



**THE NATIONAL AGRICULTURAL DEVELOPMENT COMPANY
(NADEC)
(A Saudi Joint Stock Company)**

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

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**Independent auditor's review report on the interim condensed financial statements
To the Shareholders of National Agricultural Development Company (NADEC)
(A Saudi Joint Stock Company)**

Introduction

We have reviewed the accompanying interim condensed statement of financial position of National Agricultural Development Company (NADEC) (A Saudi Joint Stock Company) ("the Company") as at 30 June 2023 and the related interim condensed statements of profit or loss and other comprehensive income, for the three and six months period ended 30 June 2023, and the related interim condensed statements of cash flows and changes in Shareholders' Equity for the six months period then ended and explanatory notes. Board of Directors is responsible for the preparation and presentation of these interim condensed financial statements in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34") endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

Scope of review

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

Conclusion

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

for Ernst & Young Professional Services


Rashid S. Roshod
Certified Public Accountant
License No. (366)

Riyadh: 13 Muharram 1445H
(31 July 2023)





	Notes	30 June 2023 SAR (Unaudited)	31 December 2022 SAR (Audited)
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	9	1,740,073,121	1,713,201,726
Right-of-use assets		54,369,379	55,868,403
Capital work in progress		58,525,963	109,619,880
Biological assets		732,944,257	735,222,754
Intangible assets		26,008,845	30,403,806
Investment in joint venture		60,587,973	54,191,236
Equity investments at FVOCI	10	8,346,000	8,346,000
TOTAL NON-CURRENT ASSETS		2,680,855,538	2,706,853,805
CURRENT ASSETS			
Biological assets		19,670,505	28,050,004
Inventories		655,276,396	516,054,744
Biological assets - available for sale		25,256,924	30,232,197
Trade receivables and other receivables		377,443,490	371,286,448
Prepayments		126,980,442	56,267,728
Cash and cash equivalents		106,079,221	112,761,952
TOTAL CURRENT ASSETS		1,310,706,978	1,114,653,073
TOTAL ASSETS		3,991,562,516	3,821,506,878
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Share capital	6	1,016,400,000	1,016,400,000
Share premium		78,719	78,719
Statutory reserve		193,787,812	193,787,812
Other reserves		29,015,036	29,045,753
Retained earnings		158,651,607	55,833,425
TOTAL SHAREHOLDERS' EQUITY		1,397,933,174	1,295,145,709
NON-CURRENT LIABILITIES			
Murabaha loans and borrowings	7	740,706,616	892,905,661
Lease liabilities		31,779,872	39,265,623
Deferred income		4,290,372	4,559,006
Employee benefits obligation		152,735,811	152,770,825
TOTAL NON-CURRENT LIABILITIES		929,512,671	1,089,501,115
CURRENT LIABILITIES			
Trade and other payables		893,867,817	678,430,853
Murabaha loans and borrowings - short term	7	333,719,055	365,428,150
Murabaha loans and borrowings - current portion	7	307,583,435	267,153,934
Lease liabilities		18,548,881	16,105,659
Dividend payables		32,511,453	32,580,323
Provision for Zakat		77,886,030	77,161,135
TOTAL CURRENT LIABILITIES		1,664,116,671	1,436,860,054
TOTAL LIABILITIES		2,593,629,342	2,526,361,169
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		3,991,562,516	3,821,506,878

The accompanying notes 1 to 11 are an integral part of these interim condensed financial statements
The interim condensed financial statements appearing on pages 2 to 12 were approved by the Board of Directors and were signed on its behalf by

Hassan Aqrour
Chief Financial Officer

Solaiman Al-Twaijri
Chief Executive Officer

Abdulaziz Saleh Alrebdi
Chairman



		Three-month period ended 30 June 2023 SAR (Unaudited)	Three-month period ended 30 June 2022 SAR (Unaudited)	Six-month period ended 30 June 2023 SAR (Unaudited)	Six-month period ended 30 June 2022 SAR (Unaudited)
	Notes				
Revenue	8	785,858,098	707,751,519	1,535,271,144	1,321,279,088
Cost of sales		(489,983,136)	(516,381,047)	(961,242,096)	(938,723,745)
GROSS PROFIT		295,874,962	191,370,472	574,029,048	382,555,343
Selling and marketing expenses		(142,734,468)	(118,657,709)	(276,570,388)	(237,202,032)
General and administrative expenses		(44,638,056)	(34,653,828)	(84,897,470)	(69,489,395)
Impairment losses on trade receivables		(3,088,111)	(625,866)	(8,725,936)	(3,453,179)
Provision for other receivables		(18,500,000)	-	(40,500,000)	-
Other (expenses) income – net		(8,114,522)	11,542,369	(16,731,031)	2,108,737
Impairment losses on property, plant and equipment		(37,064)	-	(10,614,971)	-
OPERATING PROFIT		78,762,741	48,975,438	135,989,252	74,519,474
Finance cost		(17,777,312)	(11,819,855)	(35,067,807)	(20,741,135)
Share of results of joint venture		6,396,737	(8,161,344)	6,396,737	(8,161,344)
PROFIT BEFORE ZAKAT		67,382,166	28,994,239	107,318,182	45,616,995
Zakat		(2,250,000)	(1,500,000)	(4,500,000)	(3,000,000)
PROFIT FOR THE PERIOD		65,132,166	27,494,239	102,818,182	42,616,995
Earnings per share based on the profit for the period attributable to ordinary shareholders					
Basic and diluted	5	0.64	0.27	1.01	0.42

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Hassan Aqrour
Chief Financial Officer

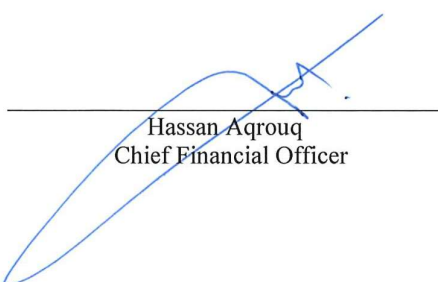
Solaiman Al-Twajiri
Chief Executive Officer

Abdulaziz Saleh Alrebdi
Chairman



	Three month period ended 30 June 2023 SAR (Unaudited)	Three month period ended 30 June 2022 SAR (Unaudited)	Six month period ended 30 June 2023 SAR (Unaudited)	Six month period ended 30 June 2022 SAR (Unaudited)
PROFIT FOR THE PERIOD	65,132,166	27,494,239	102,818,182	42,616,995
Items that will not be reclassified to profit or loss				
Re-measurement of defined benefit obligation	-	-	-	-
Movement in equity investments at fair value through other comprehensive income (FVOCI)	-	-	-	-
Total Items that will not be reclassified to profit or loss	-	-	-	-
Item that is or may be reclassified to profit or loss				
Foreign operations – foreign currency translation differences	187,635	738,055	(30,717)	1,170,765
Total item that is or may be reclassified to profit or loss	187,635	738,055	(30,717)	1,170,765
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	65,319,801	28,232,294	102,787,465	43,787,760

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The interim condensed financial statements appearing on pages 2 to 12 were approved by the Board of Directors and were signed on its behalf by


Hassan Aqrouq
Chief Financial Officer


Solaiman Al-Twajri
Chief Executive Officer


Abdulaziz Saleh Alrebdi
Chairman

THE NATIONAL AGRICULTURAL DEVELOPMENT COMPANY (NADEC)
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE SIX MONTH PERIOD ENDED 30 June 2023



	Share capital SAR	Share premium SAR	Statutory reserve SAR	Other reserves SAR	Retained earnings (Accumulated / losses) SAR	Total shareholders' equity SAR
Balance as at 1 January 2023 (Audited)	1,016,400,000	78,719	193,787,812	29,045,753	55,833,425	1,295,145,709
Profit for the period	-	-	-	-	102,818,182	102,818,182
Other comprehensive loss for the period	-	-	-	(30,717)	-	(30,717)
Total comprehensive income for the period	-	-	-	(30,717)	102,818,182	102,787,465
Balance as at 30 June 2023 (Unaudited)	1,016,400,000	78,719	193,787,812	29,015,036	158,651,607	1,397,933,174
Balance as at 1 January 2022 (Audited)	1,016,400,000	78,719	184,238,643	25,204,429	(30,109,093)	1,195,812,698
Profit for the period	-	-	-	-	42,616,995	42,616,995
Other comprehensive income for the period	-	-	-	1,170,765	-	1,170,765
Total comprehensive income for the period	-	-	-	1,170,765	42,616,995	43,787,760
Balance as at 30 June 2022 (Unaudited)	1,016,400,000	78,719	184,238,643	26,375,194	12,507,902	1,239,600,458

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

The interim condensed financial statements appearing on pages 2 to 12 were approved by the Board of Directors and were signed on its behalf by

Hassan Aqrquq
Chief Financial Officer

Solaiman Al-Twajiri
Chief Executive Officer

Abdulaziz Saleh Alrebdi
Chairman

THE NATIONAL AGRICULTURAL DEVELOPMENT COMPANY (NADEC)
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED STATEMENT OF CASH FLOWS
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2023



	Six month period ended 30 June 2023 SAR (Unaudited)	Six month period ended 30 June 2022 SAR (Unaudited)
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Profit for the period	102,818,182	42,616,995
Adjustments for		
Depreciation - property plant and equipment and biological assets	102,202,112	106,738,467
Depreciation - right of use assets	6,242,132	10,696,652
Amortization	4,394,961	5,040,763
Zakat expense	4,500,000	3,000,000
Deferred income	(268,634)	(268,634)
Employee benefits obligation	12,950,815	12,669,588
Impairment losses on trade receivables	8,725,936	3,453,179
Provision for other receivables	40,500,000	-
Inventories provision, net	7,551,914	-
Finance cost	35,067,807	20,741,135
Share of results of joint venture	(6,396,737)	8,161,344
Loss on sale of property plant and equipment and biological assets	26,768,886	13,483,423
Impairment losses on property, plant and equipment	10,614,971	-
	355,672,345	226,332,912
Changes in		
Inventories and biological assets - available for sale	(141,782,962)	66,263,110
Biological assets	8,379,499	12,908,357
Trade receivables, prepayments and other receivables	(126,086,626)	(149,479,429)
Trade and other payables	215,369,501	231,739,986
	311,551,757	387,764,936
Zakat paid	(3,775,105)	-
Employee benefits paid	(13,055,195)	(22,186,018)
Net cash from operating activities	294,721,457	365,578,918
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Additions of property, plant and equipment, intangible assets and biological assets	(150,743,181)	(136,539,950)
Proceeds from sale of property, plant and equipment and biological assets	37,658,401	29,202,295
Net cash used in investing activities	(113,084,780)	(107,337,655)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Proceeds from Murabaha loans and borrowings	54,811,500	-
Repayment of Murabaha loans and borrowings	(198,249,731)	(136,776,870)
Finance cost paid	(34,198,981)	(16,952,450)
Payment of lease liabilities	(10,694,872)	(15,841,080)
Dividend paid	(68,870)	(65,372)
Net cash used in financing activities	(188,400,954)	(169,635,772)
Net change in cash and cash equivalents	(6,764,277)	88,605,491
Cash and cash equivalents at beginning of the period	112,761,952	81,918,355
Effect of exchange rates fluctuations on cash held	81,546	(606,983)
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	106,079,221	169,916,863

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Hassan Aqrouq
Chief Financial Officer

Solaiman Al-Twaijri
Chief Executive Officer

Abdulaziz Saleh Alrebdi
Chairman



1. THE COMPANY'S ACTIVITY

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

The Company is engaged in agricultural and livestock production, reclamation of agricultural land, food processing 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 Head office is located at the following address:

Building No. 7049,

Sub No. 2467,

Prince Abdulrahman Bin Abdulaziz Road, Al Murabba District,

Riyadh 11461 – Kingdom of Saudi Arabia.

2. BASIS OF PREPARATION

2.1 Statement of Compliance

These Interim Condensed 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 Chartered and Professional Accountants ("SOCPA"). Collectively referred as (International Financial Reporting Standards endorsed in the Kingdom of Saudi Arabia).

These Interim Condensed Financial Statements should be read in conjunction with the Financial Statements of the Company for the year ended 31 December 2022 (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 Interim Condensed Financial Statements for the three month and six month periods ended 30 June 2023 have been prepared under the historical cost basis unless stated otherwise, as described in the accounting policies.

2.3 Functional and Presentation Currency

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

2.4 Significant Accounting Policies

New Standards, Amendment to Standards and Interpretations:

There are no new standards issued, however, there are number of amendments to standards which are effective from 1 January 2023 and has been explained in Company's annual Financial Statements, but they do not have a material effect on the Company's Interim Condensed Financial Statements.



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.

4. OPERATING SEGMENTS

IFRS 8 requires operating segments to be identified based on internal reports that are regularly reviewed by the Company's executive management and used to allocate resources to segments and assess their performance. The operating segments described below 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 recognized in the Interim Condensed Financial Statements.

The following is a summary of the operating segments as at and for the six month period ended 30 June 2023 (Unaudited)

	Dairy and Food SAR	Agriculture SAR	Elimination of Inter-Segment Sales SAR	Total SAR
Revenue				
External revenue	1,486,016,488	49,254,656	-	1,535,271,144
Inter-segment revenue	-	25,794,777	(25,794,777)	-
Total revenues	1,486,016,488	75,049,433	(25,794,777)	1,535,271,144
Expenses				
Depreciation and amortization	(100,309,974)	(12,529,231)	-	(112,839,205)
Provision for other receivables	(40,500,000)	-	-	(40,500,000)
Operating profit	128,600,626	7,388,626	-	135,989,252
Finance cost	(32,985,192)	(2,082,615)	-	(35,067,807)
Share of result from Joint Venture	-	6,396,737	-	6,396,737
Profit before Zakat	95,615,434	11,702,748	-	107,318,182
Zakat	(4,500,000)	-	-	(4,500,000)
Profit for the period	91,115,434	11,702,748	-	102,818,182
Total assets	3,536,453,431	455,109,085	-	3,991,562,516
Total assets as at 31 December 2022	3,311,908,292	509,598,586	-	3,821,506,878



4. OPERATING SEGMENTS (Continued)

The following is a summary of the operating segments as at and for the six-month period ended 30 June 2022 (Unaudited)

	Dairy and food	Agriculture	Elimination of inter-segment sales	Total
	SAR	SAR	SAR	SAR
Revenue				
External revenue	1,244,637,862	76,641,226	-	1,321,279,088
Inter-segment revenue	13,076,236	19,012,363	(32,088,599)	-
Total revenues	<u>1,257,714,098</u>	<u>95,653,589</u>	<u>(32,088,599)</u>	<u>1,321,279,088</u>
Expenses				
Depreciation and amortization	(111,583,009)	(10,892,873)	-	(122,475,882)
Operating profit / (loss)	<u>112,526,337</u>	<u>(38,006,863)</u>	<u>-</u>	<u>74,519,474</u>
Finance cost	(19,371,803)	(1,369,332)	-	(20,741,135)
Share of result from Joint Venture	-	(8,161,344)	-	(8,161,344)
Profit / (loss) before Zakat	<u>93,154,534</u>	<u>(47,537,539)</u>	<u>-</u>	<u>45,616,995</u>
Zakat	(3,000,000)	-	-	(3,000,000)
Profit / (loss) for the period	<u>90,154,534</u>	<u>(47,537,539)</u>	<u>-</u>	<u>42,616,995</u>
Total assets	<u>3,527,750,174</u>	<u>482,032,004</u>	<u>-</u>	<u>4,009,782,178</u>
Total assets as at 31 December 2021	<u>3,394,701,313</u>	<u>495,028,846</u>	<u>-</u>	<u>3,889,730,159</u>

5. EARNINGS PER SHARE

	Three month period ended 30 June 2023	Three month period ended 30 June 2022	Six month period ended 30 June 2023	Six month period ended 30 June 2022
	SAR (Unaudited)	SAR (Unaudited)	SAR (Unaudited)	SAR (Unaudited)
Profit attributable to shareholders'	<u>65,132,166</u>	27,494,239	<u>102,818,182</u>	42,616,995
Weighted average number of ordinary shares (number of shares)	<u>101,640,000</u>	101,640,000	<u>101,640,000</u>	101,640,000
Earnings per share	<u>0.64</u>	0.27	<u>1.01</u>	0.42

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

The Company has 101,640,000 shares as at 30 June 2023 (31 December 2022: 101,640,000) issued and fully paid with a value of SAR 10 per share.

On 4 April 2023, the Company announced the Board's recommendation to the shareholders to increase the share capital by SAR 2 billion through a rights issue. On June 13, 2023, the Company submitted an application to the Capital Market Authority ("CMA") and the Saudi Stock Exchange ("Tadawul") to obtain the necessary approvals for the capital increase. The purpose of the capital increase is to fund the Company's 2023–2027 strategy, which aims to grow business operations, develop new markets, and expand the product range. The right issue is pending the approval of the CMA, Tadawul, and the shareholders of the Company in an extraordinary general assembly meeting.



7. MURABAHA LOANS AND BORROWINGS

	Loan Currency	Interest rate	Due date	30 June 2023 (Unaudited)		31 Dec 2022 (Audited)	
				Nominal value	Book value	Nominal value	Book value
				SAR 'M	SAR 'M	SAR 'M	SAR 'M
Islamic Banking Facilities (7.1)	SAR	SIBOR + Bank Margin *	2023-2028	1,217	1,229	1,416	1,428
Agricultural Development Fund (7.2)	SAR	-	2023-2027	153	153	97	97
				1,370	1,382	1,513	1,525

*The weighted average interest rate on bank loans during the six month period ended 30 June 2023 was 5.75% per annum (six month period ended 30 June 2022: 2.72% per annum), however, the rates varied between medium and short-term loans.

Loans from local banks were granted against promissory note given by the Company.

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

	30 June 2023 SAR 'M (Unaudited)	31 December 2022 SAR 'M (Audited)
Non-Current Liabilities		
Loans secured by guarantees	3	4
Loans secured by promissory notes	738	889
	741	893
Current Liabilities		
Loans secured by guarantees	150	94
Loans secured by promissory notes	492	539
	642	633

7.1 Islamic Banking Facilities (Murabaha) from Local Banks

The borrowing under Islamic banking facilities (Murabaha) from local banks against a promissory note issued by the Company. The maturity dates of these facilities are ranging between 2023 to 2028 as agreed with the respective banks and are mostly of a revolving nature. The amount of unused facilities as at 30 June 2023 amounted to SAR 1,218 Million (31 December 2022: SAR 1,145 Million).

7.2 Agricultural Development Fund Loans

The Company was granted three loans from the Agricultural Development Fund with a total value of SAR 158.04 million. These loans are secured by a mortgage of specific assets owned by the Company. The maturity dates of these facilities are ranging between 2023 to 2027 as agreed with the Agricultural Development Fund. The balance of these loans from Agricultural Development Fund on 30 June 2023 amounted to SAR 153 million (31 December 2022: SAR 97 million).



8. REVENUE

	Six month period ended 30 June 2023 SAR (Unaudited)	Six month period ended 30 June 2022 SAR (Unaudited)
Saudi Arabia	1,348,146,367	1,182,561,586
Other Countries	187,124,777	138,717,502
	<u>1,535,271,144</u>	<u>1,321,279,088</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, raw milk and others. The control of the products is transferred to the customer as soon as it is delivered to them and the delivery has been acknowledged.

9. PROPERTY, PLANT AND EQUIPMENT

The carrying amount of Property, Plant and Equipment as at 30 June 2023 amounted to SAR 1.74 Billion (31 December 2022: SAR 1.71 Billion). During the six month period ended 30 June 2023, the Company added Property, Plant and Equipment amounting to SAR 111 Million (Six month period ended 30 June 2022: SAR 25.4 Million).

9.1 LAND

The following matters related to Land held by the Company as at date of Interim Condensed Financial Statements:

Land Occupied by Saudi Arabian Oil (Saudi Aramco)

As per the Royal Order No. (151) dated 9/5/1401H, NADEC was granted the Haradh project, which was invested by NADEC for Agricultural and Livestock Production, including agricultural land, facilities, fixed and movable assets, and energy sources, and it is considered among its properties starting from the date of issuance of Royal Decree No. (M/ 41) on 10/17/1401H approving its establishment.

The title deed was issued by Notary Public at Haradh with No. (87) on 5/15/1403H, with a length of seventy-five kilometers from north to south and five kilometers from east to west, with an area of 375 square kilometers.

NADEC entered into a legal dispute with Saudi Arabian Oil (Saudi Aramco) in respect of some portion of the land and the Supreme Court issued its final judgment on Rabi' al-Awwal 18, 1442H (corresponding to November 4, 2020) to cancel the title deed No. (87) issued to NADEC on 5/15/1403H, and this decision did not oblige the Company to leave or vacate the areas it revived and the areas in which its operational business is located, no essential operations of the Company are located on the disputed land, and NADEC has raised its objects to the decision of the supreme court to the concerned authorities and clarified its position towards the decision.

Based on NADEC's assessment of its legal status and based on discussions with the concerned authorities, the management is largely believes that the ownership of the revived lands that are subject to the use and control of the Company is valid, and it is expected that anew title will be issued to the Company for the revived lands that is which are under the Company control and use after approval of the concerned government authorities. It is also expected that this will lead to a reduction in the land area, which is currently occupied by Saudi Arabian Oil (Saudi Aramco) and a small piece of land in the southern region that is not suitable for agricultural production and is not currently used by the Company. Accordingly, the Company recorded a provision of SR 2.5 million during the previous year.



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 June 2023 SAR (in thousand) (Unaudited)	31 Dec 2022 SAR (in thousand) (Audited)	FV level
Financial Assets at Fair Value			
Equity Investments at FVOCI	8,346	8,346	Level 2
Total Financial Assets at Fair Value	8,346	8,346	
Financial Assets at Amortized Cost			
Trade and Other Receivables	420,998	368,436	
Cash and Cash Equivalents	106,079	112,762	
Total Financial Assets at Amortized Cost	527,077	481,198	
Total Financial Assets	535,423	489,544	
Financial Liabilities at Amortized Cost			
Trade and Other Payables	849,878	636,194	
Loans	1,382,009	1,525,488	
Lease Liabilities	50,328	55,371	
Total Financial Liabilities at Amortized Cost	2,282,215	2,217,053	
Total Financial Liabilities	2,282,215	2,217,053	

11. APPROVAL BY THE BOARD OF DIRECTORS

These Interim Condensed Financial Statements for the three month and six month periods ended 30 June 2023 were approved by the Board of Directors on 11 Muharram 1445H (corresponding to 29 July 2023).