193	(43,128,751)
Finance cost		<u>(8,604,143)</u>	(19,276,144)	<u>(34,243,013)</u>	(57,648,254)
<b>(Loss)/ Profit before Zakat</b>		<u><b>(43,665,988)</b></u>	50,538,657	<u><b>109,241,630</b></u>	56,416,526
Zakat		<u>(1,227,927)</u>	(1,220,085)	<u>(4,321,839)</u>	(3,704,484)
<b>(Loss)/ Profit for the period</b>		<u><u><b>(44,893,915)</b></u></u>	<u>49,318,572</u>	<u><u><b>104,919,791</b></u></u>	<u>52,712,042</u>
<b>(Loss)/ Earnings per share based on the (loss)/ profit for the period attributable to ordinary shareholders</b>					
Basic and Diluted	5	<u><u><b>(0.44)</b></u></u>	<u>0.49</u>	<u><u><b>1.03</b></u></u>	<u>0.52</u>

The accompanying notes 1 to 11 are an integral part of these condensed interim financial Statements  
The condensed interim financial statements appearing on pages 3 to 14 were approved by the Board of Directors and were signed on its behalf by

NADEC

Syed Mohammad Naseer Ali  
Chief Financial Officer

Steen Hadsbjerg  
Chief Executive Officer

Raid Abdullah Ismail Ismail  
Board Member



	Three month period ended 30-Sep-20 SAR (Unaudited)	Three month period ended 30-Sep-19 SAR (Unaudited)	Nine month period ended 30-Sep-20 SAR (Unaudited)	Nine month period ended 30-Sep-19 SAR (Unaudited)
<b>(Loss)/ Profit for the period</b>	<b>(44,893,915)</b>	49,318,572	<b>104,919,791</b>	52,712,042
<b>Items that will not be reclassified to Profit or Loss</b>				
Re-measurement gain in Defined Benefit Plans	-	-	-	-
Movement in Equity Investment at Fair Value through Other Comprehensive Income (FVOCI)	-	-	-	-
<b>Total Items that will not be reclassified to Profit or Loss</b>	-	-	-	-
<b>Total other comprehensive income</b>	-	-	-	-
<b>Total Comprehensive (Loss)/ Income for the period</b>	<b>(44,893,915)</b>	49,318,572	<b>104,919,791</b>	52,712,042

The accompanying notes 1 to 11 are an integral part of these condensed interim financial statements  
The condensed interim financial statements appearing on pages 3 to 14 were approved by the Board of Directors and were  
signed on its behalf by

*Naseer*

Syed Mohammad Naseer Ali  
Chief Financial Officer

Steen Hadsbjerg  
Chief Executive Officer

*Raid*

Raid Abdullah Ismail Ismail  
Board Member

Condensed Statement of Changes in Shareholders' Equity for the nine month period ended 30 September 2020

	Share Capital	Share premium	Statutory Reserve	Other Reserves	Retained Earnings	Total Shareholders' Equity
	SAR					
Balance at 1 January 2020 (Audited)	847,000,000	-	180,673,185	20,637,006	392,167,953	1,440,478,144
Profit for the period	-	-	-	-	104,919,791	104,919,791
Other comprehensive income for the period	-	-	-	-	-	-
Total Comprehensive Income for the period	-	-	-	-	104,919,791	104,919,791
Issue of Bonus Shares (Note 6)	169,400,000	78,719	-	-	(169,338,040)	140,679
Balance at 30 September 2020 (Unaudited)	1,016,400,000	78,719	180,673,185	20,637,006	327,749,704	1,545,538,614
Balance at 1 January 2019 (Audited)	847,000,000	-	180,673,185	19,113,701	399,466,374	1,446,253,260
Profit for the period	-	-	-	-	52,712,042	52,712,042
Other comprehensive income for the period	-	-	-	-	-	-
Total Comprehensive Income for the period	-	-	-	-	52,712,042	52,712,042
Balance at 30 September 2019 (Unaudited)	847,000,000	-	180,673,185	19,113,701	452,178,416	1,498,965,302

The accompanying notes 1 to 11 are an integral part of these condensed interim financial statements  
The condensed interim financial statements appearing on pages 3 to 14 were approved by the Board of Directors and were signed on its behalf by

2020

Syed Mohammad Naseer Ali  
Chief Financial Officer

Steen Hadsbjerg  
Chief Executive Officer

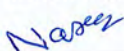
Raid Abdullah Ismail Ismail  
Board Member



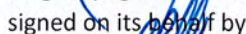
	Nine month period ended 30-Sep-2020 SAR (Unaudited)	Nine month period ended 30-Sep-2019 SAR (Unaudited)
<b>Cash flows from Operating Activities</b>		
<b>Profit for the period</b>	<b>104,919,791</b>	52,712,042
<b>Adjustments for</b>		
Depreciation - Property Plant and Equipment and Biological Assets	196,615,766	178,034,429
Depreciation - Right of Use Assets	21,024,090	23,362,794
Amortization	2,667,491	2,284,060
Zakat Expense	4,321,839	3,704,484
Deferred income	(405,666)	(405,302)
Employee Benefits Obligation	20,697,990	16,218,340
Impairment Losses on Trade Receivables	10,724,770	8,442,620
Inventory Provision movement, net	23,817,259	4,100,000
Net unrealized loss on Derivatives financial instruments	406,403	(520,346)
Finance Cost	34,243,013	57,648,254
Income from Government grant (Net)	(111,805,466)	-
Loss on sale of Property Plant and Equipment and Biological Assets	11,717,317	2,765,447
Impairment losses on Property, Plant and Equipment	43,888,805	-
	<b>362,833,402</b>	<b>348,346,822</b>
<b>Changes in</b>		
Inventory and Biological Assets - Available for Sale	(51,094,926)	48,354,673
Biological Assets	5,589,097	(4,287,885)
Trade Receivables, Prepayments and Other Receivables	(66,864,138)	(91,437,220)
Trade and Other Payables	86,704,824	98,539,534
	<b>337,168,259</b>	<b>399,515,924</b>
Zakat Paid	(1,010,642)	(10,104,663)
Employee Benefits Paid	(15,412,205)	(11,528,711)
<b>Net cash from Operating Activities</b>	<b>320,745,412</b>	<b>377,882,550</b>
<b>Cash flows from Investing Activities</b>		
Acquisition of Property, Plant and Equipment, Intangible Assets and Biological Assets	(183,456,822)	(192,138,888)
Proceeds from sale of Property, Plant and Equipment and Biological Assets	40,527,075	45,957,334
<b>Net cash Used in Investing Activities</b>	<b>(142,929,747)</b>	<b>(146,181,554)</b>
<b>Cash flows from Financing Activities</b>		
Proceeds from issue of shares	140,679	-
Proceeds from Murabaha Loans and Borrowings	110,314,202	486,332,054
Repayment of Murabaha Loans and Borrowings	(216,536,016)	(594,615,009)
Finance Cost Paid	(41,561,577)	(47,923,209)
Payment of Lease Liabilities	(27,973,310)	(14,687,015)
Dividend Paid	(112,418)	(207,473)
<b>Net cash Used in Financing Activities</b>	<b>(175,728,440)</b>	<b>(171,100,652)</b>
<b>Net Change in Cash and Cash Equivalents</b>	<b>2,087,225</b>	<b>60,600,344</b>
Cash and Cash Equivalents at beginning of the period	62,031,969	35,219,477
<b>Cash and Cash Equivalents at end of the period</b>	<b>64,119,194</b>	<b>95,819,821</b>

The accompanying notes 1 to 11 are an integral part of these condensed interim financial statements

The condensed interim financial statements appearing on pages 3 to 14 were approved by the Board of Directors and were signed on its behalf by



Syed Mohammad Naseer Ali  
Chief Financial Officer



Steen Hadsbjerg  
Chief Executive Officer



Raid Abdullah Ismail Ismail  
Board Member



## **1- The Company and its Operations**

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

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

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

The Company's registered office is located at the following address:

Riyadh - Kingdom of Saudi Arabia  
P.O. Box 2557 Riyadh 11461

## **2- Basis of Preparation**

### **2.1 Statement of Compliance**

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

These Condensed Interim Financial Statements should be read in conjunction with the Financial Statements of the Company for the year ended 31 December 2019 (last annual financial statements). They do not include all the information required to present a complete set of financial statements prepared in accordance with International Financial Reporting Standards (IFRS) that are endorsed in the KSA. However, accounting policies and specific explanatory notes have been included to interpret significant events and transactions in order to understand the changes in the financial position and financial performance of the Company, since the last annual financial statements.

### **2.2 Basis of Measurement**

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

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

### **2.3 Functional and Presentation Currency**

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



### **3- Significant Accounting Estimates, Judgements and Assumptions**

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

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

In response to the spread of the Covid-19 in territories where the Company operates and its resulting disruptions to the social and economic activities in those markets, NADEC's management has proactively assessed its impacts on its operations and has taken a series of preventive measures, including the creation of Corona task force team, to ensure the health and safety of its employees, customers, consumers and wider community as well as to ensure the continuity of supply of its products throughout its markets. NADEC's business operations largely remain unaffected as the food industry in general is exempted from various bans and restrictions imposed by various regulatory authorities including exemption from curfew hours and cargo shipping and flight operations restrictions. Based on these factors, NADEC's management believes that the Covid-19 pandemic has had no material effects on NADEC's reported financial results for the period ended 30 September 2020. NADEC's management continues to monitor the situation closely.

#### 4. Segment Reporting

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

The following is a summary of the operating segments as at 30 September 2020

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

The following is a summary of the operating segments as at 30 September 2019

	Dairy and Food	Agriculture	Elimination of Inter-Segment Sales/ unallocated expenses	Total
	SAR	SAR	SAR	SAR
<b>Revenue</b>				
External Revenue	1,592,171,207	120,934,805	-	1,713,106,012
Inter-Segment Revenue	12,025,800	44,972,859	(56,998,659)	-
<b>Total</b>	<b>1,604,197,007</b>	<b>165,907,664</b>	<b>(56,998,659)</b>	<b>1,713,106,012</b>
<b>Expenses</b>				
Depreciation and Amortization	(178,000,045)	(25,681,238)	-	(203,681,283)
<b>Operating Profit</b>	<b>149,332,756</b>	<b>7,860,775</b>	<b>-</b>	<b>157,193,531</b>
Finance Cost	(54,632,229)	(3,016,025)	-	(57,648,254)
Loss on Derivative financial Instruments	-	-	(43,128,751)	(43,128,751)
<b>Profit/ (Loss) before Zakat</b>	<b>94,700,527</b>	<b>4,844,750</b>	<b>(43,128,751)</b>	<b>56,416,526</b>
Zakat	(3,600,000)	(104,484)	-	(3,704,484)
<b>Profit/ (Loss) for the Period</b>	<b>91,100,527</b>	<b>4,740,266</b>	<b>(43,128,751)</b>	<b>52,712,042</b>
<b>Total Assets</b>	<b>3,310,422,054</b>	<b>775,348,034</b>	<b>-</b>	<b>4,085,770,088</b>

## 5. Earnings per Share

	Three month period ended 30-Sep-20 SAR (Unaudited)	Three month period ended 30-Sep-19 SAR (Unaudited)	Nine month period ended 30-Sep-20 SAR (Unaudited)	Nine month period ended 30-Sep-19 SAR (Unaudited)
(Loss)/ Profit attributable to Shareholders' (Saudi Riyal -SAR)	<b>(44,893,915)</b>	49,318,572	<b>104,919,791</b>	52,712,042
Weighted Average Number of Ordinary Shares	<b>101,640,000</b>	84,700,000	<b>101,636,585</b>	84,700,000
Add: Adjustments for issue of bonus shares	-	16,933,804	-	16,933,804
Adjusted Weighted Average Number of Ordinary Shares (# of Shares)	<b>101,640,000</b>	101,633,804	<b>101,636,585</b>	101,633,804
(Loss)/ Earnings per Share (SAR/Share)	<b>(0.44)</b>	0.49	<b>1.03</b>	0.52

Basic earnings per share has been calculated by dividing profit attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

## 6. Share Capital

Capital	30-Sep-20 SAR (Unaudited)	31-Dec-19 SAR (Audited)
Ordinary Shares issued and fully paid of SAR 10 each	<b>101,640,000</b>	84,700,000

The Company's Share Capital as at 30 September 2020 amounted to SAR 1,016.4 million (31 December 2019: SAR 847 million). On 7 November 2019 (corresponding to 10 Rabi' Awal 1441H), the Board of Directors recommended an increase of 20% to the Company's issued share capital through a 1 for 5 bonus issue to the Shareholders of the Company, which was approved in the Extra Ordinary General Assembly meeting dated 5 May 2020 (corresponding to 12 Ramadan 1441H). Accordingly, bonus shares of 16,933,804 were issued to the existing Shareholders of the Company and fractional shares of 6,196 were issued to the public at an average price of SAR 22.71.

## 7. Murabaha Loans and Borrowings

	Loan Currency	Interest rate	Due date	30-Sep-20 (Unaudited)		31-Dec-19 (Audited)	
				Nominal Value SAR 'M	Book value SAR 'M	Nominal Value SAR 'M	Book value SAR 'M
Islamic Banking Facilities (7.1)	SAR	SIBOR+ Bank Margin*	2020-2026	1,507	1,514	1,612	1,629
Agricultural Development Fund (7.2)	SAR	-	2020-2027	6	6	7	7
				<b>1,513</b>	<b>1,520</b>	<b>1,619</b>	<b>1,636</b>

\*The weighted average margin on bank loans during the nine months period ended 30 September 2020 was 3.00% per annum (Nine months period ended 30 September 2019: 4.28% per annum), however, the rates varied between medium and short-term loans.

## 7. Murabaha Loans and Borrowings (Continued)

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

	30-Sep-20 SAR 'M (Unaudited)	31-Dec-19 SAR 'M (Audited)
<b>Non-Current Liabilities</b>		
Loans secured by guarantees	5	6
Loans secured by promissory notes	906	1,040
	<u>911</u>	<u>1,046</u>
<b>Current Liabilities</b>		
Loans secured by guarantees	1	1
Loans secured by promissory notes	608	589
	<u>609</u>	<u>590</u>

### 7.1 Islamic Banking Facilities (Murabaha) from Local Banks

The borrowing under Islamic banking facilities (Murabaha) have been provided against a promissory note issued by the Company. The maturity dates of these facilities are from 2020 to 2026 as agreed with the respective banks and are mostly of a revolving nature. The amount of unused facilities as at 30 September 2020 amounted to SAR 607 Million. (31 December 2019: SAR 935 Million).

### 7.2 Agricultural Development Fund Loan

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

The Company was granted another loan on 1 Dhul Qa'da 1433H (corresponding to 17 September 2012) with a total value of SAR 1.6 Million under facility number 803805048. This loan is secured by mortgage on cars, machines and equipment owned by the Company. This loan is payable on annual installments basis starting from 1 Dhul al-Qa'da 1436H (Corresponding to 15 August 2015) and ending on 1 Dhul al-Qa'da 1445H (corresponding to 8 May 2024). This loan was fully utilized in Olive and Sesame project. The balance of these loans from Agricultural Development Fund on 30 September 2020 amounted to SAR 6.4 million (31 December 2019: SAR 7.4 million).

## 8. Revenue

	30-Sep-20 SAR (Unaudited)	30-Sep-19 SAR (Unaudited)
Saudi Arabia	1,559,118,682	1,494,648,991
Other Countries	195,321,394	218,457,021
	<u>1,754,440,076</u>	<u>1,713,106,012</u>

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

## 9. Property, Plant and Equipment

The carrying amount of Property, Plant and Equipment as at 30 September 2020 amounted to SAR 2.05 Billion (31 December 2019: SAR 2.08 Billion). During the nine month period ended 30 September 2020, the Company added Property, Plant and Equipment amounting to SAR 58 Million excluding additional land booked as mentioned in note 9.1 (Nine months ended 30 September 2019: SAR 98 Million).

### 9.1 Lands:

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

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

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

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

- The Company originally received certain area of land in Hail, Wadi Al Dawasir and Al Jouf as a conditional non-monetary grant under the Ministry of Environment, Water and Agriculture under the Royal Order issued on 17 Shawwal 1401H (corresponding to 17 August 1981) hereinafter referred to as "Royal Order of 1981" which stated that the Company will be entitled to the ownership of the land which is revived by the Company. Until 31 March 2020, the Company had recognized portion of these lands at a value of SAR 120.86 million for which the conditions of the grant were met.
- On 2 Dhul-Qadah 1441H (corresponding to 23 June 2020), the Company received a letter from Ministry of Environment, Water and Agriculture under number 600/1057/1438 regarding issuance of Royal Order No. 58378 dated 28 Shawwal 1441H (corresponding to 20 June 2020) hereinafter referred to as "Royal Order of 2020" confirming the area to which Company is entitled. Based on the Royal Order of 2020, the management is reasonably certain that the legal title of these lands will be transferred to the Company in due course upon completion of the regulatory procedures.
- Based on the Royal Order of 2020, the Company has recorded the excess land granted for Al Jouf and Wadi Al Dawasir at its current fair value and has derecognized the unconfirmed land area of Hail from the books which has resulted in a net gain of SAR 111.8 million and have increased the carrying value of land to SAR 232.67 million as at 30 September 2020.
- The impact of the Royal Order of 2020 is summarized as follows:

Land	Land area granted as per the Royal Order of 2020 (Square KM)	Land area recognized in the books until 31 March 2020 (Square KM)	Land area recognized/ (derecognized) based on Royal Order of 2020 (Square KM)	Gain/(loss) recognized in the statement of profit or loss SAR'M (Unaudited)	Carrying value of land as at 30 Sep 2020 SAR'M (Unaudited)
Al Jouf	72	37	35	122.50	132.08
Wadi Al Dawasir	269.2	269	0.2	0.32	33.99
Hail	193.1	225	(31.9)	(11.01)	66.60
				<u>111.81</u>	<u>232.67</u>

#### Land Occupied by Saudi Aramco

As per the Royal Decree number (151), NADEC was granted Haradh project, including a piece of agricultural land, fixed and movable facilities and assets as well as the energy sources which are considered part of its properties. Aramco had taken control over a part of NADEC's land as per title deed number (333801001781) issued by Notary Public at Haradh. NADEC had previously filed a lawsuit against Aramco before the General Court of Al-Khobar requesting Aramco to surrender the land taken into their possession. The General Court of Al-Khobar issued a decision numbered 3/172 dated 2 Dhul-Qadah 1428H (corresponding to 12 November 2007) in favour of NADEC. Further, the Supreme Court issued its final judgment numbered A/3/686 dated 5 Dhul-Qadah 1431H (corresponding to 13 October 2010) endorsing the preliminary judgement issued by General Court of Al-Khobar. Aramco had filed a complaint against NADEC in Haradh Court requesting the cancelation of the title deed of the land. A judgment was issued rejecting the case and sanctioning the validity of title deed for NADEC. The case has been referred to the Royal Court, which in turn has referred the case to the Supreme Court and is still pending to date.

## 9. Property, Plant and Equipment - (continued)

### 9.2 Impairment losses on Property, Plant and Equipment

The Company assessed the Value in Use (VIU) of the assets related to Sudan project, which showed a decline in the value of the assets amounting to SAR 43.89 million and this resulted in impairment losses which has been charged in the Statement of Profit and Loss.

## 10. Financial Instruments

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

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

	30-Sep-20 SAR'000 (Unaudited)	31-Dec-19 SAR'000 (Audited)	FV level
<b>Financial Assets at Fair Value</b>			
Equity Investment at FVOCI	6,372	6,372	Level 2
Derivative Financial Instruments	76	482	Level 2
<b>Total Financial Assets at Fair Value</b>	<b>6,448</b>	<b>6,854</b>	
<b>Financial Assets at Amortised Cost</b>			
Trade and Other Receivables	318,432	305,430	
Cash and Bank Balances	64,119	62,032	
<b>Total Financial Assets at Amortised Cost</b>	<b>382,551</b>	<b>367,462</b>	
<b>Total Financial Assets</b>	<b>388,999</b>	<b>374,316</b>	
<b>Financial Liabilities at Amortised Cost</b>			
Trade and Other Payables	616,346	547,155	
Loans	1,520,141	1,636,011	
Lease Liabilities	61,479	76,626	
<b>Total Financial Liabilities at Amortised Cost</b>	<b>2,197,966</b>	<b>2,259,792</b>	
<b>Total Financial Liabilities</b>	<b>2,197,966</b>	<b>2,259,792</b>	

## 11. Approval by the Board of Directors

These Condensed Interim Financial Statements for the three month and nine month periods ended 30 September 2020 were approved by the Board of Directors on 24 Rabi Al-Awwal 1442 H (corresponding to 10 November 2020).