



**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 SIX MONTH PERIODS
ENDED
30 JUNE 2020**

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

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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 June 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 June 2020;
- the condensed statement of profit or loss for the three-month and six-month periods ended 30 June 2020;
- the condensed statement of comprehensive income for the three-month and six-month periods ended 30 June 2020;
- the condensed statement of changes in Shareholders' equity for the six-month period ended 30 June 2020;
- the condensed statement of cash flows for the six-month period ended 30 June 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 June 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 Al Fozan & Partners
Certified Public Accountants



Dr. Abdullah Hamad Al Fozan
License No: 348


Al Riyadh, 6 Muhharam 1442 H
Corresponding to: 25 August 2020






	Note	30-June-20 SAR (Unaudited)	31-Dec-19 SAR (Audited)
Assets			
Non-Current Assets			
Property, Plant and Equipment	9	2,133,506,613	2,084,375,922
Right of Use Assets		56,163,522	69,713,717
Capital Work in Progress		96,843,527	112,532,259
Biological Assets		580,117,156	552,595,379
Intangible Assets		9,909,895	11,650,458
Equity Investment at FVOCI	10	6,372,000	6,372,000
Total Non-Current Assets		2,882,912,713	2,837,239,735
Current Assets			
Biological Assets		33,463,913	39,105,460
Inventory		647,213,477	547,746,877
Biological Assets - Available for Sale		18,748,091	22,228,936
Trade Receivables, Prepayments and Other Receivables		484,990,292	435,122,193
Derivative Financial Instrument		287,859	482,300
Cash and Bank Balances		102,348,924	62,031,969
Total Current Assets		1,287,052,556	1,106,717,735
Total Assets		4,169,965,269	3,943,957,470
Shareholders' Equity and Liabilities			
Shareholders' Equity			
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		372,643,619	392,167,953
Total Shareholders' Equity		1,590,432,529	1,440,478,144
Non-Current Liabilities			
Murabaha Loans and Borrowings	7	923,311,072	1,046,272,854
Lease Liabilities		28,898,099	42,066,460
Deferred Income		5,915,025	6,184,482
Employee Benefits Obligation		169,763,425	165,813,558
Total Non-Current Liabilities		1,127,887,621	1,260,337,354
Current Liabilities			
Trade and Other Payables		703,912,368	556,731,342
Short term Murabaha Loans and Borrowings	7	383,312,817	315,978,167
Murabaha Loans and Borrowings - Current Portion	7	266,702,392	273,760,010
Lease Liabilities		32,749,804	34,559,845
Dividend Payables		33,346,336	33,381,206
Provision for Zakat		31,621,402	28,731,402
Total Current Liabilities		1,451,645,119	1,243,141,972
Total Liabilities		2,579,532,740	2,503,479,326
Total Shareholders' Equity and Liabilities		4,169,965,269	3,943,957,470

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

The National Agricultural Development Company (NADEC)
A Saudi Joint Stock Company
Condensed Statement of Profit or Loss
For the three month and six month periods ended 30 June 2020




		Three month period ended 30-June-20 SAR (Unaudited)	Three month period ended 30-June-19 SAR (Unaudited)	Six month period ended 30-June-20 SAR (Unaudited)	Six month period ended 30-June-19 SAR (Unaudited)
Revenue	8	608,060,083	604,192,758	1,167,210,715	1,134,659,054
Cost of Sales		(396,421,502)	(376,618,704)	(753,105,855)	(703,811,827)
Gross Profit		211,638,581	227,574,054	414,104,860	430,847,227
Selling and Marketing Expenses		(143,367,985)	(144,796,501)	(278,343,611)	(275,909,747)
General and Administrative Expenses		(29,535,332)	(29,299,451)	(58,447,136)	(58,578,602)
Impairment Losses on Trade Receivables		(5,691,382)	(2,907,662)	(8,204,523)	(5,726,334)
Other Income & (Expenses) - net	9.1	111,613,587	1,639,023	109,099,622	(906,613)
Total Expenses		(66,981,112)	(175,364,591)	(235,895,648)	(341,121,296)
Operating Profit		144,657,469	52,209,463	178,209,212	89,725,931
Net gain/ (loss) on Derivatives financial instruments		174,306	(24,708,984)	337,276	(45,475,952)
Finance cost		(11,560,620)	(19,150,805)	(25,638,870)	(38,372,110)
Profit before Zakat		133,271,155	8,349,674	152,907,618	5,877,869
Zakat		(1,643,912)	(1,284,399)	(3,093,912)	(2,484,399)
Profit for the period		131,627,243	7,065,275	149,813,706	3,393,470
Earnings per share based on the profit for the period attributable to ordinary shareholders					
Basic and Diluted	5	1.30	0.07	1.47	0.03

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Syed Mohammad Naseer Ali
Chief Financial Officer



Steen Hadsbjerg
Chief Executive Officer


Raid Abdullah Ismail Ismail
Board Member



	Three month period ended 30-June-20 SAR (Unaudited)	Three month period ended 30-June-19 SAR (Unaudited)	Six month period ended 30-June-20 SAR (Unaudited)	Six month period ended 30-June-19 SAR (Unaudited)
Profit for the period	131,627,243	7,065,275	149,813,706	3,393,470
Items that will not be reclassified to Profit or Loss				
Re-measurement gain in Defined Benefit Plans	-	-	-	-
Movement in Equity Investment at Fair Value through Other Comprehensive Income (FVOCI)	-	-	-	-
Total Items that will not be reclassified to Profit or Loss	-	-	-	-
Total other comprehensive income	-	-	-	-
Total Comprehensive Income for the period	131,627,243	7,065,275	149,813,706	3,393,470

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Steen Hadsbjerg
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Raid Abdullah Ismail Ismail
Board Member

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



Condensed Statement of Changes in Shareholders' Equity for the six month period ended 30 June 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	-	-	-	-	149,813,706	149,813,706
Other comprehensive income for the period	-	-	-	-	-	-
Total Comprehensive Income for the period	-	-	-	-	149,813,706	149,813,706
Issue of Bonus Shares (Note 6)	169,400,000	78,719	-	-	(169,338,040)	140,679
Balance at 30 June 2020 (Unaudited)	<u>1,016,400,000</u>	<u>78,719</u>	<u>180,673,185</u>	<u>20,637,006</u>	<u>372,643,619</u>	<u>1,590,432,529</u>
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	-	-	-	-	3,393,470	3,393,470
Other comprehensive income for the period	-	-	-	-	-	-
Total Comprehensive Income for the period	-	-	-	-	3,393,470	3,393,470
Balance at 30 June 2019 (Unaudited)	<u>847,000,000</u>	<u>-</u>	<u>180,673,185</u>	<u>19,113,701</u>	<u>402,859,844</u>	<u>1,449,646,730</u>

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2020

Syed Mohammad Naseer Ali
Chief Financial Officer

Steen Hadsbjerg
Chief Executive Officer

Raid Abdullah Ismail Ismail
Board Member



	Six month period ended 30-June-2020 SAR (Unaudited)	Six month period ended 30-June-2019 SAR (Un-Audited)
<u>Cash flows from Operating Activities</u>		
Profit for the period	149,813,706	3,393,470
Adjustments for		
Depreciation - Property Plant and Equipment and Biological Assets	133,064,579	117,153,246
Depreciation - Right of Use Assets	13,550,195	15,473,313
Amortization	1,740,564	1,474,667
Zakat Expense	3,093,912	2,484,399
Deferred income	(269,457)	(268,717)
Employee Benefits Obligation	16,010,548	11,348,603
Impairment Losses on Trade Receivables	8,204,523	5,726,334
Inventory Provision movement, net	2,415,900	4,100,000
Net unrealized loss on Derivatives financial instruments	194,441	3,436,181
Finance Cost	25,638,870	38,372,110
Income/ loss from Government grant (Net)	(111,805,466)	-
Loss on sale of Property Plant and Equipment and Biological Assets	7,653,151	8,428,211
	<u>249,305,466</u>	<u>211,121,817</u>
Changes in		
Inventory and Biological Assets - Available for Sale	(98,401,655)	6,508,009
Biological Assets	5,641,547	872,539
Trade Receivables, Prepayments and Other Receivables	(58,072,622)	(83,924,459)
Trade and Other Payables	147,181,027	60,118,572
	<u>245,653,763</u>	<u>194,696,478</u>
Zakat Paid	(203,912)	(10,084,578)
Employee Benefits Paid	(12,060,681)	(4,812,046)
Net cash from Operating Activities	<u>233,389,170</u>	<u>179,799,854</u>
<u>Cash flows from Investing Activities</u>		
Acquisition of Property, Plant and Equipment, Intangible Assets and Biological Assets	(117,849,164)	(121,008,277)
Proceeds from sale of Property, Plant and Equipment and Biological Assets	27,973,163	23,159,406
Net cash Used in Investing Activities	<u>(89,876,001)</u>	<u>(97,848,871)</u>
<u>Cash flows from Financing Activities</u>		
Proceeds from issue of shares	140,679	-
Proceeds from Murabaha Loans and Borrowings	76,693,709	195,037,478
Repayment of Murabaha Loans and Borrowings	(128,231,756)	(186,476,500)
Finance Cost Paid	(35,147,323)	(32,642,773)
Payment of Lease Liabilities	(16,616,653)	(13,728,852)
Dividend Paid	(34,870)	(165,733)
Net cash Used in Financing Activities	<u>(103,196,214)</u>	<u>(37,976,380)</u>
Net Change in Cash and Cash Equivalents	40,316,955	43,974,603
Cash and Cash Equivalents at beginning of the period	62,031,969	35,219,477
Cash and Cash Equivalents at end of the period	<u>102,348,924</u>	<u>79,194,080</u>

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Syed Mohammad Naseer Ali
Chief Financial Officer

Steen Hødsbjerg
Chief Executive Officer

Raid Abdullah Ismail Ismail
Board Member

Naseer

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 June 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 June 2020

	Dairy and Food	Agriculture	Elimination of Inter-Segment Sales/ unallocated expenses	Total
	SAR	SAR	SAR	SAR
Revenue				
External Revenue	1,093,439,802	73,770,913	-	1,167,210,715
Inter-Segment Revenue	8,400,000	24,115,509	(32,515,509)	-
Total	1,101,839,802	97,886,422	(32,515,509)	1,167,210,715
Expenses				
Depreciation and Amortization	(126,516,050)	(21,839,288)	-	(148,355,338)
Operating Profit/ (loss)	81,394,044	96,815,168	-	178,209,212
Finance Cost	(24,794,047)	(844,823)	-	(25,638,870)
Gain on Derivative financial Instruments	-	-	337,276	337,276
Profit/ (Loss) before Zakat	56,599,997	95,970,345	337,276	152,907,618
Zakat	(2,890,000)	(203,912)	-	(3,093,912)
Profit/ (Loss) for the Period	53,709,997	95,766,433	337,276	149,813,706
Total Assets	3,357,263,540	812,701,729	-	4,169,965,269

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

	Dairy and Food	Agriculture	Elimination of Inter-Segment Sales/ unallocated expenses	Total
	SAR	SAR	SAR	SAR
Revenue				
External Revenue	1,055,216,714	79,442,340	-	1,134,659,054
Inter-Segment Revenue	6,585,300	30,470,446	(37,055,746)	-
Total	1,061,802,014	109,912,786	(37,055,746)	1,134,659,054
Expenses				
Depreciation and Amortization	(116,922,103)	(17,179,123)	-	(134,101,226)
Operating Profit	86,791,146	2,934,785	-	89,725,931
Finance Cost	(35,709,086)	(2,663,024)	-	(38,372,110)
Loss on Derivative financial Instruments	-	-	(45,475,952)	(45,475,952)
Profit/ (Loss) before Zakat	51,082,060	271,761	(45,475,952)	5,877,869
Zakat	(2,400,000)	(84,399)	-	(2,484,399)
Profit/ (Loss) for the Period	48,682,060	187,362	(45,475,952)	3,393,470
Total Assets	3,333,015,348	787,907,059	-	4,120,922,407

5. Earnings per Share

	Three month period ended 30-June-20 SAR (Unaudited)	Three month period ended 30-June-19 SAR (Unaudited)	Six month period ended 30-June-20 SAR (Unaudited)	Six month period ended 30-June-19 SAR (Unaudited)
Profit attributable to Shareholders' (Saudi Riyal -SAR)	<u>131,627,243</u>	<u>7,065,275</u>	<u>149,813,706</u>	<u>3,393,470</u>
Weighted Average Number of Ordinary Shares	101,635,915	84,700,000	101,634,859	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)	<u>101,635,915</u>	<u>101,633,804</u>	<u>101,634,859</u>	<u>101,633,804</u>
Earnings per Share (SAR/Share)	<u>1.30</u>	<u>0.07</u>	<u>1.47</u>	<u>0.03</u>

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

The Company's Share Capital as at 30 June 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-June-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	1,560	1,566	1,612	1,629
Agricultural Development Fund (7.2)	SAR	-	2020-2027	7	7	7	7
				<u>1,567</u>	<u>1,573</u>	<u>1,619</u>	<u>1,636</u>

The weighted average margin on bank loans during the six months period ended 30 June 2020 was 3.30% per annum basis (Six months period ended 30 June 2019: 4.33% 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-June-20 SAR 'M (Unaudited)	31-Dec-19 SAR 'M (Audited)
Non-Current Liabilities		
Loans secured by guarantees	6	6
Loans secured by promissory notes	917	1,040
	<u>923</u>	<u>1,046</u>
Current Liabilities		
Loans secured by guarantees	1	1
Loans secured by promissory notes	649	589
	<u>650</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 June 2020 amounted to SAR 936 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 number 803405009 dated 24 Jumada II 1433 (corresponding to 5 May 2012) with a total value of SAR 8.35 million. This loan is secured by a mortgage of specific land owned by the Company along with building on it and any new additions and expansions. Annual installments 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 Loan number 803805048. This loan is secured by mortgage on cars, machines and equipment owned by the Company. This loan is payable on annual installments basis starting from 1 Dhul al-Qa'da 1436H (Corresponding to 15 August 2015) and ending on 1 Dhul al-Qa'da 1445 H (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 June 2020 amounted to SAR 7.4million (31 December 2019: SAR 7.4 million).

8. Revenue

	30-June-20 SAR (Unaudited)	30-June-19 SAR (Unaudited)
Saudi Arabia	1,032,076,650	982,670,936
Other Countries	135,134,065	151,988,118
	<u>1,167,210,715</u>	<u>1,134,659,054</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 June 2020 amounted to SAR 2.13 Billion (31 December 2019: SAR 2.08 Billion). During the six month period ended 30 June 2020, the Company added Property, Plant and Equipment amounting to SAR 47 Million.

9.1 Lands:

The following matters are pending with respect 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 has recorded additional land of SAR 111.81 million and net gain of SAR 111.81 million during the period after receiving a confirmation of the grant from the Ministry of Environment, Water and Agriculture.

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 June 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 June 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
				111.81	232.67

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.

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

	30-June-20 SAR'000 (Unaudited)	31-Dec-19 SAR'000 (Audited)	FV level
Financial Assets at Fair Value			
Equity Investment at FVOCI	6,372	6,372	Level 2
Derivative Financial Instruments	288	482	Level 2
Total Financial Assets at Fair Value	6,660	6,854	
Financial Assets at Amortised Cost			
Trade and Other Receivables	317,710	305,430	-
Cash and Bank Balances	102,349	62,032	-
Total Financial Assets at Amortised Cost	420,059	367,462	
Total Financial Assets	420,059	367,462	
Financial Liabilities at Amortised Cost			
Trade and Other Payables	689,264	547,155	-
Loans	1,573,326	1,636,011	-
Lease Liabilities	61,648	76,626	-
Total Financial Liabilities at Amortised Cost	2,324,238	2,259,792	
Total Financial Liabilities	2,324,238	2,259,792	

11. Approval by the Board of Directors

These Condensed Interim Financial Statements for the three month and six month periods ended 30 June 2020 were approved by the Board of Directors on 5 Muharram 1442 H (corresponding to 24 August 2020).