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Annual BOD Report 2020

Al-Jouf Agricultural Development Company

A Saudi Joint Stock Company



From Aljouf to Aljouf

Al-Jouf Agricultural Development Company

A Saudi Joint Stock Company

Annual Board Report
For the fiscal year 2020

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Board of Directors

Deputy Board of Directors



Dr. Rashid bin Rashid bin Saad bin Awain

Chairman of Board of Directors



His Royal Highness

Prince / Abdulaziz bin Mishaal bin Abdulaziz Al Saud

Board Member



(Mr. Abdul Aziz bin Muhamed Al-Husseini)

Board Member



(Mr. Mazrou bin Abdullah Al-Mazrou)

Board Member



(Mr. Abdul Rahman bin Abdul Aziz Al-Yamany)

Board Member



(Mr. Yasser Yahya Abdul Hamid Abed Rabbo)

Board Member



(Mr. Omar Bin Riyadh Al-Humaidan)

Board Member



(Dr. Mohammed Ahmed Hassan Fitaihi)

Board Member



(Mr. Ali Bin Riyadh Al-Humaidan)

Speech of the Chairman of the Board of Directors



Dear Sirs / Shareholders of the Company

Praise is to God, the maximum amount of praise and thanks to God before and after, blessings and peace be upon the Messenger of God, may God bless him and grant him peace. The fiscal year ending on December 31, 2020 and submitted to your esteemed Ordinary General Assembly 34 for discussion and then approval.

Where we review with you the company's operational, financial performance and capital investments during this year. The report also includes a summary of the mechanisms for implementing corporate governance and the disclosures related to the composition of the Board of Directors remuneration, tasks, the structure of its committees and its tasks, the remuneration of senior executives and the transactions that take place with related parties (if any). The report also includes affidavits of the Board and extent of compliance of the company with the Corporate Governance Regulations. This report also includes the audited financial statements and the explanations attached, and the report of the external auditor for the fiscal year ending 12/31/2020 AD.

We ask the Almighty to crown our efforts with success as we welcome a new year with more confidence and determination to continue the plan of growth and expansion in all areas of the work, and we pledge before God and in front of everyone that we will continue to develop and push the company forward through the optimal use of the company's resources to achieve the aspirations of its shareholders, and to be one of the tributaries that contribute to the food security of our beloved kingdom, asking the Almighty to preserve the homeland and to perpetuate the blessing of security and stability under our wise government and wise leadership.

Chairman of Board of Directors

His Royal Highness Prince / Abdulaziz bin Mishaal bin Abdulaziz Al Saud

Chief Executive Officer Speech



Dear Sirs / Shareholders of the Company

Praise is to God and prayers and peace is upon the Messenger of God, may God's prayers and peace be upon him. We have chosen in Al-Jouf Agricultural Development Company, for many years to speak with ambition and persistence. The challenges that the agricultural sector faces in the Kingdom after the cessation of cultivation of some (strategic) crops, such as clover and yellow corn fodder wheat and barley, but during the past years, Al-Jouf Company began to expand the cultivation of olive trees and establish an industrial complex for olives, and as a result, the company obtained a certificate of the Guinness Book of Records as the largest modern olive farm in the world and I am happy to put in your hands Annual report for the fiscal year 2020,

On this occasion I only wish to extend my sincere thanks and appreciation to the Board of Directors of the company headed by His Royal Highness Prince Abdulaziz bin Mishaal bin Abdulaziz Al Saud, may God preserve him for the continuous support, and my thanks go to the company team for their dedication, dedication, and continuous effort to achieve what we aspire to. And my appreciation to everyone who contributed to the achievements of the company, including its employees, employees, and workers, and we still have a lot of work and goals that we seek to achieve during the next phase, God willing.

Chief Executive Officer

Engineer / Mazen bin Abdullah bin Mohammed Badaoud

Company Profile

Al-Jouf Agricultural Development Company is a Saudi joint stock company listed on the stock market. The company was established pursuant to Royal Decree No. 4/237 / M dated 1/27/1409 AH under license No. 535 dated 06/08/1408 AH in accordance with the Companies Law issued by Royal Decree No. (M / 6) dated 03/22/1385 AH with a capital of 200 million riyals, and it was increased to 300 million Saudi riyals divided into 30 million shares, with a nominal value of 10 riyals per share. Since it's established, company has gone through various stages of development and activities until has reached the current situation.

The company's project is located in the Basita Al-Jouf area in Wadi Al-Sarhan in the northern part of the Kingdom. The project area is considered one of the best regions in the Kingdom in terms of its storage of groundwater, the fertility of its soil and the suitability of its climate for the cultivation of all crops throughout the year. The project area is 60 thousand hectares.

Al-Jouf Company owns the largest modern olive farm in the world and the largest producer of organic olives in the Middle East, where there are 5 million olive trees.

The company owns a modern nursery to multiply olive and fruit seedlings to preserve the distinctive varieties owned by the company to produce all varieties of olives and fruits and to secure the company and farmers' needs that are commensurate with the nature of the region.

This is in addition to owning the largest plant for the production, squeezing and filling of oil in the Middle East, where the production capacity of the squeezing lines is approximately 600 tons of fruits per day, and filling lines of all sizes are 25 tons per day, and to maintain the quality of the olive oil after the pressing operations, the oil is automatically pumped after extraction to stainless steel tanks equipped to work with a

system. Nitrogen prevents the reaction of oil with oxygen and the storage capacity is 6000 tons.

Al-Jouf Company is unique in filling the oil after automatic sedimentation to preserve the properties of the product of vitamins and minerals beneficial to public health and this is what distinguishes the olive oil of the Al-Jouf Company for Agricultural Development.



Company Main Activities

The company's objectives are summarized as follows:

- 1) Crop farming, livestock production, hunting and related services.
- 2) Establishing and managing plant and animal farms associated with the realization of the company's objectives and the reclamation and investment of agricultural lands.
- 3) Production, manufacture and packaging of olive oil and vegetable oils, marketing and selling, and importing all the machinery, machinery, equipment, equipment and means of transport, building and establishing the plants and factories necessary for the purposes of the company and its industries and warehouses for preserving, storing and displaying its products and other aspects that the company needs to use in manufacturing and storage Selling, buying, importing, exporting, and establishing other

industries that complement their industries alone or in participation and participation in them with other companies, institutions and individuals.

- 4) Carrying out agricultural production, both plant and animal, and raising poultry - and eggs -, apiaries, fish and shrimp.
- 5) Fishing and aquaculture.
- 6) Wholesale and retail trade in food and non-food items.
- 7) Manufacture of food products.
- 8) Investment in the field of import and export for the company and for others in agricultural, food and animal materials of all kinds, health materials, grains, seeds, fodder, barley, feed additives, and fish wealth.
- 9) Retail sale of fresh and preserved fruits and vegetables and dates.
- 10) Retail sale of dairy products, eggs, olives, pickles and honey.
- 11) Pickles industry (pickling).
- 12) Water and ice production and packaging.
- 13) Investing in the industrial field by establishing, managing and operating industrial projects of all kinds.
- 14) Road transport of goods.
- 15) Support activities for crop production and agricultural services - rental of agricultural equipment - irrigation projects, greenhouse installation and all other activities related to support activities for crop production.
- 16) Commercial agency business and distribution contracts.
- 17) Buying and selling lands, real estate and factories necessary to achieve the company's objectives.

The company carries out its activities according to the followed regulations and after obtaining the necessary licenses from the competent authorities, if any.

Company strategy

The company's board of directors is currently working with the executive management on reformulating the vision and strategy of the company and then studying the strategic initiatives that contribute to drawing the future direction of the company, as well as re-studying the business model and business plans of the company:

The current general strategy of the company is summarized in several main axes:

1st: the transition from the agricultural sector to the industrial agricultural sector

2nd: developing sales channels and raising the factories' utilized capacity

3rd: Focusing on high-profit crops

4th: greater market share in olive oil

5th: the establishment of the industrial potato project

6th: Automation for all processes



Corporate Governance

The Board of Directors of Al-Jouf Company continued to perform its duties during the fiscal year 2020 AD and managed the company's operations in accordance with the approved corporate governance regulations and based on Paragraph (1) of Article Ninety of the Corporate Governance Regulations issued by the Capital Market Authority, the company applies the mandatory provisions of the Governance Regulations, Especially with regard to the following: -

1) Shareholders 'rights and the general assembly in terms of facilitating shareholders' exercise of their rights and access to information, their rights during company assemblies, voting rights, shareholders 'rights in dividends, and the right to dispose of shares. The executive management also provided shareholders with all information that enables them to fully

exercise their rights. Instruct, so that this information is complete, accurate, and updated in a regular and timely manner, without discrimination between them.

2) The general policies for disclosure, transparency and disclosure in the report of the board of directors.

3) The Board of Directors, its basic functions, responsibilities, composition, subsidiary committees, their remuneration and conflict of interest.

4) The obligation to publish the quarterly financial results and the annual financial results during the statutory dates on the Tadawul website.

5) Preparing the Board of Directors' report in accordance with the rules of the Corporate Governance Regulations.

6) Adhere to the ad format set by the Capital Market Authority and the dates for publishing essential information in accordance with the Authority's instructions regarding company announcements.

7) Drafting the rules of professional conduct for the managers and employees of the company so that they correspond to sound professional and ethical standards and regulate the relationship between them and the stakeholders.

(1) Provisions that have not been implemented from the Governance Regulations:

The following are the points that have not been fully implemented in the corporate governance regulations and the reasons as follows:

Article no. / Paragraph	Article text/ Paragraph	Reasons for non applying
Article 25, paragraph 8	The development of management succession plans for the company's management.	It is underwork to activate this item
Article 26, paragraph 6 c	The executive management should implement appropriate control systems to measure and manage risks, by developing a general perception of the risks that may face and creating an environment familiar with the culture of risk reduction at the company level, and presenting it transparently with the Board of Directors and other stakeholders.	It is underwork to activate and complete this item
Article 37, paragraph 9a	The Board Secretary shall organize the register of disclosures for the members of the Board of Directors and the Executive Management in accordance with the	It is underwork to activate this item

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		provisions of Article (92) of the Corporate Governance Regulations.	
Article paragraph 39, 2 Guidance material		The company shall put in place the necessary mechanisms for the members of the Board of Directors and the executive management to obtain continuous training programs and courses in order to develop their skills and knowledge in the areas related to the company's activities.	Will coordination in the future to obtain programs and courses for members of the Board and the Executive Management.
Article paragraph A 41, Guidance material		Based on the proposal of the Nomination Committee, the Board of Directors sets the necessary mechanisms to annually evaluate the performance of the Board, its members, committees, and executive management, through appropriate performance indicators related to the extent to which the company's strategic objectives are achieved, the quality of risk management, and the adequacy of internal control systems and others, provided that the strengths and weaknesses are identified and a proposal to address them. Consistent with the company's interest.	will study the mechanism of activation of this item
Article paragraph E 41, Guidance material		The Board of Directors makes the necessary arrangements to obtain an evaluation by a competent external body of its performance every three years.	It is underwork to activate this item
Article paragraph F 41, Guidance material		Non-executive members of the board of directors conduct a periodic evaluation of the performance of the chairman of the board after taking the views of the executive members - without the chairman of the board attending the discussion designated for this purpose - provided that the strengths and weaknesses are identified and proposed to address them in accordance with the company's interest.	It is underwork to activate this item
Article 65, paragraph 10		The Nomination Committee is concerned with identifying weaknesses and strengths in the Board of Directors, and proposing solutions to address them in the interest of the company.	It is underwork to activate this item
Article 70 Guidance material		By a decision of the company's board of directors, a committee called (the Risk Management Committee) has been formed. Its chairman and the majority of its members are non-executive members of the board of directors - it is required that its members have an appropriate level of knowledge of risk management and financial affairs.	It is underwork to activate this item

(2)The names of the members of the board of directors, the members of the committees and the executive management, their jobs, qualifications and experiences:

(A) Board of Directors:

N	Name	Postion	Qualifications	Experiences
1	His Royal Highness Prince / Abdul Aziz bin Mishaal bin Abdul Aziz	Bachelor of Business Administration	Chairman of Board of Directors	39 years in business administration
2	Dr. Rashid bin Rashid Owain	PhD in Nuclear Engineering	Deputy manager	37 years in business administration
3	Mr. Abdul Aziz bin Muhammad Al-Hussein	Bachelor of Public Administration	Deputed member General Manager	29 years in business administration
4	Mr. Abdul Rahman bin Abdul Aziz Al-Yamani	Bachelor's degree in Geography	Member of the Board of Directors	38 years in business administration
5	Mr. Mazrou Abdullah Hamad Al-Mazrou	Master in Geography	Member of the Board of Directors	38 years in business administration
6	Mr. Omar Riyadh Muhammad Al-Humaidan	Bachelor of Sharia and Law	Member of the Board of Directors	22 years in business administration
7	Mr. Yasser Yahya Abd Al-Hamid Abd Rabbo	Bachelor of Commerce	Member of the Board of Directors	28 Financial Management
8	Mr. Ali Riyadh Muhammad Al-Humaidan	High school	Member of the Board of Directors	18 years in business administration
9	Dr. Mohamed Ahmed Hassan Fitaihi	PhD, Master of Business Administration and Finance	Member of the Board of Directors	27 years in business administration

(B) Board Committees:

Executive committee

N	Name	Postion	Qualifications	Experiences
1	Mr. Omar Riyadh Muhammad Al-Humaidan	Committee president	Bachelor of Sharia & Law	22 years in business administration
2	Dr. Rashid bin Rashid Owain	Committee member	PhD in Nuclear Engineering	37 years in business administration
3	Mr. Abdul Aziz bin Muhammad Al-Hussein	Committee member	Bachelor of Public Administration	29 years in business administration
4	Mr. Abdul Rahman bin Abdul Aziz Al-Yamani	Committee member	Bachelor's degree in Geography	38 years in business administration
5	Mr. Yasser Yahya Abd Al- Hamid Abd Rabbo	Committee member	Bachelor of Commerce	28 Financial Management

Aduit Committee

N	Name	Postion	Qualifications	Experiences
1	Mr. Mohammed Ahmed Yassin Al Sheikh	Committee president	Bachelor of Administrative Sciences	40 years in management and accounting
2	Mr. Yasser Yahya Abd Al- Hamid Abd Rabbo	Committee member	Bachelor of Commerce	28 years Financial Management
3	Mr. Ali Riyadh Muhammad Al-Humaidan	Committee member	High school	18 years in business administration

Nomination and Remuneration Committee

N	Name	Postion	Qualifications	Experiences
1	Dr. Mohamed Ahmed Hassan Fitaihi	Committee president	PhD, Master of Business Administration and Finance	27 years in business administration
2	Mr. Abdul Rahman bin Abdul Aziz Al-Yamani	Committee member	Bachelor's degree in Geography	38 years in business administration
3	Mr. Mazrou Abdullah Hamad Al-Mazrou	Committee member	Master in Geography	38 years in business administration

Committee for preparing the company's strategic plans.

N	Name	Postion	Qualifications	Experiences
1	Dr. Mohamed Ahmed Hassan Fitaihi	Committee president	PhD, Master of Business Administration and Finance	27 years in business administration
2	Mr. Omar Riyadh Muhammad Al-Humaidan	Committee member	Bachelor of Sharia & Law	22 years in business administration
3	Mr. Yasser Yahya Abd Al- Hamid Abd Rabbo	Committee member	Bachelor of Commerce	28 years Financial Management

(C) Executive Management

N	Name	Postion	Qualifications	Experiences
1	Mazen Abdullah Badaoud	chief executive officer Represente the company at the Market Authority	Bachelor of Chemical Engineering	28years in management
2	Mohammed Humaidan Zayed Al Sharari	Director of Administrative Affairs One of the company's senior executives	Bachelor of Public Administration	31years in management
3	Sarhan Saud Shwait Al-Subaie	Assistant Director General for Agricultural Affairs One of the company's senior executives	Bachelor of Agricultural Engineering	23years in the agricultural sector
4	Fathy Khalil Awad Gouhar	The Internal Auditor The company's representative at the Capital Market Authority	CIA certificate CMA certificate, Master of Financial Management Postgraduate Diploma in Auditing, Bachelor of Commerce Department of Accounting	23 years in accounting and auditing
5	Ziad Mohammed Al-Jaafra	Director of Financial Department	Bachelor of Commerce Department of Accounting CPA certificate and CFE certificate	23 years in accounting and management
6	Ihab Abdullah Rajab Al-Sharqawi	Sales and Marketing Director	Bachelor of Commerce Department of Accounting	23 in Sales and Marketing
7	Mahmoud Safakhan, Turkestan	Manager of Information Technology	Bachelor of Information Systems ,Higher diploma in Network Technology	13 years in the field of information systems
8	Ahmed Mohamed Saleh	Director of Civil Engineering Department	bachelor of Civil Engineering	31 years in the field of maintenance, construction,

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				roads and electricity
9	Abdul Qadir Ibrahim Mohammed	Director warehouses	Bachelor of Commerce Department of Accounting	35 years in warehouse business
10	Adel Ahmed Abdul Majid	Director of the Follow-up Department	Bachelor in Agricultural Sciences	26 years in Agriculture and Management
11	Yassin Muhammad Hamdi	Director of the olive industrial complex	Bachelor of Agriculture	26 years in oils and management



(3) Names of companies inside and outside the Kingdom of which a member of the company's board of directors is a member of its boards of directors:

N	Name	Postion	Membership in the boards of other joint companies
1	Prince / Abdul Aziz bin His Royal Highness Mishaal bin Abdul Aziz	Chairman of Board	Yanbu Cement Company - City Cement
2	Dr. Rashid bin Rashid Owain	Deputy president	Federation of Wire Factories (Aslak) - Petrochem Company
3	Mr. Abdul Aziz bin Muhammad Al-Hussein	Member	Nill
4	Mr. Abdul Rahman bin Abdul Aziz Al-Yemeni	Member	Saudi Chemical
5	Mazroua Abdullah Hamad Al-Mazrou	Member	Nill
6	Mr. Omar Riyadh Muhammad Al-Humaidan	Member	Fitaihi Group – Glass
7	Mr. Yasser Yahya Abd Al-Hamid Abed Rabbo	Member	Nill
8	Mr. Ali Riyadh Muhammad Al-Humaidan	Member	Nill
9	Dr. Mohamed Ahmed Hassan Fitaihi	Member	Nill

(4)The formation of the board of directors and the classification of its members as follows: a member of the board of directors (executive - non-executive – independent):

N	Name	Position	Membership		
			Independent Board Member	Non-executive board member	Executive Board Member
1	Prince / Abdul Aziz bin His Royal Highness Mishaal bin Abdul Aziz	Chairman of the Board			
2	Dr. Rashid bin Rashid Owain	Deputy president	√		
3	Mr. Abdul Aziz bin Muhammad Al-Hussein	Managing Director	√		
4	Mr. Abdul Rahman bin Abdul Aziz Al-Yemeni	Board member		√	
5	Mazroua Abdullah Hamad Al-Mazrou	Board member	√		
6	Mr. Omar Riyadh Muhammad Al-Humaidan	Board member		√	
7	Mr. Yasser Yahya Abd Al-Hamid Abed Rabbo	Board member		√	
8	Mr. Ali Riyadh Muhammad Al-Humaidan	Board member	√		
9	Dr. Mohamed Ahmed Hassan Fitaihi	Board member		√	

(5) Actions taken by the Board of Directors to inform its members - especially the executives - of making the procurement process of proposals for proposals and their comments.

About the company and its performance:

- By activating the members of the board and its committees to review the minutes of the board and committees meeting (the audit committee - the nominations and remuneration committee - the committee committee - the strategic planning committee) and the discussions of the members of the board in the recording group and their inquiries in the meeting minutes and their discussion with the members of the board and work if they are of benefit to the company And work, knowing that the observations on the performance of the company.

- Communication with Al-Atin and the injured:

The company is aware of the shareholding with its shareholders and benefits them with information and in application of the principle of disclosure and transparency, the company has done the following:

Publish the quarterly financial statements and final accounts for the fiscal year 2020 on the Tadawul website, and publish them within the period specified by the system.

Adherence to the ad format set by the Capital Market Authority, the essential information that should be included, and the dates for publishing these announcements.

Preparing the Board of Directors' report in accordance with the disclosure requirements contained in the Governance Regulations.

- All shareholders of the company can - without exception - review the minutes of the general assemblies, and any annual reports of the board of directors on the trading site and the company's website on the Internet, as well as in personal attendance or request them via e-mail or fax.

- A company-specific email has been created to receive complaints and suggestions from all stakeholders (shareholders, customers, suppliers, and employees)

(6) A brief description of the competencies of the main board committees, their tasks, chairmen and members, and the number of their meetings during the year 2020:

(A) Executive Committee:

- The company's executive committee is appointed by the board of directors to provide the ability to respond quickly in emergency situations, in addition to assisting the board in performing its supervisory duties efficiently and effectively, especially with regard to implementing the company's strategic goals and arranging financial and operational priorities for them.
- The Executive Committee also makes recommendations to the Board of Directors on various related issues, and the Board delegates the committee to discharge some of its duties.

The following is a statement of the membership of the committee and the record of attending its meetings during the year 2020.

N	Name	position	Date			Attendance
			05/10	04/12	04/04	
1	Mr. Omar bin Riyadh Al-Humaidan	President	√	√	√	%100
2	Dr. Rashid bin Rashid bin Awain	Member	√	√	√	%100
3	Mr. Abdul Aziz bin Muhammad Al-Hussein	Member	√	√	√	%100
4	Mr. Abdul Rahman bin Abdul Aziz Al-Yamani	Member	√	√	√	%100
5	Mr. Yasser Yahya Abdel-Hamid	member	√	√	√	%100

During the year 2020, the Executive Committee held (3) meetings.

(B) Audit Committee:

The following is a statement of the committee's membership and the record of attending its meetings during the year 2020.

On 10/17/2020, Mr. Ali bin Riyadh Al-Humaidan resigned from the Audit Committee.

- During the year 2010 AD, the audit committee held (12) meetings, with an attendance of 100% for all members.
- Mr. Muhammad Ahmad Yassin Al-Sheikh - Chairman of the Audit Committee / Member from outside the Board.

The primary function of the audit committee is to assist the board of directors to carry out its supervisory duties efficiently and effectively, and in particular the committee is responsible for ensuring the integrity and completeness of the lists, the internal control policies and procedures, the relationship with the chartered accountant, the internal audit policies and procedures, studying the basic risks faced by the company, which include financial risks And the operational and legal, and review of the policies applied by the management related to the processes of identifying, evaluating

and treating those risks, identifying and reviewing the accounting problems that affect the process of preparing financial reports and understanding the extent of their impact on the validity of those reports.

- The committee recommended and then contracted with Messrs. KPMG, to carry out the internal audit work, and the scope of work was determined based on risk assessment, as the company needs significant development in this aspect.
- The audit committee supervises the internal audit of the company and studies the periodic financial reports and the internal and external audit reports and the extent of their efficiency. It also checks the efficiency of the control systems and it has been recommended to work on building effective control systems, and it follows up on the work of statutory accountants.

Name	position	Meeting Date												Attendance
		11/4	10/8	10/1	8/20	8/11	7/2	5/17	3/19	3/18	3/11	3/4	2/12	
Mr. Mohammed Ahmed Yassin Al Sheikh	President	√	√	√	√	√	√	√	√	√	√	√	√	%100
Mr / Yasser Yahya Abd Al-Hamid Abed Rabbo	Member	√	√	√	√	√	√	√	√	√	√	√	√	%100
Mr. / Ali Bin Riyadh Al-Humaidan	Member		√	√	√	√	√	√	√	√	√	√	√	%100

The period of membership of the committee is three years in conjunction with the period of Membership of the board of directors, and committee members receive an allowance for attending sessions (3000 riyals) three thousand riyals for each session for each member.

(C) Nomination and Remuneration Committee:

- The committee assists the board of directors in performing its supervisory duties efficiently and effectively, and in particular the committee is concerned with identifying competent board members and executives and confirming that the company's nomination policy results in correct appointments and leads to the development and retention of distinguished members of the board of directors and directors and thus it helps the company in achieving its goals Setting standards to determine the independence of a member of the board of directors, and setting up an appropriate mechanism to inform shareholders of any variables that may lead to the member losing his independence, and to ensure that there is no conflict of interest if the member occupies the board of directors of another company.

The Nomination and Remuneration Committee annually reviews the requirements for membership of the Board of Directors in accordance with the approved policies and standards,

reviews the structure of the Board of Directors, submits recommendations regarding changes, and makes sure on an annual basis that the independence of independent members is not in conflict with the interests of the member if

(C) He continued with the Nomination and Remuneration Committee

He held the membership of other boards for the term of membership of the committee three years in conjunction with the term of the board of directors, and the members of the committee paid a fee for attending sessions (3000 riyals) three thousand riyals for each session for each member

- The following is a statement of the membership of the committee and the record of attending its meetings during the year 2020.

	Name	postion	Meeting date			attendance
			11/22	10 /15	8/27	
1	A / Abdul Rahman bin Abdulaziz Al-Yamani	President	√	√	√	%100
2	Dr. / Mohamed Ahmed Hassan Fitaihi	Member	√	√	√	%100
3	A / Mazrou bin Hamad bin Abdullah Al-Mazroua	Member	√	√	√	%100

During the year 2020, the Nomination and Remuneration Committee held (3) meetings, and the attendance rate for members was 100% for all members .

(D) Committee for drawing up and preparing the company's strategic plans:

- The Committee for Drawing and Preparing the Company's Strategic Plans provides recommendations to the Board of Directors on various issues related to the preparation and drawing of the Company's Strategic Plans - The term of membership of the committee is three years in conjunction with the term of membership of the Board of Directors. .

The following is a statement of the membership of the committee and the record of attending its meetings during the year 2020

	Name	postion	Meeting Date	Attendance
			7 / 19	
1	Dr. Mohamed Ahmed Hassan Fetihi	President	√	% 100
2	Mr. Omar Bin Riyadh Al-Humaidan	Member	√	% 100
3	Mr. Yasser Yahya Abdel Hamid	Member	√	% 100

The committee for drawing and preparing the company's strategic plans during the year 2020 held one meeting with 100% attendance for all members .

7) Where applicable, the means that the board of directors relied upon in evaluating its performance and the performance of its committees and members and the external body that carried out the evaluation and its relationship to the company (none).

(8) Remuneration for members of the Board of Directors and executive management in accordance with Article 93 of the Governance Regulations:

The policy of distributing remuneration to board members, committees and executive management: -

In light of the provisions governing the remuneration of members of the Board of Directors and its subsidiary committees stipulated in the Company's Law, the Corporate Governance Regulations, and the regulatory controls and procedures issued in implementation of the Companies Law for Listed Companies; And the company's articles of association; The remuneration of the members of the board of directors, its committees emerging from it and the executive management, the aim of the remuneration policy for members of the board of directors and its subsidiary committees is to organize remuneration to attract members of a board or committees with scientific, technical, and administrative competence and commensurate experience in order to enable them to perform their duties and duties professionally and with high efficiency. Taking into account the sector in which the company operates and the skills needed to manage it.

The company also aims to create an attractive environment to work in; Through it, it can attract and retain human resources with the required skills and experience to sustain its growth and achieve its vision. And that is through the regulatory framework for the remuneration of senior executives in the company so that it conforms to the relevant regulations, legislation and applications and falls under the powers of the general assembly of shareholders to determine and approve the fees that the members of the board of directors receive as a result of their service with the board or its committees.

Board members 'remuneration is calculated as follows:

The remuneration of a member of the board of directors may be a certain amount of 200 thousand riyals - or an allowance for attending sessions, in-kind benefits, or a certain percentage of the net profits, and it is permissible to combine two or more of these benefits.

(A) Remuneration for Board Members:

Remuneration for Board Members							
	Fixed Bonuses			Variable Bonuses		severance pay	Total
	Allowance for attending council meetings	Allowance for attending committee meetings	Total	Periodic reward	Total		
1st : Independent Members							
His Royal Highness Prince / Abdulaziz bin Mishaal Al Saud	15,000	0	15,000	300,000	300,000	0	315,000
Dr. Rashid bin Rashid Saad Awain	18,000	0	18,000	300,000	300,000	0	318,000
Mr. Mazroa bin Hamad bin Abdulaziz Al-Mazrou	18,000	9,000	27,000	300,000	300,000	0	327,000
Mr. Abdulrahman bin Abdulaziz Al-Yamani	18,000	9,000	27,000	300,000	300,000	0	327,000
2nd : Non-executive members							
Mr. Omar Riyadh Al-Humaidan	18,000	3,000	21,000	300,000	300,000	0	321,000
Mr. Yasser Yahya Abdel Hamid Abd Rabbo	18,000	39,000	57,000	300,000	300,000	0	357,000
Mr. Ali Raban Riad Al-Humaidan	18,000	33,000	51,000	300,000	300,000	0	351,000
Mr. Mohammed Ahmed Hassan Fitaihi	18,000	12,000	30,000	300,000	300,000	0	330,000
3rd : Executive members							
Mr. Abdulaziz Bin Mohammed Al-Hussaim	18,000	0	18,000	300,000	300,000	1,257,740	1,575,740

Notes

There is an attendance allowance for the General Assembly that was included in the Board meetings.

The amount of remuneration spent to each of the members of the Board of Directors is detailed as follows: Two hundred thousand riyals for the year 2019 were disbursed in the year 2020 and an amount of one hundred thousand riyals For the year 2020

A member of the board of directors, Mr. Abdulaziz bin Muhammad Al-Husseini, his term changed from 1/5/2020 from an executive member to a non-independent member



(B) A statement of the total salaries, wages, allowances and the highest remuneration obtained by five of the company's senior executives, including the CEO and the Chief Financial Officer:

Salaries of senior executives

Postion	Total
General Manager / CEO	1,789,600
Financial Director / Director of Financial Department	389,750
Director of Agricultural Affairs	366,576
Director of Administration	402,167
The Legal advisor/ the Internal auditor	134,844
Total Amount	3,082,937

Notes

From 01/01/2020 until 30/04/2020, the Managing Director and General Manager were among the top executives, and he was replaced by the CEO.

The period from 01/01/2020 until 30/08/2020, the legal advisor was one of the senior executives, after which he was replaced by the internal auditor.

(C) Remuneration of committee members:

Remuneration for members of the committees

	Fixed rewards excluding attendance allowances	Allowance for attending sessions	Total
Audit Committee			
Mr. Mohamed Ahmed Yassin Al-Sheikh	0	36,000	36,000
Mr. Yasser Yahya Abdel-Hamid	0	36,000	36,000
Mr. Ali bin Riyadh Al-Humaidan	0	33,000	33,000
Total	0	105000	105,000
Nominations and Remuneration Committee			
Mr. Abdul Rahman bin Abdul Aziz Al-Yamani	0	9,000	9,000
Mr. Mazrou bin Abdullah Al-Mazrou	0	9,000	9,000
Dr. Mohamed Ahmed Hassan Fetihi	0	9,000	9,000
Total	0	27000	27000
Strategic Committee			
Dr. Mohamed Ahmed Hassan Fetihi	0	3,000	3,000
Mr. Omar bin Riyadh Al-Humaidan	0	3,000	3,000
Mr. Yasser Yahya Abdel-Hamid	0	3,000	3,000
Total	0	9000	9000

(9) There is no - any penalty, sanction, precautionary measure, or precautionary restriction imposed on the company by the authority or any supervisory, regulatory or judicial authority with an explanation of the causes of the violation, the signatory to it, means of remedying it and avoiding its occurrence in the future.

(10) Results of the annual review of the effectiveness of the company's internal control procedures - in addition to the audit committee's opinion on the efficiency of the company's internal control system:

1) Keeping records in a manner that ensures the availability of detailed and accurate information that essentially reflects the reality of transactions and dispositions in the company's assets and resources.

2) Provide reasonable assurances that recording transactions allows the preparation of financial statements in accordance with accounting standards generally accepted in the Kingdom of Saudi Arabia and issued by the Saudi Organization for Certified Public Accountants.

3) It provides reasonable assurances regarding the prohibition or timely disclosure of the unauthorized purchase, use, or disposal of company assets that could have a material impact on the financial statements.

All control systems, however well designed, contain an inherent risk of being able to prevent or detect all errors. It also does not provide an assessment of the future period of time during which the system will remain effective in detecting risks due to changes in conditions that may make the system inappropriate in this area, or in judging the degree of compliance with policies and regulations.

The main business cycles were studied: revenue, inventory, supplier accounts and associated expenditures, fixed assets, financial reports (including zakat), recruitment costs and wages, information technology systems.

The necessity of rebuilding the internal control system in general, which is related to all departments, works and activities of the company, was reached.

(10) Results of the annual review of the effectiveness of the company's internal control procedures, in addition to the audit committee's opinion on the adequacy of the company's internal control system.

Audit Committee Report 2020

(1) About the formation of the audit committee emanating from the board of directors:

The audit committee is composed of three members, including one from outside the board of directors, and two non-executive members:

(2) Committee members:

- Mr. Muhammad Ahmad Yassin Al-Sheikh (Chairman of the Committee - a member from outside the Board of Directors).
- Mr. Yasser Yahya Abdel Hamid (Board Member - Non-Executive).
- Mr. Ali Riyadh Al-Humaidan (Member of the Board of Directors - Non-Executive).

(3) Duties and Responsibilities:

1) Considering the interim and annual financial results and statements and recommending the Board of Directors to approve them with special focus on the extent of integrity of the disclosures in the financial statements, changes in accounting policies, important and unexpected events, and verification of accounting estimates in material matters, in addition to the extent of compliance with accounting standards And other legal requirements.

2) It was recommended to the Board of Directors to appoint Messrs / (KPMG) to carry out internal audit work, as of the date and the Board of Directors approved this recommendation, and accordingly the fees of Messrs / (KPMG) were determined, and the Audit Committee follows up their work.

3) Recommending to the board of directors the nomination of auditors, determining their fees, evaluating their performance, verifying their independence, reviewing the scope of their work and the terms of contracting with them.

4) Study the auditor's report and his notes on the financial statements and follow up on their implementation.

(4) Audit Committee meetings during the year 2020 AD:

- The audit committee met twelve meetings during the year 2020.

(5) Results of the annual review of the effectiveness of internal control procedures:

1) The committee prepared the annual audit committee report and approved its distribution to shareholders in line with Article (104) of the Companies Law, and the company's executive management also signed declarations aimed at emphasizing the responsibility of the executive management in providing internal control procedures that reasonably ensure the effectiveness and efficiency of the company's operations and procedures. The control applied therein, including the reliability and integrity of the financial reports and the extent of compliance with the applicable laws, laws and policies, as these declarations were submitted for the fiscal year

2020 and deposited with the legal affairs of the company, while providing the members of the Board of Directors with a copy of them.

2) Based on the reports received from (KPMG) for accounting, auditing and financial consulting and based on the annual examination of the internal control procedures for the fiscal year 2020 AD by the audit committee, the committee recommended to the Board of Directors to restructure the company, update the organizational structure, attract qualified human cadres, and establish effective internal control systems And the subsequent updating of business flow, policies, procedures, powers and responsibilities matrix, and principles for preparing budgets to address deficiencies in the internal control systems.

(11) There is no - a recommendation from the audit committee regarding the extent of the need to appoint an internal auditor in the company - due to the presence of an internal auditor for the company in addition to contracting with KPMG to carry out the internal audit of the company.

(12) Recommendations of the audit committee that there is a conflict between it and the decisions of the board of directors or which the board refused to take into account regarding the appointment and dismissal of the company's auditor, determining his fees, evaluating his performance or appointing the internal auditor, the rationale for these recommendations and the reasons for not taking them into account.

None - Recommendations from the audit committee that there is a conflict between them and the decisions of the board of directors or the decisions of the board's refusal to take them in connection with the appointment of the company auditor, his dismissal, determination of his fees, evaluation of his performance, or the appointment of an internal auditor.

(13) The company's social contribution:

The company has carried out societal duties as a commitment to social responsibility:

(A) Environment, health, security and safety:

- Al-Jouf Company is committed in its project to achieve the highest levels of performance in the fields of environment, health, security, and safety represented in the completion of its operations with a performance that exceeds the desired level of commitment and to consolidate this trend among all employees of the company and its dealers.
- The company's performance in the fields of environment, health, security and safety is one of the highest levels known among companies and it continues to improve this performance and place it within its future goals. This outstanding performance has been achieved by the

commitment of all executive leaders in the company to unlimited support and support in all technical, training and educational fields to support the company's march to reach To the lead.

(B) Work environment:

- Taking into account the interests of the employees and the multiculturalism resulting from the difference in the nationalities of the employees and providing care and safety and security precautions.

Improving the living conditions of employees by adhering to the policy of granting incentives and production bonuses.

- Providing social and cultural services and adequate housing for employees and their families and providing them with appropriate transportation.
- Paying attention to cultural, sports and religious activities for all employees and employees of the company of all nationalities and cultures.
- Conducting sports, religious and cultural competitions for all nationalities.
- Make trips to the holy places on a regular basis.
- Creating a homogeneous urban community of various nationalities and cultures within the company's project.

(C) Markets and customers:

- Taking care of the consumer in the first place and providing all facilities to deliver the company's products to the farthest place in the Kingdom.
- Taking into account the interests of customers and consumers in choosing the type of agricultural and commercial investments for the company.
- Our commitment to quality is the basis of our investments. Quality management and product development devote all efforts to always provide the best products to ensure the highest standards of excellence.
- Our development is a result of our constant pursuit of the best and the finest, and the development also includes a mixture of distinctive infrastructure that includes farms, factories and distribution networks of international standards.
- We seek to achieve the required balance between supply and market demand and maintain prices at levels that make obtaining food products available to all segments of society with different levels of income.
- Commitment to implementing quality systems for different points and stages of production to ensure that consumers obtain high-quality products and competitive prices.

(D) Community Contribution:

The company's effective participation and sponsorship of the Al-Jouf Olive Festival, its contribution to increasing interactive activities in the community and the company's participation with its products in the festival through its own pavilion, and the company's keenness to sell its products at competitive prices to visitors to the festival and on the sidelines of the festival's activities, lectures are organized for many experts, specialists and those interested in olives, under Title of the health and therapeutic benefits of olive oil.

- Effective participation in supporting training programs for Saudi youth coming to work to qualify them to enter the competition in finding suitable job opportunities according to their academic qualifications.
- The company is continuously seeking for the Saudization of many jobs by attracting national cadres, qualifying and training newly graduated Saudis and motivating them in addition to training and Saudization of some leadership positions in all fields of work in order to prepare a supportive class of leaders to assume the responsibility of developing and managing the company's business.



(14) A statement of the date of the general assembly of shareholders held during the year 2020 and the Names of the members of the board of directors present:

	Name	Ordinary general assembly on 2020/5/06
		Attendance

Al-Jouf Agricultural Development Company

A Saudi Joint Stock Company



1	His Royal Highness Prince / Abdulaziz bin Mishaal bin Abdulaziz Al Saud	✓
2	Dr. Rashid bin Rashid bin Saad bin Awain	✓
3	Mr. Abdul Rahman bin Abdul Aziz Al-Yamany	✓
4	Mr. Abdul Aziz bin Muhammad Al-Hussein	✓
5	Mr. Mazrou bin Abdullah Al-Mazrou	✓
6	Mr. Omar Bin Riyadh Al-Humaidan	✓
7	Mr. Yasser Yahya Abdul Hamid Abed Rabbo	✓
8	Mr. Ali Bin Riyadh Al-Humaidan	✓
9	Dr. Mohammed Ahmed Hassan Fitaihi	✓



(15) Description of the company's main activities and its contribution to the results:

Al-Jouf Agricultural Development Company intensifies its activity in the field of agricultural and industrial production and marketing, and the company's project is considered one of the best regions in the Kingdom in terms of its storage of groundwater and the fertility of its soil, which

enabled it to achieve the highest average productivity in all crops and after a short period of its establishment it became one of the most important and pioneering agricultural companies In the field of food security, Al-Jouf Company pursued in the field of marketing and sales to reach distinction in high-caliber and the company always seeks to deliver its products to all consumer sectors within the Kingdom through sales outlets spread throughout the Kingdom in order to reach the citizen's needs of the foodstuffs produced by the company and meet the needs and from In the meantime, we strive to achieve the goal of maximizing sales and then maximizing profits in order to benefit the shareholder, and the following is a description of the main activities of the company:



Wheat



Due to the suspension of wheat by silos, the company tended to find alternatives to the exploitation of cultivated areas, optimal utilization and diversification of income sources. Water consumption & reduction of production cost during the period permitted by the sovereign authorities in the Kingdom only.

Arboretum



The company has a large nursery established with a modern irrigation system to multiply different seedlings such as (fruit seedlings, olive seedlings and decorative tree seedlings) in order to meet the company's needs of seedlings instead of importing them at a high cost, as well as meeting the demands of the local market for seedlings and supporting farmers by providing seedlings with reliable source and suitable for the region's climate.

Onion



The company aims to expand the cultivation of onions as it is one of the crops with higher productivity and thus lower production costs. The company has succeeded in focusing on good varieties in terms of production and marketing. The company has achieved great successes by cultivating onions of both types (yellow & white) and there is a great demand for the company's production of onions for its high quality as well Ali that it is put on the market fresh without storing under the company slogan (from Al-Jawf to Al-Jawf) and the company's onion is characterized by low humidity, which helps to withstand a period of storage.

Potato



The company is unique in producing potatoes over 3 loops (spring - summer - autumn) due to the suitability of weather conditions and the needs of local markets and factories are covered with fresh potatoes without storage. The company is distinguished by its diversity in its production of potatoes (French fries & Chips & Table) and to achieve the highest price / unit The company aims to cultivate 60% of its production in the summer loop, as the company is unique in cultivating the summer loop because it is not appropriate to cultivate it in any region except Al-Jawf, which enabled it to achieve the target prices coupled with productivity and new dual-purpose varieties are being cultivated to avoid the risks of lower market prices (table & industrial) such as the Sagita They are put on the market when prices increase or manufacturing in case market prices decrease.

Bee honey



Due to consumers 'demand for the natural honey product, the company has produced the finest types of natural bee honey in marketing quantities. The honey produced by the company is distinguished by that it is produced from bees that feed on natural pastures represented in the flowers of fruit trees and it is 100% natural, content, high quality and desirable to the consumer for its good taste and health benefits The company has many different types of honey products, including (honey with wax - honey with nigella sativa - honey with royal jelly - and honey with pollen) coupled with analyzes that proved that it is natural honey and conforms to the Saudi standard specifications.

Palm



The expansion is underway by cultivating the date palm variety Barhi after the success of his experience with the company and Burhi Al-Jouf is distinguished as the best in the Kingdom in terms of size and quality. New varieties were cultivated last season (Ajwa Al Madinah - Al Sagai - Al Majdool - Helwa Al Jouf) will enter the production stage next season.

Fruit



The company's plan is being completed regarding replacing the economically ineffective varieties with modern varieties whose efficiency has been confirmed in terms of production and marketing. Modern methods of cultivation in the form of v were followed to increase the number of trees per unit area and obtain higher productivity at a lower cost. We note that the target plan is to benefit from the fruits of mature fruit. For the manufacture of this concentrate, and we would like to inform you that the varieties that can be grown in the company are (peaches - apricots - nectarines - grapes - plums)

"Sectors Contribution to the Company's Revenues and Profits "

(Sectors' contribution to the company's revenues and profitability 2020)

Type of activity	Impact on results	The ratio	Activity revenues
Agricultural manufacturing activity	42,934,173	% 69	154,903,656
Agricultural activity	(21,583,666)	% 31	68,306,446
Total	21,350,507	% 100	223,210,102



(16) A description of the important plans and decisions of the company and the future expectations of the company's business: (structuring and strategy):

A diagnostic study was made for the company by an independent consultant to find out the current situation of the company and to identify the strengths and weaknesses as well as challenges and opportunities, and accordingly the company re-establish the strategy including the goals and strategic axes in light of the outcomes of that study and work to exploit the available opportunities and optimal utilization of resources with Taking into consideration the preservation of the underground water wealth and working on the rise of the company and placing it in the ranks of the ancient national companies to be a tributary of food security in our beloved country.

Among the most important future plans and decisions are the following:

- 1) Optimizing the company's resources.
- 2) Attracting the national competencies and expertise that it needs to carry out its tasks and to achieve the strategic objectives for which it was established.
- 3) Raise the production efficiency of all crops with less water requirements.
- 4) Continuing work to reduce costs, reduce expenses, and achieve rewarding returns for shareholders in line with their aspirations.
- 5) The company's management aims to maintain a positive, stimulating and highly productive work environment.
- 6) The company's management works to provide training and qualification programs for its employees to raise their efficiency and qualify them for the available jobs in the company.
- 7) In line with the state's policy aimed at preserving the water wealth, the company has pushed to move towards finding alternatives that achieve added value, which is the industrial environment, as taking care of this environment within the company represents one of the main axes to meet the requirements of the next phase after preparing a feasibility study in this regard.

(17) Risks faced by the company in light of current and future challenges:

(1) Financial risk management:

The company's activities are exposed to a variety of financial risks: market risk (including currency risk, fair value, cash flow, interest rate risk and price risk) credit risk and liquidity risk. The company's overall risk management program focuses on fluctuations in financial markets

and the company's management tries to minimize negative impacts. Therefore, the company uses derivative financial instruments to hedge its exposure to certain risks.

Financial risk management framework:

The risk management policy is implemented by the senior management in accordance with the policies approved by the Board of Directors. The senior management determines, assesses and hedges financial risks in close cooperation with the operating units of the company - The most important types of risks are credit risk, currency risk or fair value and interest rates for cash flows - The Board of Directors has overall responsibility for establishing and overseeing the company's risk management framework - The Executive Management Team is responsible for developing and monitoring the company's risk management policies as the work team conducts regular meetings - Any changes or matters related to compliance with the policies are reported to the Board through Review Committee .

Risk management systems are reviewed regularly by the executive management team to reflect changes in market conditions and the company's activities - the company aims, through training, management standards and procedures, to develop a responsible and constructive control environment so that all employees are aware of their roles and obligations.

The audit committee oversees management's compliance with the company's risk management policies and procedures and reviews the appropriateness of the risk management framework in relation to the risks faced by the company.

The financial instruments included in the balance sheet include cash, trade receivables, prepaid expenses, other receivables, loans and payables, accruals and other credit balances - the methods of evidence used are disclosed in the policy statement related to each item.

Offsetting between financial assets and liabilities and the net amounts determined in the financial statements takes place when there is a legally binding right to set off those amounts listed, as well as when the company has an intention to settle them on a net basis or sell the assets to pay the liabilities simultaneously.

(2) Market price risk:

Market price risk is that the fair value or cash flows of a financial instrument may fluctuate due to changes in market prices. Market risk consists of three types of risks, which are: interest rate risk, currency risk, and other price risks:

(3) Interest rate risk:

It is exposure to various risks associated with the effect of fluctuations in the prevailing interest rates on the financial position and cash flows of the company. The company manages this risk through risk management policies and the management believes that the company is not significantly exposed to interest rate risk.

(4) Fair value risk:

It is the value that will be received in exchange for selling an asset or paying for the transfer of a liability in an orderly transaction between market participants at the measurement date. Since the financial statements are prepared on the basis of historical cost, differences may arise between the estimates of the book values and the fair values - and in the opinion of management, the fair values of current assets and liabilities do not differ significantly from their book value.

(5) Credit risk:

Risks of one party's inability to fulfill its obligations causing financial losses to the other party - the management continuously manages credit exposures and creates provisions against those doubtful balances to mitigate those risks.

(6) Concentration risk:

Concentration risk arises when a number of counterparties are involved in similar activities, or activities in the same geographical area, or activities that have the same economic advantages, which could affect their ability to fulfill contractual obligations similarly in the event of any economic or political changes or any circumstances. Other. Concentrations refer to the relative sensitivity of a company's performance to developments affecting specific industries.

(7) Liquidity risk:

It is the risk that the company will encounter difficulties in obtaining the necessary financing to meet obligations related to financial instruments. Liquidity risk may arise when the inability to sell a financial asset quickly at a value close to its fair value. Liquidity risk is managed through regular monitoring of the adequacy of liquidity available to meet the company's financial obligations.

(8) Capital Management Risks:

When managing capital, the company aims to ensure that the company can survive so that it can continue to provide returns to shareholders, and to maintain a strong core capital to support its business.

The company manages its capital structure by monitoring returns on net assets and making adjustments to it in light of changes in economic conditions. For the purpose of maintaining or adjusting the capital structure, the company may adjust the amount of dividends paid to shareholders or it may increase the capital. The company also monitors capital using the borrowing rate, which is total debt (interest bearing loans and advances, including financing costs, trade and other credit balances). Capital refers to shareholders' equity as shown in the balance sheet in addition to total debt.

(9) Risks related to human resources :

The company's performance depends mainly on the experiences, skills and capabilities of its executives and other senior employees, and the future performance of the company depends to a large extent on its ability to attract individuals with high qualifications and qualifications as well as the ability to retain them, as competition is intense, at the present time for such employees who have Extensive expertise required and the company works to reduce employee dropout from it to reduce the effects of losing key employees, but there are no guarantees that the company's business will not be affected in the event that it is not able to attract, develop and retain qualified employees or replace them with employees with the same level of qualifications, capabilities extensive expertise required. The company works to reduce employee dropout from it to reduce the effects of losing key employees, but there are no guarantees that the company's business will not be affected in the event that it is unable to attract, develop and retain qualified employees or replace them with employees with the same level of qualifications, capabilities and experiences, and the company may be harmed As a result of the loss of the services of one or more of its key employees who cannot be replaced in the short and medium term, which may lead to the disruption of some business and may negatively affect the financial position of the company and the results of its operations. So far, the company has managed to replace those employees who left with other qualified employees.

The company always strives to attract qualified and professional employees in addition to developing and developing the capabilities of current employees to carry out bigger tasks and occupy higher positions in the company. The Human Resources Department monitors the evaluation of the performance of the existing manpower and determines the extent of the actual need to attract competencies in specific locations.



(18) The assets, liabilities and results of the company's business for the past five years

2016-2020

Statement / year	2016	2017	2018	2019	2020
Total current assets	280,392,010	257,632,290	281,429,589	231,859,074	241,426,875
Net fixed assets	618,831,751	602,765,954	565,663,848	542,247,953	490,456,438
Total assets	899,223,761	860,398,244	847,093,437	774,107,027	731,883,313
Total current liabilities	110,636,561	81,844,123	65,702,436	60,363,920	94,674,330
Total non-current liabilities	101,479,099	93,318,079	87,211,722	87,499,794	29,074,737
Total liabilities	212,115,660	175,162,202	152,914,158	147,863,714	123,749,067
Shareholders' equity	687,108,101	685,236,042	694,179,279	626,243,313	608,134,246
Total liabilities and shareholders' equity	899,223,761	860,398,244	847,093,437	774,107,027	731,883,313

(18) Monitor the assets, liabilities and results of the company's business for the past five years 2016-2020

(B) Five-year summary of business results:

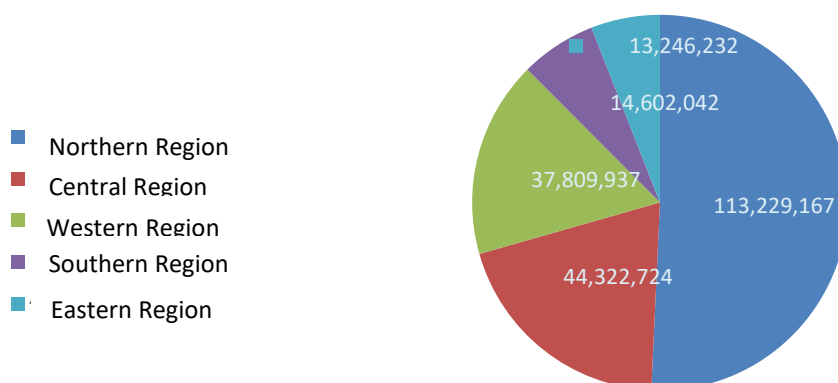
Statement / year	2016	2017	2018	2019	2020
Total sales	380,211,468	305,615,188	358,934,363	224,447,971	223,210,102
Cost of goods sold	247,990,806	231,222,752	255,559,513	183,955,192	158,922,930
Gross Profit	132,220,662	74,392,436	103,374,850	40,492,779	64,287,172
Net profit / (loss)	68,151,914	25,600,983	35,762,762	(20,798,707)	21,350,507



(19) Geographical analysis of the company's total Revenues for the year 2020:

Year	Geographical analysis of the company's total revenue (value in riyals)					
	The total revenue	Northern region	Central region	Western region	Eastern region	Southern region
2020	223,210,102	113,229,167	44,322,724	37,809,937	13,246,232	14,602,042

The contribution of each region to the company's revenues for the fiscal year 2020



(20) Summary of material differences of operating results for 2020 compared to 2019:

Statement	2020	2019	Change	Percentage %
Total sales	223,210,102	224,447,971	(1,237,869)	%1-
Sales cost	158,922,930	183,955,192	(25,032,262)	%14-
Total income	64,287,172	40,492,779	23,794,393	%59
Marketing expenses	27,762,520	24,880,305	2,882,215	%12
General and administrative expenses	28,421,861	29,804,426	(1,382,565)	%5-
Operating profit	8,102,791	(14,191,952)	22,294,743	

(21) There is no difference in matching the accounting standards used by the company with the standards issued by the Saudi Organization for Certified Public Accountants.

(22) There are no - subsidiary companies of the company inside or outside the Kingdom of Saudi Arabia.

(23) There are no - shares or debt instruments issued to subsidiary companies as the company does not own subsidiary companies.

(24) Description of the company's policy for dividend distribution:

Profits are distributed according to Article 47 of the Articles of Association and Articles of Association of the company, whereby the annual net profits are distributed after deducting all general expenses and other costs as follows:

- 10% of the net profits are set aside to form the statutory reserve of the company. The Ordinary General Assembly may decide to stop this retainer when the said reserve reaches 30% of the paid capital.
- The Ordinary General Assembly, based on a proposal by the Board of Directors, may set aside 10% of the net profits to form an agreement reserve and allocate it for a specific purpose or purposes, and it is not permissible to use that agreement reserve for a purpose other than the purpose assigned to it except by a decision of the General Assembly based on the proposal of the Board of Directors.
- The Ordinary General Assembly may decide to establish other reserves; And that is to the extent that it serves the interest of the company or ensures that fixed profits are distributed as much as possible to the shareholders, and the aforementioned association may also deduct a percentage not exceeding 10% of the net profits as

amounts to establish social institutions for the company's employees or to assist what exists from these institutions.

- From the remainder after that, a percentage of not less than 5% of the company's paid-up capital shall be distributed to the shareholders.
- The remuneration for a member of the board of directors may be a certain amount of 200,000 riyals, an allowance for attending sessions, in-kind benefits, or a certain percentage of the net profits, and two or more of these benefits may be combined.
- If the remuneration is a certain percentage of the company's profits, then this percentage may not exceed 10% of the net profits, after deducting the reserves decided by the general assembly in implementation of the provisions of the law and the company's articles of association, and after distributing a profit of no less than 5% of the share capital. The paid company, provided that the entitlement to this bonus is proportional to the number of sessions attended by the member.
- In all cases; The total remuneration and financial or in-kind benefits and rewards that a member of the Board of Directors gets shall not exceed an amount of five hundred thousand riyals annually, according to the controls laid down by the competent authority.
- The company may distribute interim dividends to its shareholders on a quarterly or semi-annual basis under a mandate from the Board's General Assembly, to be renewed annually.

The total distributed profits for the fiscal year 2020, and it is proposed to be distributed as follows:

follows:

	Percentage of profits distributed during 2020		The proposed profit distribution ratio at the end of the year	Total profits
	23/12/2020	19/08/2020		
Ratio	2.5%	5%	0	21,350,507
total	7,500,000	15,000,000	0	

(25) There is no - any interest in the category of shares eligible to vote belongs to persons (except for the company's board of directors, senior executives and their relatives) who informed the company of those rights under Article Sixty-eight of the rules for offering securities and continuing obligations and any change in those rights during the fiscal year 2019



(26) There is no interest, contractual securities, and subscription rights belonging to members of the company's board of directors, senior executives and their relatives in the company's debt instruments, or any change in that interest or those rights during the fiscal year 2019 AD - as for shares, there are only ownership percentages for members of the board of directors. And their relatives according to the following statement- :

(A) Ownership of Board Members:

	Name	Total shares at the beginning of the year	Ownership percentage at the year beginning	The net change in the number of shares during the year	The change during the year	Total shares at the end of the year	Ownership percentage at the end of the year
1	His Royal Highness Prince / Abdulaziz bin Mishaal bin Abdulaziz Al Saud	24664	%0,082	–	–	24664	%0,082
2	Mr. Abdul Aziz bin Muhammad Al-Hussein	1000	%0,003	–	–	1000	%0,003
3	Mr. Abdul Rahman bin Abdul Aziz Al-Yamani	1500	%0,005	–	–	1500	%0,005
4	Dr. Rashid bin Rashid Al-Owain	55298	%0,184	–	–	55298	%0,184
5	Mr. Mazroua Abdullah Hamad Al-Mazrou	1000	%0,003	–	–	1000	%0,003
6	Mr. Omar Riyadh Muhammad Al-Humaidan	1000	%0,003	–	–	1000	%0,003
7	Mr. Yasser Yahya Abd Al-Hamid Abed Rabbo	–	–	–	–	–	–
8	Mr. Ali Riyadh Muhammad Al-Humaidan	1012	%0,003	–	–	1012	%0,003
9	Dr. Mohamed Ahmed Hassan Fitaihi	–	–	–	–	–	–

(B) Own senior executives:

(1) There is no ownership of the remaining senior executives in the company's shares.

(27) Loan Information:

- The company acknowledges that it does not have any loans to any party, whether due or non-repayable, which are not mentioned in the following statement:

	The name granting party of the loan	principal amount of the loan	term of the loan	Payment during the year	remaining amount	total debt of the company
1	Saudi Industrial Development Fund	15,350,000 Riyal	5 years	1,300,000 Riyal	10,298,631 Riyal	10,750,000 Riyal

(28) There are no convertible debt instruments and any contractual securities, subscription right notes, or similar rights issued or granted by the company during the fiscal year 2020 with an explanation of any compensation obtained by the company in return for that.

(29) There is no - any transfer or subscription rights under convertible debt instruments, contractual securities, subscription right notes, or similar rights issued or granted by the company during the fiscal year 2020

(30) .There is no - there is no refund, purchase or cancellation by the company of any redeemable debt instruments and the value of the remaining securities, with a distinction between the listed securities purchased by the company and those purchased by its subsidiaries.

(31) The number of board meetings held during the year 2020 AD and attendance record:

(Board meetings by attendance)

Sequence and Dates of Meetings

Name of the members	1 st 4/3	2 nd 17/3	3 rd 30/8	4 th 23/12	5 th 4/122	Attendance
His Royal Highness Prince / Abdulaziz bin Mishaal bin Abdulaziz	√	√	√	√	√	%100
Mr. Abdul Aziz bin Muhammad Al-Husseini	√	√	√	√	√	%100
Dr. Rashid bin Rashid Owain	√	√	√	√	√	%100
Dr. Mazroua Abdullah Hamad Al-Mazroua	√	√	√	√	√	%100

Al-Jouf Agricultural Development Company

A Saudi Joint Stock Company



Mr. Omar Riyadh Muhammad Al-Humaidan	√	√	√	√	√	%100
Mr / Yasser Yahya Abd Al-Hamid Abed Rabbo	√	√	√	√	√	%100
A / Abdul Rahman bin Abdul Aziz Al-Yemeni	√	√	√	√	√	%100
Mr. / Ali Riyadh Muhammad Al-Humaidan	√	√	√	√	√	%100
Dr. / Mohamed Ahmed Hassan Fitaihi	√	√	√	√	√	%100
the last meeting of the General Assembly in 6/5/2020						√

- The current board of directors of the company held (5) attendance meetings during 2020, and the attendance rate for members was as shown above.

(32) The number of the company's requests for the shareholders 'register, the dates and reasons for those requests:

No.	Number of Company Requests for Shareholder Register	Date of Request	Reasons for the Request
1	1	04/3/2020	Corporate Actions
2	1	05/3/2020	Corporate Actions
3	1	04/5/2020	General Assembly
4	1	08/5/2020	Profits file
5	1	30/8/2020	Profits file
6	1	21/2/2020	Corporate Actions

(33)**None** - any deals between the company and a related party during the year 2020:

(34)**The company declares that there is no** - any business or contracts of the company a party to it, or there was interest in it for a member of the company's board of directors, senior executives, or any related person during the year 2020.

(35)**There is no** - an arrangement or agreement whereby a member of the company's board of directors or a senior executive waived any remuneration during the fiscal year 2020.

(36)**There is no** - an arrangement or agreement whereby one of the shareholders of the company waived any rights to profits during the fiscal year 2020.

(37)**A statement of the value of the regular payments paid and due for the payment of any zakat, taxes, fees or any other dues that were not paid until the end of the 2020 financial period, with a brief description of them and their reasons :**

statment	2020		Description	Statement reasons
	the end of the annual financial period and has not been paid	paid up/ Riyals		
Zakat	5,511,341	9,952,057	Zakat 2020 will be paid after submitting the declaration	-
Tax		11,033,140		-
The Public Institution for Social Security	224,532	2,366,627	Due to GOSI for the December 2020 were paid in January 2021	
Costs of visas and passports	-	623,350	-	-
Labor office fees	-	8,279,875	-	-

(38)There are no - any investments or reserves established for the benefit of the company's employees during the fiscal year 2020.

(39)The Board of Directors of the company shall acknowledge the following:-

- 1) That the account records were prepared correctly.
- 2) That the internal control system needs to be developed and modernized.
- 3) There is no doubt about the source's ability to continue its activity.

(40)There are no - reservations about the financial statements by the company auditor.

(41)There is no - any recommendation by the board of directors to change the company's auditor before the end of the period for which he was appointed.

(42)None - treasury shares held by the company.

(43)The company confirms that it has not received from shareholders who own 5% of the capital or more, a request to convene the general assembly during the ended fiscal year, or to add one or more topics to the agenda of the general assembly when preparing it.

(44)The company affirms that the shareholder has the right to obtain a share of the company's assets upon liquidation, and the right to monitor the work of the board of directors and file a liability lawsuit against members of the board, based on what is stated in the articles of association of the company and has the right to attend general assemblies,

participate in its deliberations and vote on its decisions And everything that was mentioned in Article Five (Rights Related to Shares) of the Corporate Governance Regulations.

(45)No party has requested access to the annual reports of investors from legal persons who act on behalf of others, such as investment funds.

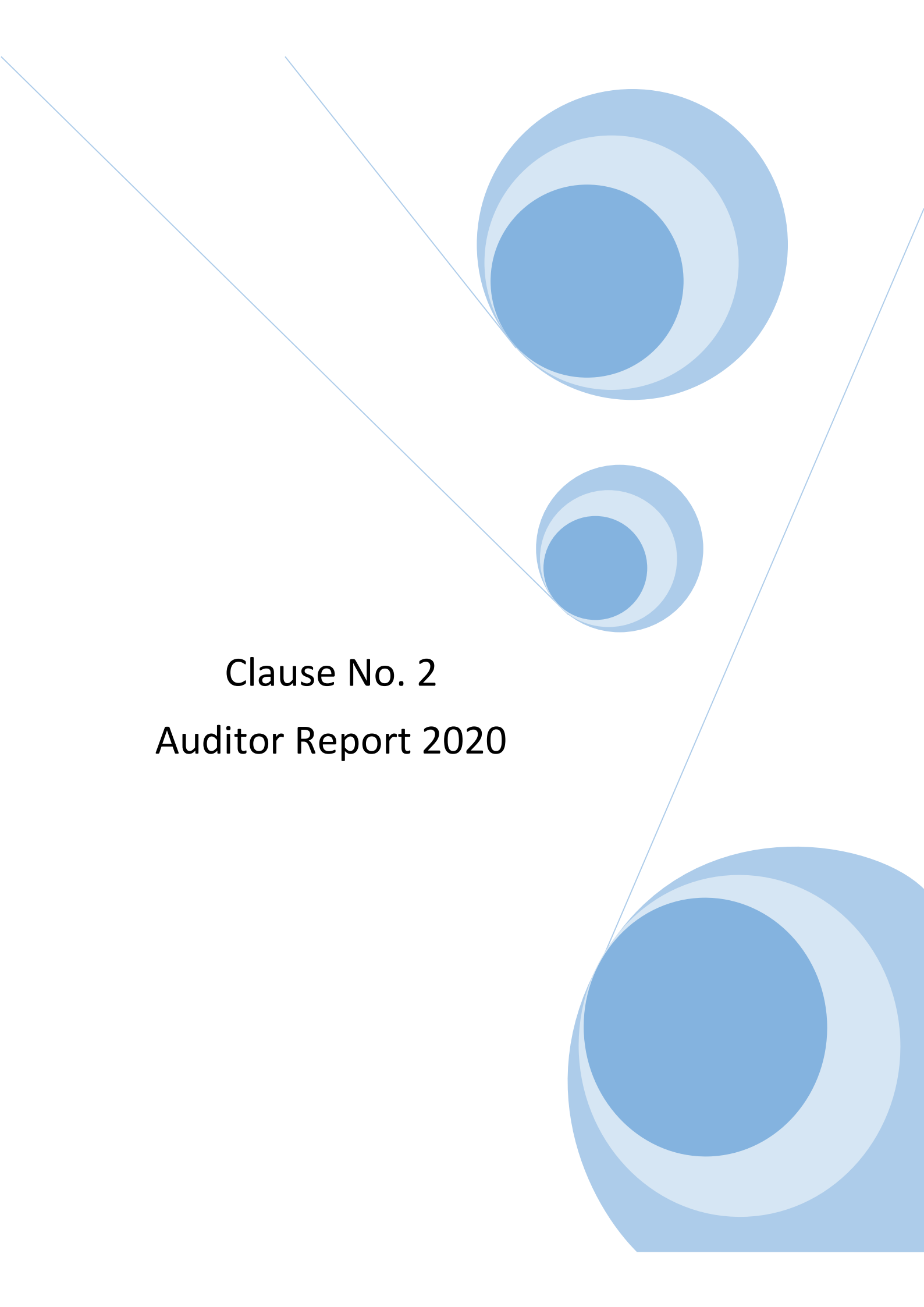
The agenda of the General Assembly

- 1) Voting on the report of the Board of Directors for the year ending 12/31/2020
- 2) Voting on the company's auditor's report for the fiscal year ending 12/31/2020
- 3) Voting on the financial statements for the fiscal year ending on 31/12/2020
- 4) Voting to appoint the company's auditor from among the candidates based on the audit committee's recommendation, to examine, review and audit the financial statements and zakat for the second, third, fourth and annual quarters of the fiscal year 2021 AD and the first quarter of 2022, and determine their fees.
- 5) Vote to absolve the members of the Board of Directors from liability for the fiscal year ending on 31/12/2020
- 6) Voting to authorize the Board of Directors to distribute interim dividends to the shareholders of the company for the fiscal year 2021, semi-annually or quarterly, with determination of eligibility and payment dates in accordance with the regulatory controls and procedures issued by the Capital Market Authority.

In conclusion, the Board of Directors extends its thanks and appreciation to you and your trust in it. Thanks extend to the executive management of Al-Jouf Company and its employees, praying to God Almighty to guide us and you to what is good for all.

Board of Directors of Al-Jouf Company

March 2020

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Clause No. 2
Auditor Report 2020

**INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS of AL-JOUF Agricultural Development Company
(A Saudi Joint Stock Company)**

Opinion

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

In our opinion, the accompanying financial statements taken as a whole present fairly, in all material respects, the financial position of the Company as at December 31, 2020, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS"), that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Certified Public Accountants ("SOCPA").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the professional code of conduct and ethics, endorsed in the Kingdom of Saudi Arabia that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2020. These matters were addressed in the context of our audit, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The key audit matters as follows:

Inventory Valuation	
Key audit matter	How the matter was addressed
<p>Inventory is stated at the lower of cost or net realizable value, The Company, when necessary, record a slow-moving provision. The company determines the level of obsolescence for inventory items by taking into account their nature, ages, viability and expectations of sale, using past trends and other qualitative factors. Management reviews the inventory valuation at the date of each financial reporting and the cost of inventory is reduced when the inventory is expected to be sold at a lower value. We considered this a major audit matter due to the significant judgments and assumptions used by management in determining the provision for slow moving inventory items and the level of stock write-offs required based on the assessment of net realizable value.</p>	<p>We performed the following audit procedures related to inventory valuation:</p> <ul style="list-style-type: none"> - Evaluate the design and implementation and testing the efficiency of the main controls related to the company procedures for creating and monitoring the provision for slow-moving inventory. - Evaluate the Company's accounting policy for slow-moving inventory by performing a retrospective test and comparing previous estimates with actual results. - Test the net realizable value of the inventory by taking into account the assumptions used by the management to verify whether the inventory was valued at the lower of cost or net realizable value. - Assessed the adequacy and appropriates of the relevant disclosure in the accompanying financial statements.
<p>Refer to note (3-7) for accounting policies and note (7) for relevant disclosures.</p>	

Impairment assessment of property, plant and equipment	
Key audit matter	How the matter was addressed
<p>As at December 31, 2020, the company had property, plant and equipment with a net carrying value of 489 million Saudi riyals (2019: 541 million Saudi riyals), as at December 31, 2020, property, plant and equipment were sated net after deducting the impairment loss of 20.9 million Saudi riyals (2019: 12.4 million Saudi riyals), Company's management decided disposal of 52 million Saudi riyals from the cost of property and equipment with a net carrying value of 16 million Saudi riyals during the current year.</p> <p>The company, at the date of each financial reporting, reviews the impairment of the carrying value of these assets in light of any new existing events or changes in circumstances indicating the possibility of not recovering the carrying value.</p> <p>Management is required to determine the recoverable amount, which represents the highest value between value in use and the fair value less costs of disposal, management is required to determine the recoverable amount of each asset or cash-generating unit to which the asset belongs. The recoverable amount used based on the management's view of the main internal inputs that determine the value and also the external market conditions, which include, for example, the prices of future products as mentioned in the approved budget. It also requires management to make estimates of growth rates after the approval of the budget period and also to determine the most appropriate discounting rate.</p>	<p>We performed the following audit procedures related to the impairment of property, plant and equipment section:</p> <ul style="list-style-type: none"> • Evaluated management's determination of impairment indicators, including the conclusions reached. We also assessed the design and implementation of main controls over the impairment assessment process, which includes identifying impairment indicators and estimating recoverable amounts. • Assess the reasonableness of management's assumptions and estimates used to assess impairment indicators and determine the recoverable amount. • Evaluating the adequacy of the impairment value prepared by the management by evaluating the model, assumptions and estimates used. • Assessed the adequacy and appropriateness of the relevant disclosures in the accompanying financial statements.
<p>Refer to note (3-10) of the accounting policy, and note (5) for the relevant disclosures.</p>	

Other Information:

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

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

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

Company's management is responsible for the preparation and fair presentation of the financial statements in conformity with the International Financial Reporting Standards ("IFRS") endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA and the Regulations for Companies, and responsible for the internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the company's management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain a reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs endorsed in Kingdom of Saudi Arabia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs endorsed in the Kingdom of Saudi Arabia, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by company's management.
- Conclude on the appropriateness of the company's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicated with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters we communicated with those charged with governance, we determined those matters were of most significance in the audit of the financial statements for the current period, and are therefore key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matters or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

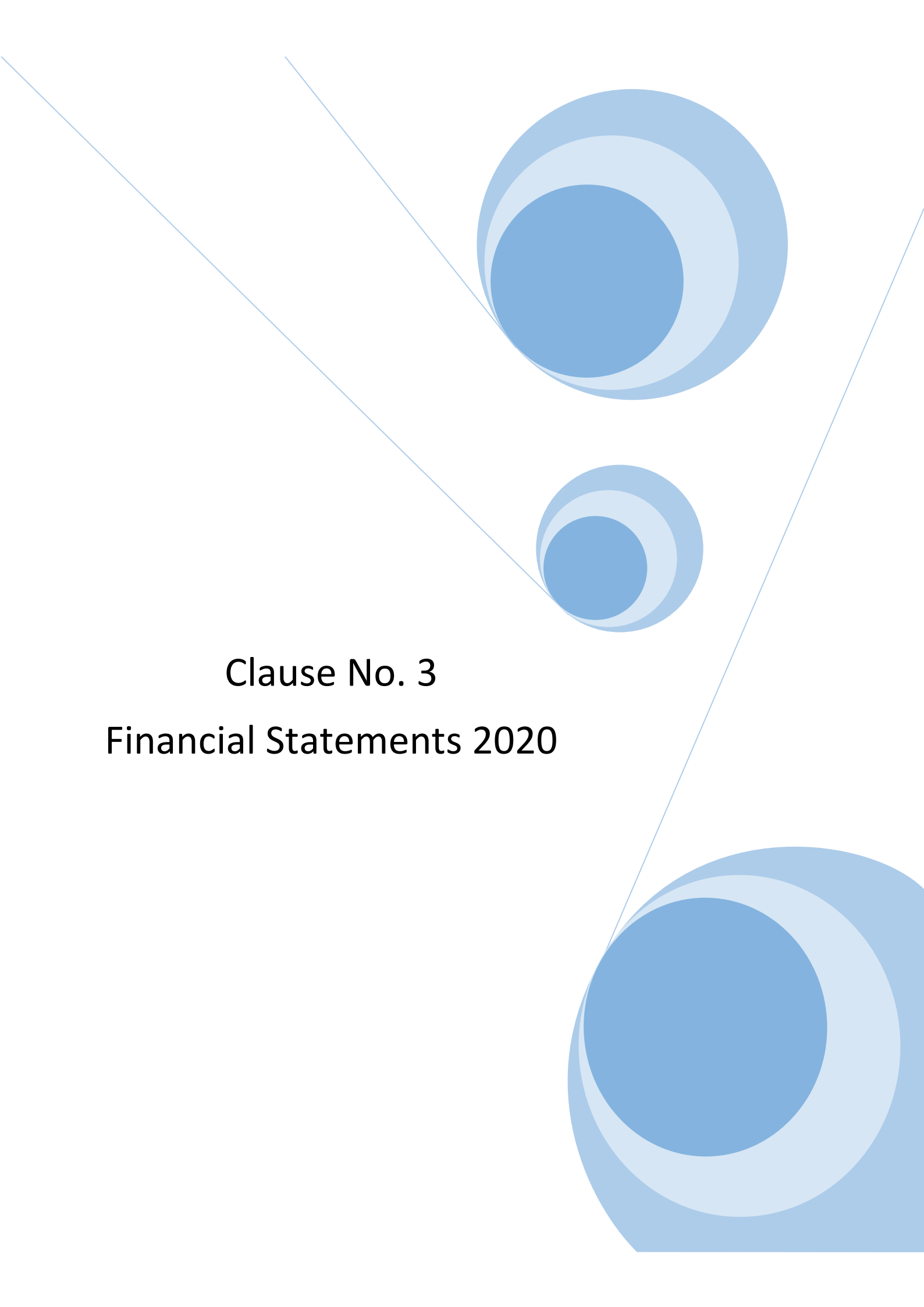
For Dr. Mohamed Al-Amri & Co.



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



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Clause No. 3
Financial Statements 2020

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

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

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

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- Statement of other comprehensive income.....	9
- Statement of change in equity.....	10
- Statement of cash flows	11
- Notes to the financial statements	12-40

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

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

Chief Financial Officer
Ziad Aljaafirah

Chief Executive Officer
Mazen Badawood

Authorized Board Member
Abdulrahman Alyomni

The accompanying notes (1) to (30) form an integral part of these financial statements
AL-JOUF AGRICULTURAL DEVELOPMENT COMPANY
 (A SAUDI JOINT STOCK COMPANY)
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED DECEMBER 31, 2020
 (Expressed in Saudi Riyals)

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

Chief Financial Officer
Ziad Aljaafirah

Chief Executive Officer
Mazen Badawood

Authorized Board Member
Abdulrahman Alyomni

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

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

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

Chief Financial Officer
Ziad Aljaafirah

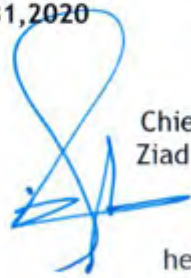
Chief Executive Officer
Mazen Badawood

Authorized Board Member
Abdulrahman Alyomni

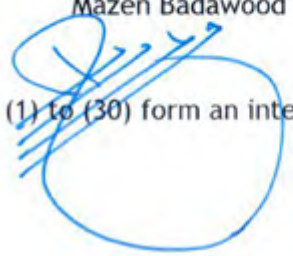
The accompanying notes (1) to (30) form an integral part of these financial statements

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

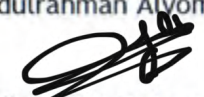
	Note	Share capital	Statutory reserve	Retained earnings	Proposed dividends	Cumulative other comprehensive income	Total equity
Balance as at January 1, 2019		300,000,000	150,000,000	209,976,278	30,000,000	4,203,001	694,179,279
Net loss for the year		-	-	(20,798,707)	-	-	(20,798,707)
Changes in the other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



Chief Financial Officer
Ziad Aljaafirah



Chief Executive Officer
Mazen Badawood



Authorized Board Member
Abdulrahman Alyomni

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

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

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

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

**ALJOUF AGRICULTURAL DEVELOPMENT COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020
(Expressed in Saudi Riyals)**

1- COMPANY'S GENERAL INFORMATION:

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

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

Branches commercial registrations:

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

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

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

2- BASIS OF PREPARATION

2-1 Statement of compliance

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

2-2 Basis of Measurement

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

ALJOUF AGRICULTURAL DEVELOPMENT COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020
(Expressed in Saudi Riyals)

2- BASIS OF PREPARATION (continued)

2-3 Functional currency

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

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

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

a. New standards, interpretations and amendments not yet effective

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

ALJOUF AGRICULTURAL DEVELOPMENT COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020
(Expressed in Saudi Riyals)

2- BASIS OF PREPARATION (continued)

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

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

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

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

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

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

3- SIGNIFICANT ACCOUNTING POLICIES

3-1 Financial instruments

Financial Assets

A) Classification

The company classifies financial assets in the following measurement categories:

- Those to be measured subsequently at fair value (either through other comprehensive income or profit or loss), and
- Those to be measured at amortized cost.

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

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

B) Measurement

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

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

Debt Instruments:

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

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

Fair value through other comprehensive income statement:

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

3- SIGNIFICANT ACCOUNTING POLICIES (continued)

3-1 Financial instruments (Continued)

Fair value through profit or loss: Assets that do not meet the criteria of amortized cost or fair value through other comprehensive income are measured at fair value through profit or loss. Gains or losses on investment in a debt instrument that are remeasured at fair value through profit or loss and are not considered part of the hedging relationship are recognized in profit or (loss) and presented in the statement

of profit or loss in other income / (losses) in the period when they arise. Interest income from these financial instruments is included in financing income using the effective interest rate method.

Financial assets Impairment

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

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

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

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

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

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

Financial Liabilities

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

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

3- SIGNIFICANT ACCOUNTING POLICIES (continued)

3-1 Financial instruments (Continued)

De-recognition Financial Liabilities

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

Offset of Financial instruments

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

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

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

a) Right-of-use assets

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

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

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

b) Lease obligations

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

c) Short-term leases and leases with low value assets

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

3- SIGNIFICANT ACCOUNTING POLICIES (continued)

3-3 Property, plant and equipment

A) Recognition and measurement

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

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

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

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

B) Subsequent costs & maintenance

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

C) Depreciation

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

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

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

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

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

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

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

3- SIGNIFICANT ACCOUNTING POLICIES (continued)

3-4 Bearer plants

IAS 16 Property, Plant and Equipment defines the bearer plants as:

Used in the production or supply of agricultural products.

Expected to yield more than once during the period.

There is a remote possibility of selling them as agricultural products other than scrap sales.

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

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

3-5 Biological assets

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

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

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

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

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

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

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

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

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

3- SIGNIFICANT ACCOUNTING POLICIES (continued)

3-6 Intangible assets

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

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

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

3-7 Inventory

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

3-8 Cash and cash equivalent

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

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

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

3-10 Impairment of non-financial assets

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

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

3- SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

3-11 Zakat provision

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

3-12 Value-added tax

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

3-13 Term Loan

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

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

3-14 Employee Benefits obligations

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

a) Employees End of Service benefit

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

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

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

3- SIGNIFICANT ACCOUNTING POLICIES (Continued)

3-14 Employee Benefits obligations (Continued)

b) **Short-term employee benefits**

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

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

3-15 Restricted government grants

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

3-16 Provisions

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

3-17 Revenue

Revenue is recognized when the company fulfills its obligations in contracts with customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. Specifically, the standard provides a five-step approach for revenue recognition:

Step one: identify the contract(s) with customers.

Step two: identify the performance obligations in the contract.

Step three: Determine the transaction price.

Step four: Allocate the transaction price to each performance obligation in the contract.

Step five: Recognize revenue when a performance obligations are satisfied.

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

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

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

Discounts

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

3- SIGNIFICANT ACCOUNTING POLICIES (continued)

3-17 Revenue (continued)

Finance component

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

3-18 Expenses

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

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

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

3-19 Foreign currency transactions

Transactions in foreign currency are recognized using the exchange rates prevailing on the date of the transactions. Monetary assets and liabilities are transferred using the exchange rates prevailing on the date of preparing the financial statements.

Gains and losses resulting foreign currency differences are directly included in the statement of profit or loss.

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

3-20 Segment reports

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

3-21 Earnings per share

Basic and diluted earnings per share are calculated by dividing:

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

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

4- USE OF JUDGMENT, ESTIMATES AND ASSUPTIONS

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

Judgment

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

Estimates and Assumptions

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

A) Allowance for expected credit losses

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

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

B) Provision for slow moving inventory

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

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

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

4- USE OF JUDGMENT AND ESTIMATES (Continued)

D) Impairment of non-financial assets

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

E) Employees Defined Benefits Obligations

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

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5- PROPERTY, MACHINERY AND EQUIPMENT

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

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

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

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

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5- PROPERTY AND EQUIPMENT (CONTINUED)

Depreciation expense was allocated among the following items :

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

6- INVESTMENTS

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

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

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

7- INVENTORY

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

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7- INVENTORY (CONTINUED)

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

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

8- BIOLOGICAL ASSETS

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

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

9- PREPAYMENTS AND OTHER CURRENT ASSETS

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

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10 - TRADE RECEIVABLES

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

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

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

11 - CASH AND CASH EQUIVALENT

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

12- SHARE CAPITAL

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

13- STATUTORY RESERVE

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

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14- TERM LOAN

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

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

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

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

14-1 Finance charges

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

15- EMPLOYEES DEFINED BENEFITS OBLIGATION

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

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

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15- EMPLOYEES DEFINED BENEFITS OBLIGATION (CONTINUED)

The movement in the net defined benefit obligation:

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

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

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

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

The following are the basis actuarial assumptions:

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

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

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

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

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16- ACCRUALS AND OTHER CURRENT LIABILITIES

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

17- ZAKAT PROVISION

17-1 Charged on the statement of profit and loss

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

17-2 Zakat provision movement

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

17-3 Components of the Zakat base

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

17-4 zakat status

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

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

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18 - SELLING AND MARKETING EXPESNES

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

19 - GENERAL AND ADMINISTRATIVE EXPENSES

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

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

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

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

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Expressed in Saudi Riyals

21- (LOSSES) / AND OTHER GAINS, NET

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

22- EARNING PER SHARE

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

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

23- FINANCIAL RISK MANAGEMENT

Capital management

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

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

Financial instruments Categories

Financial assets	31 December 2020	31 December 2019
At amortized cost		
Cash and cash equivalent	47,721,786	65,430,509
Trade Accounts receivable	43,412,143	35,576,687
Prepaid expenses and other debit balances	<u>14,160,492</u>	<u>9,581,740</u>
Financial liabilities	31 December 2020	31 December 2019
At amortized cost		
Trade Accounts payable	30,175,537	11,917,045
Accrued expenses and other credit balances	33,244,848	26,485,757
Loan	<u>10,298,631</u>	<u>10,815,364</u>

Market risk

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

Expressed in Saudi Riyals

23- FINANCIAL RISK MANAGEMENT (continued)

Foreign currency risk management

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

Interest rate and liquidity risk Management

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

Credit risk management

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

Trade Accounts receivable

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

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

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

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

Expressed in Saudi Riyals

23- FINANCIAL RISK MANAGEMENT (continued)

Other financial assets

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

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

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

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

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

Interest rate risk

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

Fair value of financial instruments

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

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

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

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

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24- RELATED PARTIES' TRANSACTIONS

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

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

A) Related parties' transactions and their balances

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

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

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

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

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

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

Expressed in Saudi Riyals

25 - SEGMENT REPORTING

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

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

26- CONTINGENT LIABILITIES

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

27- DIVIDENDS

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

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28- IMPACT OF COVID 19

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

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

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

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

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

b) Impairment of non-financial assets

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

c) Fair value of financial instrument

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

d) Going concern

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

ALJOUF AGRICULTURAL DEVELOPMENT COMPANY
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NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

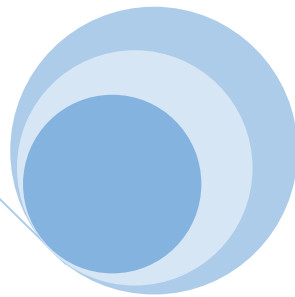
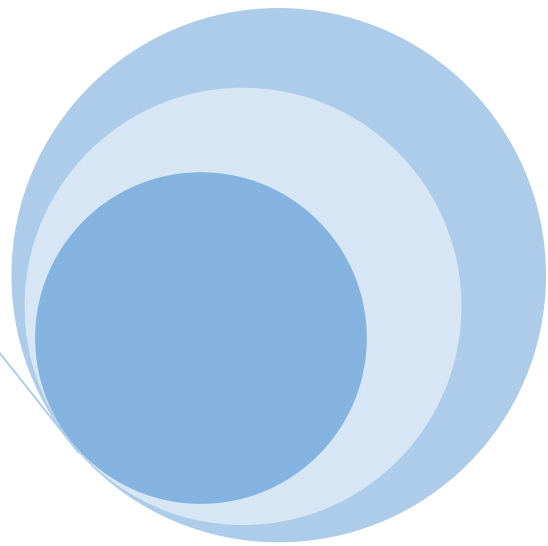
Expressed in Saudi Riyals

29-COMPARATIVE FIGURES

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

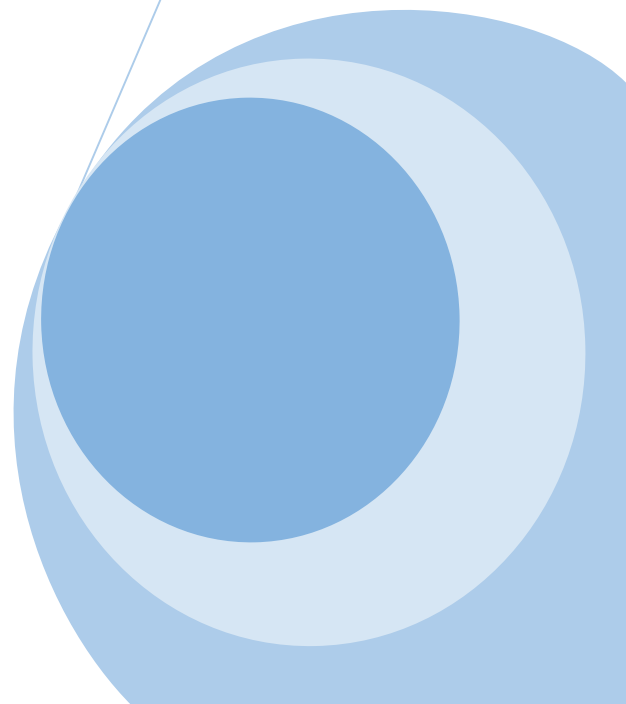
30- APPROVAL OF THE FINANCIAL STATEMENTS

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



Clause No. 7

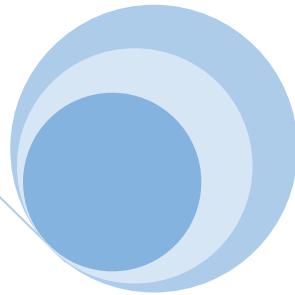
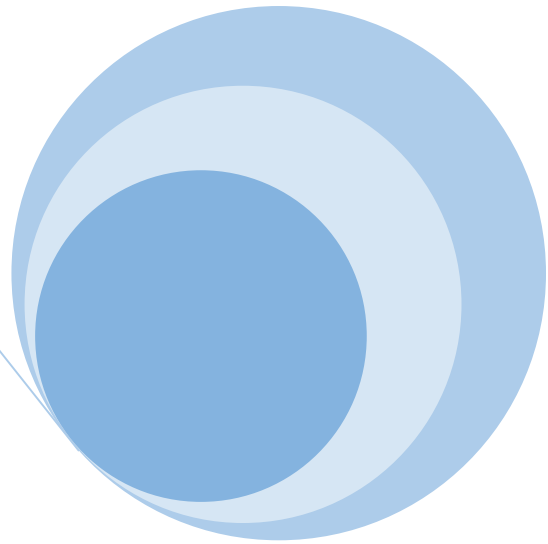
Audit Committee Candidate CV





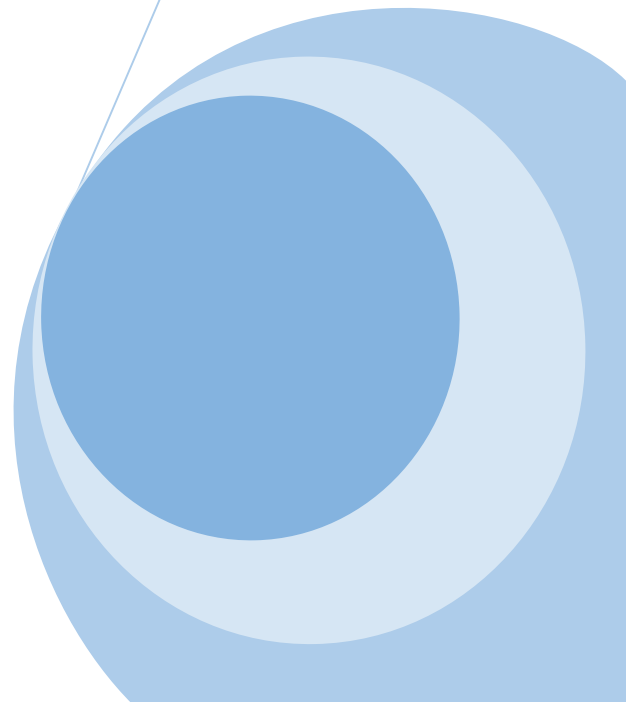
Model #1. C. V

1 - The personal data of the nominated member						
Khalid bin Mohammed bin Abdullah al-Arifi						Full name.
Date of birth	28 /6 /1966		nationality		Saudi	
2. Scientifics qualifications of the nominated member						
Donor name	Eligibility Date	Specialization		Qualifications		
King Abdulaziz University	2008	Accounting		Master		
King Abdulaziz University	1992	Accounting		Bachelor		
3- The Practical experience of the nominated member						
Areas of expertise					The period	
Assistant Governor for Financial Affairs -Public Pension Agency					From 2017 till now	
Consultant and supervisor of internal audit and follow-up -Ministry of Civil Service					From 2016 to 2017	
Internal Audit Manager -The Public Desalination Corporation					From 1993 to 2015	
4- Current membership in the management of other joint stock companies (listed or not listed)						
The legal form of the company	Committee membership	The nature of membership (in his personal capacity, representative of a legal person)	Characteristics Membership (executive, non-executive, independent)	Main activity	The name of the company.	M
Joint stock. listed	Governance and executives	representative of a legal person)	non-executive,	Materials	PETROCHEM	1
A limited liability company	Audit committee	in his personal capacity,	independent	Real Estate	Raza Real Estate Company	2



Clause No. 8

Audit Committee Candidate CV



Model #1 C.V

1- Personal data of the nominated member						
Ahmed bin Ibrahim Mohamed Hejan						Full name
Date of birth	13/1/1987		Nationality		Saudi	
2- Scientific qualifications of the nominated member						
Donor name	Eligibility Date	Specialization		qualifications		
King Khalid University	2010	Accounting		Bachelor		
3- Practical expertise of the nominated member						
Areas of expertise					The period	
Director of Internal Audit - National Industry Company					2020- Now	
Director of Financial Review - Saudi Real Estate Company					2016-2020	
Internal Review Supervisor - General Saline Desalination Corporation					2010-2016	
4. Current membership in the management of other joint stock companies (listed or not listed)						
The legal form of the company	Committee membership	The nature of membership (in his personal capacity, representative of a legal person)	Characteristics Membership (Executive, Non-Executive, Independent)	Main activity	The name of the company.	M

No.:

Date:

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Audit Committee Report 2020

(1) About the formation of the Audit committee which stemming from the Board of Directors:

The Audit committee consists of three members, including one outside the Board of Directors, and two non-executives:

(2) Members of the Committee:

- Mr./ Mohammed Ahmed Yassin Al-Sheikh (Chairman of the Committee - A member from outside the board of directors).
- Mr./ Yasser Yehia Abdel Hamid (Board Member - Non-Executive).
- Mr./ Aly Riad Al-Hamid (Board Member - Non-Executive).

(3) Tasks and responsibilities:

- Consider preliminary and annual financial results and lists and recommend to the Board of Directors for approval with a particular focus on the integrity of disclosures in financial statements, changes in accounting policies, important and unexpected events, verification of accounting estimates in core matters, as well as compliance with accounting standards and other legal requirements.
- The Board of Directors has been recommended to appoint **KPMG** to carry out internal audit work for fiscal year 2020 and the Board of Directors has approved this recommendation, and therefore the fees of the gentlemen (KPMG) have been determined, and the Audit committee is following up on their work.
- Recommend to the Board of Directors to nominate auditors and determine their fees, assess their performance, verify their independence, and Audit their scope of work and contract terms.
- Study the auditor's report and observations on financial statements and follow up their implementation.

(4) Audit Committee meetings during 2020:

the Audit committee met with 12 meetings during the year 2020

(5) Results of the annual Audit of the effectiveness of internal control procedures:

The Committee prepared the annual audit committee report and approved its distribution to shareholders in line with Article (104) of the Corporate System, and the Executive Management of the Company is responsible for providing internal oversight procedures that reasonably ensure the effectiveness and efficiency of the company's operations and applicable oversight procedures, including the credibility and integrity of financial reports and the extent to which they comply with applicable regulations, laws and policies, Based on reports from the Committee of Auditing / (KPMG) for accounting, auditing and financial advisory and based on the annual examination of internal control procedures for fiscal year 2020 by the Audit Committee, the Committee recommended to the Board of Directors to restructure the company, modernize the organizational structure, attract qualified human peoples, develop effective internal control systems and the subsequent update of the flow of business, policies, procedures, Authorities and responsibilities matrix and the foundations of the preparation of discretionary budgets in order to address the shortcomings in internal control systems.