THE NATIONAL AGRICULTURAL DEVELOPMENT COMPANY (NADEC)

(A Saudi Joint Stock Company)

INTERIM CONDENSED FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REVIEW REPORT
FOR THE THREE MONTHS PERIOD ENDED
31 MARCH 2024

THE NATIONAL AGRICULTURAL DEVELOPMENT COMPANY (NADEC)

INTERIM CONDENSED FINANCIAL STATEMENTS

(A SAUDI JOINT STOCK COMPANY)

INDEX

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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 The National Agriculture Development Company ("the Company") as at 31 March 2024, and the related interim condensed statements of profit or loss and comprehensive income for the three-month period ended 31 March 2024, and the related interim condensed statements of changes in equity and cash flows for the three-month period then ended, and explanatory notes. Management 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") as 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" as endorsed in the Kingdom of Saudi Arabia. A review of interim financial statement 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

Ahmed Ibrahim Reda
Certified Public Accountant
License No. (356)

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سجل تجاري ١٠١٠٣٨٣٨٢١
CR.1010383821
شركة إرنست ويونغ للخدمات المهنية
(مهنية ذات مسؤولية محدودة)
Ernst & Young Professional Services
(Professional LLC)

Riyadh: 28 Shawwal 1445
7 May 2024

	Note	**31 March 2024 SAR (Unaudited)**	31 December 2023 SAR (Audited)
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	9	**1,741,145,789**	1,760,547,868
Right-of-use assets		**55,753,571**	57,707,476
Biological assets		**716,013,505**	727,632,518
Intangible assets		**27,461,079**	23,851,662
Investment in joint venture		**125,160,509**	116,222,014
Equity investment at FVOCI	11	**8,949,000**	8,949,000
TOTAL NON-CURRENT ASSETS		**2,674,483,453**	2,694,910,538
CURRENT ASSETS			
Biological assets		**94,299,249**	56,574,175
Inventories		**566,535,180**	559,749,415
Trade receivables, prepayments, and other receivables		**607,881,837**	463,839,474
Term deposits		**200,000,000**	500,000,000
Cash and cash equivalents		**1,339,756,888**	834,686,320
TOTAL CURRENT ASSETS		**2,808,473,154**	2,414,849,384
TOTAL ASSETS		**5,482,956,607**	5,109,759,922
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Share capital	6	**3,016,400,000**	3,016,400,000
Share premium		**78,719**	78,719
Statutory reserve		**193,787,812**	193,787,812
Other reserves		**40,531,485**	38,985,456
Retained earnings		**443,119,391**	343,592,118
TOTAL SHAREHOLDERS' EQUITY		**3,693,917,407**	3,592,844,105
NON-CURRENT LIABILITIES			
Murabaha loans and borrowings	7	**85,834,454**	97,739,216
Lease liabilities		**32,684,833**	34,777,841
Deferred income		**3,883,772**	4,017,287
Employee' defined benefits obligation		**142,038,063**	147,947,099
TOTAL NON-CURRENT LIABILITIES		**264,441,122**	284,481,443
CURRENT LIABILITIES			
Trade and other payables		**977,765,983**	774,614,339
Murabaha loans and borrowings – short term	7	**300,588,762**	227,618,113
Murabaha loans and borrowings - current portion	7	**50,817,696**	51,035,972
Lease liabilities		**18,022,657**	17,894,034
Undistributed rights issue compensation	10	**82,897,854**	83,238,203
Dividend payables		**32,211,605**	32,340,192
Provision for Zakat		**62,293,521**	45,693,521
TOTAL CURRENT LIABILITIES		**1,524,598,078**	1,232,434,374
TOTAL LIABILITIES		**1,789,039,200**	1,516,915,817
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**5,482,956,607**	5,109,759,922

The accompanying notes 1 to 13 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 Aqrouq Chief Financial Officer	Solaiman Al-Twaijri Chief Executive Officer	Abdulaziz Saleh Alrebdi Chairman

	Note	**Three months period ended 31 March 2024 SAR (Unaudited)**	Three months period ended 31 March 2023 SAR (Unaudited)
Revenue	8	**857,580,825**	749,413,046
Cost of sales		**(534,873,221)**	(471,258,960)
GROSS PROFIT		**322,707,604**	278,154,086
Selling and marketing expenses		**(153,698,706)**	(133,835,920)
General and administrative expenses		**(58,963,311)**	(40,259,414)
Impairment losses for trade receivables, and other receivables		**(506,637)**	(27,637,825)
Write off/ impairment losses on property, plant and equipment		**-**	(10,577,907)
Other income (expenses), net		**(12,217,000)**	(8,616,510)
OPERATING PROFIT		**97,321,950**	57,226,510
Finance income		**21,220,501**	-
Finance cost		**(9,553,673)**	(17,290,494)
Share of results of Joint Venture		**8,938,495**	-
PROFIT BEFORE ZAKAT		**117,927,273**	39,936,016
Zakat for current period		**(16,600,000)**	(2,250,000)
PROFIT FOR THE PERIOD		**101,327,273**	37,686,016
EARNINGS PER SHARE BASED ON PROFIT PER YEAR ATTRIBUTABLE TO ORDINARY SHAREHOLDERS			
Basic and diluted	5	**0.34**	0.24*

*Restated for rights issue.

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Hassan Aqrouq Chief Financial Officer	Solaiman Al-Twaijri Chief Executive Officer	Abdulaziz Saleh Alrebdi Chairman

	Three months period ended 31 March 2024 SAR (Unaudited)	Three months period ended 31 March 2023 SAR (Unaudited)
PROFIT FOR THE PERIOD	**101,327,273**	37,686,016
ITEMS THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS		
Movement in equity investment at fair value through other comprehensive income (FVOCI)	**-**	-
ITEMS THAT ARE OR MAY BE RECLASSIFIED TO PROFIT OR LOSS		
Foreign operations – foreign currency translation differences	**1,546,029**	(218,352)
TOTAL ITEMS THAT ARE OR MAY BE RECLASSIFIED TO PROFIT OR LOSS	**1,546,029**	(218,352)
TOTAL OTHER COMPREHENSIVE INCOME	**1,546,029**	(218,352)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**102,873,302**	37,467,664

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Hassan Aqrouq Chief Financial Officer	Solaiman Al-Twaijri Chief Executive Officer	Abdulaziz Saleh Alrebdi Chairman

Interim Condensed Statement of Changes in Shareholders' Equity for the three months period ended 31 March 2024

	Share capital SAR	Share premium SAR	Statutory reserve SAR	Other reserves SAR	Retained earnings SAR	Total shareholders' equity SAR
Balance as at 1 January 2024 (Audited)	**3,016,400,000**	**78,719**	**193,787,812**	**38,985,456**	**343,592,118**	**3,592,844,105**
Profit for the period	-	-	-	-	101,327,273	101,327,273
Other comprehensive income for the period	-	-	-	1,546,029	-	1,546,029
Total comprehensive income for the period	-	-	-	1,546,029	101,327,273	102,873,302
Issue of new right issue shares	-	-	-	-	(1,800,000)	(1,800,000)
Balance as at 31 March 2024 (Unaudited)	**3,016,400,000**	**78,719**	**193,787,812**	**40,531,485**	**443,119,391**	**3,693,917,407**
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	-	-	-	-	37,686,016	37,686,016
Other comprehensive income for the period	-	-	-	(218,352)	-	(218,352)
Total comprehensive income for the period	-	-	-	(218,352)	37,686,016	37,467,664
Balance as at 31 March 2023 (Unaudited)	1,016,400,000	78,719	193,787,812	28,827,401	93,519,441	1,332,613,373

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Hassan Aqrouq Chief Financial Officer	Solaiman Al-Twaijri Chief Executive Officer	Abdulaziz Saleh Alrebdi Chairman

	Three months period ended 31 March 2024 SAR (Unaudited)	Three months period ended 31 March 2023 SAR (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before Zakat	**117,927,273**	39,936,016
Adjustments for:		
Depreciation of property plant and equipment, net	**37,384,140**	35,997,778
Depreciation of right-of-use assets	**4,112,625**	3,094,819
Depreciation of biological assets	**16,747,556**	14,449,186
Amortization of intangible assets	**2,213,287**	2,277,258
Deferred income	**(133,514)**	(133,575)
Employee benefits obligation	**2,941,358**	5,238,510
Write off/ Impairment losses on trade receivables and other receivables	**506,637**	27,637,825
Inventory provision	**-**	4,000,000
Finance income on term deposit	**(5,397,500)**	-
Finance cost	**9,872,593**	17,290,494
Share of results from joint venture	**(8,938,495)**	-
Loss on sale of property plant and equipment and biological assets, net	**17,165,879**	14,692,132
Write off/ Impairment losses on property, plant and equipment	**-**	10,577,907
	194,401,839	175,058,350
Changes in:		
Inventories	**(6,785,157)**	(8,308,440)
Biological assets - available for sale	**(5,122,630)**	423,963
Biological assets	**(32,602,444)**	(26,300,897)
Trade receivables, prepayments, and other receivables	**(144,573,378)**	(151,422,692)
Trade and other payables	**203,269,289**	147,982,168
	208,587,519	137,432,452
Zakat paid	**-**	-
Employee benefits paid	**(7,460,235)**	(7,922,815)
Net cash from operating activities	**201,127,284**	129,509,637
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment and biological assets	**(67,818,391)**	(65,810,922)
Proceeds from sales of property, plant and equipment and biological assets	**21,718,974**	23,603,401
Interest proceeds from investment in term deposits	**5,397,500**	-
Proceeds from investment in term deposits	**300,000,000**	-
Net cash from (used in) investing activities	**259,298,083**	(42,207,521)
CASH FLOWS FROM FINANCING ACTIVITIES		
Undistributed rights issue compensation	**(340,349)**	-
Expenses relating to issue of new shares	**(1,800,000)**	-
Proceeds from Murabaha loans and borrowings	**296,762,000**	54,811,500
Repayment of Murabaha loans and borrowings	**(235,784,958)**	(142,809,474)
Finance cost paid	**(9,493,334)**	(17,038,351)
Payment of lease liabilities	**(4,631,794)**	(5,717,126)
Dividend paid	**(128,587)**	(68,870)
Net cash from (used in) financing activities	**44,582,978**	(110,822,321)
Net change in cash and cash equivalent	**505,008,345**	(23,520,205)
Cash and cash and cash equivalent at beginning of the period	**834,686,320**	112,761,952
Effect of exchange rates fluctuations on cash held	**62,223**	(157,239)
CASH AND CASH AND CASH EQUIVALENT AT END OF THE PERIOD	**1,339,756,888**	89,084,508

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Hassan Aqrouq Chief Financial Officer	Solaiman Al-Twaijri Chief Executive Officer	Abdulaziz Saleh Alrebdi Chairman

1. THE COMPANY AND ITS OPERATIONS

The National Agricultural Development Company (NADEC) (the "Company") is a Saudi Joint Stock Company formed under the Royal Decree No. M/41 dated 17 Shawwal 1401H (corresponding to 17 August 1981). 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 2023 (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 months period ended 31 March 2024 have been prepared under the historical cost except for the following items included in the Statement of Financial Position

- Equity Investments at FVOCI are valued at fair value in accordance with the requirements of IFRS 13 second level of valuation method.
- Biological assets are measured at fair value less cost to sell except when fair value cannot be measured reliably. This assumption can be refuted by the lack of reliable declared market prices.
- Derivative financial instruments are measured at Fair Value through Profit or Loss.
- Employee defined benefit obligations is recognized at the present value of future obligations using the Projected Unit Credit method.

2.3 Functional and Presentation Currency

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

2.4 Material 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 2024 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. Material accounting policies are the same as those applied in in Company's annual Financial Statements.

3. SIGNIFICANT ACCOUNTING ESTIMATES, JUDGEMENTS AND ASSUMPTIONS

The preparation of the Company's Financial Statements requires management to make judgments, estimates and assumptions that affect the reported amounts of Revenues, Expenses, Assets and Liabilities, and the accompanying Disclosures, and the disclosure of Contingent Liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods. The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period, 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 chief operating decision makers and used to allocate resources to segments and assess their performance. The operating segments described below has been prepared in accordance with IFRS 8. The Company operates in three main business segments: Dairy and Foods, Agriculture, and Protein. Most of the Company's revenues, profits and assets relate to its operations in Saudi Arabia and arise from these reportable business segments. The chief operating decision makers 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.

Protein segment has started its operating from 2024 hence no comparative information provided in previous period.

The following is a summary of the operating segments as at and for the three months period ended 31 March 2024 (Unaudited)

	Dairy and Food	Agriculture	Protein	Elimination of Inter-Segment Sales	Total
	SAR	SAR	SAR	SAR	SAR
Revenue					
External Revenue	794,265,865	14,432,870	48,882,090	-	857,580,825
Inter-Segment Revenue	10,471,000	2,497,468	-	(12,968,468)	-
Total Revenue	804,736,865	16,930,338	48,882,090	(12,968,468)	857,580,825
Expenses					
Depreciation and Amortization	(53,286,898)	(7,169,204)	(1,505)	-	(60,457,607)
Operating Profit	101,148,407	(4,241,182)	414,725	-	97,321,950
Finance Income	21,220,501	-	-	-	21,220,501
Finance Cost	(8,739,610)	(814,063)	-	-	(9,553,673)
Share of results from joint venture	-	8,938,495	-	-	8,938,495
Profit before Zakat	113,629,298	3,883,250	414,725	-	117,927,273
Zakat for current period	(16,600,000)	-	-	-	(16,600,000)
Profit for the period	97,029,298	3,883,250	414,725	-	101,327,273
Total Assets					
As at 31 March 2024	4,746,295,625	658,004,281	78,656,701	-	5,482,956,607
As at 31 December 2023	4,648,665,088	461,094,834	-	-	5,109,759,922

4. OPERATING SEGMENTS (continued)

The following is a summary of the operating segments as at and for the three months period ended 31 March 2023 (Unaudited).

	Dairy and Food	Agriculture	Elimination of Inter-Segment Sales	Total
	SAR	SAR	SAR	SAR
Revenue				
External Revenue	749,163,896	249,150	-	749,413,046
Inter-Segment Revenue	-	11,179,548	(11,179,548)	-
Total Revenue	749,163,896	11,428,698	(11,179,548)	749,413,046
Expenses				
Depreciation and Amortization	(49,743,750)	(6,075,291)	-	(55,819,041)
Provision for Other Receivables	(22,000,000)	-	-	(22,000,000)
Operating Profit (loss)	57,820,303	(593,793)	-	57,226,510
Finance Cost	(16,054,486)	(1,236,008)	-	(17,290,494)
Profit (loss) before Zakat	41,765,817	(1,829,801)	-	39,936,016
Zakat for current year	(2,250,000)	-	-	(2,250,000)
Profit (loss) for the period	39,515,817	(1,829,801)	-	37,686,016
Total Assets				
As at 31 March 2023	3,423,573,588	494,831,520	-	3,918,405,108
As at 31 December 2022	3,311,908,292	509,598,586	-	3,821,506,878

5. EARNINGS PER SHARE

	Three months period ended 31 March 2024 SAR (Unaudited)	Three months period ended 31 March 2023 SAR (Unaudited)
Profit attributable to Shareholders' (SAR)	**101,327,273**	37,686,016
Weighted Average Number of Ordinary Shares (Number of Shares)	**301,640,000**	157,635,915
Earnings per Share (SAR/Share)	**0.34**	0.24*

*Restated for rights issue.

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 301,640,000 shares as at 31 March 2024 (31 December 2023: 301,640,000) issued and fully paid with a value of SAR 10 per share.

7. MURABAHA LOANS AND BORROWINGS

				31 March 2024 (Unaudited)		31 December 2023 (Audited)	
	Currency	**Interest Rate**	**Due Date**	**Nominal Value SAR'000**	**Book Value SAR'000**	Nominal Value SAR'000	Book Value SAR'000
Islamic Banking Facilities (Murabaha) (7.1)	SAR	SIBOR + bank margin	2024-2026	**375,952**	**381,988**	366,737	372,903
Agricultural Development Fund Loan (7.2)	SAR	Fixed	2024-2027	**55,253**	**55,253**	3,490	3,490
Total Loans				**431,205**	**437,241**	370,227	376,393

*The weighted average interest rate on bank loans during the three months period ended 31 March 2024 was 6.37% per annum (three months period ended 31 March 2023: 5.0% 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.

7. MURABAHA LOANS AND BORROWINGS (continued)

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

	31 March 2024 (Unaudited)	31 December 2023 (Audited)
	SAR'000	SAR'000
Non-current liabilities		
Loans secured by Guarantees	**2,501**	2,501
Loans not secured by any Guarantee or Security	**83,333**	95,238
	85,834	97,739
Current liabilities		
Loans secured by Guarantees	**52,752**	989
Loans not secured by any Guarantee or Security	**298,654**	277,665
	351,406	278,654

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 2024 to 2026 as agreed with the respective banks and are mostly of a revolving nature. The amount of unused facilities as at 31 March 2024 amounted to SAR 703 Million (31 December 2023: SAR 828 Million).

7.2 Agricultural Development Fund Loans

During the three months ended 31 March 2024, the Company was granted two loans from the Agricultural Development Fund with a total value of SAR 51.7 million. These loans are secured by a mortgage of specific assets owned by the Company. The maturity dates of these facilities are ranging between 2024 to 2027 as agreed with the Agricultural Development Fund. The balance of these loans from Agricultural Development Fund on 31 March 2024 amounted to SAR 55.2 million (31 December 2023: SAR 3 million).

8. REVENUE

	Three months period ended 31 March 2024 SAR (Unaudited)	Three months period ended 31 March 2023 SAR (Unaudited)
Saudi Arabia	**769,015,782**	653,142,368
Other Countries	**88,565,043**	96,270,678
	857,580,825	749,413,046

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, protein 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 31 March 2024 amounted to SAR 1.74 Billion (31 December 2023: SAR 1.76 Billion). During the three months period ended 31 March 2024, the Company added Property, Plant and Equipment amounting to SAR 20.3 Million (Three months period ended 31 March 2023: SAR 48.9 Million).

9. PROPERTY, PLANT AND EQUIPMENT (continued)

9.1 Land

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

Land Used 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 Muharram 13, 1442H (corresponding to September 1, 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 used 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 year 2022.

10. UNDISTRIBUTED RIGHTS ISSUE COMPENSATION

This represents the undistributed rights issue compensation to eligible investors who have not exercised their right to subscribe to new shares. The Company were unable to transfer these amount of compensation to the beneficiaries as a result of the lack of sufficient information about the beneficiaries' account numbers.

11. 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.

11. FINANCIAL INSTRUMENTS (continued)

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

	31 March 2024 SAR (in thousand) (Unaudited)	31 December 2023 SAR (in thousand) (Audited)	**FV level**
Financial Assets at Fair Value			
Equity Investment at FVOCI	**8,949**	8,949	Level 2
Total Financial Assets at Fair Value	**8,949**	8,949	
Financial Assets at Amortized Cost			
Trade and Other Receivables	**457,620**	374,259	
Term deposit	**200,000**	500,000	
Cash and Bank Balances	**1,339,757**	834,686	
Total Financial Assets at Amortized Cost	**1,997,377**	1,708,945	
Total Financial Assets	**2,006,326**	1,717,894	
Financial Liabilities at Amortized Cost			
Trade and Other Payables	**925,638**	732,702	
Loans	**437,241**	376,393	
Lease Liabilities	**50,707**	52,672	
Total Financial Liabilities at Amortized Cost	**1,413,586**	1,161,767	
Total Financial Liabilities	**1,413,586**	1,161,767	

12. RECLASSIFICATION IN COMPERATIVE NUMBERS

Certain of the last period amounts have been reclassified to conform to the presentation in the current period.

13. APPROVAL BY THE BOARD OF DIRECTORS

These Interim Condensed Financial Statements for the three months period ended 31 March 2024 were approved by the Board of Directors on 26 Shawwal 1445 H (corresponding to 5 May 2024).