RIGHTS ISSUE PROSPECTUS
Tabuk Agricultural Development Company

• Offering of 25,000,000 Ordinary Shares through a rights issue at an Offer Price of SAR 10 per Share, representing an increase in the Capital by SAR 250,000,000, which is 125 % of TADCO's current Share Capital.

• Tabuk Agricultural Development Company, Saudi Joint stock company, established in accordance with Royal Decree No. M/11, dated 07/06/1403H (corresponding to 22/03/1983G) under Commercial Registration No. 3550005403, dated 15/08/1404H (corresponding to 17/05/1984G) issued from Tabuk.

First Offering Period: From 22/03/1436H (corresponding to 13/01/2015G) to 02/04/1436H (corresponding to 22/01/2015G)

Second Offering Period: From 05/04/1436H (corresponding to 25/01/2015G) to 07/05/1436H (corresponding to 27/01/2015G)

Tabuk Agricultural Development Company ("TADCO", or the "Company") is a Saudi joint stock company established in accordance with Royal Decree No. M/11, dated 07/10061403H (corresponding to 22/03/1983G) under Commercial Registration No. 3550005403, dated 15/08/1404H (corresponding to 17/05/1984G) issued from Tabuk. The current Share Capital of the Company is SAR 200,000,000 consisting of 20,000,000 ordinary shares with a nominal value of SAR 10 each (the "Existing Shares" with each is an "Existing Share"), all of which are fully paid.

Based on the Board of Directors recommendation in its meeting convened in Riyadh on 07/09/1434H (corresponding to 15/07/2013G) and according to the Board's revised resolution on 17/09/1435H (corresponding to 14/07/2014G to increase the Company's share Capital from SAR 200,000,000 to SAR 450,000,000 after obtaining the necessary regulatory approvals. At the Company's Extraordinary General Meeting held on 24/025/1436H (corresponding to 16/12/2014G), the Shareholders have approved the Board of Director's recommendation to increase the Capital.

The offering of rights issue shares (the "Offering") consists of the issuance of 25,000,000 Ordinary New Shares (the "New Shares" or "Offer Shares") at the Offer Price of SAR 10 per share (the "Offer Price") and at a nominal value of SAR 10 per Share to increase the Company's share capital from SAR 200,000,000 to SAR 450,000,000.

The rights will be issued as tradable securities (referred to collectively as the "Rights" and each a "Right") to Registered Shareholders registered in the Company's Shareholders Registered as at the close of trading on the date of the EGM being 15/03/1436H (corresponding to 06/01/2015G), (the "Eligibility Date"). Each Shareholder is referred to as ("Registered Shareholder") and collectively as ("Registered Shareholders"), provided that such Rights are deposited in the Registered Shareholders' accounts within two (2) days of the Eligibility Date in the ratio of one (1.25) Right for every share held as of the Eligibility Date. Each Right grants its holder the eligibility to subscribe in one New Share at the Offer Price.

Registered Shareholders and the the Public may trade the Rights on the Saudi Stock Exchange ("Tadawul" or the "Exchange") during the period from 22/03/1436H (corresponding to 13/01/2015G), until the close of Trading on 02/04/1436H (corresponding to 22/01/2015G), (the "Trading Period").

The subscription for the New Shares will be in two phases:

(a) First Offering Period (Phase 1): From 22/03/1436H (corresponding to 13/01/2015G), until the end of the day on 02/04/1436H (corresponding to 22/01/2014G), (the "First Offering Period"), during which only Registered Shareholders may exercise their Rights to subscribe (in whole or in part) for the New Shares up to the number of Rights deposited in their accounts after the EGM. The subscription for the New Shares will be approved, subject to the number of Rights available in the relevant account at the end of the Trading Period. The First Offering period coincides with the Trading Period during which Registered Shareholders and the Public may trade in the Rights.

(b) Second Offering Period (Phase 2): From 05/04/1436H (corresponding to 25/01/2015G), until the end of the day on 07/04/1436H (corresponding to 27/01/2015G),(the "Second Offering Period"), during which all Rights holders whether Registered Shareholders or purchasers of Rights during the Trading Period (referred to collectively as "Eligible Persons", and each an "Eligible Person"), may exercise their Rights to subscribe.

Subscription Application Forms may be submitted during both the First Offering Period and Second Offering Period at any of the branches of the Receiving Entity (the "Receiving Entities") listed in pages (h) of this Prospectus.

In the event that any Shares remain unsubscribed for after the First Offering Period and the Second Offering Period (the "Rump Shares"), they will be offered to a number of institutional investors (referred to as "Institutional Investors"), provided that such Institutional Investors submit bids to purchase the Remaining Shares. Receipt of such bids will start at 10:00 AM on 12/04/1436H (corresponding to 01/02/2015G), until the following day at 10:00 AM on 13/04/1436H (corresponding to 02/02/2015G). This offering will be referred to as the "Rump Offering". The Rump Shares will be allocated to Institutional Investors in order of the price of the bids with the highest first until all of the Rump Shares have been allocated, with the Rump Shares being proportionally divided among Institutional Investors that tendered bids at the same price. Fractional Shares (the "Fractional Shares") will be added to the Rump Shares and treated in the same manner. All proceeds resulting from the sale of the Rump Shares and the Fractional Shares up to the paid Offer Price shall be distributed to the Company and any proceeds in excess of the paid Offer Price shall be distributed to the Eligible Persons no later than 22/04/1436H (corresponding to 11/02/2015G).

In the event that the Rump Shares are not purchased by the Institutional Investors, such shares will be allocated to the Underwriter, who will purchase the same at the Offer Price (please see section "Subscription Terms and Conditions"). After the completion of the Offering, the Company's Share Capital will become SAR 450,000,000 divided by 45,000,000 shares. Proceeds from the Offering will be used for the Company's new projects and related purposes (Please see section "Use of Proceeds"). The final allocation will be announced on 15/04/1436H (corresponding to 04/02/2015G) at the latest ("Allocation Date") (Please see section "Subscription Terms and Conditions").

None of the shareholders holds a controlling interest stake in the Company. None of the Shareholders also holds 5% or more of its Shares with the exception of: the Shareholder Abdullah bin Abdul Aziz bin Saleh Al Rajhi, who holds 25% of the Company's Shares as described in page (K) of this Prospectus. Falcom Financial Services Company underwrites all of the Offer Shares of the Company (see "Underwriting" section).

The Company issued 20,000,000 shares listed in Tadawul, including 14,497,640 free shares traded on Tadawul as at the date of this Prospectus, all of which are Ordinary Shares of equal value and grant their holders equal rights.

The Company has only one class of Shares (that is Ordinary) and no shareholder will have any preferential voting rights. The New Shares will be fully paid and rank identically with the existing Shares. Each Share entitles its holder to one vote and each shareholder with at least twenty (20) Shares has the right to attend and vote at the general assembly meetings (each a "General Assembly Meeting") of the Company. The New Shares will be entitled to receive their portion of any dividends declared by the Company, if any, effective the first day of subscription period and in following financial years (Please see section "Dividend Policy" and section "Risk Factors - Dividends Payment and Policy").

Currently, the Company's existing Shares are traded on Tadawul. The Company has made an application to the Capital Market Authority in the Kingdom of Saudi Arabia for the registration and admission of the New Shares to Listing on the Exchange. Approval of this Prospectus has been granted and all supporting documents requested by the CMA have been completed. Trading in the New Shares is expected to commence on the Exchange soon after the final allocation of the New Shares and refund of extra subscriptions (see "Key Dates for Subscribers"). Following the commencement of trading in the Shares, Saudi nationals and residents, GCC nationals, Saudi companies, banks and funds, GCC companies and establishments, foreign investors from outside the Kingdom (through swap agreements) will be allowed to trade in the Shares.

The whole prospectus must be read completely with careful reading to the sections «Important Notice» and «Risk Factors» by all eligible investors prior to making a decision to invest in the New Shares offered hereby.

Financial Advisor, Lead Manager and Underwriter

FALCOM فالكم

Receiving Entities

samba سامبا | Al Rajhi Bank مصرف الراجحي | anb العربي | Banque Saudi Fransi البنك السعودي الفرنسي | riyad bank بنك الرياض | NCB الأهلي | FALCOM فالكم

This Prospectus includes information given in compliance with the Listing Rules (the "Listing Rules") issued by the CMA in the Kingdom of Saudi Arabia. The Directors, whose names appear on page (d), jointly and severally accept full responsibility for the accuracy of the information contained in this Prospectus and confirm, having made all reasonable enquiries that to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement herein misleading. The CMA and Tadawul take no responsibility for the contents of this Prospectus, make no representations as to its accuracy or completeness, and expressly disclaim any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this document.

"This unofficial English language translation of the official Arabic language Prospectus is provided for information purposes only. The Arabic language Prospectus published on the CMA's website (www.cma.org.sa) remains the only official, legally binding version and shall prevail in the event of any conflict between the two texts".

This Prospectus is dated 15/03/1436H (corresponding to 06/01/2015G)

تبوك الزراعية

Important Notice

This Prospectus provides details of information relating to Tabuk Agricultural Development Company and the offered New Shares. When applying for the New Shares, Eligible Persons will be treated as applying solely on the basis of the information contained in this Prospectus, copies of which are available for collection from the Company, lead manager and the branches of the Receiving Entities or by visiting the Company's website (www.tadco-agri.com), Falcom's website (www.falcom.com.sa), Capital Market Authority's (website: (www.cma.org.sa) and the Exchange (Tadawul) website (www.tadawul.com.sa).

The Company has appointed Falcom Financial Services Company ("Falcom") to act as the Financial Advisor ("Financial Advisor"), Lead Manager ("Lead Manager") and sole Underwriter ("Underwriter") in relation to the Offering of the Offer Shares referred to herein.

This Prospectus includes information given in compliance with the Listing Rules of the CMA. The directors, whose names appear on page (d), collectively and individually accept full responsibility for the accuracy of the information contained in this Prospectus and confirm, having made all reasonable enquiries that to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement herein misleading. Neither CMA nor the Exchange take any responsibility for the contents of this Prospectus, make any representation as to its accuracy or completeness, and expressly disclaim any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this Prospectus.

While the Company has made all reasonable enquiries as to the accuracy of the information contained in this Prospectus as at the date hereof, substantial portions of the market and industry information herein are derived from external sources, and while none of the Company, its Directors, Founding Shareholders, Financial Advisor, or the Company's advisors, whose names appear on pages (F) and (G) of this Prospectus have any reason to believe that any of the market and industry information is materially inaccurate, such information has not been independently verified, and no representation is made with respect to the accuracy or completeness of any of this information.

The information contained in this Prospectus as at the date hereof is subject to change. In particular, the actual financial condition of the Company and the value of the Offer Shares may be adversely affected by future developments in inflation, interest rates, taxation or other economic and political factors, over which the Company has no control. Neither the delivery of this Prospectus nor any oral, written or printed interaction in relation to the Offering is intended to be, nor should be construed as or relied upon in any way as, a promise or representation as to future earnings, results or events.

The Prospectus is not to be regarded as a recommendation on the part of the Company or any of its Advisors to participate in the Offering. Moreover, information provided in this Prospectus is of a general nature and has been prepared without taking into account individual investment objectives, financial situation or particular investment needs. Prior to making an investment decision, each recipient of this Prospectus is responsible for obtaining independent professional advice in relation to the Offering and must rely on their own examination of the Company and the appropriateness of both the investment opportunity and the information herein with regard to the recipient's individual objectives, financial situation and needs.

The Offering is directed at the Registered Shareholders and the Public during the period from 22/03/1436H (corresponding to 13/01/2015G), until the end of trading on the day of 02/04/1436H (corresponding to 22/01/2015G) provided that the subscription in the New Shares shall be carried out through two phases:

a) First Offering Period (Phase 1): From 22/03/1436H (corresponding to 13/01/2015G), until the end of the day on 02/04/1436H (corresponding to 22/01/2015G), (the "First Offering Period"), during which only Registered Shareholders may exercise their Rights to subscribe (in whole or in part) for the New Shares up to the number of Rights deposited in their accounts after the EGM. The subscription for the New Shares will be approved, subject to the number of Rights available in the relevant account at the end of the Trading Period. The First Offering period coincides with the Trading Period during which Registered Shareholders and the Public may trade in the Rights.

b) Second Offering Period (Phase 2): From 05/04/1436H (corresponding to 25/01/2015G), until the end of the day on 07/04/1436H (corresponding to 27/01/2015G),(the "Second Offering Period"), during which all Rights' holders whether Registered Shareholders or purchasers of Rights during the Trading Period (referred to collectively as "Eligible Persons", and each an "Eligible Person"), may exercise their Rights to subscribe. No trading of Rights shall take place in this period.

In the event that any Shares remain unsubscribed for after the First Offering Period and the Second Offering Period (the "Rump Shares"), they will be offered to a number of institutional investors (referred to as "Institutional Investors"), provided that such Institutional Investors submit offers to purchase the Remaining Shares. Receipt of such offers will start at 10:00 AM on 12/04/1436H (corresponding to 01/02/2015G), until the following day at 10:00 AM on 13/04/1436H (corresponding to 02/02/2015G). This offering will be referred to as the "Rump Offering". The Rump Shares will be allocated to Institutional Investors in order of the price of the bids with the highest first until all of the Rump Shares have been allocated, with the Rump Shares being proportionally divided among Institutional Investors that tendered bids at the same price. Fractional Shares (the "Fractional Shares") will be added to the Rump Shares and treated in the same manner. All proceeds resulting from the sale of the Rump Shares and the Fractional Shares up to the paid Offer Price shall be distributed to the Company and any proceeds in excess of the paid Offer Price shall be distributed to the Eligible Persons no later than 22/04/1436H (corresponding to 11/02/2015G).

A meeting of the Ordinary General Assembly shall be valid only if attended by Shareholders representing at least fifty percent (50%) of the Company's capital. If such quorum cannot be attained at the first meeting, a second meeting shall be held within thirty (30) days following the time set for the preceding meeting. The second meeting shall be deemed valid if the number of shares represented therein does not fell below 25% of the Share Capital Votes in the Extraordinary General Assembly shall be calculated on the basis of one vote per share. For the Extraordinary General Assembly to issue its decision to increase the Company's Capital, it shall be voted with a majority of three-quarters (3/4) of the shares represented at the meeting.

A call for convening of an Extraordinary General Assembly of Shareholders on 15/03/1436H (corresponding 06/01/2015G) has been published to approve the rights issue to increase the Share Capital of the Company according to the regulations of the Ministry of Commerce and Industry in this regard.

Industry and Market Data

In this Prospectus, information and data regarding Saudi economy and insurance industry have been obtained from the "Market Study" prepared exclusively for the Company by Ernest & Young (EY).

EY is an independent consulting firm that works in the field of professional consulting and preparation of scientific research, design, and implementation of field surveys and conduct feasibility studies for investors, through an integrated team that includes a selection of national and foreign qualified professionals.

Neither EY, nor any of its subsidiaries, shareholders, Directors or their relatives hold any share or interest in the Company, and have given their written consent to use the market study data in the form and manner set forth in this publication, and did not withdraw such consent.

It is believed that the information and data contained in the Market Study has been obtained from reliable sources. However, neither the Company nor Falcom or the Company's advisors whose names appear in pages (F & G) of this Prospectus have independently verified such information and no representation is made with respect to the accuracy or completeness of any of this information.

Financial and Statistical Information

The audited financial statements for the financial periods ended on 31 December 2011G, 2012G and 2013G and the reviewed financial statements for the first half 2014G and the notes thereto have been prepared in conformity with the Accounting standards issued by the Saudi Organization for the Certified Public Accountants (SOCPA). The audited financial statements for the years 2011G and 2012G and the reviewed financial statements for the period ended on 30 June 2014G were prepared by Al Kharashi Certified Accountants and Auditors (Member of Mazars), while the financial statements for the year 2013G were prepared by Al Thinayyan Accountants and Auditors. The Company publishes its financial statements in Saudi Arabian Riyals ("SAR").

Forecasts and Forward Looking Statements

Forecasts set forth in this Prospectus have been prepared on the basis of certain stated assumptions of the Company. Future operating conditions may differ from the assumptions used and consequently no representation or warranty is made with respect to the accuracy or completeness of any of these forecasts.

Certain statements in this Prospectus constitute "forward-looking-statements". Such statements can generally be identified by their use of forward-looking words such as "plans", "estimates", "believes", "expects", "may", "will", "should", or "are expected", "would be", "anticipates" or the negative or other variation of such terms or comparable terminology. These forward-looking statements reflect the current views of the Company and its management with respect to future events, and are not a guarantee of future performance. Many factors could cause the actual results, performance or achievements of the Company to be significantly different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. Some of the risks and factors that could have such an effect are described in more detail in other sections of this Prospectus (please refer to "Risk Factors" section). Should any one or more of the risks or uncertainties materialize or any underlying assumptions prove to be inaccurate or incorrect, actual results may vary materially from those described in this Prospectus as anticipated, believed, estimated, planned or expected.

Subject to the requirements of the Listing Rules, the Company must submit a supplementary Prospectus to the CMA if at any time after the Prospectus has been approved by the CMA and before admission to Listing on the Exchange, the Company becomes aware that: (1) there has been a significant change in material matters contained in the Prospectus or any document required by the Listing Rules, or (2) additional significant matters have become known which would have been required to be included in the Prospectus. Except in the aforementioned circumstances, the Company does not intend to update or otherwise revise any industry or market information or forward-looking statements in this Prospectus, whether as a result of new information, future events or otherwise. As a result of these and other risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this Prospectus might not occur in the way the Company expects, or at all. Prospective investors should consider all forward-looking statements in light of these explanations and should not place undue reliance on forward-looking statements.

Corporate Directory

Board Members (Directors)

SN	Name	Position	Nationality	Age	Membership Status	Shareholding *	Date of Membership	Representing
1	Mohammed bin Abdullah bin Abdul Aziz Al Rajhi	Chairman	Saudi	63	Non-Executive	8,000	1989	-
2	Faisal bin Saud bin Faisal bin Muammar	Member	Saudi	78	Independent Non-Executive	1,000	1988	-
3	Dr. Mohammed Najib bin Jameel bin Mohammed Khader	Member	Saudi	63	Independent Non-Executive	1,000	2008	-
4	Ahmed bin Abdul Aziz bin Abdullah Al Samari	Member	Saudi	53	Independent Non-Executive	1,000	2009	-
5	Fahd bin Abdullah bin Abdul Aziz Al Rajhi	Member	Saudi	54	Non-Executive	1,000	2011	-
6	Abdullah bin Ibrahim bin AlabdulMunem (representative of the Public Pension Agency, which owns 500 thousand shares) **	Member	Saudi	51	Independent Non-Executive	-	2011	Representative of the Public Pension Agency ("PPA")
7	Mohammed bin Abdul Hadi bin Mohammed Al Beshri	Member	Saudi	47	Independent Non-Executive	3,000	2009	

Source: TADCO

* None of the Members has any indirect ownership in the Company.

** The shares are owned by the PPA and not in the name of the PPA representative Mr. Abdullah bin Ibrahim Al-Abdul Munem.

Note: The shares owned by the Board members represent (1,000 shares) as qualifying shares for membership of the Board of Directors according to Article 86 of the Companies Regulations. Being the representative of the Public Pension Agency, Abdullah bin Ibrahim Al Abdul Munem, member of the Board of Directors, does not own such qualifying shares.

Company Address

Tabuk Agricultural Development Company(TADCO)
Tabuk –Halet Ammar Street
P.O. Box 808, Postal Code 71421
Saudi Arabia
Tel: +966 (14) 4500000
Fax: +966 (14) 4500025
E-mail: tadco@tadco-agri.com
Website: www.tadco-agri.com

Company Representatives

Name: Faisal bin Saud Al-Muammar
Position: Member of the Board of Directors
P.O. Box 808, Tabuk 71421
Saudi Arabia
Tel: +966 (14) 4500000
Fax: +966 (14) 4500025
E-mail: faisal-muammar@hotmail.com
Website: www.tadco-agri.com

Name: Saad bin Mohammad Alsawatt
Position: CEO and Board Secretary
P.O. Box 808, Tabuk 71421
Saudi Arabia
Tel: +966 (14) 4500000
Fax: +966 (14) 4500025
E-mail: s.alsawatt@tadco-agri.com
Website: www.tadco-agri.com

Share Registrar

Stock Exchange

Saudi Stock Exchange (Tadawul)
Abraj Attuwenya, North Tower
King Fahd Road 700
P.O. Box 60612, Riyadh 11555
Saudi Arabia
Tel: +966 (11) 2189999
Fax: +966 (11) 2189090
E-mail: webinfo@tadawul.com.sa
Website: www.tadawul.com.sa

Advisors

Financial Advisor and Lead Manager

Falcom Financial Services Company
Olayya Main Street - Riyadh
P.O. Box 884, Riyadh 11421
Saudi Arabia
Tel: 8004298888
Fax: +966 (11) 205 4831
E-mail: moath.alkhasawneh@falcom.com.sa
Website: www.falcom.com.sa

Legal Advisor

Loa'y bin Mohammad Al Akkas Law and Legal Consulting Office in collaboration with Winson & Atkins LLP
Riyadh – Kingdom Tower (49 floor)
P.O. Box 9597, Riyadh 12214
Saudi Arabia
Tel: 966 (11) 2500800
Fax: +966 (11) 2110387
E-mail: lalakkas@velaw.com
Website: www.velaw.com

Auditors

Al Kharashi & Company, Certified Accountants and Auditors (Member of Mazars)
P.O. Box 8306, Riyadh 11482
Saudi Arabia
Tel: 966 (11) 4784009
Fax: +966 (11) 4774924
E-mail: alkharashi@accountant.com
Website: www.alkharashi.sa

Al Thinayyan, Accountants and Auditors
Abu Al Ala' Al Marri Street, Malaz,
P.O. Box 2206, Riyadh 11451
Saudi Arabia
Tel: 966 (11) 4731849 - 966 (11) 4733138
Fax: +966 (11) 4727916
E-mail: cpa-148@hotmail.com
Website: www.thinayyan-cpa.com.sa

Due Care Consultant

Ernst & Young (Certified Auditors)
Al Faisaliah Tower
King Fahd Road
P.O. Box 2732 Riyadh 11461
Kingdom of Saudi Arabia
Tel: +966 11 2734740
Fax: +966 11 2734730
E-mail: Riyadh@sa.ey.com
Website: www.ey.com

Market and Feasibility Study Consultant

Ernst & Young (Certified Auditors)
Al Faisaliah Tower
King Fahd Road
P.O. Box 2732 Riyadh 11461
Kingdom of Saudi Arabia
Tel: +966 11 2734740
Fax: +966 11 2734730
E-mail: Riyadh@sa.ey.com
Website: www.ey.com

Underwriter

Falcom Financial Services Company
Olayya Road - Riyadh
P.O. Box 884, Riyadh 11421
Saudi Arabia
Tel: 8004298888
Fax: +966 (11) 205 4831
E-mail: moath.alkhasawneh@falcom.com.sa
Website: www.falcom.com.sa

Note: All the aforementioned Advisors/consultants have given and not withdrawn their written consent to the publication of their names, logos and statements in the Prospectus; and do not themselves, or any of their relatives or affiliates have any shareholding or interest of any kind in the Company.

Receiving Entities

Falcom Financial Services Company
Olayya Main Street - Riyadh
P.O. Box 884, Riyadh 11421
Saudi Arabia
Tel: 8004298888
Fax: +966 (11) 205 4831
E-mail: moath.alkhasawneh@falcom.com.sa
Website: www.falcom.com.sa

The National Commercial Bank
King Abdul Aziz Road Jeddah
P.O. Box 3555, Jeddah 21481
Saudi Arabia
Tel: +966 (12) 649 3333
Fax: +966 (12) 643 7426
E-Mail : contactus@alahli.com
Website: www.alahli.com

Riyadh Bank
King Abdul Aziz Road
P.O. Box 22622, Riyadh 11416
Saudi Arabia
Tel: +966 (11) 401 3030
Fax: +966 (11) 404 2618
E-Mail: customercare@riyadbank.com
Website: www.riyadbank.com

Banque Saudi Fransi
Maathar Street
P.O. Box 56006, Riyadh 11554
Saudi Arabia
Tel: +966 (11) 404 2222
Fax: +966 (11) 402 2311
E-Mail: communications@alfransi.com.sa
Website: www.alfransi.com.sa

Al Rajhi Bank
Olayya Road
P.O.Box 28 Riyadh 11411
Saudi Arabia
Tel: (966) 11 462 9922
Fax: (966) 11 462 4311
E-mail: contactcenter@alrajhibank.com.sa
Website: www.alrajhibank.com.sa

Arab National Bank
King Faisal Street
P.O. Box 9802, Riyadh 11423
Kingdom of Saudi Arabia
Tel: +966 11 402 9000
Fax: +966 11 402 7747
E-mail: info@anb.com.sa
Website: www.anb.com.sa

Samba Financial Group
King Abdul Aziz Road
P.O. Box 883, Riyadh 11421
Saudi Arabia
Tel: +966 (11) 477 4770
Fax: +966 (12) 479 9402
E-Mail: customercare@samba.com
Website: www.samba.com.sa

Company Main Banks

Al Rajhi Bank
Olayya Road
P.O.Box 28 Riyadh 11411
Saudi Arabia
Tel: (966) 11 462 9922
Fax: (966) 11 462 4311
E-mail: contactcenter@alrajhibank.com.sa
Website: www.alrajhibank.com.sa

Arab National Bank
King Faisal Street
P.O. Box 9802, Riyadh 11423
Kingdom of Saudi Arabia
Tel: +966 11 402 9000
Fax: +966 11 402 7747
E-mail: info@anb.com.sa
Website: www.anb.com.sa

Riyadh Bank
King Abdul Aziz Road
P.O. Box 22622, Riyadh 11416
Saudi Arabia
Tel: +966 (11) 401 3030
Fax: +966 (11) 404 2618
E-Mail: customercare@riyadbank.com
Website: www.riyadbank.com

The National Commercial Bank
King Abdul Aziz Road
P.O. Box 3555, Jeddah 21481
Saudi Arabia
Tel: +966 (12) 649 3333
Fax: +966 (12) 643 7426
E-Mail : contactus@alahli.com
Website: www.alahli.com

Summary of the Offering

<table>
<tr><td>The Company</td><td>Tabuk Agricultural Development Company ("TADCO" or the "Company") is a Saudi joint stock company established in accordance with Royal Decree No. M/11, dated 07/06/1403H (corresponding to 22/03/1983G) under Commercial Registration No. 3550005403, dated 15/08/1404H (corresponding to 17/05/1984G) issued from Tabuk.</td></tr>
<tr><td>Summary of Company Activities</td><td>The main activity of the Company is practicing agricultural activities, processing agricultural materials and marketing agricultural products.</td></tr>
<tr><td>Substantial Shareholders</td><td>The only Company's Shareholder who owns 5% or more of the Company's Share Capital is:
<table>
<tr><th>Shareholder</th><th>No. of Shares</th><th>Share Capital (SAR)</th><th>% before Offering</th></tr>
<tr><td>Abdullah Abdul Aziz Saleh Al Rajhi</td><td>5,002,000</td><td>50,020,000</td><td>25%</td></tr>
</table></td></tr>
<tr><td>Nature of the Offering</td><td>Increasing Capital through Rights Issue Offering</td></tr>
<tr><td>Offer Price</td><td>SAR 10 per New Share</td></tr>
<tr><td>Adjusted Price</td><td>The Company's share value in Tadawul has been adjusted to SAR 16.66 per share at the close of trading on the day of the EGM and after shareholders' approval of Capital increase. This represents a reduction of SAR 8.32 in the share value.</td></tr>
<tr><td>Nominal Value</td><td>SAR 10 per New Share</td></tr>
<tr><td>Total number of Existing issued Shares prior to the Offering</td><td>20,000,000 fully paid Shares</td></tr>
<tr><td>Company's capital prior to the Offering</td><td>SAR 200,000,000</td></tr>
<tr><td>Total Number of Offer Shares</td><td>25,000,000 ordinary shares</td></tr>
<tr><td>Total number of Shares post-Offering</td><td>45,000,000 Shares</td></tr>
<tr><td>Percentage increase in share capital</td><td>125%</td></tr>
<tr><td>Total Proceeds of the Offering</td><td>SAR 250,000,000</td></tr>
<tr><td>Offering expenses</td><td>SAR 16,000,000</td></tr>
<tr><td>Net Proceeds of the Offering after deduction of offering expenses</td><td>SAR 234,000,000</td></tr>
<tr><td>Number of Underwritten New Shares</td><td>25,000,000 ordinary shares</td></tr>
<tr><td>Value of Underwritten New Shares</td><td>SAR 250,000,000</td></tr>
</table>

Use of the Offering Proceeds	The Company's Capital will be increased from SAR 200 million to SAR 450 million. Net Offering proceeds are expected to reach SAR 234,000,000. The Offering expenses of SAR 16,000,000 will be deducted from the total proceeds amounting to SAR 250,000,000. The Company intends to use the proceeds to finance a number of projects and investments both inside and outside the Kingdom, which include: (a) the establishment of a factory for the production of compound fodder, targeting livestock (sheep, goats and camels) in Tabuk region in particular and the Kingdom in general, at a capital of SAR26.7 million; (b) the creation of new olive press to accommodate the escalating production of olives with a capital of SAR 16.7 million; (c) the establishment of a factory for processing potato fingers in Tabuk region with a capital of SAR 38.6 million; and (d) another project for Tabuk Crops Production Company, in the Republic of Sudan. This project will be established in Algold City, north of Sudan on a 30 thousand acres piece of land (equivalent to about 12,140 hectares) with a capital of SAR 140.2 million. The total cost of these projects and investments is estimated at SAR 222,170,193 which will be fully funded from the Offering Proceeds of the Rights Issue process (Please see "Use of Offering proceeds" section). This is in addition to Offering expenses amounting to SAR 16 million, which include the fees of Financial Advisor, Legal Advisor, Accountants/Auditors, Underwriter, Receiving Entities, marketing, printing and distribution costs, and other costs and expenses relating to the Offering. All of these in addition to other general expenses of approximately SAR 11.8 million (representing about 4.7% of the total Offering Proceeds) including, but are not limited to, the financial requirements for the daily work of the Company as well as the general and administrative expenses and operating expenses.
Eligibility Date	Close of trading on the day of the EGM voting on the increase in the Company's capital according to the Board recommendation on 15/03/1436H (corresponding to 06/01/2015G).
Registered Shareholders	Shareholders registered in the Company's Register as at the close of trading on the day of the EGM.
Rights	Rights are issued as tradable securities giving their holders the priority to subscribe for the New Shares, upon approval of the capital increase. All shareholders registered in the Company's Register at the end of the day of the EGM will be entitled to receive Rights. Each Right grants its holder eligibility to subscribe in one New Share at the Offer Price. Rights will be deposited within two days after the date of the EGM. The rights will appear in the accounts of the Registered Shareholders under a new symbol specifying the Rights Issue. The Registered Shareholders will be informed of the deposit of the Rights in their accounts.
New Shares	The Shares offered for subscription by Registered Shareholders resulting from the Capital increase of the Company.
Rights Issue Ratio	1.25 Rights for every 1 existing Share owned by a Registered Shareholder. This ratio is the outcome of dividing the number of New Shares by the number of the Company's existing shares.
Number of Issued Rights	25,000,000 Rights
First Offering Period	From 22/03/1436H (corresponding to 13/01/2015G), until the end of the day on 02/04/1436H (corresponding to 22/01/2015G), (the "First Offering Period"), during which only Registered Shareholders may exercise their Rights to subscribe (in whole or in part) for the New Shares up to the number of Rights deposited in their accounts after the EGM. The subscription for the New Shares will be approved, subject to the number of Rights available in the relevant account at the end of the Trading Period. The First Offering period coincides with the Trading Period during which Registered Shareholders and the Public may trade in the Rights.
Trading Period	Will commence on 22/03/1436H (corresponding to 13/01/2015G) and will last up to and including 02/04/1436H (corresponding to 22/01/2015G). Registered Shareholders and the Public may trade in the Rights during this period.

Second Offering Period	From 05/04/1436H (corresponding to 25/02/2015G), until the end of the day on 07/04/1436H (corresponding to 27/01/2015G), (the "Second Offering Period"), during which all Rights holders whether Registered Shareholders or purchasers of Rights during the Trading Period (referred to collectively as "Eligible Persons", and each an "Eligible Person"), may exercise their Rights to subscribe. Offer Shares may not be traded during this period.
Subscription Procedure	Eligible Persons who have interest to subscribe to the new offered shares shall complete the application forms and submit to the branches of the Receiving Entities during business hours of the Subscription Period. Subscription may be made through Internet, banking phone or ATMs to the receiving banks that provide any of such services provided that: (1) Eligible Shareholders should have a valid banking account with a Receiving Entity (2) No amendment has been introduced to data related to the subscriber (by addition or deletion of any of the family members) since the latest offer he/she subscribed to unless this amendment has been communicated to and approved by the Receiving Entity.
Rump Shares	The New Shares which were not subscribed for during the First Offering Period and the Second Offering Period.
Rump Offering	Rump Shares will be offered to a number of institutional investors (referred to as "Institutional Investors"), provided that such Institutional Investors submit bids to purchase the Remaining Shares. Receipt of such bids will start at 10:00 AM on 12/04/1436H (corresponding to 01/02/2015G), until the following day at 10:00 AM on 13/04/1436H (corresponding to 02/02/2015G). This offering will be referred to as the "Rump Offering". The Rump Shares will be allocated to Institutional Investors in order of the price of the bids with the highest first until all of the Rump Shares have been allocated, with the Rump Shares being proportionally divided among Institutional Investors that tendered bids at the same price. Fractional Shares will be added to the Rump Shares and treated in the same manner.
Eligible Persons	All holders of Rights, whether they are Registered Shareholders or purchasers of Rights during the trading period.
Listing of/Trading in the Rights Issue	"Tadawul" is preparing mechanisms regulating the trading of the Rights in its system. A separate symbol will be given to TADCO's Rights Issue (separate from the TADCO's trading symbol for the existing Shares on the Tadawul screen). Registered Shareholders shall have the following options during the offering and trading period of the trading of the Rights: 1. Keeping the Rights as at the Eligibility Date and exercising their Rights to subscribe in the New Shares. 2. Selling the Rights or a part thereof through the Exchange. 3. Purchasing additional Rights on the Exchange. 4. Refraining from taking any action relating to the Rights, whether selling the Rights or exercising the right to subscribe for the same. The Rump Shares resulting from not exercising the Rights or selling the same will be offered in the Rump Offering. The Public may, during the Trading Period, purchase and sell Rights through the Exchange and (provided the Rights are held until the end of the First Offering Period) may exercise such Rights to subscribe for New Shares, only during the Second Offering Period. The "Tadawul" system will cancel TADCO Rights Issue symbol on the Tadawul screen after the end of the Trading Period. Therefore, the Rights trading will end with the end of the Trading Period.
Indicative Value of the Right	The indicative value of a Right reflects the difference between the Company's share market value during the Trading Period and the Offer Price. Tadawul will continuously calculate and publish the indicative value of a Right during the First Offering Period on its website with 5 minutes delay. The market information service providers will also publish this information. This will allow investors to be informed of the indicative value of a Right when entering the orders.
Right Trading Price	The price at which the Right is traded. This price is set through the market offer and demand mechanism; therefore, it may differ from the Indicative Value of the Right.

Exercising the Issued Rights	Eligible Persons may subscribe for New Shares by completing a Subscription Application Form and paying the relevant fee at the Receiving Entities' branches or by subscribing electronically through the Receiving Entities offering such services to Applicants. Eligible Persons may exercise their Rights as follows: 1- During the First Offering Period, only Registered Shareholders may exercise their Rights to subscribe (in whole or in part) for the New Shares up to the Number of Rights deposited in their accounts after the EGM. The subscription for the New Shares will be approved, subject to the number of Rights available in the relevant account at the end of the Trading Period. The First Offering period coincides with the Trading Period during which Registered Shareholders and the Public may trade in the Rights. 2- During the Second Offering Period, all Rights' holders, whether Registered Shareholders or purchasers of Rights during the Trading Period may exercise their Rights to subscribe. No trading of Rights shall take place in this period. In the event that Rights have not been exercised by Eligible Persons before the end of the Second Offering Period, the Rump Shares resulting from the unexercised Rights or failure to sell the Rights will be offered in the Rump Offering.
Public	The public, including all institutional and individual investors.
Shares Allocation	New Shares will be allocated to each investor according to the number of Rights subscribed for in a complete and correct manner. Fractional Shares will be collected and offered to Institutional Investors during the Rump Offering.
Payment of Compensation Amounts (if any)	Cash compensation amounts will be paid to Eligible Persons who did not subscribe wholly or partially for the New Shares, as well as to the holders of fractional Shares on 22/04/1436H (corresponding to 11/02/2015G) at the latest (please see "Subscription Terms and Conditions"). Compensation amounts represent remaining sale proceeds resulting from the Rump Shares and fractional Shares (in excess of the Offer Price).
Shares' Dividends	The New Shares will be entitled to receive their portion of any dividends declared by the Company for future years for the period from the commencement of the Offering and for the following financial years.
Voting rights	The Company has only one class of Shares. No Shareholder shall have any preferential rights. Each of the Shares entitles its holder to one vote. Each Shareholder with at least 20 (twenty) shares has the right to attend and vote at the General Assembly meeting.
Shares trading	Trading in the New Shares will start on Tadawul upon the completion of all procedures relating to the registration, allocation and listing of the New Shares. Trading in the Rights on Tadawul is anticipated to start immediately after final allocation of shares and completion of all formalities.
Risk Factors	There are certain risks relating to investment in the Offering. These risks can be generally categorized into (a) risks related to the Company; (b) risks related to the future projects; (c) risks related to the market and industry of the Company; and (d) risks related to the Ordinary Shares and New Shares. These risks have been presented in the Section entitled ("Risk Factors") in this Prospectus.
Previously listed shares	The Company has listed 20,000,000 ordinary shares in Tadawul at a nominal price of SAR 10 per share, of which 14,497,640 free shares as at the date of this Prospectus.
Restrictions to shares	All shares are tradable according to rules, regulations and instructions issued by CMA.

The "Important Notice" and "Risk Factors" sections of this Prospectus should be considered carefully by eligible shareholders who intend to subscribe for the new shares prior to making any investment decision.

Key Dates for Eligible Investors

Time Plan	Dates
EGM, setting the Eligibility Date and Registered Shareholders	Tuesday 15/03/1436H (06/01/2015G)
First Offering Period Date and Trading in Rights	From Tuesday on 22/03/1436H (corresponding to 13/01/2015G) until Thursday on 02/04/1436H (corresponding to 22/01/2015G)
Second Offering Period Date	From Sunday on 05/04/1436H (corresponding to 25/01/2015G) until Tuesday on 07/04/1436H (corresponding to 27/01/2015G)
Offering Period End Date and deadline for submitting Subscription Application Forms	Tuesday on 07/04/1436H (corresponding to 27/01/2015G)
Rump Offering Period Date	From Sunday on 12/04/1436H (corresponding to 01/02/2015G) until Monday on 13/04/1436H (corresponding to 02/02/2015G)
Final Allocation Notification	on Wednesday 15/04/1436H (corresponding to 04/02/2015G)
Payment of Compensation Amounts (if any) for Eligible Persons who did not participate in the Offering and those entitled to Shares fractions	on Wednesday 22/04/1436H (corresponding to 11/02/2015G)
Expected date for the commencement of trading in Offer Shares	After completing all necessary procedures. Dates will be communicated through the local newspapers and on Tadawul website.

Key Announcement Dates

N	Announcement	Announcing Party	Announcement Date
1	Announcement regarding the EGM (Eligibility Date)	Company	Tuesday 15/03/1436H (06/01/2015G)
2	Announcement regarding the EGM outcome, including the approval of the Company's Capital increase	Company	Wednesday 16/03/1436H (corresponding to 07/01/2015G)
3	Announcement regarding the change in Company's share price, shares' deposit and announcement regarding the Indicative Value of the Right	Tadawul	Wednesday 16/03/1436H (corresponding to 07/01/2015G)
4	Announcement regarding the New Shares subscription periods and rights trading	Company	Wednesday 16/03/1436H (corresponding to 07/01/2015G)
5	Reminder announcement regarding the First Offering Period and the Rights Trading Period	Company	Tuesday on 22/03/1436H (corresponding to 13/01/2015G)
6	Reminder announcement of the last Trading day for the Rights Issue and the importance of selling Rights for those not willing to exercise such Rights	Tadawul	Thursday on 02/04/1436H (corresponding to 22/01/2015G)
7	Announcement regarding the commencement of the Second Offering Period	Company	Sunday on 05/04/1436H (corresponding to 25/01/2015G)
8	Reminder about the last Trading day for submitting Subscription Application Forms for the Second Offering Period	Company	Tuesday on 07/04/1436H (corresponding to 27/01/2015G)
9	Announcement regarding: • Outcome of the First Offering Period and the Second Offering Period • Details of the sale of unsubscribed Shares, if any, and commencement of the Rump Offering	Company	Sunday on 12/04/1436H (corresponding to 01/01/2015G)
10	Announcement regarding the outcome of the Rump Offering and Notification of the final allocation	Company	Wednesday 15/04/1436H (corresponding to 04/02/2015G)
11	Announcement regarding the deposit of New Shares in the investors' accounts	Tadawul	Sunday 19/04/1436H (corresponding to 08/02/2015G)
12	Announcement regarding distribution of the compensation amounts (if any) to Eligible Persons	Company	Wednesday 22/04/1436H (corresponding to 11/02/2015G)

The above timetables and all dates therein are indicative. Actual dates will be communicated through local newspapers published in KSA as well as on Tadawul's website www.tadawul.com.sa.

How to Apply

Subscribing for the New Shares shall be limited to Eligible Persons. In the event that Eligible Persons do not subscribe for the New Shares, the unsubscribed shares shall be offered to Institutional Investors through the Rump Offering. Eligible Persons wishing to subscribe for the New Shares shall fill the Subscription Application Forms available during the Offering Period (as applicable) at the Receiving Entities' branches then deliver the same to any of these Receiving Entities during the Offering period. It is also possible to apply through the internet, phone or ATMs of any of the Receiving Entities that offer one or all of these services to the Applicants, under two basic conditions: (1) the Applicant "Eligible Person" shall have a bank account with the Receiving Entity which offers such services, (2) there should have been no changes in the personal information or data of the "Eligible Person" (by deleting or adding a family member) since his/her subscription in a recent offering, unless the Receiving Entity was notified of and approved these amendments.

Subscription Application Forms must be completed in accordance with the instructions mentioned under section "Subscription Terms and Conditions" of this Prospectus. The Company reserves the right to reject, in full or in part, any application for New Shares that does not comply with any of the Subscription terms or requirements. No amendment or withdrawal can be made to the Subscription Application Form after submission to the Receiving Entities. Once accepted by the Company, a Subscription Application Form shall represent a legally binding contract between the Company and the Eligible Person (Please see section "Subscription Terms and Conditions" of this Prospectus).

FAQs about the Rights Issue Mechanism

What is a Rights Issue?

A Rights Issue is an offering of tradable securities that give their holders the priority to subscribe for New Shares upon approval of the capital increase of the Company. They are acquired rights for all Registered Shareholders in the Company's Register as at the close of trading on the date of the EGM. Each Right grants its holder eligibility to subscribe in one New Share at the Offer Price.

Who is granted the Rights?

The Rights are granted to all Registered Shareholders in the Company's Register as at the close of trading on the date of the EGM.

When are the Rights deposited?

The Rights are deposited within two days after the EGM. The Shares will appear in the accounts of Registered Shareholders under a new symbol that designates these Rights. These Rights cannot be traded or exercised by the Registered Shareholders until the beginning of the First Offering Period.

How are Registered Shareholders notified of the Rights being deposited in their accounts?

The Registered Shareholders are notified through an announcement on the Tadawul website.

How many Rights can be acquired by a Registered Shareholder?

The number of Rights to be acquired by a Registered Shareholder is subject to the Rights Issue ratio and the number of Shares held by the Registered Shareholder as at the close of trading on the date of the EGM.

What is the Rights Issue ratio?

It is the ratio that permits the Registered Shareholder to know how many Rights he/she is entitled to in relation to the Shares that he/she already owned on the date of the EGM. If a Company, for example, has issued 1,000 shares and increases its capital by offering 200 new shares, its number of shares becomes 1,200. Then, the eligibility ratio is 1 to 5 (one new share for every five existing shares).

Are these Rights tradable and will they be added to the Shareholders accounts under the same name/symbol as the Company's shares; or will they be assigned a new name?

The Rights will be deposited in Shareholders' accounts under a new symbol specially assigned to the Rights Issue.

What is the Right value upon the trading commencement?

The Right opening price is the difference between the share closing price on the day preceding such Right listing, and the Offer Price. For example, if the closing price of a share on the preceding day is SAR 35 (thirty-five Saudi Riyals) and the Offer Price is SAR 10 (ten Saudi Riyals), the opening price of the Rights will be 35 minus 10, i.e. SAR 25 (twenty-five Saudi Riyals).

Can Registered Shareholders subscribe for additional shares?

Registered Shareholders can subscribe for additional shares by purchasing new Rights during the Trading Period. These Rights can be exercised to subscribe for the new additional shares only during the Second Offering Period.

How does the Offering take place?

The Offering will take place as it currently does by submitting Subscription Application Forms at any of the Receiving Entities' branches (mentioned in this Prospectus) and only during the First Offering Period and/or the Second Offering Period.

Are share certificate holders allowed to subscribe and trade?

Yes, they are allowed to subscribe. However, they will only be able to trade after depositing their certificates in investment accounts through the Receiving Entities or the Tadawul's depository center and submitting the requisite documents.

What happens if New Shares are subscribed for, and then the Rights have been sold after that?

If a Registered Shareholder subscribes, then sells the Rights without purchasing a number of Rights equal to the number of exercised Rights prior to the end of the Trading Period, then the Subscription Application will be rejected entirely, if all Rights have been sold, or partly in an amount equal to the number of sold Rights. In this case, the Registered Shareholder will be notified by its Receiving Entity and the rejected Offering amount will be refunded.

Are additional Rights purchasers entitled to trade them once again?

Yes, purchasers of additional Rights may sell them and purchase other Rights only during the Trading Period.

Is it possible to sell a part of these Rights?

Yes, the investor may sell a part of these Rights and subscribe for the remaining part.

Is it possible to subscribe during the weekend between the First and Second Offering Periods?

No, that is not possible.

Can the Eligible Person sell the Right after expiry of the Trading Period?

That is not possible. After the expiry of the Trading Period, the Eligible Person may only exercise the right to subscribe for the capital increase. In case the Right is not exercised, the investor may be subject to loss or decrease in the value of his investment portfolio.

What happens to Rights that are unsold or unsubscribed for during the Trading Period as well as the First and Second Offering Periods?

The Rump Shares resulting from a failure to exercise or sell these Rights will be offered during the Rump Offering, organized by the Lead Manager according to the standards set forth in this Prospectus.

Will there be any additional fees for the trading in Rights?

The same commissions applying to the shares will also apply on sale and purchase operations, without a minimum commission being imposed.

Summary of Key Information

This summary is a brief overview of the information contained in this Prospectus and does not contain all of the information that may be important to Subscribers. Recipients of this Prospectus should read the whole Prospectus before making a decision as to whether or not to invest in the Offer Shares. Certain terms contained in this Prospectus have been defined in the "Definitions and Abbreviations" section of this Prospectus.

Company Overview

Tabuk Agricultural Development Company is a Saudi joint stock company established in accordance with Royal Decree No. M/11, dated 07/10061403H (corresponding to 22/03/1983G) under Commercial Registration No. 3550005403, dated 15/08/1404H (corresponding to 17/05/1984G) issued from Tabuk. The current Share Capital of the Company is SAR 200,000,000 consisting of 20,000,000 ordinary shares with a nominal value of SAR 10 each, all of which are fully paid.

The Board of Directors recommended in its meeting convened on 07/09/1434H (corresponding to 15/07/2013G) after obtaining the necessary regulatory approvals. At the Company's Extraordinary General Meeting held on 15/03/1436H (corresponding to 06/01/2015G), the Shareholders have approved the Board of Director's recommendation to increase the Capital.

Company Activities

The main business of the Company is agricultural production, manufacturing of agricultural products and products marketing. In line with the Company's By-Laws and Commercial Registration, the Company is licensed to conduct the following activities: acquiring and reclaiming agricultural lands for utilization in founding agricultural projects; drilling and maintaining of water wells; founding agricultural vegetarian and animal projects; breeding and feedlot management, production of broiler and egg-laying chicken and building of projects; construction of plant nurseries and production of fruit tree nurseries, forest, ornamental, aromatic and medical seedlings; manufacturing agricultural, animal, vegetarian and fish products and its bi-products; acquisition of commercial agencies, retail and whole sale trade of agricultural materials, equipment and accessories; agricultural marketing by way of import and export of agricultural, vegetarian, animal and fish products and derivatives; purchase lands for construction of buildings for investment by way of sale or lease in favor of the company; construction of food products factories, dairy products, juices, water, meat, fodders and olive mills; Construction, management, maintenance and operation of industrial projects; Management and operation of agricultural projects, vegetarian and animal, gardening services, landscaping, irrigation systems and seed purification plants; Possessing, managing and operating grain silos and flourmills; wholesale and retail sale trading of foods, grains, crops, vegetables, fruits, forage, livestock, poultry and fish; and the Company may, in any way, have an interest in or subscribe to organizations or companies which operate similar businesses, or which assist the Company in achieving its goals. The Company may hold or have shares in these companies, or merge with them or acquire them. It may also have, in any way, interest in or subscribe to other companies, with no more than 20% of its free reserves and no more than 10% of the capital of the Company subscribed to, provided that total subscriptions shall not exceed the value of such reserves and the ordinary general assembly informed accordingly.

Company Incorporation Phases and Capital Developments:

Tabuk Agricultural Development Company has been established as a Saudi joint stock company under Royal Decree no. (M/11), dated 7/6/1403H (corresponding to 22/3/1983G) and Commercial Registration (3550005403), dated 17/5/1404H (corresponding to 17/5/1984G), with a capital of SAR 200,000,000 divided to 2,000,000 shares, with a par value of SAR 100 per share. Company shares were subscribed to as follows:

- Founding Shareholders subscribed for a total of 750,000 shares with a par value of SAR 100 per share, representing 37.5% of Company's Capital. Subscription amounts were settled during the founding year (1983G) in three payments:
- First Payment: SAR 18,750,000
- Second Payment: SAR 28,125,000
- Third Payment: 28,125,000

The 1,250,000 remaining shares, representing 62.5% of the Company's capital, were offered for public subscription at a par value and a share price of SAR 100. Subscription amounts were paid by the public in 1984 in two payments:

- The First Payment: SAR62,500,000
- The Second Payment: SAR62,500,000

In 1998, the share par value was amended from SAR100 to SAR50, while in 2006 the par value was amended from SAR50 to SAR10 to date.

The Company confirms that since establishment to the date of this Prospectus, has not increased its capital through rights issue.

Company's Vision

The Company's Vision is to increase its sales to SAR 200,000,000 and to increase its net operational profit to more than SAR 30,000,000 by the end of the Company five-year plan in 2015G.

Company's Mission

The Company's Mission is to be committed to providing high quality agricultural services and products that meet clients' needs in the consumption and industrial markets as required, while observing active social responsibility, reducing water consumption and complete conformity to the texts and spirits of Kingdom's laws.

Company's Values

- Credibility and integrity
- Serve our clients through complementary efforts between the Company different business units and sectors.
- Commitment to meet the requirements of all stakeholders in the Company
- Daily pursuit to continuous learning
- Respect of our multi-national employees cultures
- Diligence and perseverance
- Respect time value and optimum utilization of time in work performance
- Embracing changes and initiatives
- Providing safety environment for employees

Strengths and Competitive Advantages

- A highly qualified scientific and technical Management team.
- The Company ranches are located in Tabuk, Northwest of the Kingdom. Tabuk has fertile areas surrounded by mountains and hills. These areas are characterized by moderate climate, its fertile soil not to mention its fresh ground water, which makes its location ideal for the production of the finest types of fruits, vegetables, forage and wheat.

- Focus on the quality of products. In 2006G, the Company was awarded the International Specifications and Organization's certificate, (ISO). In 2009G, the Company was awarded the Hazard Analysis and Critical Control Point (HACCP) certificate from the Accreditation Authority known as "American Systems Registrar."
- The Company is innovative and creative in cold storage technology. Today, it possesses the latest storage facilities in the entire Middle East Region with capacity of 35 thousand tons.
- TADCO is the first Company in the Kingdom of Saudi Arabia that has divided its business into "Strategic Business Units". Each unit has its General Manager and complete team for production and sales, joint operational services sectors as well as financial affairs and human resources.
- TADCO is the first agricultural Company in the kingdom, which produces its products through utilizing a group of environment friendly materials to control disease transmitting pests without harming pests useful to the environment. The Company managed to reduce usage of chemicals which are dramatically harmful to the environment.
- Efficiency in the use of limited water resources in the Kingdom. More than 90% of the contracted consultants provide their advice annually with regard to rationalizing consumption of water in agriculture.
- TADCO is one of the biggest joint stock companies specialized in the production of vegetables (potatoes and onions) and nucleus stone fruits and grapes.
- TADCO is one of the Kingdom's two biggest companies that dominate processing of potatoes.
- TADCO is the first agricultural Company in the Kingdom that utilizes strategic management methodology through which it seeks to distinguish its products from other competitors' and to serve specific market tranches via products that meet their needs.
- TADCO is the only agricultural Company in the Kingdom that utilizes the balanced score card system to prepare, follow-up and implement the entire strategy as well as the business units strategies.

Summary of the Agricultural Businesses

This section outlines information about the agricultural sector in the Kingdom of Saudi Arabia. It focuses on the agricultural products manufactured by Tabuk Agricultural Development Company and the markets operating or investing therein as well. In addition, this section includes general information about the Saudi economy and the demographic status of the Kingdom.

Most of the information about the agricultural sector was extracted from the Market Study conducted exclusively for the Company by the Market Advisor; Ernst & Young (EY). As for the general information on the Saudi economy and the demographic status of the Kingdom, some information was extracted from the Market Study, while other was taken from general sources such as the reports issued by the Saudi Arabian Monetary Agency or those issued by different competent ministries and government agencies.

It is worth mentioning that the accuracy and completeness of information contained in this section were not verified by other parties, noting that the accuracy and completeness of information depend strongly on its basic sources and the statistical research approaches used for compiling, summarizing and analyzing such information.

The Saudi economy is deemed one of the world's largest economies, as it ranks in the 20th place among the world economies. This adds to the relative importance of the Kingdom, which comes on top of the oil exporting countries. Moreover, it is most likely that the Saudi GDP will increase throughout the current period for pragmatic reasons, namely, the ability to enhance oil production and maintain high oil prices, in addition to the opportunities of increasing expenditure levels.

The Saudi GDP is considered the biggest amongst all Arab countries. This partially explains the membership of the Kingdom of Saudi Arabia in the G20, which comprises the world's largest economies. The Saudi Arabia economy is also considered the largest in the Middle East, contributing to about 24% of the GDP of the region. According to the Market Study forecasts, extracted from the Global Insight reports, the contribution rate of the Saudi Arabia GDP to the GDP of the region shall remain stable at about 24% up to the end of this decade.

In the same context, the contribution of the Saudi economy to the GDP of the GCC countries was about 42% in 2011G. It is expected that this ratio will remain stable up to the end of this decade.

The Kingdom of Saudi Arabia is deemed one of the most countries that suffer from desertification in the world with an estimated cultivated area of 1.5% of the total area of the Kingdom. Nevertheless, large areas of the desert have been converted to productive agricultural lands for many different kinds of agricultural crops. This was achieved due to the incentives provided by the Government to the agricultural sector, as the Government

offered long-term interest-free loans, services and technical support, as well as other incentives such as free seeds and fertilizers, water with reduced cost, fuel, electricity and exemptions from duties imposed on imports of raw materials and equipment.

It is worth mentioning that in spite of all the developments witnessed by the agricultural sector in the Kingdom, the agricultural production contributes to 1.9% only of the Kingdom's GDP throughout the period 2011G - 2013G. This is an expected situation given the size of the relatively large Saudi economy and the fact that such an economy depends heavily on the oil sector, which represents 45% of the Kingdom's GDP.

The table below depicts the Kingdom's production of a number of selected crops produced by (TADCO).

The Kingdom's production of the agricultural crops produced by (TADCO) during 2006-2011G.

Agricultural Production (Ton)	2006	2007	2008	2009	2010	2011
Total production of Grains	3,042,477	2,966,953	2,438,241	1,592,405	1,570,944	1,418,160
Wheat	2,630,394	2,558,502	1,985,556	1,152,447	1,349,389	1,184,454
Total production of vegetables	2,616,555	2,596,188	2,696,426	2,676,354	2,521,450	2,647,952
Onions	58,187	53,736	56,138	61,687	93,36	104,504
Carrot	52,245	48,254	50,573	48,704	66,655	57,034
Total production of roots and tubers	468,596	463	446,953	444,138	495,1	-
Potato	468,596	462,999	446,953	444,138	398,993	404,679
Total production of fruits	1,549,070	1,581,968	1,615,699	1,619,438	1,548,792	1,609,182
Grapes	136,235	144,43	161,516	160,177	138,576	139,327
Total production of oil craps	3.5	3,486	3,417	3,328	2.32	-
Alfalfa	1,580,893	1,781,825	1,963,386	1,999,703	2,528,441	2,550,789

Source: Organization of food and Agriculture and Ministry of Agriculture..

On the level of the Kingdom's foreign trade of agricultural products, the Kingdom's imports of wheat amounted to about 1,619,540 tons, while the Kingdom's exports of the same crop amounted to about 2,386 tons of the year 2010G, thus posting a trade deficit of 1,617,154 tons. On the other hand, the Kingdom's imports of onion, garlic and leek amounted to 350,082 tons in 2010G compared to the exports amounting to 70,737 tons, reflecting a trade deficit of nearly 279,345 tons. As for the Kingdom's imports of carrots, turnip and beets, they amounted to 21,820 tons in the year 2010G compared to the exports amounting to 5,328 tons, reflecting a deficit of 16,492 tons. The Kingdom's imports of potatoes amounted to 62,037 tons in 2010G, while its exports of potatoes amounted to 135,488 tons, reflecting a trade surplus of 73,451 tons.

Summary of the Company's key Financial Information

The following summarized financial statements should be read with the audited financial statements including the accompanying notes for the financial years ended 31 December 2011G, 2012G and 2013G, and the reviewed financial statements for the first half of 2013G and 2014G.

Statement of Income (SAR'000)	2011	2012	2013	First half 2013	First half 2014	CAGR 2011 -2013
Sales	171,667	156,079	120,988	49,327	49,789	(16,10%)
Cost of sales	(90,689)	(86,049)	(68,889)	(28,944)	(31,171)	(12,80%)

Statement of Income (SAR'000)	2011	2012	2013	First half 2013	First half 2014	CAGR 2011 -2013
Gross profit	80,978	70.03	52,099	20,383	18,618	(19,80%)
Marketing expenses	(31,439)	(36,813)	(34.12)	(10,854)	(12,508)	4.20%
General and administrative expenses	(14.39)	(18,342)	(19,057)	(5,008)	(5,331)	15.10%
Net operating profit	35,149	14,875	(1,078)	4,521	779	-
Investment gain (loss)	-	(3,702)	(13,443)	0	1,614	-
Other revenue	546	1.4	1,237	550	348	50.50%
Net profit prior to zakat	35,695	12,573	(13,284)	5.07	2.74	-
zakat	(2,588)	(2,635)	(1,555)	(1,059)	(495)	(22.50%)
Net year profit	33,107	9,938	(14,838)	4,012	2,245	-
Earnings per ordinary share	1.66	0.5	(0.74)	0.2	0.11	-

Source: Audited financial statements for 2011G – 2-13G and the reviewed statements for the first half of 2013G and 2014G

Statement of Financial Position (SAR'000)	2011	2012	2013	First half 2013	First half 2014	CAGR 2011 -2013
Total current assets	131,273	119,997	92,198	112,36	124,651	-16.20%
Total non-current assets	318,863	328,626	340,407	338,098	337.4	3.30%
Total Assets	450,136	448,623	432,605	450,458	462,051	-2.00%
Total current liabilities	57,319	60,791	59,196	58,893	85,791	1.60%
Total non-current liabilities	21,675	22,909	25,604	26,338	26.21	8.70%
Total liabilities	78,994	83.7	84.8	85,231	112,001	3.60%
Total Shareholders' Equity	371,142	364,923	347,805	365,227	350.05	-3.20%
Total Liabilities and Shareholders' Equity	450,136	448,623	432,605	450,458	462,051	-2.00%

Source: audited financial statements for 2011G – 2013G and reviewed financial statements for first half of 2013G and 2014G

Cash Flows (SAR'000)	2011	2012	2013	First half 2013	First half 2014	CAGR 2011 -2013
Cash Flows From Operating Activities	66,921	52,287	18,587	)14,728(	8,049	(11.80%)
Cash Flows From Investments	)69,928(	)33,468(	-1,997	23,438	)15,964(	-
Cash Flows From Financing	3,041	)18,864(	)17,594(	)7,882(	10,279	-

Source: audited financial statements for 2011G – 2013G and reviewed financial statements for first half of 2013G and 2014G

Financial Indicator	2011	2012	2013	First half 2013	First half 2014
Average collection period (day)	95.6	46	29.2	121.36	58.47

Financial Indicator	2011	2012	2013	First half 2013	First half 2014
Inventory turnover (day)	155.7	202.4	305.8	171.55	164.25
Accounts payable payment period (day)	28.7	29.1	51.8	96.4	68.2
Cash conversion cycle (day)	222.5	219.3	283.2	418.7	323.4
Current ratio	2.3	2	1.6	1.9	1.45
Quick ratio	1.6	1.2	0.6	0.66	0.51
Liabilities to equity	21.30%	22.90%	24.40%	23%	32%
Liabilities to assets	17.50%	18.70%	19.60%	19%	24%
Return on equity	8.90%	2.70%	(4.30%)	1.09%	0.64%
Return on assets	10.40%	3%	(4.40%)	0.89%	0.49%
Sales growth rate	14.10%	(9.10%)	(22.50%)	(0.40%)	0.90%
Total Margin	47.20%	44.90%	43.10%	41.30%	37.40%
Margin from major operations	20.50%	9.50%	(0.09%)	9.20%	1.60%
Net profit margin	19.30%	6.40%	(12.30%)	8.10%	4.50%
No. of Shares (1000 shares)	20	20	20	20	20
Capital (SAR'000)	200	200	200	200	200
Share Earnings net of Zakat and Income Tax (SAR/Share)	1.66	0.5	(0.74)	0.08	0.09

Source: Falcom's Analysis of the Financial Statements

Summary of Risk Factors

Risks relating to the Company's Operations

- Dependence on Key Personnel
- Availability of Labors
- Use of leased Workers
- Dependence on Key Distributors
- Dependence on Major Suppliers
- Dependence on customers
- Low Sales and Excess Stock of Forage
- Foreign investments exposed to exchange rate fluctuations
- Laws and Regulations related to Both Agricultural and Industrial Sectors
- Risk of Unexpected Interruption of Work
- Risk of Inventory Inflation and Damage of Products
- Risks of Storage of Company's Products and Crops
- Import and Export Risks
- Spread of diseases and epidemics
- Risks relating to Quality and Customer Tastes
- Seasonality of Works and Volatility of Weather Conditions
- Acquisition of land granted by the Government
- Land eligible for the cultivation

- Water Resources
- Reduction or stop of support to agricultural sector
- Stop buying locally produced wheat
- High Prices of Production Input, Materials and Raw Materials
- High Wages of Staff and Workers
- Increase of Products Transportation and Marketing Costs
- Licenses and Permits
- Saudization
- Future Capital Liabilities and Financing
- Litigations

Name of the Company and its Trademarks

- Insurance
- The Company's investments
- Financial Transactions with Clients and Other Parties
- Non-compliance with Accounting Standards

Risk relating to Future Projects

- Delays in Project Implementation
- Availability of Infrastructure Services necessary for Establishment and Implementation of Project
- Non-availability of Necessary Land for Establishment of New Projects
- Risk of Finding Clients for New Products
- Excess of Capital Costs for Implementation of Projects than Expected
- Changes in Legal and Tax policies
- Political Situation
- Profitability of Projects
- Limited Financial Data

Risks related to Compounded Forage Products

- Other Operational Risks
- Risks relating to Market and Sector in which the Company Operates
- Kingdom's Economy and Global Economy
- Competition
- Restructuring of the Market

Risks Relating to Ordinary Shares and New Shares

- Control by Major Shareholders
- Dividends
- Potential Fluctuations in the Share Price
- Potential Fluctuations in the Price of the Rights
- Lack of Demand for the Company's Shares and Rights
- Speculation Risk Relating to the Rights
- Potential dilution of ownership
- Failure to Exercise the Rights in a Timely Manner
- Risks Relating to Dividends Payables

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1. Definitions and Abbreviations

The following table presents a table of abbreviations and expressions / idioms used in this Prospectus:

Term	Definition
CAGR	Compounded Annual Growth Rate
SOCPA	Saudi Organization for Certified Public Accountants
HACCB	A preventive system that deals with food safety by identifying threats that threatens its safety, whether biological, chemical or physical, and then determines the critical points that need to be controlled to ensure product safety
(SBU) model	Strategic Business Unit model
TADCO, or The Company	Tabuk Agricultural Development Company
Management or Senior Management	The management of TADCO
The Offering	The current Rights Issue Offering of TADCO through which the Share Capital is increased
Offer Shares	(25,000,000) Ordinary Shares in TADCO
Eligibility Date	Close of trading on the EGM voting on the increase in the Company's capital according to the Board recommendation on 15/03/1436H (corresponding to 06/01/2015G).
First Offering Period	From 22/03/1436H (corresponding to 13/01/2015G), until the end of the day on 02/04/1436H (corresponding to 22/01/2015G), during which only Registered Shareholders may exercise their Rights to subscribe (in whole or in part) for the New Shares up to the number of Rights deposited in their accounts after the EGM. The subscription for the New Shares will be approved, subject to the number of Rights available in the relevant account at the end of the Trading Period. The First Offering period coincides with the Trading Period during which Registered Shareholders and the Public may trade in the Rights.
Trading Period of Rights	Will commence on 22/03/1436H (corresponding to 13/01/2015G) and will last up to and including 02/04/1436H (corresponding to 22/01/2015G). Registered Shareholders and the public may trade in the Rights during this period.
Second Offering Period	From 05/04/1436H (corresponding to 25/01/2015G), until the end of the day on 07/04/1436H (corresponding to 27/01/2015G), (the "Second Offering Period"), during which all Rights holders whether Registered Shareholders or purchasers of Rights during the Trading Period (referred to collectively as "Eligible Persons", and each an "Eligible Person"), may exercise their Rights to subscribe. Offer Shares may not be traded during this period.
Rump Shares	The remaining Shares that have not been subscribed for in the first and second phases
Rump Offering	Rump Shares will be offered to a number of institutional investors (referred to as "Institutional Investors"), provided that such Institutional Investors submit offers to purchase the Remaining Shares. Receipt of such offers will start at 10:00 AM on 12/04/1436H (corresponding to 01/02/2015G), until the following day at 10:00 AM on 13/04/1436H (corresponding to 02/02/2015G). This offering will be referred to as the "Rump Offering". The Rump Shares will be allocated to Institutional Investors in order of the price of the bids with the highest first until all of the Rump Shares have been allocated, with the Rump Shares being proportionally divided among Institutional Investors that tendered bids at the same price. Fractional Shares will be added to the Rump Shares and treated in the same manner.
Eligible Persons	Eligible Persons includes both Registered Shareholders and purchasers of Rights during the Trading Period.
Exercising of Rights	Application for subscription to the New Shares by the eligible persons

Term	Definition
Institutional Investors	Includes: 1- Publicly Offered Investment Funds established in Saudi Arabia and investing in Saudi Securities provided that the Fund terms and conditions allow and the terms and conditions of the Investment Funds Regulations are observed. 2- Persons authorized by CMA to deal in securities as principal provided that the financial adequacy requirements are observed. 3- Publicly listed companies via their portfolios managed by authorized persons and the banking and the publicly listed insurance companies in compliance with CMA regulations provided that their subscription shall not involve any conflict of interest.
Underwriting Agreement	The underwriting agreement between the Company and the Underwriter
Receiving Entities	The agents that receive the subscription applications from individual subscribers
Official Gazette	Um Al Qura, the official Gazette of the Government of Saudi Arabia
EGM	Extraordinary General Assemble Meeting of the Company
Government	The Government of Saudi Arabia
Offer Price	SAR 10 per Offer Share
Fiscal or Financial Year	The financial year ending on 31 December of every calendar year
Share	An Ordinary share of the Company with a nominal value of ten Saudi Arabian Riyals (SAR 10) each
Saudization or Nationalization	Labor regulations in the Kingdom that oblige Companies to employ a certain percentage of Saudis
CMA or the Authority	Capital Market Authority of Saudi Arabia
Person	A natural person
Financial Statements	The audited and reviewed financial statement of TADCO
Listing Rules	The Listing Rules issued by the CMA pursuant to resolution No. 3-11-2004G, dated 2/8/1425H (corresponding to 4/10/2004G) based on the Capital Market Regulations promulgated under Royal Decree No. M/30 dated 2/6/1424H (corresponding to 31/7/2003G)
Nominal Value	SAR 10 per Share
Offering Proceeds	Total value of subscribed shares
Net Offering Proceeds	Net value of Offering Proceeds after deduction of Offering Expenses
Underwriter	Falcom Financial Services Company
Lead Manager	Falcom Financial Services Company
Financial Advisor	Falcom Financial Services Company
Board or Board of Director	The Board of Directors of the Company
Shareholder or Shareholders	The holders of the Shares as at any particular time
Advisors	The Company's advisors whose names appear on pages F & G
Subscriber	Anybody who subscribes in the Offered Shares

Term	Definition
KSA, Saudi Arabia, or the Kingdom	The Kingdom of Saudi Arabia
CMA or the Authority	Capital Markets Authority of Saudi Arabia
Exchange or Tadawul	The Saudi Arabian Stock Exchange
By-Laws	The Company's by-laws
Companies Regulations	The Companies Regulations issued by Royal Decree No. M/6, dated 22/3/1385H, as amended
Field Crops Unit	It is a strategic business unit for the production of field crops such as: (wheat - grains of all kinds - green fodder - silage - wheat straw).
Green areas	Arboretum/nursery of the Company, which is producing fruit trees and ornamental trees saplings, and implementation of commercial contracts for afforestation/planting and cultivation of green spaces.
Compounded Forage	Animal food consisting of mixtures of raw materials and feed additives, and its components are mixed in specific proportions to fit in with the needs of the targeted animal, whether milking cows or dry cows or calves, fattening or breeding sheep or sheep fattening or camels and others. Compounded fodders are processed in various forms finger type (cylindrical shape resembles a finger), cubes, etc. Different types of grains, dry and oily, represent the main component of compounded forage.
Subscription Application Form	The application form submitted by the subscriber to purchase the offered shares
Prospectus	This document prepared by the Company in relation to the Offering
Products	Products and services Provided by the Company
Risk Factors	Potential signs and indicators that must be known and provided for prior to taking an investment decision
Corporate Governance Regulations	The corporate governance regulations in KSA issued by Capital Market Authority under resolution No 1/212/2006G, dated 21/10/1427H (corresponding to 13/11/2006G) and subsequent amendments.
Related Party	As intended in the Listing Rules, related parties include the following: 1- Issuer's affiliates 2- Issuer's major shareholders. 3- Issuer's Directors and senior executives. 4- Issuer affiliates' directors and senior executives. 5- Issuer major shareholders' directors and senior executives. 6- Issuer's Legal Counsel and Financial Advisor. 7- Any relatives to the persons referred to in points (1, 2, 3, 4, 5, and 6) above. 8- Any Company controlled by any person referred to in points (1, 2, 3, 4, 5, 6, and 7) above.
Control	The ability to influence the actions or decisions of another person, directly or indirectly, alone or in combination with a relative or affiliate, through any of the following: a) Possession of ratio equals to 30% or more of the voting rights in the Company. b) The right to appoint 30% or more of the members of the management team, and the word "controlling" shall be interpreted accordingly.
Working day	Any day except Fridays, Saturdays and public holidays, in which the Receiving Entities open up for normal business activities.

2. Risk Factors

In considering an investment in the Rights Issue, prospective investors should carefully consider all the information contained in this Prospectus, particularly the risk factors described below. The Company's business, financial position, results of operations and cash flows could be adversely and materially affected if any of the risks, which are identified as material, or if any other risks that the Management has not identified or that it currently considers not to be material, actually occur or become material risks. The occurrence of any of such risks may decrease the value of the Offer Shares in the market, and accordingly prospective investors may lose all or part of their investment in the Offer Shares

The investment in the Rights Issue may be appropriate only for those who have the ability to assess risks and benefits of this investment and have sufficient resources to bear any loss that may result from such investment. The shareholder who has any doubt about the action he has to take, should refer to a financial adviser licensed by the Capital Market Authority (CMA) to give advice on the purchase of shares and other securities.

The order in which the risks and the uncertainties are listed below is not intended to reflect their likely significance. The risks described below are presented in an order that does not reflect their likely significance. Additional risks might exit, including those currently unknown, which could be material or the Company considers nonmaterial, and could have the effects described above.

2 - 1 Risks relating to the Company's Operations

Dependence on Key Personnel

The Company is dependent upon the abilities and experiences of its key personnel, who have been working with it for long time and gained extensive experience in development of its business, objectives and strategies. Thus, the success of the Company in its operations and achievement of professional, economic and financial objectives mainly depends on its ability to maintain such employees, attract and recruit most qualified personnel who have good reputation, experience and qualifications to work with. Failure of the Company to maintain these employees or attract others in case they leave the work, might adversely and substantially affect its future operations, financial position and operating results.

Availability of Labors

The Company's operations depend on the availability of adequate agricultural labors to cover the needs of the Company's business. Therefore, lack of required manpower and difficulty and high cost of recruiting labors from abroad would have a negative impact on the Company's business, financial condition and results of operations.

Use of leased Workers

The Company use hired agricultural workers to compensate shortage of agricultural labors under the sponsorship of the Company (the estimated shortage of agricultural labors is about 20% of total personnel). Only during harvest times the Company needs to increase its load of agricultural labor to an average of 750 to 800. Notably, harvest time of some crops coincides with each other such as vegetables and fruit.

This causes increase in salary costs, as employment contracts are signed to lease these workers from licensed companies specialized in supply of labors and bear the regulatory responsibility towards these employees, and the Company bears no liability with respect to the hired labors. However, continuation of existing shortage may force the Company to continue searching for labors and hiring them, causing continued increase in salary costs. Such increase, in addition to failure to ensure continuity of employment contracts with these labors and their unavailability, may adversely affect the Company's business and operating results.

Table 2-1: Monthly average of wages for the Company employees and borrowed workers:

Description	2011			2012			2013			1st Half 2014		
		Total Cost (SAR)	Labor's Average Cost (SAR)	Average Number	Total Cost (SAR)	Labor's Average Cost (SAR)	Average Number	Total Cost (SAR)	Labor's Average Cost (SAR)	Average Number	Total Cost (SAR)	Labor's Average Cost (SAR)
Company's Labors	251	4,875,752	1,619	189	3,666,507	1,617	142	3,857,479	2,264	149	1,924,871	2,153
Leased Labors	312	8,752,442	2,338	512	14,652,266	2,385	450	13,202,831	2,445	270	4,012268	2,477
Total/ Average	563	13,628,194	3,957	701	18,318,773	4,001	592	17,060,310	4,709	419	5,937139	2,362

Source: TADCO

Dependence on Key Distributors

The Company carries out distribution of its products directly, through a number of key distributors, (2) two in the Kingdom of Saudi Arabia and (3) three outside (as shown in the table below). It has contractual relations with them that are periodically renewed, where they renegotiate about sales commissions and certain agreed upon conditions. The Company's relationship with distributors may be adversely affected and the Company may not be able to negotiate and get contractual terms in favor of the Company's interest.

Also in case the Company is unable to sign new contracts with customers for any reason, its future operations, financial condition and operating results would be adversely affected.

Table 2-2: Key Distributors of the Company

SN	Name	Sales Percentage	Country
1	National Biscuits & Confectionary Company Limited	9%	KSA
2	Ghurm Saleh Al-Ghamdi Establishment	7%	
3	Marmoum Dierah for Vegetable and Fruits	4%	UAE, (Dubai)
4	Abu Khalifah Trading Co.		Qatar
5	Nader & Ibrahim Hasan Sons Co.		Kingdom of Bahrain

Source: TADCO

The Company may fail to maintain contractual relationships with these key distributors, due to some issues that may arise as follows:

- Upon expiry of the contracts, the Company may not be able to renew or key distributors may not desire to renew them.
- Amendment of terms of the contract not to the best financial interest of the Company.
- Lack of Company's ability to meet the terms of a contracts, leading to termination or change of the conditions.
- Terminate the contract by mutual agreement of both parties.

Such risks or failure of the Company to diversify its distributors base will negatively and significantly affect the Company's future operations, financial condition and operating results.

Dependence on Major Suppliers

The Company depends on major suppliers for supplying some raw materials; for example, the Company relies on fertilizers supplied from SABIC and fuel supplied from Saudi Aramco. Below are some of the major suppliers of the Company, materials supplied and their value over the historical period:

Table 2-3: The Company's major suppliers

Year	Supplier	Material	Value (SAR)
2011G	Aramco	Petroleum products	10,23123
	SABIC	Fertilizer	7,503,574
	Agro Supplies & Development Co.	Chemicals	1,505,349
	Al-Yasin Co.	Agricultural pesticides	1,011,148
	Al-Khurayef Co.	Equipment, spare parts and maintenance	1,009,141
	Al-Zahid Co.	Equipment, spare parts and maintenance	3,914,569
2012G	Aramco	Petroleum products	10,424,039
	SABIC	Fertilizer	6,101,152
	Agro Supplies & Development Co.	Chemicals	3,150,027
2012	Al-Yasin Co.	Agricultural pesticides	1,127,234
	Al-Khurayef Co.	Equipment, spare parts and maintenance	1,889,823
	Al-Zahid Co.	Equipment, spare parts and maintenance	5,438,940
2013G	Aramco	Petroleum products	8,519,004
	SABIC	Fertilizer	9,063,054
	Agro Supplies & Development Co.	Chemicals	4,274,309
	Al-Yasin Co.	Agricultural pesticides	1,712,912
	Al-Khurayef Co.	Equipment, spare parts and maintenance	2,460,605
	Al-Zahid Co.	Equipment, spare parts and maintenance	2,788,033

Source: TADCO

Termination of supply agreements, lack of Company's commitment with the terms of the agreements, any change in the terms, prices or quality of supplied materials, or sudden interruption of supplies for any reason will negatively and directly affect the Company's activities and operating results.

Dependence on customers

Performance of the Company depends on its ability to sell its products to its customers, both individuals and companies. In case the Company fails to maintain relations with its customers, its future financial condition and operating results will be adversely affected. It should be noted that wheat crop is completely sold out to the Government. Wheat sales accounted for 66%of the total grain sales as in 2013G, and this ratio is declining by reducing wheat sales in line with the Council of Ministers Resolution No. 335, which stipulated reduction of quotas for wheat farmers by 12.5% annually so that 2015G will be the deadline for allocation and receipt of

quotas from farmers. By decrease of wheat sales, grain sales will decrease and their ratio of the Company's total sales will decrease accordingly. The following table shows the wheat and grain sales as follows:

Table 2-4: Wheat and Grain Sales

SAR 000's	2011	2012	2013	1st Half 2014
Wheat sales	33,379	24,977	16,696	398
Grain Sales	41,516	30,165	25,385	3,553
Company Sales	171,667	156,079	120,988	49,789
Wheat sales ratio of total grain sales	80%	83%	66%	11%
Wheat sales ratio of Company's total sales	19%	16%	14%	1%
Wheat sales to government	33,379	24,977	16,696	398
Ratio of total wheat sales	100%	100%	100%	100%

Source: TADCO

Also, refrain of two major customers, Al-Safi and Nada, from purchasing a share of alfalfa crop played a major role in the decline of the Company's sales of alfalfa for the year 2013G (see below "Low Sales and Excess Stock of Forage").

Low Sales and Excess Stock of Forage

Significant reduction in forage sales in 2013G primarily due to reduced forage areas in line with the Company's strategy and response to policies and directives of the Kingdom for rationalization of groundwater consumption. Forage sales used to constitute 29.5% of total sales in 2011G and fell to 8.1% in 2013G.

Another reason was the good rainy season, which led to a boom in natural grassland making livestock owners reluctant in purchasing forage due to its availability in natural (open) pastures, and consequently that led to a decline in market prices. Therefore, the management decided to stop selling at lower prices, and that led to increase of alfalfa stock.

The following table illustrates the forage and alfalfa sales and their ratios of total sales:

Table 2-5: Alfalfa sales

SAR 000's	2011	2012	2013	1st Half 2013	1st Half 2014
Total Alfalfa sales	39,389	40,938	7,892	2,314	9,347
Total Forage Sales	50,691	42,419	9,76	3,248	10,438
Company's Total Sales	171,667	156,079	120,988	49,327	49,789
Forage sales ratio of Company's total sales	29.50%	27.20%	8.10%	6.60%	21.00%
Alfalfa sales ratio of total forage sales	77.70%	96.50%	80.90%	71.20%	89.50%
Alfalfa sales ratio of Company's total sales	22.90%	26.20%	6.50%	4.70%	18.80%

Source: TADCO

Alfalfa formed 26.2% of the Company's sales in 2012G, and fell to 6.5% in 2013G. The frequency of those factors affecting alfalfa sales, and also the continued reduction of forage farming in line with Kingdoms directives for rationalization of groundwater consumption will affect the Company's sales. Forage sales accounted for 29.5% in 2011G and fell dramatically to about 8.1% in 2013G, and thus affected the Company's total sales.

Also two major clients of the Company, Nada and Al-Safi companies, refrained from purchasing their share of alfalfa crop and that played a major role in the decline of the Company's sales of alfalfa for the year 2013G (due to its availability in the open pastures), resulting in a decline of the Company sales for that year by about SAR 27.3 million. The following table shows the share of the two companies of alfalfa sales.

Table 2-6: Nada and Al-Safi share of the Company sales of alfalfa

Details	2011	2012	2013	1st Half 2013	1st Half 2014
Nada Co.	8%	5%	-	-	-
Al-Safi Co.	0.29%	12.40%	0.05%	0.13%	-

Source: TADCO

It should be noted that sales and prices of forage and alfalfa are negatively affected by seasons of rain, good pastures, and frost, which lead to fluctuations of the selling prices and impact on the Company's sales and level of stock. When the stock stays for long period, it might get damaged, and accordingly result in losses to the Company. Alfalfa and other forages consume large amounts of water and thus rationalizing groundwater in line with the Kingdom's strategy negatively affect the cultivation and sales of forage and alfalfa, and thus adversely affect the Company's business and operating results.

Foreign investments exposed to exchange rate fluctuations

The risk of currency exchange rates affects the Company when it has trade relations with parties outside the Kingdom where they require dealing with them in their own currency when conducting sale and purchase transactions. Also, the value of Company's foreign investments is affected by the changes in foreign currency exchange rate. Presently, the Company does not have a hedge policy against exchange rate volatility, as the external financial transactions of the Company are made in Saudi Riyals through sale of fruit to GCC countries. It should be noted that the Company has investments outside the Kingdom in Egypt represented by Jannat Company's investment in Rakha'a Company, in addition to investments in Kuwait Finance House funds (see "Management's Discussion and Analysis of the Financial Condition and Results of Operations"). The following table shows the value of foreign investments of the Company:

Table 2-7: Fluctuation of Interest Rates, Currency Exchange Rates and Financing Costs

SAR 000's	2011	2012	2013	1st Half 2013	1st Half 2014
Investments in Jannat Co.	11,937	10,806	10,106	11,492	10,106

Source: TADCO

For investment in Jannat Agricultural Co., the volatility in exchange rates, among other major reasons, led to a decline in the value of investment as well as losses in activity.

Rakha'a Co. has obtained a loan of SAR 100 million from Saudi Development Fund, where TADCO guaranteed SAR 18 million (see "Management's Discussion and Analysis of Company's Financial Position and Results of Operations"). Rakha'a Company is repaying the loan in Saudi Riyals. Due to decline in the Egyptian currency in recent times because of the political situation, the value of the loan has increased.

Therefore, the Company is exposed to risks relating to foreign currency exchange rates and any major unexpected fluctuations in exchange rates will adversely affect its financial performance.

Also, significant increase of financing costs, especially the growth of Company's funding, will expose the Company to incur high financing costs, and accordingly will affect its future profitability and ability to meet the repayment obligations to funders.

Laws and Regulations related to Both Agricultural and Industrial Sectors

The agricultural and industrial sectors in which the Company operates are of the most important sectors in the Kingdom and they are subject to several regulations, rules and instructions applied and supervised by Ministry of Agriculture and Ministry of Commerce and Industry, including, but not limited to, the agricultural quarantine regulations, veterinary quarantine regulations and pesticides regulations which regulate utilization, production, import, trading of pesticides and fertilizers; soil conditioners regulation which organizes the

processes of utilization, production, import and trading of fertilizers; pastures and forests regulations which regulates forest and pasture development and protection from exploitation and utilization; others related to poultry, organic farming, warehouses, greenhouses and trading of agricultural machineries. Since both ministries seek to apply the best standards on companies operating in these sectors, they may change the regulations and instructions issued from time to time. The legislation and decisions issued by the legislative bodies and other regulators are always subject to change and update according to the political, economic, technical, environmental and international factors, which may lead to influence the activity and productivity of these companies.

For example, but not limited to, the Minister of Agriculture issued a Ministerial Decree No. 335 dated 09/11/1428H (19/11/2007G) stipulated to stop gradually buying locally produced wheat in a maximum period of eight years, ending by elapse 2015G, on an annual rate of 12.5% . By the end of the specified period, the Company could not continue production of wheat, which constitutes one of its most important products. In case, the Company is unable to produce and increase alternative crops, the above resolution would have a negative impact on its business, financial condition and results of operations.

In addition, there is a tendency to stop cultivation of green forage during the next three years. Indicators points to government's intention, at the process of applying policies, to rationalize consumption of water, to gradually stop green forage cultivation over the next three years.

Compliance with such legislation and regulations requires amendment of the Company's activities or restriction of its developments, operations, sales, customer base or products, or increase the opportunity for more competition. Any change to the regulatory environment governing the Company could materially and adversely affect its operations, by limiting growth of revenues or suspending its work or license. Based on the foregoing, the Company may consider that modification of its products, services or operations is necessary in order to work in accordance with these rules and regulations which may have a negative impact on the Company's earnings and cash flows.

Non-compliance with these legislations and regulations may expose the Company to violations, fines or penalties imposed by regulatory authorities, which could materially and adversely affect Company's operations, financial condition and operating results.

Risk of Unexpected Interruption of Work

The Company's income mainly depends on the operational processes of agricultural and livestock activity. Thus, occurrence of any interruption in these operations for any reason such as issuance or change of any government regulations may lead to interruption of Company's business and thus adversely and materially affect the Company's revenues, profits, operations, financial condition and operating results.

Risk of Inventory Inflation and Damage of Products

The principal activity of the Company is production and distribution of fruit, vegetables, forage and other agricultural products that require special attention and storage for limited periods. Although the Company owns one of the largest cooled warehouses in the Kingdom in addition to grain silos, which accommodate the quantities produced until they are supplied, as well as all measures taken by the Company to protect products from bad weather. However, in case sale and distribution of these products are delayed, or if they are exposed to damage during the stowing and packaging process, or damaged before they are sold, the Company will incur loss as a result of such damages.

It is also worth mentioning, that the Company's stock value of alfalfa reached SAR 14.8 million as of June 30, 2014G (it was SAR 16 million at March 31, 2014G). That is due to climate changes that led to natural grow of alfalfa, causing customers to refrain from purchasing it due to its availability on natural (open) pastures. The Company was unable to sell that stock at the favorable prices during that period (see "Decrease of Forage Sales, Decrease and Increase of Inventory" above), which in turn negatively affected the Company's operations, financial condition and operating results.

Risks of Storage of Company's Products and Crops

The Company has a number of products that need to be stored; namely vegetables (potatoes and onions) and different kinds of fruits (peaches, nectarines, apricots, pears, plums, grapes). The following are the most prominent storage operations undertaken by the Company:

Table 2-8: Storage Mechanism

Products	Period	Method of Storage
Grains	Grain is produced in accordance with the quota prescribed by the Kingdom's Silos. Wheat is usually supplied within two months from the end of the harvest season. Yellow corn (maize) is produced based on contracts where delivery period does not exceed six months. The timing of grain storage in Company-owned silos allows storage for long periods extending more than three years.	Company Silos
Forage	As noted above, production is made for immediate sale which is implemented under contracts or through direct sales. However, in case of recession, precautions are observed to cover the products by plastic covers to provide protection in case of rain. There is no problem for the product to stay for long periods extending for years.	In the fields next to the pivot irrigation units (sprinkler)
Fruits and vegetables	Storage of fruit products is for up to 6 months, and for vegetables (onions, potatoes) is from 6 months to one year.	Cooled Warehouses
Olive oil	There is not specific period of storage, where product is subject to periodical laboratory analysis, and historically there is no prove that there is any deterioration in the quality of the product.	Warehouses

Source: TADCO

These products and crops are perishable, so if the Company fails to properly store them, it would negatively and substantially affect the Company's production and business and thus adversely affect its earnings, financial condition and operating results.

Import and Export Risks

Products exported or imported by the Company to and from the Kingdom of Saudi Arabia may suffer damages during transportation and logistical storage between exporting and importing countries, as well as changes that might arise in international relations or any political events that would adversely and substantially affect production of the Company and its business and accordingly its financial condition and operating results.

Spread of diseases and epidemics

Any spread of diseases and epidemics in crops could affect the Company's sales and profits. Also, some trans pests such as desert locusts may arise, and in case of spread of any disease or epidemics that the Company could not control, it would negatively and substantially affect the Company's production and business, and thus would negatively affect its earnings, financial condition and operating results.

Risks relating to Quality and Customer Tastes

The Company's ability to market and sell its food products depends to some extent on its ability to anticipate food tastes and habits of its customers and offer high quality products that satisfy them. These tastes are also subject to change, so any failure to anticipate or identify these changes and respond to them by the Company leads to lower demand for Company's products, resulting in lower sales and operating profits, and thus negatively affect its operations, financial condition and operating results.

Seasonality of Works and Volatility of Weather Conditions

The nature of the Company's sales and production in general is subject to seasonal fluctuations. Therefore the Company's revenues may be affected by the seasonal vagaries of supply and demands of products that affect the selling prices and size of demand, and also affect the stock size (refer to "Risks relating to Inventory Inflation and Damage of Products"). On the other hand, the bad weather conditions (including natural disasters such as droughts, floods and drought) may hinder or limit the activity of the Company and may cause damages to its products, which will directly and adversely affect its business, financial condition and results of operations.

Acquisition of land granted by the Government

In 1405H, a piece of land of an area of 35,000 hectares, located along Tabuk-Beer bin Hermas highway, was allocated to the Company in order to revive and invest it in agricultural projects for a period of 12 years. At the end of the allocation period, the Company would have full ownership of what has been revived during that period, and what has not been revived would be restored. Since then and until the date of this Prospectus, the Company has revived the majority of the allocated area (except for a small portion disputed with the Ministry of Transport on the grounds that it is in the path of old Hejaz railway). The Minister of Agriculture submitted a request on 10/5/1431H to the Custodian of the Two Holy Mosques, to grant ownership of only 32,175 hectares of the land to the Company, and it is still under consideration (See "Real Estates Owned by the Company" of this Prospectus). Total area to be transferred to the Company will be known only after issuance of royal decree by the Custodian of the Two Holy Mosques. In case necessary approvals for the Company to own the above mentioned land are not issued, delayed or approved but with new conditions under which the Company will not be able to practice its current activities and projects established thereon, it might become necessary to return this land to the granting government agencies, which would affect the size of the Company's assets and its ability to continue to practice or totally stop its business, and thus negatively and substantially impact its operations, financial condition and operating results. This is in addition to the negative impact caused to the Company's shareholders who may lose some or all of their investments.

As of December 31, 2013G, the Company has entered the full value of land as governmental grant within shareholder's equity in the balance sheet for an amount of SAR 64.35 million, excluding 2,825 hectares that may not be transferred to the Company's ownership. Government grant value was reduced by SAR 5.65 million (Equivalent to 2,825 hectares), and therefore the Company entered this amount within liabilities under "Government's Grant liabilities," in the balance sheet.

Land eligible for the cultivation

Ministry of Agriculture statistics indicate that ratio of land eligible for agricultural reclamation within the Kingdom is about 1% of total area of the Kingdom, which significantly limits the possibility of expansion and growth of business for agricultural companies, including TADCO, within the territory of the Kingdom. In case the Company needs to have additional land to expand its operations in the Kingdom and that land is not available for any reason, it would directly affect the Company's business, financial condition and results of operations.

Water Resources

Company's activity within the Kingdom depends on abundance of water resources. The Company must adhere to legislation and regulations issued regarding the use of water resources. For example, but not limited to, the Company must comply with Water Resources Conservation Regulations issued by Royal Decree No. M/34 dated 24/08/1400H, stipulating that the Company should obtain the necessary permits for the drilling of wells. Therefore any shortage of water resources or imposition of regulatory measures aim to regulate their use may adversely affect the Company's business, financial condition and results of operations.

Reduction or stop of support to agricultural sector

Agricultural sector is one of the sectors in the Kingdom backed by the Government. For example, some agricultural lands have been granted and allocated for some agricultural companies, including the Company, to revive and establish agricultural projects. This is in addition to financial facilities obtained by these companies with good grace periods for repayment, and also support provided to some inputs and components of forage industry. The government support to agricultural sector, in whatever form, (which does not include machinery and equipment) is subject to decrease or stop completely, which would adversely affect the agricultural production in general, and the Company's production operations in particular, and thus adversely and substantially affect its operations, financial condition and operating results.

Stop buying locally produced wheat

Minister of Agriculture issued a Ministerial Resolution No. 335 dated 09/11/1428H (19/11/2007G), stipulated to gradually stop buying locally produced wheat over a maximum period of eight years, elapsing at the end of 2015G, at an annual rate of 12.5%. Upon the elapse of the period specified by the resolution, which is one of the risks associated with the changing laws and regulations, it would lead to the inability of the Company to

continue production of wheat which constitutes one of its most important products. The following table shows the wheat sales ratio of total grain sales, the Company's total sales and profit margins during the historical period:

Table 2-9: Wheat and Grain Sales

SAR 000's	2011	2012	2013	1st Half 2014
Wheat Sales	33,379	24,977	16,696	398
Grain Sales	41,516	30,165	25,385	3,553
Company's Sales	171,667	156,079	120,988	49,789
Wheat sales ratio of the total grain sales	80%	83%	66%	11%
Wheat sales ratio of the Company's total sales	19%	16%	14%	1%
Cost of grain sales	32,347	24,936	20,337	7.8
Profit margin for grain	9,169	5,229	5,048	1,322
Profit margin rate for grain	22.10%	17.30%	19.90%	14.40%

Source: TADCO

In case the Company is unable to increase production and alternative crops, the resolution would have a negative impact on the Company's business, financial condition and results of operations.

High Prices of Production Input, Materials and Raw Materials

The Company secures its needs of inputs earlier before seasons of usage in order to avoid higher prices in such seasons. However, the continuing increase in prices of inputs, raw materials and main production materials, fertilizer, pesticides, herbicides, spare parts and petroleum materials, would increase operational cost of the Company's business, and accordingly would negatively and directly affects its financial condition and results of operations.

High Wages of Staff and Workers

The reason for the increase in employee and labor wages is the raise of the minimum wage for Saudi employees, as well as filling some leadership positions. Despite the decline in number of staff and workers in the Company during the historical period from 2011G to 2013G, salaries and benefits have witnessed a marked increase, which would have negative impact on the Company's business, financial condition and results of operations.

Table 2-10: Number of Employees and Cost of Wages

Details	2011	2012	2013	1st Half 2014
Number of employees	826	701	731	773
Rate of change in numbers	-12%	-15%	4%	5.70%
Cost of Wages (SAR)	7,671,331	7,570,969	8,405,884	3,929,959
Rate of change in cost	11.68%	-1.31%	11.03%	6%

Source: TADCO

Increase of Products Transportation and Marketing Costs

The Company's activity depends on transportation and delivery of its products to markets and the process of marketing them. The Company constantly searches for cost effective transportation and marketing services,

and reviews prices of its products continuously to cover the transportation and marketing costs. However, the Company does not guarantee the availability of transportation and marketing services at affordable prices. Thus, high costs of transportation and marketing will adversely affect the Company's sales, financial condition and results of operations.

Licenses and Permits

Similar other companies working in the field of agricultural and animal production, the Company has to obtain licenses, permits and regulatory permissions and approvals related its activities. Some of these licenses are temporary, and must be renewed in accordance with certain conditions set by the relevant regulatory authorities, which may be modified from time to time, such as permits for transportation, computer programs and others. Accordingly, there is no guarantee that the Company will be able to renew any of these licenses upon their expiry. In case the Company is unable to obtain or renew a particular license, it might be forced to suspend its works associated with the required license until it is obtained, which could adversely affect the Company's financial condition and results.

It should be noted that the Company is engaged in agricultural coordination activity and agricultural laboratory test services for other farmers on a small scale in some cases without any fees. The Company has not updated its commercial registry by adding these two activities, and accordingly it would be exposed to investigation by Ministry of Commerce and Industry or other responsible bodies which might impose fines on it and thus would affect its financial condition. The Company is currently working to modify its commercial registry to reflect practice of these activities.

Saudization

Saudization forms a government approach, requiring firms (companies and establishments) operating in the Kingdom of Saudi Arabia to employ a certain number of Saudi citizens. According to the circular of Ministry of Labor dated 01/05/1423H (10/08/2002G), firms must obtain a certificate from the Ministry of Labor in this regard. Recently a program to stimulate firms to localize (Saudize) jobs «Nitagat» has been approved under the decision of the Minister of Labor No. (4040) dated 12/10/1432H, based on the Council of Ministers Resolution No. (50) dated 21/05/1415H. Nitagat classifies companies into Excellent, Green, Yellow and Red categories. The companies should comply with the minimum rate of Saudization as specified in the green category. If the Company reaches a higher rate of Saudization than specified, it will benefit from the advantages and facilities provided to such firms. Firms under the Red Category will be subject to applicable procedures and penalties. Firms under yellow category will be given a grace period to increase the percentage of Saudization. The mechanism of nitagat program deals with firms according to their size and activity.

The number of employees in the Company as at June 30, 2014G reached 773 employee, of whom 166 are Saudi and 607 are non-Saudis, bringing the percentage of Saudization in the Company to 21.5% and thus the Company is classified to be within the green category.

However, Ministry of Labor may increase the percentage of Saudization in future, at a time may be difficult for the Company to continue to recruit or maintain employment of the required percentage of Saudis, and consequently the Company's business and financial results could be adversely affected.

Future Capital Liabilities and Financing

Obligations for future capital expenses and investments may arise, and there is no guarantee or assurance that the Company will be able to secure those expenses in a timely manner or at favorable and acceptable terms for the Company. The Company obtained loans and facilities from Agricultural Development Fund, National Bank and Riyadh Bank (Refer to "Summary of Major Contracts" of section 14. Legal Information). However, in case the Company is unable to obtain similar and sufficient financing or facilities in future, its operations and financial performance as well as its ability to maintain and expand its business could be adversely affected. Also, bank facilities make the Company vulnerable to risks of change of financing costs which in case of any increase in future could lower rates of profitability of the Company.

Litigations

The Company cannot expect accurately the cost of any litigation or legal proceedings that may be filed by or against it, or the final results of these lawsuits, judgments issued, and compensation and penalties imposed.

Thus, any negative consequences of such lawsuits may adversely affect the Company. These lawsuits may include, but not limited to, zakat and tax matters, work regulations and other damages caused by negligence or fraud by persons or institutions beyond the control of the Company (See "Litigations" of Section 14. Legal Information).

Name of the Company and its Trademarks

The Company's trademarks and names support its business and ability of marketing. Failure to protect its intangible assets represented in its trademark, or to obtain approval from the Ministry of Commerce and Industry to register any trademark, or in some cases, to take legal actions to protect them, may negatively affect the trademarks and make business activity more expensive, and thus adversely affect the results of Company's operations (for more information regarding the Company's trademark, refer to "Intellectual Property" of section 14. Legal Information).

Insurance

The Company may incur substantial costs in carrying out repairs resulting from accidents, natural disasters or other hazards that may cause big losses. Although the Company maintains insurance coverage to cover such costs or losses, some costs or losses may exceed the coverage limits or some may be uncovered. The Company does not guarantee that all these costs and losses would be fully covered under the relevant insurance policy. The Company may not be able to obtain adequate insurance coverage due to high rates or unavailability of premiums. Failure to obtain adequate insurance coverage from insurance companies for costs or losses incurred, would adversely affect the Company's operations and results.

The Company's investments

The Company owns 27.78% of Jannat Agricultural Investment Company (Saudi limited liability company), which in turn owns 77.7% of Rakha'a for Agricultural Investment & Development Company (Egyptian stock Company). TADCO reduced investments in Jannat Company because it incurred losses for the years from 2009G until 2012G. The Company began to register losses of its investment in Jannat Company in the income statement beginning of 2013G, and as such continuation to incur investment losses in future, would adversely affect the Company's financial condition and financial results. The following table shows losses arising from the investment in Jannat Company since the beginning of investment:

Table 2-11: Investment in Jannat Company

SAR 000's	2008	2009	2010	2011	2012	2013	1st Half 2014
Year-Beginning Balance	17.5	17,399	17.22	16,699	11,937	10,806	10,106
Investment Losses	100.84	179.16	521.18	4,761,64	1,131	700	-
Year-Ending Balance	17,399	17.22	16,699	11,937	10,806	10,106	10,106

Source: TADCO

In addition, Jannat Co. operations are currently concentrated in Arab Republic of Egypt, making it vulnerable to fluctuations of currency exchange rates, particularly in light of political situation in Egypt at this time, which actually caused decline in the value of investment in Jannat Company during the historical period of 2011G to 2013G, represented in the value of loan from Saudi Development Fund granted to Rakha'a Company for SAR 100 million, which is guaranteed by TADCO in the amount of SAR 18 million. Since Egyptian currency has been reduced in recent times because of the political situation taking place, the loan value rose as an obligation on Rakha'a Company.

Any new reduction in exchange rates in that country will have a negative impact on the Company's financial results and financial condition.

It should be noted that in 2009G, Rakha'a Co. obtained a loan of SAR 100 million from the Saudi Development Fund for 10 years (including a grace period in the first three years before the extension) to import agricultural and industrial goods from the Kingdom. Jannat Company pledged to guarantee 65% of the loan amount (SAR

65 millions). In addition, TADCO pledged to guarantee 27.78% of the value of Jannat's guarantee (Ratio of its Ownership in Jannat Co), equivalent to SAR 18 million. This guarantee has been disclosed in TADCO's audited financial statements for the year 2013G.

Inability of Rakha'a Company to pay will result in commitment of TADCO to pay the value of the guarantee, which is SAR 18 million. Also, any change in the value of the loan as a result of fluctuations in currency exchange rates would lead to lower value of investment and losses incurred by TADCO, which will adversely affect its financial condition and financial results.

In addition to TADCO's ownership of Jannat Company, it owns 28.57% of the capital of East Asia Company for Development and Agricultural Investment (Saudi Closed Joint stock company). This Company has not yet started its operations until the time of preparation of this Prospectus. It has been issued commercial registration number 1010373176 dated 27/06/1434H. It started to complete its jobs structures and began to practice its activity. Until the beginning of its business, the Company's capital is currently invested in Murabaha account. There is a risk that this investment may not bring the desired economic benefits, and thus would adversely affect the Company's financial results and financial condition.

Also, it should be noted that at the beginning of 2006G, TADCO entered in an investments in securities classified as available for sale "Investments in Riyadh Bank Fund and Gulf Finance House," and their value was volatile. The Company used to annually evaluate these securities at their fair value at the end of fiscal year and include losses or gains under "Change in Fair Value of Investments". Recent years have witnessed improvement and clear decrease of losses. At the end of 2013G and while preparing the budget estimates for 2014G, Board of Directors directed to reclassify these securities as "Securities for Trading for Sale Purpose", which resulted in inclusion of unrealized losses in the income statement for the year 2013G. This has been noted in the auditor's report. Reassessment of investments losses in Riyadh Fund as at December 31, 2013G reached SAR 11.5 million, and cost of acquisition was SAR 25 million. Reassessment of investment losses in Gulf Finance House Fund reached SAR 1.2 million, and cost of the acquisition was SAR 3.8 million.

The following tables show the value of investment in both funds during the historical period:

Table 2-12: Investment in Riyadh Fund

SAR 000's	2011	2012	2013	1st Half 2014
Year-Beginning Balance	9,373	9,376	10,683	13,167
Investment Gains (Losses)	3	1,307	2,484	1,614
Year-Ending Balance	9,376	10,683	13,167	14,781

Source: TADCO

Table 2-13: Investments in GFH Fund

SAR 000's	2011	2012	2013	1st Half 2014
Year-Beginning Balance	3.788	3.788	3.753	2.578
Investment Gains (Losses)	-	35	1.175	-
Year-Ending Balance *	3.788	3.753	2.578	2.578

Source: TADCO

* For investment in GFH, the decline in the value of investment is related to re-assessment of Energy City Project in Mumbai and delay of foundation works.

Any decline in the value of these securities in future would lead to a negative impact on the Company's financial results and financial condition (Refer to the "Management's Discussion and Analysis of the Company's Financial Position and Results of Operations").

Risks of the Company's investments also apply to new investments and projects despite their economic feasibility according to the feasibility study. However, in case profits and financial results desired from these projects are not realized, it would affect the Company's financial position and financial results (Refer to "Use of Offering Proceeds" section).

Financial Transactions with Clients and Other Parties

The Company is governed by standard principles of sales recognized in the market, which consists of forward sales in exchange of deferred checks or letters of guarantee provided to the Company, and other means. Failure of any client to meet his obligations with the Company and repay on the agreed upon times, would adversely affect its financial condition and financial results. To face such risks, the Company has raised the allowance for bad debts or doubtful accounts from SAR 752 thousand to SAR 1.4 million.

Non-compliance with Accounting Standards

Non-compliance of the Company with the accounting standards issued by the Saudi Organization for Certified Public Accountants (SOCPA) in preparation of financial statements at any time, especially those relating to categorization and classification of balance sheet and income statement items, would lead to submission of inaccurate financial statement by the Company, not reflecting reality, and making it misleading to shareholders.

2 - 2 Risk relating to Future Projects

The Company intends to increase its capital through issuance of Rights Issue to finance the projects referred to in "Use of Offering Proceeds" section of this Prospectus. Although the Company conducted feasibility studies for these projects from financial and technical point of view, the investment in such new projects involve several risk factors, including, but are not limited to, the following:

Delays in Project Implementation

The Company has prepared a work plan for implementation of new projects according to a specified time schedule. Feasibility studies for these projects have been prepared based on this time schedule as well as a number of other factors. However, there are several factors, which some of them are beyond the Company's control, could result in case of occurrence in delay or suspension of implementation of these projects, temporarily or permanently. These factors include, but are not limited to, necessary government and regulatory approvals and licenses; commitment of contractors appointed by the Company to complete projects assigned to them; reach partnership agreement with the other parties with whom the Company shares ownership and the implementation of these projects; availability of materials and machinery needed to complete these projects; climate conditions and availability of trained manpower and other relevant factors. If the Company fails to implement these projects according to the specified time schedule, makes up decision to temporarily or permanently stop implementation due to any reason beyond its control as deemed necessary for the Company's interest, the Company might not realize the desired economic benefits of these projects throughout the period of delay in implementation and operation, which would negatively affect the Company's operations and financial results.

Availability of Infrastructure Services necessary for Establishment and Implementation of Project

The availability of the necessary infrastructure services, such as roads, electricity, water sources, communication networks and other means necessary to establish new project facilities, is essential to the Company to be able to implement these projects in accordance with the time schedule prepared for this purpose. Failure of the Company to get these services on time may result in interruption of projects and inability to implement these projects, which would adversely affect its operations and financial results.

Non-availability of Necessary Land for Establishment of New Projects

New projects to be funded by "Offering Proceeds from Rights Issue include establishment of agricultural project in Al-Gold city north of Republic of Sudan on a piece of land of an area of 30 thousand acres (equivalent to about 12,140 hectares). The Company obtained in principle ratification of research certificate to prove ownership of benefits from that land for the Company to establish agricultural project on 01/08/2012G, and the initial contract period for the project will be valid for three years, extendable for further seven years, unless the Company violates any of the following lease conditions:

- Adherence to pay taxes and debts due from time to time on the land or owed from the owner or occupant of land.
- Tenant is committed during the initial period to dig a well or install water shifting machines.

- Put fixed signs on borders of the land and maintain them in good conditions.
- Do not use the land or any part thereof for any purpose contrary to what was approved by government agencies.
- Do not sublease or transfer the land or mortgage any part of it, unless that is approved by Director of Land.

Note that the initial term of the contract is still valid and there are works ongoing at the project site to prepare for drilling of wells (See "Legal Information" section of this Prospectus).

In addition, the Company has rented another piece of land in the city of Dongola at the Northern State of Republic of Sudan, with an area of 20 thousand square meters (industrial project) for the purpose of studying transfer of Wheat Seeds and other Crops Purification Plant on 01/10/2011G, and would be valid for initial period of one year. The only requirement in the case of the seed plant is to set up buildings in the project, and in case of establishment of the project buildings during this initial period, the project will become the property of the investor and will not be taken from him. Although the Company was unable to establish buildings during the initial period, it received approval from the official bodies responsible for investment in the Northern State to extend the initial period and validity of the project contract, until the Company is able to start investment. However, investment in seeds (Taqawi) plant is associated with establishment of agricultural project that will provide the plant with inputs of wheat seeds, which will be processed and produced in the form of seeds (Refer to "Legal information" section of this Prospectus).

However, any obstacles may prevent final acquisition of that land or other lands in future to establish projects, and any emergence of regulatory, practical or judicial obstacles may affect access to land for establishment of projects would affect the Company's ability to implement this project according to the planned time schedule, or force the Company to make up a decision to stop implementation of this project, either temporarily or permanently, which would adversely affect the Company's operations and financial results.

Risk of Finding Clients for New Products

According to the feasibility study, there are a number of new products that will be offered by the Company such as: Compounded forages, potato fingers, olive oil, products of Sudan projects (wheat, beans, corn, alfalfa). Therefore, the Company's performance depends on its ability to sell its products to its customers, individuals and companies. If the Company fails to maintain its relations with customers or not be able to expand its customer base in order to cope with the new products that the Company aims to finance by capital increase thru offering rights issue, its future financial condition and operational results will adversely be affected.

Excess of Capital Costs for Implementation of Projects than Expected

The Company has prepared necessary studies to determine the capital cost of the mentioned projects, based on which the value of the increase in the Company's capital was determined thru rights issue, subject of this Prospectus. However, the true final cost of each project can be less or more than cost estimated by the Company. If the costs of these projects substantially exceed the expected cost, the Company will then have to get new funding to cover this increase, which may not be available when it arises. This could lead to have the Company incur new financing costs (such as obtaining loans from banks, issuing instruments or resort to capital increase again), or the Company might be forced to look for other alternative sources of funding at high cost if traditional sources of funding are not available, which could affect the Company's profitability.

Changes in Legal and Tax policies

Thru reference to «Use of Offering Proceeds» section of this Prospectus, it should be noted that the Company is in the process of establishing a project in the Republic of Sudan. This project will be subject to applicable laws in that country, and any change in such laws, whether relating to agricultural projects, foreign investment, import, export, tax or other laws could lead to a negative impact on the Company's investments, and accordingly affect its profitability.

Political Situation

The political situation in the regions surrounding the Kingdom, involves, in general, factors and political risks that may affect the Company's business, financial condition and operating results. Also, investments of the Company or its subsidiaries outside the Kingdom (i.e. Arab Republic of Egypt) are subject to risks that could affect the Company's operations and accordingly its financial condition and operating results. Also, these factors

may further affect the Company's projects to be implemented in Republic of Sudan or any other country in the future, which in turn could adversely and materially affect such projects and accordingly affect the Company's future business, financial condition and operational results.

Profitability of Projects

Failure to achieve expected earnings of these projects according to studies of their economic feasibility studies, or in case of incurring losses, the Company's earnings and financial results could be adversely affected.

Limited Financial Data

Financial data relating to these projects depends on the feasibility studies prepared by the Company in this regard, which was based on assumptions, expectations, models and estimates developed by the Company's management in collaboration with its concerned advisers. It is possible that a change or substantial disparity between the expected data and actual data for the projects mentioned would occur after entering in the actual operation phase, where such data would not reflect expected financial and economic objectives for such projects. In other words, it is possible that data may not represent an accurate basis for assessment of future financial performance of the projects mentioned (and thus the overall financial performance of the Company) or an accurate basis for investing shareholders to make up decision for subscription in offered rights issue. The Company also does not guarantee that expectations, models and estimates based on which feasibility studies were prepared, are true, accurate, error-free or otherwise, despite the Company's reasonable diligence in its preparation, and thus there might be a negative impact on the Company's activities, business, financial condition, results of operations and assessment of its future business.

Risks related to Compounded Forage Products

Compounded forage products, which is one of the Company's future products, are subject to risks similar to those experienced by alfalfa products, which might affect the amount of stock and Company sales (see «Risks related to Company's activities– Alfalfa Sales and Stock"). One of these risks is climate change, which may result in availability of similar or alternative products at competitive prices, and accordingly lead to reluctance of customers for purchase of the Company's products. Also, change of prices and quantities may affect the ratio of the estimated revenue from these products, and therefore may adversely affect the Company's operations and financial condition.

Other Operational Risks

The above-mentioned projects are also subject to risk factors mentioned above under «Risks Related to Company's Activities» of this section. To avoid repetition, please refer to these risks when reading this part of the risk factors.

2 - 3 Risks relating to Market and Sector in which the Company Operates

Kingdom's Economy and Global Economy

The Company's performance depends to some extent on economic situation in the Kingdom. Oil sector remains a major share of GDP of the Kingdom. Fluctuations in prices of oil may occur, which may adversely affect the Kingdom's economy, which in turn may adversely affect the companies operating in the Kingdom, including TADCO. Also, any change in other economy factors, such as recession of economic growth, fluctuation in currency exchange rate, interest rates, inflation rates or others could have negative impact on the Company's business, profits and financial results.

It should be noted that applicability of these risks on markets and economies of countries in which the Company invests (Egypt and Sudan), particularly economic obstacles and crises in these countries, which is reflected on the political situation in the region. These conditions may cause reluctance of investors to continue investment in these countries in order to avoid problems and losses arise from them, which would affect the regulatory environment, such as change in rules, regulations and laws and changes in tax and other policies. Accordingly, investors would look for other more attractive areas.

Competition

The Company operates in a competitive environment which has a large number of competitive local companies. Also, the Kingdom's accession to the World Trade Organization in 2005G has allowed renowned foreign and international companies to enter the local market of Kingdom, which will lead to increased competition among Saudi companies and foreign companies, which may lead to reduction of the Company's market share and thus adversely affect the Company's earnings and financial results. The following table shows the Company's share in the market for certain products as follows:

Table 2-14: Company's market share

SN	Product	Market Share (%)
1	Fruit	46%
2	Potatoes	6%
3	Onion	3%
4	Olive Oil	9%

Source: TADCO

Restructuring of the Market

Substantial mergers that could arise in the agriculture sector among companies working in this sector might influence the market data and focus of dominant actors in it. It is also possible that these mergers among these companies would affect the Company's performance and implementation of marketing and pricing plans and market share, which would adversely affect the Company's earnings and financial results.

2 - 4 Risks Relating to Ordinary Shares and New Shares

Control by Major Shareholders

Shareholders who own a large number of Company shares will, together, be able to influence all matters requiring shareholder approval, and to exercise this power in a way that could have a significant impact on the Company's business, financial conditions, results of operations, selection of board members, critical operations, and adjustment of capital. This control may be used in a manner that may adversely affect the Company's business, profits and financial results.

Dividends

Dividend distribution in future depends on several factors, including the financial condition, future earnings, capital requirements, distributable reserves, general economic conditions, and any other relevant factors deemed by the Company's Board of Directors to be important from time to time. Therefore, the Company gives no assurance, whatsoever, that it will distribute any dividends in future.

Potential Fluctuations in the Share Price

The market price of the Company's Rights during the Offering period may not be indicative of the market price of the Company's Shares after the Offering. In addition, the Company's share price may not be stable and could be significantly affected by fluctuations resulting from a change of market's trends in connection with the Rights or the Company's existing Shares. These fluctuations may also result from several factors including, without limitation, market conditions for equity, any regulatory changes or trends of the sector, deterioration in Company's performance, inability to implement future plans, entry of new competitors, announcements by the Company or its competitors concerning mergers, acquisitions, strategic alliances, joint ventures, sale of shares in subsidiaries, changes made by experts and securities analysts concerning the financial performance estimates.

Selling substantial quantities of Shares by the shareholders or the perception that such sale may take place, may adversely affect the share price in the market. In addition, the investors may be unable to sell their shares in the secondary market without adversely affecting the price.

There is no guarantee that the market price of the Company's Shares will not be lower than the issue price. If this happens once the investors have subscribed for the New Shares, such subscription may not be cancelled nor amended; therefore, the investors may immediately suffer from unrealized losses. Moreover, there is no guarantee that the Shareholder will be able to sell his Shares at a price equal or higher than the issue price after subscribing for them.

Potential Fluctuations in the Price of the Rights

The Rights' market price may be subject to significant fluctuations due to the change of market trends with regard to the Company's Shares. These fluctuations may be significant due to the difference between the authorized limits of price change for trading in the Rights, as compared to the authorized limits of price change for trading in the Shares. In addition, the trading price of the Rights depends on the trading price of the Company's Shares and the market perception of the potential price of the Rights. These factors and the factors mentioned under the «Potential Fluctuations in the Share Price» above may also affect the trading price of the Rights.

Lack of Demand for the Company's Shares and Rights

There is no guarantee that there will be sufficient demand for the Company's Rights during the Trading period, in order to enable the holder of such Rights (whether a Registered Shareholder or a new investor) to sell the Rights and realize a profit, or enable him to sell these Rights at all. There is also no guarantee that there will be sufficient demand for the Rump Shares by the Institutional Investors during the Rump Offering. In case the Institutional Investors do not subscribe for the Rump Shares at a high price, the compensation amount may not be sufficient in order to be distributed to the holders of unexercised Rights. Moreover, there can be no assurance that there will be sufficient market demand for the New Shares obtained by an Applicant either (a) through subscription to the Rights, (b) during the Rump Offering or (c) in the open market.

Speculation Risk Relating to the Rights

Speculation relating to the Rights Issue may cause material losses. The limits of price change allowed for the trading of the Rights (»share's indicative value«) exceeds the percentage of the shares' prices (by 10% upward or downward). There is also a direct correlation between the Company's share price and the share's indicative value. Accordingly, the daily price limits for the trading of a Right will be affected by the daily price limits for share trading. In case a speculator fails to sell the Rights before the end of the Trading Period, he will be forced to exercise these Rights to subscribe for New Shares and may incur some losses. Thus, the investors should review the full details of the mechanism of listing and trading of Rights and New Shares and the functioning method thereof and should be aware of all the factors affecting them, to make sure that any investment decision will be based on complete awareness and understanding.

Potential dilution of ownership

If the holders of the Rights do not fully exercise their Rights with respect to the acquisition of New Shares in the Offering, their shareholding percentage and voting rights will be reduced. In case the registered holder of the Rights wishes to sell his Rights during the Trading Period, there can be no assurance that its returns will be sufficient to fully compensate the drop of its shareholding percentage in the Company's capital resulting from the Company's capital increase.

Failure to Exercise the Rights in a Timely Manner

The subscription period will start on Tuesday 22/03/1436H (corresponding to 13/01/2015G) and end on Tuesday 07/04/1436H (corresponding to 27/01/2015G). The Eligible Persons and financial intermediaries representing them should take the appropriate measures to comply with all required instructions and receive their certificates prior to the expiry of the subscription period. If the holders of the Rights and the financial intermediaries are not able to properly follow the procedures for the trading of the Rights, the Subscription Application Form may be rejected (See »Subscription Terms and Instructions« Section).

However, if the Eligible Persons are not able to exercise their subscription rights properly by the end of the Second Offering Period, according to the Rights held by them, there can be no assurance that a compensation amount will be distributed to the Eligible Persons. This happens in the event that investment institutions subscribe on the same offering price, or they don't subscribe, and the underwriter purchase shares at the offering price.

Risks Relating to Dividends Payables

Dividends payables represent declared dividends not received by shareholders, as minority shareholders' interest in receiving accumulated profits is little (shareholders' equity not receiving annual profits is about 4% of the total shares of the Company). Most of these shareholders would like to have their profits accumulated to reach reasonable amounts. Assuming that these shareholders request at once payment of their profits amounting to about SAR 22 million as at 30 June 2014G, the Company should return these amounts immediately upon request, and thus would adversely affect its financial condition (See "Dividends Payables between 1990G to 2013G" of Section 6 "Management's Discussion and Analysis of the Company's Financial Position Results of Operations). It should also be noted that accumulation of these profits increases the financial burden on the Company through inclusion of these profits within zakat base and accordingly its financial condition and operating results would be adversely affected.

3. Market and Sector Overview

3 - 1 Introduction

This section outlines information about the agricultural sector in the Kingdom of Saudi Arabia. It focuses on the agricultural products manufactured by Tabuk Agricultural Development Company and the markets operating or investing therein as well. In addition, this section includes general information about the Saudi economy and the demographic status of the Kingdom.

Most of the information about the agricultural sector was extracted from the Market Study conducted exclusively for the Company by the Market Advisor; Ernst & Young (E&Y). As for the general information on the Saudi economy and the demographic status of the Kingdom, some information was extracted from the Market Study, while other was taken from general sources such as the reports issued by the Saudi Arabian Monetary Agency or those issued by different competent ministries and government agencies. Yet, the Company believes that the information contained in this section has not undergone any significant or essential change as of the date of its development up to the date of publishing this Prospectus.

It is worth mentioning that the accuracy and completeness of information contained in this section were not verified by other parties, noting that the accuracy and completeness of information depend strongly on its basic sources and the statistical research approaches used for compiling, summarizing and analyzing such information.

3 - 2 Saudi Economy

The Saudi economy is deemed one of the world's largest economies, as it ranks in the 20th place among the world economies. This adds to the relative importance of the Kingdom, which comes on top of the oil exporting countries. Moreover, it is most likely that the Saudi GDP will increase throughout the current period for pragmatic reasons, namely, the ability to enhance oil production and maintain high oil prices, in addition to the opportunities of increasing expenditure levels.

According to the most recent statistics, the nominal GDP at market prices and without taking into account the inflation rate has amounted to $ 577 billion in 2011G. As such, the size of the Saudi economy overruns the size of its counterpart economies in a number of European countries such as Sweden, Poland, Belgium, Norway and Austria. Practically, this means that only the economies of 19 countries in the world overweigh the Saudi economy in terms of financial value.

The Saudi GDP is considered the biggest amongst all Arab countries. This partially explains the membership of the Kingdom of Saudi Arabia in the G20, which comprises the world's largest economies.

The Saudi Arabia economy is also considered the largest in the Middle East, contributing to about 24% of the GDP of the region. According to the Market Study forecasts, extracted from the Global Insight reports, the contribution rate of the Saudi Arabia GDP to the GDP of the region shall remain stable at about 24% up to the end of this decade.

In the same context, the contribution of the Saudi economy to the GDP of the GCC countries was about 42% in 2011G. It is expected that this ratio will remain stable up to the end of this decade.

Table 3-1 Some Key Economic Indicators of the Kingdom of Saudi Arabia

Description	2010	2011	2012	2013	2014	2015	2016	2017	2018
Nominal GDP (SAR billion)	1,691	2,163	2,356	2,554	2,772	2,986	3,212	3,396	3,957
Per capita share in Nominal GDP (SAR)	61,591	77,031	82,091	87,103	92,604	97,784	103,137	106,93	125,951
Consumer Price Index (change %)	5.36%	4.98%	4.71%	5.08%	4.74%	4.46%	3.89%	3.38%	3.30%
Exchange Rate (SAR/USD)	3.75	3.75	3.75	3.75	3.75	3.75	3.75	3.75	3.75
Short Term Interest Rate	0.74%	0.69%	0.83%	0.81%	0.91%	2.37%	5.54%	5.97%	6.05%

Source: General Department of Statistics and Information and SAMA.

The nominal GDP of the Kingdom of Saudi Arabia is expected to continue to grow at a rate of 7% annually throughout the period from 2012G to 2018G. It is also expected that the per capita nominal GDP will grow steadily at rates ranging between 5% and 6% throughout the same period.

The future of the Saudi economy is promising. It is expected to achieve further growth in the near future, but with less rates than the previous years' growth rates, in light of the strong foundations of the Saudi economy and the strategic importance of the Kingdom for other countries.

The solid financial condition of the Kingdom's Government is a fundamental reason behind the strength of the Saudi economy. The Saudi Government has maintained very low levels of public debt, allowing it to respond to any economic developments through resilience of the monetary and fiscal policies ensuring safety of the economy.

It is expected that the GDP of the Kingdom will maintain sound growth rates over the coming years despite the volatility in oil prices and production. This is attributed to the potential positive effects of the new mega-projects and economic reforms implemented by the Government in line with its policy to increase annual expenditures regardless of any possible deficit in the Budget. The following table shows the expected real GDP of the Kingdom during the years (2011G–2018G).

Table 3-2 Anticipated Real GDP (2011G-2018G)

SAR billion	2011	2012	2013	2014	2015	2016	2017	2018
Real GDP	1.45	1,512	1,581	1,651	1,726	1,808	1,889	1,972

Source: Market Study.

Diversity of economy, away from the oil sector, is the main driver of the economic growth in the Kingdom on the long run, together with the continuation of the privatization program, which is an important strategy of the Saudi Government in an effort to reduce its dependence on the oil sector. It is also worth mentioning that the oil sector contribution to the Kingdom's GDP was about 44.7% in 2013G.

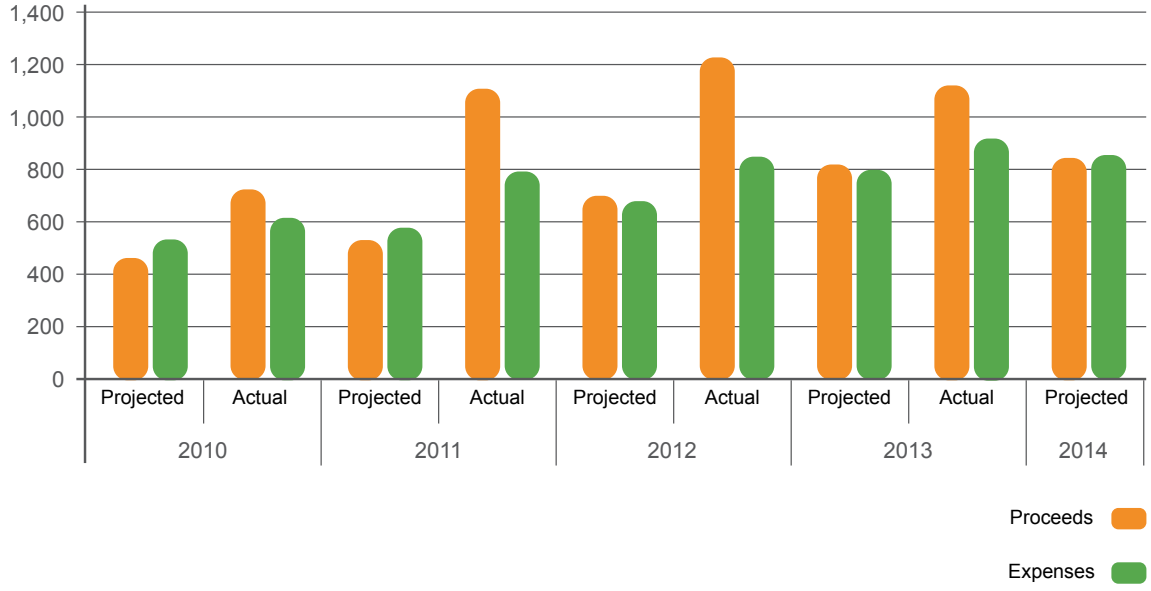
With regard to the general budget of the Kingdom, according to the Ministry of Finance reports, the figures reflect great leaps in terms of spending and revenues during the past five years. The budget included a number of mega projects in addition to the appropriation of large amounts for the development of education, health, infrastructure, etc. The rise of oil prices played a significant role in the large leaps achieved in the revenues, resulting in realizing the highest surplus in 2008 Budget, which helped in accumulating large reserves in the Kingdom, and thus contributed to the financial stability in times of economic crisis. Upon reviewing the Kingdom's general Budget for the years 2010G and 2011G, we noticed that in 2010G there was a surplus of around SAR 108.5 billion, where the actual general revenues amounted to around SAR 735 billion, with an increase of around 56% compared to the budget, 91% of which were from oil revenues. This was mainly due to the rise in the oil prices and exported quantities. The actual public expenditure of the same year amounted to SAR 626.50 billion, an increase of around 6% compared to the budget. In 2011G, according to the budget, expenditure was estimated at SAR 580 billion and revenues around SAR 540 billion. This means that the general budget was prepared based on a very conservative price for a barrel of oil (not exceeding $ 60 a barrel), despite the fact that the prices at the said time had exceeded $ 90 a barrel. The actual revenues amounted to SAR 1,110 billion versus expenses amounting to SAR 804 billion; that is achieving a surplus amounting to SAR 306 billion. In 2012G, the Kingdom achieved the second largest surplus in the Budget, where the revenues amounted to SAR 1,239 billion while the expenditures amounted to SAR 853 billion, with a surplus of SAR 386 billion. In 2013G, the Kingdom's budget was indicated to realize revenues of SAR 829 billion against expenses of SAR 820 billion, which means a surplus amounting to SAR 9 billion. However, the actual revenues that were achieved amounted to SAR 1,131 billion, against expenses amounting to SAR 925 billion, which means a significant surplus of SAR 206 billion. At the beginning of the year 2014G, the Government announced a balanced budget with both revenues and expenditures were estimated at SAR 855 billion each. The following table and figure illustrate the above as follows:

Table 3-3 Kingdoms Budgets 2010-2013G

SAR Billion	2010			2011			2012			2013			2014
	Projected	Actual	Difference %	Projected	Actual	Difference %	Projected	Actual	Difference %	Projected	Actual	Difference %	Projected
Revenues	470	735	56.40%	540	1.11	105.50%	702	1.24	76.60%	829	1.131	36.40%	855
Expenditure	540	626	15.90%	580	804	38.60%	690	853	23.60%	820	925	12.80%	855
Surplus/ Deficit	-70	109	-	-40	306	-	12	387	-	9	206	-	0

Source: Saudi Arabian Monetary Agency, Ministry of Finance

Figure 3-1 Comparison between the revenues and expenditures in the Budget of the Kingdom of Saudi Arabia (projected versus actual)



Source: SAMA, Ministry of Finance.

According to the Budget of 2013G, the provision allocated to the education sector, higher education and manpower development was around SAR 204 billion, that is about 25% of the expenditures appropriated in the Budget, while the provision allocated to water, industry, agriculture and other economic resources amounted to SAR 57 billion, which is about 7 % of total expenditures.

The Kingdom is very keen to improve the investment environment to attract more investments. This was clearly reflected in the Ninth Development Plan, which constitutes the second phase of the current long-term strategy for the Saudi economy, of which timeframe extends to the coming fifteen years.

3 - 3 Demographic Status

Statistics indicate that the total population of the Kingdom of Saudi Arabia was about 29.99 million in 2013G compared to 23.21 million in 2004G. It is expected that the total number of population in the Kingdom of Saudi Arabia will reach 31.75 million by 2017G.

The young population dominates the population structure in the Kingdom of Saudi Arabia, with 60% of the population in the age of thirty and the young population ranges between 15 to 39 years forming approximately 47% of the total population, according to estimates of the reports and market studies. The population of the Kingdom is expected to grow by compound annual growth rate (CAGR) of 2.07% during the period 2012G to 2017G. The following table shows a summary of the preliminary results of the population censuses in the Kingdom:

Table 3-4 Summary of the population censuses results in Saudi Arabia

Nationality and Gender	2009	2010	2011	2012	2013*	(%) 2013
Saudis						
Males	9,307,550	9,527,173	9,743,626	9,962,397	10,181,018	33.94%
Females	9,235,696	9,180,403	9,662,059	9,876,051	10,090,040	33.64%
Total	18,543,246	18,707,576	19,405,685	19,838,448	20,271,058	67.58%
Non - Saudis						
Males	5,706,050	5,932,974	6,297,735	6,581,439	6,643,278	22.15%
Females	2,411,561	246,427	2,672,935	2,776,008	3,079,936	10.27%
Total	8,117,611	8,429,401	8,970,670	9,357,447	9,723,214	32.42%
Total						
Males	15,013,600	15,460,147	16,041,361	16,543,836	16,824,296	56.09%
Females	11,647,257	11,646,830	12,334,994	12,652,059	13,169,976	43.91%
Total	26,660,857	27,136,977	28,376,355	29,195,895	29,994,272	100%

Source: Public Census and Information Authority - Ministry of Economy and Planning.

* Population estimates are based on the preliminary results of the General Census of population and houses in the year 2010.

3 - 4 Agricultural Sector in Saudi Arabia

The Kingdom of Saudi Arabia is deemed one of the most countries that suffer from desertification in the world with an estimated cultivated area of 1.5% of the total area of the Kingdom. Nevertheless, large areas of the desert have been converted to productive agricultural lands for many different kinds of agricultural crops. This was achieved due to the incentives provided by the Government to the agricultural sector, as the Government offered long-term interest-free loans, services and technical support, as well as other incentives such as free seeds and fertilizers, water with reduced cost, fuel, electricity and exemptions from duties imposed on imports of raw materials and equipment.

It is worth mentioning that in spite of all the developments witnessed by the agricultural sector in the Kingdom, the agricultural production contributes to 1.9% only of the Kingdom's GDP throughout the period 2011 - 2013G. This is an expected situation given the size of the relatively large Saudi economy and the fact that such an economy depends heavily on the oil sector, which represents 45% of the Kingdom's GDP.

The table below depicts the Kingdom's production of a number of selected crops produced by (TADCO).

Table 3-5 The Kingdom's production of the agricultural crops produced by (TADCO) during 2006-2011G.

Agricultural Production (Ton)	2006	2007	2008	2009	2010	2011
Total production of Grains	3,042,477	2,966,953	2,438,241	1,592,405	1,570,944	1,418,160
Wheat	2,630,394	2,558,502	1,985,556	1,152,447	1,349,389	1,184,454
Total production of vegetables	2,616,555	2,596,188	2,696,426	2,676,354	2,521,450	2,647,952
Onions	58,187	53,736	56,138	61,687	93.36	104,504
Carrot	52,245	48,254	50,573	48,704	66,655	57,034

Agricultural Production (Ton)	2006	2007	2008	2009	2010	2011
Total production of roots and tubers	468,596	463	446,953	444,138	495.1	-
Potato	468,596	462,999	446,953	444,138	398,993	404,679
Total production of fruits	1,549,070	1,581,968	1,615,699	1,619,438	1,548,792	1,609,182
Grapes	136,235	144,43	161,516	160,177	138,576	139,327
Total production of oil craps	3.5	3,486	3,417	3,328	2.32	-
Alfalfa	1,580,893	1,781,825	1,963,386	1,999,703	2,528,441	2,550,789

Source: Market Study.

As shown in the previous table, the production of wheat in the Kingdom witnessed a decline during the period from 2006 to 2011G. Such a decline was the result of the Government's decision to phase out the purchase of local wheat products and to completely import wheat from abroad by 2015G. The decision was taken due to the controversy about the wasteful use of water by farmers who produce crops with little value, such as wheat.

As mentioned earlier, the said decision, which aimed at providing a cheaper water environment, has resulted in counterproductive results because most of the wheat farmers transferred their activity to the production of green fodder, which consumes four times the water volume consumed by wheat annually. Thus, the production of alfalfa in the Kingdom has witnessed a drastic increase as shown in the table above. It is worth mentioning that the Ministry of Agriculture noticed this situation and stopped issuing licenses for fodder production and also stopped exporting it abroad as well.

With regard to the production of the Kingdom of vegetables and fruits, which are of relatively high value, the Kingdom's production thereof has witnessed a very weak growth, or even a decline in some cases. The previous table shows the production of onion, carrot, potatoes and grapes, in addition to the total production of fruits and vegetables and oil crops. The Kingdom's production of onion, carrot, grapes, witnessed growth, while the production of vegetables, fruits, potatoes and oil crops in general witnessed a slowdown, reflecting the lack of soundness and effectiveness of the policies and efforts to increase the production of crops with high economic value.

The following table shows the cultivated area of each of the agricultural crops produced by (TADCO).

Table 3-6: The cultivated area in the Kingdom of Saudi Arabia during the years 2006G -2011G.

Planted Area (Ha)	2006	2007	2008	2009	2010	2011
Total area planted with grain	602,653	582,071	469,264	328,725	286,932	-
Wheat	468,271	450,33	326,161	195,884	219,505	260,312
Total area cultivated with vegetables	110,566	112,163	109,023	106,761	108,845	111,168
Onions	2,316	2,268	2,224	2,529	3,773	4.11
Carrots and turnips	3,111	2,804	3,071	2,938	3,787	3,422
Potato	19,361	19,714	17,926	17,665	15,312	16,296
Total area planted with fruit	223,579	229,423	232,513	239,147	226,443	-
Grapes	11,302	11,675	10,74	11,039	12,383	12,487
Total area planted with fruit except grapes	212,277	217,748	221,773	228,108	214.06	-

Planted Area (Ha)	2006	2007	2008	2009	2010	2011
Total cultivated area of oil crops	4,049	4,261	4,114	3,925	3.5	-
Total area planted with alfalfa	87,124	95,589	100,442	102,106	122,563	123,837

Source: Market Study.

On the level of the Kingdom's foreign trade of agricultural products, the Kingdom's imports of wheat amounted to about 1,619,540 tons, while the Kingdom's exports of the same crop amounted to about 2,386 tons of the year 2010G, thus scoring a trade deficit of 1,617,154 tons. On the other hand, the Kingdom's imports of onion, garlic and leek amounted to 350,082 tons in 2010G compared to the exports amounting to 70,737 tons, reflecting a trade deficit of nearly 279,345 tons. As for the Kingdom's imports of carrots, turnip and beets, they amounted to 21,820 tons in the year 2010G compared to the exports amounting to 5,328 tons, reflecting a deficit of 16,492 tons. The Kingdom's imports of potatoes amounted to 62,037 tons in 2010G, while its exports of potatoes amounted to 135,488 tons, reflecting a trade surplus of 73,451 tons.

The below table shows the Kingdom's exports of the crops produced by TADCO. As evident from the table, potatoes, dates and onions were the highest crops exported in 2010G. The table below also shows the volume of the Kingdom's imports, where wheat, onions, garlic, leeks, apples, pears, quince represented the most imported goods.

Table 3-7: Exports and imports of the Kingdom of Saudi Arabia of the agricultural crops produced by (TADCO).

Imports (ton)	2010G
Wheat	1,619,540
Onions, Garlic, and shallots	350,082
Carrots, turnips and beets	21.82
Potato	62,037
Grapes	46,316
Apricots, cherries, peaches nectarines, plums and wild plum	44,058
Apple, pears and quinces	201,577
Dates, figs, pineapple, mango, avocado, guava	76,274
Olive oil and its derivatives	45,748

Source: Market Study.

Export (ton)	2010
Wheat	2,386
Onions, Garlic, and shallots	70,737
Carrots, turnips and beets	5,328
Potato	135,488
Grapes	2,244
Apricots, cherries, peaches nectarines, plums and wild plum	213
Apple, pears and quinces	7,459

Export (ton)	2010
Dates, figs, pineapple, mango, avocado, guava	74,833
Olive oil and its derivatives	277

Source: Market Study.

The market trends and key factors affecting the agricultural sector can be tackled through the following:

- **Supply-Side Factors**

In general, the agricultural capabilities as a whole in the Gulf Region depend heavily on the governmental subsidies. The governments of the region stimulate the agricultural production through the provision of direct and indirect subsidies to farmers through a number of ways, such as:

1. 1Providing farms, seeds, fertilizers and other inputs free of charge or subsidized The level of the provided subsidy differs from one country to another. For example, the Kingdom provides agricultural land free of charge, while the UAE provides half the cost of crops and services related to veterinary protection and other inputs such as fertilizers. Qatar subsidizes the cost of land cultivation, seeds, fertilizers and others;
2. 2The governments provide cash subsidies to enhance and promote the costly agricultural process in the region, The Kingdom, for example, offers specific and guaranteed prices for wheat and other grains (which are being currently gradually phased out) The United Arab Emirates purchases dates and fodder in some of the UAE districts at fixed and guaranteed prices;
3. 3The governments attend to and undertake the public warehouses to ensure food security; and
4. 4Most of the governments allow free extraction of underground water for agricultural use

In light of the restrictions and limitations in the agricultural sector represented in the unfavorable weather conditions and the limited availability of arable land in the region, the governments of the Gulf Cooperation Council are currently seeking to adopt a twofold strategy to secure food supplies:

1. Agricultural investments in countries with surplus in arable land and appropriate climate The Kingdom of Saudi Arabia and the United Arab Emirates began to invest in agricultural land in the countries with which they have close economic and cultural relations in addition to geographical proximity. Despite the fact that this strategy has been mainly led by governments, private companies began to apply this strategy; and
2. 2Promote local food processing industry to reduce imports of processed food, in order to import raw materials from abroad and then process them locally

- **Demand-Side Factors**

While the high per capita income and the increase in the population are considered important key factors that contribute to the growth in the consumption of food in general in the (GCC) countries, yet, there are other factors that played a role in enhancing the growth of food industry in the region. Such factors include the following:

1- High Income

The GCC countries, led by the Kingdom of Saudi Arabia witnessed a substantial economic growth resulting from the spikes in crude oil prices since 2000G, in addition to the shift to economic diversification, the GDP per capita witnessed, despite the setback in economic activity in 2009G due to the global financial crisis, an annual compound growth at a rate of about 9.5% to reach around US $ 33.000 in 2011G, according to the comprehensive Gulf statistical information database. It is expected that the GDP per capita continue to grow at compounded annual growth rate (CAGR) of about 7% to exceed US$ 40.000 within the coming five years. As a result of this growing wealth, food consumption, especially protein-rich processed food, witnesses an increasing growth.

3- Population Growth

According to the Gulf comprehensive statistical information database, the number of the GCC countries population grew at an annual growth rate of about 4% to become 46 million people during the period from 2000G to 2011G. Although it is expected that the growth in the number of population is most likely to slow

down in the GCC countries, yet, it is expected to grow at an annual growth rate of about 2.4% over the next five years to become more than 50 million people. It is likely that the number of the Kingdom's population shall increase during the same period by about 3 million people. It goes without saying that the growth in population means an increase in food consumption.

4- Modernization and Urbanization

Urbanization (and the improvement in the infrastructure of marketing and distribution) has got a profound effect on food consumption. It helps to attract grand stores. It also improves the ability of these stores to have access to foreign supplies and imports to increase the food selections offered to the residents of these areas. The statistics indicate that the number of urban population in the GCC countries tripled from 9.5 million people in 1980G to about 32 million in 2010G. The level of urbanization in the Kingdom of Saudi Arabia was about 82.1% during the year, which is relatively low compared to the rate of urbanization in the GCC countries, amounting to 85.8%. For this reason, it is likely that urbanization will continue in the Kingdom of Saudi Arabia.

• The performance of the most important products of the Company in the Saudi market

1- Wheat

Table 3-8: The cultivated area and production of wheat in the various provinces of the Kingdom

Area	2007		2008		2009		2010		2011		CRAG	
	Area (Ha)	Production (Ton)	Area (Ha)	Production (Ton)	Area (Ha)	Production (Ton)	Area (Ha)	Production (Ton)	Area (Ha)	Production (Ton)	Area (Ha)	Production (Ton)
Riyadh	108,908	523,845	61,897	321,243	30,896	157,258	38,205	194,508	36,901	188,564	-23.71%	-22.54%
Makkah	263	795	312	1,069	371	1,268	117	420	139	475	-14.74%	-12.08%
Madinah	728	2,792	520	2,287	194	815	66	303	63	264	-45.76%	-44.55%
Qassim	84,621	410,413	45,654	233,452	22,792	117,038	26,426	144,761	22,951	125,346	-27.83%	-25.66%
Eastern	42.23	190,034	42,027	184,08	30,691	125,221	30,963	154,883	29,656	148,875	-8.46%	-5.92%
Aseer	3,808	12,916	3,342	10,334	3,155	9,528	625	1,785	838	2.53	-31.51%	-33.47%
Tabuk	31,527	199,857	28,374	185	17,889	114,725	25,396	151.9	23,751	156,592	-6.84%	-5.92%
Hail	58,222	374,593	44,559	315,926	23,558	164,673	28,048	203,68	27,196	195.81	-17.33%	-14.97%
Northern Border	-	-	-	-	-	-	-	-	-	-		
Jazan	44	159	-	-	-	-	-	-	-	-	-100.00%	-100.00%
Najran	868	3,319	866	3,363	763	2,907	257	1,006	587	2,235	-9.32%	-9.41%
Baha	225	803	244	892	413	1,501	90	257	136	495	-11.83%	-11.39%
Jouf	118,886	838,976	98,366	727.91	65,162	457,513	69,312	495,886	50.6	363,268	-19.23%	-18.88%
Total KSA	450.33	2,558,502	326,161	1,985,556	195,884	1,152,447	219,505	1,349,389	192,818	1,184,454	-19.11%	-17.51%

Source: Market Study.

The above table indicates that the wheat production in all regions of the Kingdom witnessed a decline over the past five years, as a result of the government's decision to stop all wheat production operations in the Kingdom by 2015G, as the annual compound average of change in production was about 19.11% during the period from 2007G to 2011G bringing the total production of wheat in the Kingdom to 1,184,454 tons. Currently, the Jawf region is deemed the largest producer of wheat in the Kingdom through producing about 31% of gross

domestic wheat production.

TADCO share of the total production of the Kingdom in 2010G can be determined based on the actual quantity of production achieved in this year, amounting to about 43,911 tons, representing 3.3% of the total wheat production of the Kingdom and 28.9% of Tabuk region production of wheat.

2- Potatoes

Table 3-9: The cultivated area and production of potatoes in the various provinces of the Kingdom

Area	2007		2008		2009		2010		2011		CRAG	
	Area (Ha)	Production (Ton)	Area (Ha)	Production (Ton)	Area (Ha)	Production (Ton)	Area (Ha)	Production (Ton)	Area (Ha)	Production (Ton)	Area (Ha)	Production (Ton)
Riyadh	3,947	85,619	3,105	68,729	3,446	75,245	4,588	109,692	4,953	110,648	5.84%	6.62%
Makkah	250	2,098	207	2,873	172	3,524	116	1,954	109	2.27	-18.74%	1.99%
Madinah	2	35	2	81	2	93	3	54	3	64	10.67%	16.29%
Qassim	4,841	100,804	3,983	89,032	3,826	86,969	3,633	84,611	3,828	88,023	-5.70%	-3.33%
Eastern	21	355	135	2,774	135	2,872	16	289	18	375	-3.78%	1.38%
Aseer	49	356	67	1.535	67	1,256	51	901	71	1,684	9.71%	47.48%
Tabuk	2,083	52,33	2,156	55,777	2,342	60,192	1,249	34,889	1,279	32,888	-11.48%	-10.96%
Hail	6,878	181,846	6,354	179,522	5.8	165,938	4,374	130,846	4,787	136,821	-8.66%	-6.87%
Northern Border	-	-	-	-	-	-	-	-	-	-		
Jazan	-	-	-	-	-	-	-	-	-	-		
Najran	21	323	21	636	32	1,029	11	178	11	367	-14.93%	3.24%
Baha	8	114	7	208	6	175	12	196	12	318	10.67%	29.24%
Jouf	1,614	39,119	1,889	45,786	1,837	46,845	1,259	35,383	1,225	31,221	-6.66%	-5.48%
Total KSA	19,714	462,999	17,926	446,953	17,665	444,138	15,312	398,993	16,296	404,679	-4.65%	-3.31%

Source: Market Study.

The above table indicates that potatoes' production witnessed a gradual decline over the past five years in most of the regions at compound annual growth rate about 4.65%. Potatoes' production in the Kingdom fell down from 462,999 tons in 2007G to 404,679 tons in 2011G. It is worth mentioning that the areas of Hail, Riyadh and Qassim were the largest producers of potatoes in the Kingdom. Their contribution to the gross domestic product was 34%, 27% and 22% respectively.

TADCO share of the total production of the Kingdom in 2010G can be determined based on the actual quantity of production achieved in this year, amounting to about 21,386,8 tons, representing 5.4% of the total potatoes' production of the Kingdom and 61.3% of Tabuk region production of potatoes.

3- Onion

Table 3-10: The cultivated area and production of onions in the various provinces of the Kingdom

Area 23.	2007		2008		2009		2010		2011		CRAG	
	Area (Ha)	Production (Ton)	Area (Ha)	Production (Ton)	Area (Ha)	Production (Ton)	Area (Ha)	Production (Ton)	Area (Ha)	Production (Ton)	Area (Ha)	Production (Ton)
Riyadh	594	14,846	591	15,459	637	16,881	1,086	30,619	1,285	34,083	21.28%	23.09%
Makkah	181	2,213	118	1,518	201	2,451	245	3,97	246	3,006	7.97%	7.96%
Madinah	7	110	11	202	23	325	11	170	7	97	0.00%	-3.10%
Qassim	160	4,071	128	3,398	212	4,795	307	6,92	299	6,759	16.92%	13.51%
Eastern	235	3,264	284	4,064	218	3,113	109	2,133	104	1,481	-18.44%	-17.93%
Aseer	8	141	8	315	9	256	21	364	24	672	31.61%	47.75%
Tabuk	201	5,578	237	6,772	265	7,549	351	7,085	392	11.18	18.17%	18.98%
Hail	166	3,826	53	1,177	151	3,317	422	9.93	380	8,325	23.00%	21.45%
Northern Border	-	-	-	-	-	-	-	-	-	-		
Jazan	3	16	4	43	5	54	2	11	2	27	-9.64%	13.98%
Najran	25	353	20	583	18	574	12	158	12	383	-16.76%	2.06%
Baha	1	13	1	22	1	27	-	2	-	-	-100%	-100%
Jouf	687	19,305	769	22,585	789	22,345	1,207	31,998	1,359	38,491	18.59%	18.83%
Total KSA	2,268	53,736	2,224	56,138	2,529	61,687	3,773	93,36	4.11	104.504	16.02%	18.09%

Source: Market Study.

The above table indicates that the production of onion in most areas of the Kingdom witnessed a noticeable increase over the past five years with compound annual growth rate of about 18.09%, bringing the production of the Kingdom from 53,736 tons in 2007G to 104,504 tons in 2011G. It is worth mentioning that the regions of Jawf and Riyadh are considered the largest producers of onion in the Kingdom. The production of these two regions to the gross domestic product was 37% and 33% respectively.

TADCO share of the total production of the Kingdom in 2010G can be determined based on the actual quantity of production achieved in this year, amounting to about 4,324,8 tons, representing 4.6% of the total onion production of the Kingdom and 61% of Tabuk region production of onion.

4- Fruits

Table 3-11: The cultivated area and production of fruit in the various provinces of the Kingdom

Area	2007		2008		2009		2010		2011		CRAG	
	Area (Ha)	Production (Ton)	Area (Ha)	Production (Ton)	Area (Ha)	Production (Ton)	Area (Ha)	Production (Ton)	Area (Ha)	Production (Ton)	Area (Ha)	Production (Ton)
Riyadh	49.29	303,179	50,916	307,528	52,556	297,755	53,473	335,432	53,148	335,975	1.90%	2.60%
Makkah	15,447	109.27	16,058	112,135	16,488	116,887	13,015	98.18	13,264	93.85	-3.74%	-3.73%
Madinah	24,811	167,161	23,867	163,946	23,795	165,235	22,349	170,376	22,565	176,725	-2.34%	1.40%
Qassim	41,369	220,815	42,582	217,649	44,129	222,602	44,493	232,101	43,767	236,955	1.42%	1.78%
Eastern	16,357	196,837	16,782	209,598	17,905	222,893	17,998	204,646	17,876	198,563	2.24%	0.22%
Aseer	8,579	65,252	8,329	63,655	8,628	59,034	6,825	44,463	7,058	58,762	-4.76%	-2.59%
Tabuk	10,999	113,67	10,444	92,338	9,893	74,978	9,836	69.73	10,069	89.56	-2.18%	-5.79%
Hail	22,691	167,685	23,136	161,649	24,018	159,074	21,046	149,078	20,965	146,867	-1.96%	-3.26%
Northern Border	53	277	50	340	40	381	68	284	68	251	6.43%	-2.43%
Jazan	5,525	32,365	5,682	42,738	5,428	57,04	4,374	56,72	3,692	34,625	-9.59%	1.70%
Najran	6,311	57,868	6,585	64,298	5,958	48,942	5,662	38,606	6.05	52,272	-1.05%	-2.51%
Baha	3,457	28,005	3,081	25,823	3,311	27,927	2,397	25,333	2,662	30,326	-6.32%	2.01%
Jouf	24,534	119,584	25,001	154,002	26,998	166,69	24,907	123,843	27,997	154,451	3.36%	6.61%
Total KSA	229,423	1,581,968	232,513	1,615,699	239,147	1,619,438	226,443	1,548,792	229,181	1,609,182	-0.03%	0.43%

Source: Market Study.

The above table indicates that fruit production in the Kingdom did not witness any significant changes during the past five years. The Kingdom's production of fruit in 2011G was about 1,609,182 tons compared to 1,581,968 tons in 2007G. It is worth mentioning that the areas of Riyadh, Qassim and the Eastern Region are the most productive areas of fruit in the Kingdom, where the production of these areas contributed to the gross domestic product of fruit in the year 2011G was 21%, 15% and 12% respectively.

TADCO share of the total production of the Kingdom in 2010G can be determined based on the actual quantity of production achieved in this year, amounting to about 8,661.1 tons, representing 0.6% of the total fruit production of the Kingdom and 12.4% of Tabuk region production of fruits.

5- Olives

Table 3-12: Olive Production in the Kingdom

Directorate	Area(acre)	No. of trees compounded		No. of trees scattered		Total No. of trees	%	Production (Ton)	%
		fruitful	fruitless	fruitful	fruitless				
Riyadh	5,933	80,77	80,463	65	71	161,369	6.00%	1,619,7	11.20%
Tabuk	13,511	231,597	121,355	1,452	859	355,263	13.10%	3,791,4	26.30%
Hail	6,052	16,412	94,049	217	1,176	111,854	4.10%	459.1	3.20%

Directorate	Area(acre)	No. of trees compounded		No. of trees scattered		Total No. of trees	%	Production (Ton)	%
		fruitful	fruitless	fruitful	fruitless				
Jouf	46,322	453,705	1,049,991	2,326	762	1,506,784	55.70%	4,314,6	30.00%
Gurayat	31.23	298,863	208,557	465	580	508,465	18.80%	3,650,7	25.30%
Others	1.76	18.63	28,021	1.8	14.84	63,291	2%	567	4%
Total KSA	104,808	1,099,977	1,582,436	6,325	18,288	2,707,026	100.00%	14,402,8	100.00%

Source: Market Study.

The above table indicates that the number of olive trees in Al Jawf represents about 55.6% of the total number of olive trees in the Kingdom, followed by Qurayyat region (Northern Borders) by 18.7%, then Tabuk region by 13.1%, Riyadh region by 5.9%, and Hail by 4.1%. As regards to the production, the production of Tabuk region forms 26.3% of the total olive production in the Kingdom. The total number of olive trees in the Kingdom according to the comprehensive agricultural census conducted in 1999G was approximately 2,707,026 trees, where 2,682,413 trees of which forming 99% are available in regular fields and farm, while about 24,613 trees forming 1% are scattered and dispersed in different areas. The number of trees with commercial production reached about 1,099,977 trees representing 41% of the total trees, while the total number of trees that have not attained commercial production represent about 59%. This indicates that olive cultivation and consequently oil production shall witness a great development in the foreseeable future.

The results of the comprehensive agricultural census conducted by the Ministry of Agriculture in 1999G revealed that the number of olive trees in Tabuk region was about 355,263 trees and that the annual average of olive production of the area in the same year amounted to about 3,791.4 tons. Assuming that an increase in the number of trees at a rate of 10% shall take place over the past five years, the number of trees in Tabuk shall become about 390,790 trees. By deducting the current number of TADCO olive trees amounting to 107,994 trees, the total number of olive trees owned by other farmers is about 282,796 trees, and assuming that the productivity rate of a tree is about 30 kg, thus, the average production of farmers in 2005G is about 8,484 tons.

Some of the estimates made by TADCO, represented by the Business Development Unit through field visits at the beginning of 2003G, which covered Jawf region, indicated that the number of olive trees in Jawf was more than 3 million trees, distributed among the various areas (Skaka, Miqua, Doumat El Jandal, and Bsaita). Said estimates also indicated that currently, the proportion of productive trees in the region range between 10% and 15% of the total number of trees. Moreover, an increase in the number of trees per year is estimated at about 5%. Due to this expansion in the cultivation of olive trees, the region has witnessed the establishment of a number of olive presses amounting to 9 presses (4 in Skaka region, 3 in Qurayyat region, and 2 in Miqua region).

6- Potato Croquettes (Fingers)

Data outlines the presence of only two factories to produce potatoes croquettes in the Kingdom, namely, Food Products Company (FPC) and Astra food Co. The table below shows the volume of local production of the potatoes croquettes during the period from 2000G to 2011G. The annual average production of this product is estimated to be 10,273 tons during the said period. Assuming that the year 2000G is deemed the basis year for the mentioned period, it is noticeable that the following years witnessed a remarkable increase in the produced quantities, contrary to the year 2001G, which has witnessed a decrease in quantity at a rate of about 8.2%.

Table 3-13: Domestic production of potatoes croquettes in the Kingdom

Year	Domestic production (tons)	CRAG %
2000G	6,481,0	-
2001G	5,949,0	-8.20%

Year	Domestic production (tons)	CRAG %
2002G	8,426,0	14.00%
2003G	7,977,0	7.20%
2004G	11,780,0	16.10%
2005G	12,238,0	13.60%
2006G	12,721,0	11.90%
2007G	13,137,0	10.60%
2008G	10,675,0	6.40%
2009G	11,242,0	6.30%
2010G	10,682,0	5.10%
2011G	11,967,0	5.70%
Average	10,272,9	.33

Source: Market Study

The following table indicates the expected market share of Tabuk Agriculture Development Company (TADCO) for some of its products as follows:

Table 3-14: Expected market share for some of the Company's crops are as follows:

Description	2012	2013	2014	2015	2016
Wheat					
Total Consumption (Ton)	2,539,289	2,593,628	2,647,596	2,701,436	2,755,289
Total expected production of TADCO (Ton)	33.6	29,568	26.02	22,897	20.15
TADCO's Market Share	1.30%	1.10%	1.00%	0.80%	0.70%
Potato					
Total Volume of Market (Ton)	812.3	856	906.2	959.6	1,011,200
Total expected production of TADCO (Ton)	35.84	36.96	41.44	43.68	46.48
TADCO's Market Share	4.40%	4.30%	4.60%	4.60%	4.60%
Onions					
Total Volume of Market (Ton)	396.7	422.4	453.9	489.7	524.5
Total expected production of TADCO (Ton)	21.6	24	24	24	24
TADCO's Market Share	5.40%	5.70%	5.30%	4.90%	4.60%
Fruit					
Total Volume of Market (Ton)	2,714,440	2,806,621	2,905,496	3,007,719	3,106,080

Description	2012	2013	2014	2015	2016
Total expected production of TADCO (Ton)	12,341	12,949	13,776	13,794	14,158
TADCO's Market Share	0.50%	0.50%	0.50%	0.50%	0.50%
Olive oil					
Total Demand (Ton)	11,382	11,655	11,935	12,221	12,515
Total Production Volume of TADCO (1000 ltr)	150	409	451	490	565
Total Production Volume of expected olive press (1000 ltr)	-	-	576	583	592
Total expected production (1000 ltr)	150	409	1,027	1,073	1,158
Total expected production in Ton (1000 ltr = 0.91 ton)	137	372	935	977	1.054
Expected Market Share	1.20%	3.20%	7.80%	8.00%	8.40%
Potato Croquettes (Fingers)					
Total Demand (Ton)	40,971	41.78	42.59	43.4	44,171
Total expected Production volume of Potato Fingers Project (Ton)	6.25	6.25	6.25	6.25	6.25
Expected Market Share of Potato Fingers Project	15.30%	15.00%	14.70%	14.40%	14.10%

Source: Market Study

3 - 5 Economic Status in the Countries Where the Company Invests

3 - 5 - 1 Economy of the Republic of Sudan

Agriculture is considered the primary economic activity in Sudan, where the arable land is estimated at about 840 thousand square kilometers. Currently, only 18% of the arable land is being used. The most important agricultural products include cotton, sesame, peanuts and Arabic gum. Also, Sudan is deemed the largest global producer of Arabic gum, and ranks the third in Africa in sugar production.

After the oil discoveries in the country, the economic conditions of the citizens improved. The oil refineries are located in the north part of the country, which undertakes the distribution of oil revenues. The hydroelectric power covers two-thirds of the energy consumption of the country. Gold production amounts up to about 1.8 tons per year, and the livestock sector has witnessed a remarkable development where Sudan has got about 20 million lambs, 22 million sheep and 18 million goats.

The global spikes of the oil price have not helped Sudan to evade the effects of the seizure of oil production in southern Sudan, which in turn shall preclude the exports and imports growth on the short-term. Imports, in turn, are also likely to be affected due to poor domestic demand and political turmoil protracted between the north and the south. Therefore, it is expected that the trade balance shall suffer a deficit on the short-term, reflecting almost a complete halt of exports even if global oil prices have continued rising because of the geopolitical differences in the Middle East and North Africa. On the other hand, it is expected that the deficit shall rise in income and services accounts. In contrast, it is also likely that the foreign currency reserves in Sudan shall be adversely affected if the oil stops for a long time.

The inflation rate is expected to stabilize over the medium term, and the security situation shall improve in the coming years; in addition to the improvement in the supply of goods, which shall help to reduce the rise in basic commodity prices. Peace efforts are also expected to advance which shall facilitate the arrival of food and humanitarian aids to the areas affected by the conflict in Sudan, which in turn shall impair the inflation in supply. The table below shows the Sudan economy indicators as follows:

Table 3-15: Sudan Economy Indicators

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Number of Population (million)	41.4	42.5	43.6	34.3	34.9	35.5	36.2	36.9	37.7	38.5	39.4
GDP (USD billion)	58	54.6	65.5	55.5	51.4	55.4	56.9	67.3	76.2	80.4	87.4
Per capital share in GDP (USD billion) (	1,401,1	1,286,4	1,503,2	1,620,4	1,473,6	1,559,2	1,571,8	1,822,9	2,021,8	2,087,8	2,220,5
Inflation ratio	14.30%	11.20%	13.00%	22.10%	37.40%	36.50%	27.20%	11.90%	7.80%	7.70%	6.60%
Exchange Rate (Sudanese Pound vs. USD)	2.09	2.3	2.34	2.68	4.41	5.7	5.7	5.78	5.97	6.13	6.24

Source: Market Study

3 - 5 - 2 Economy of the Arab Republic of Egypt

The economy of Egypt is deemed the second largest economy in the Arab region after the economy of Kingdom of Saudi Arabia with a GDP of 257.3 billion Dollars (2012G), as well as the second among Africa's countries after South Africa and the eleventh among the Middle Eastern countries in terms of per capita income. It is characterized as one of the Middle East most versatile economies, where the sectors of agriculture, industry, tourism and services engaged in comparable proportions in its economy. The average number of work force in Egypt reached 26.1 million according to 2012G estimates and are distributed on service sector (51%), agriculture sector (32%) and the industrial sector (17%).

The economy of Egypt mainly depends on agriculture, Suez Canal, tourism, tax, cultural production, media, oil production and remittances of overseas Egyptian labor from more than three million Egyptians working abroad. Also, Egypt is considered a rich country in natural resources with natural gas reserves approximately estimated at 2,186 trillion cubic meters that would support the industry sector, which represents more than one-third of the economy. In addition to that, Egypt has vast agricultural lands and irrigation water, where its agricultural sector represents about 14% of the GDP of Egypt.

Egypt is also considered the highest among the Arab countries with regards to the population census where the estimated population reached 87 million people by the end of 2013G, recording a growth rate of 1.8% during the past five years.

It is likely that the economic growth of Egypt remains slow within the next few years. The government therefore drew a decline in foreign exchange reserves of more than 50% in 2011G and 2012G to support the Egyptian pound. And, as a result of the failure of negotiations with the International Monetary Fund on a loan for 4.8 billion US Dollars, which has lasted more than 20 months, it may precipitate the financial crisis in 2014G.

The below table summarizes the macroeconomic data in recent and projected years of Egypt as follows:

Table 3-16: Egyptian Economic Indicators

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Number of Population (million)	75.6	76.9	78.3	79.7	81.1	82.5	84	85.4	86.8	88.2	89.5
GDP (USD billion)	107.7	132.2	164.9	188	214.6	230.7	257.9	295.1	334.4	369	400.5
Per capital share in GDP (USD billion) (	1,425,7	1,717,7	2,104,9	2,358,0	2,645,7	2,795,1	3,071,8	3,456,1	3,853,3	4,184,2	4,472,0
Consumer Price Index (% change)	7.60%	9.30%	18.30%	11.80%	11.30%	10.10%	9.40%	7.90%	6.50%	5.70%	4.40%
Exchange Rate (Egyptian Pound vs. USD)	5.7	5.6	5.4	5.5	5.6	5.9	6	5.9	5.7	5.6	5.6

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Interest rate on short term (%)	12.60%	12.50%	12.30%	12.00%	11.00%	11.00%	11.90%	11.90%	11.90%	11.00%	10.50%

Source: Market Study

3 - 6 Agricultural Sectors of other countries in which the Company invests.

3 - 6 - 1 Agricultural Sector in the Republic of Sudan

The Republic of Sudan has around 206,980 million square meters of arable lands, 2,080 million square meters of permanent crops and 18,630 million square meters of irrigated lands. The agriculture sector is considered one of the most important sectors in Sudan, where it contributes to 44.7% of GDP. The value of agricultural exports of Sudan in 2010G amounted to USD 457 million, which represents 3.7% of the total exports; while the agricultural imports of the said year amounted to 1,543 million US Dollars which represents 16.5% of the total imports.

In 2010G, the total agricultural production of grains amounted to 3,562,350 tons, 403,000 tons of wheat, 35,000 tons of maize and 317,640 tons of pulses in addition to 152,000 tons of beans and 447,458 tons of oil crops and 200,000 tons of sunflower seeds. The below table shows the agricultural production of Sudan for the years 2006-2010G. Also, it is worth mentioning that the official statistics for the years 2011-2013G are not available.

Table 3-17: Agricultural production of Sudan for the years 2006-2010G are as follows:

Agricultural Production (Ton)	2006	2007	2008	2009	2010
Total grain	5,806,000	6,691,000	5,269,000	5,552,195	3,562,350
Wheat	669	803	587	641,695	403
Corn	109	70	62	66	35
Total Legumes	278,961	290,645	346,176	237,935	317,64
Foul	160	162	140.4	112.5	152
Total oil crops	401,952	341,55	433,471	559,395	447,458
Sunflower seeds	44	73	100	247	200

Source: Market Study.

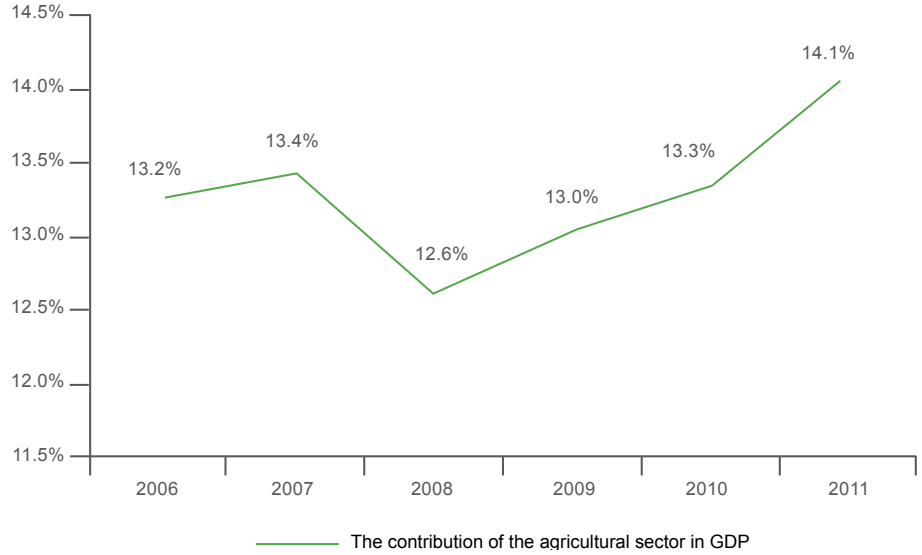
As the proposed projects of the Company in the Republic of Sudan aim to be in the form of supplies to the Saudi market, the Sudanese market shall not be studied for all the products planned to be produced in Sudan.

3 - 6 - 2 Agricultural sector in the Arab Republic of Egypt

In General, the economy of Egypt relies on the services and industry sectors, which constitute 46% and 40% of the GDP of the Republic of Egypt as in 2011G. As Egypt is considered a rich country in natural resources, where the natural gas reserves in Egypt are estimated at about 2.186 trillion cubic meters, which would support the industry sector which represents more than one-third of the economy. In addition, Egypt has vast areas of agricultural lands and irrigation water, where its agricultural sector represents about 14% of the GDP of Egypt.

The below figure illustrates the contribution of the agricultural sector in GDP. As shown, the contribution rate increased from 13.2% in 2006G to 14.1% in 2011G. As for the productive value of agricultural crops, tomatoes, rice, and wheat are the most produced agricultural crops in Egypt in terms of value. On the other hand, the largest produced quantities of agricultural products are represented in sugar cane, tomatoes, sugar beets, wheat, and corn.

Figure 3-2: The contribution of the agricultural sector to the GDP



Source: Market Study

The following table shows the production of potatoes, corn, wheat, soybeans in Egypt. It is worth mentioning that the official statistics are not available for the years 2011G, 2012G and 2013G.

Table 3-18: Production of certain crops in Egypt is (in tons)

Agricultural Production (Ton)	2006	2007	2008	2009	2010
Total production of roots and tubers	2,794,544	3,267,733	3,982,004	4,135,108	4,137,704
Potato	2,312,790	2,760,460	3,567,050	3,659,280	3,643,220
Total production of Grains	22,503,430	21,565,234	23,693,016	22,706,931	19,407,742
Corn	6,374,300	6,243,220	7,401,410	7,686,090	7,041,100
Wheat	8,274,230	7,379,000	7,977,050	8,523,000	7,177,400
Total production of oil craps	265,592	267,115	233,265	238,224	274,236
Soybean	23.02	25,607	29,169	22,436	43,342

Source: Market Study.

Egypt's imports of potatoes amounted to about 283,215 tons, while the exports of the same crop amounted to about 299,961 tons in 2010G, reflecting a trade surplus of 16,746 tons. On the other hand, Egypt's imports of corn amounted to 5,197,963 tons in 2010G, compared to exports of about 27,036 tons, which represent a trade deficit of nearly 5,170,927 tons. While its imports of wheat had reached 9,926,578 tons in 2010G compared to its exports of about 4,957 tons of wheat, reflecting a deficit of 9,921,621 tons. Also, its imports of soybeans amounted to 496,095 tons in 2010G, while its exports of the same crop were minor, which amounted to 1,796 tons, reflecting a trade deficit of 494,299 tons.

4. Company and Business

4 - 1 Incorporation and Capital

Tabuk Agricultural Development Company (TADCO) has been established as a Saudi joint stock company under Royal Decree no. (M/11) dated 7 Jumada Al Thani 1403H (corresponding to 22 March 1983G) and registered in Tabuk under Commercial Registration No. 3550005403, dated 15 Shaaban 1404H (corresponding to 17 May 1984G), with the address of the head office is as follows:

Tabuk Agricultural Development Company (TADCO)

Tabuk – Halat Ammar Street

P.O. Box 808, Zip Code 71421

Kingdom of Saudi Arabia

Tel.: +96614 4500000

Fax: +966144500025

Email: tadco@tadco-agr.com

Website: www.tadco-agri.com

The Company's Capital is SAR200,000,000 fully paid and divided into 20,000,000 Ordinary Shares, at a par value of SAR 10 each.

The main business of the Company is production, manufacturing and marketing of agricultural products. The Company conducts these businesses in line with the instructions and laws applicable in the Kingdom of Saudi Arabia, after obtaining required licenses from the competent authorities.

In line with the Company By-Laws and Commercial Registration, the purposes for which the Company has been established are:

1. Acquiring and reclaiming agricultural lands for utilization in founding agricultural projects.
2. Drilling and maintaining of water wells
3. Founding agricultural vegetarian and animal projects
4. Breeding and feedlot management, production of broiler and egg-laying chicken and building of projects
5. Construction of plant nurseries and production of fruit tree nurseries, forest, ornamental, aromatic and medical seedlings
6. Manufacturing agricultural, animal, vegetarian and fish products and its bi-products.
7. Acquisition of commercial agencies, retail and whole sale trade of agricultural materials, equipment and accessories
8. Agricultural marketing by way of import and export of agricultural, vegetarian, animal and fish products and derivatives.
9. Purchase lands for construction of buildings for investment by way of sale or lease in favor of the company
10. Construction of food products factories, dairy products, juices, water, meat, fodders and olive mills
11. Construction, management, maintenance and operation of industrial projects.
12. Management and operation of agricultural projects, vegetarian and animal, gardening services, landscaping, irrigation systems and seed purification plants.
13. Possessing, managing and operating grain silos and flourmills.
14. Wholesale and retail sale trading of foods, grains, crops, vegetables, fruits, forage, livestock, poultry and fish.
15. The Company may, in any way, have an interest in or subscribe to organizations or companies which operate similar businesses, or which assist the Company in achieving its goals. The Company may possess shares or have shares in these companies, or merge with them or buy them. It may also have, in any way, interest in or subscribe to other companies, with no more than 20% of its free reserves and no more than 10% of the capital of the Company subscribed to, provided that total subscriptions shall not exceed the value of such reserves and the ordinary general assembly informed accordingly.

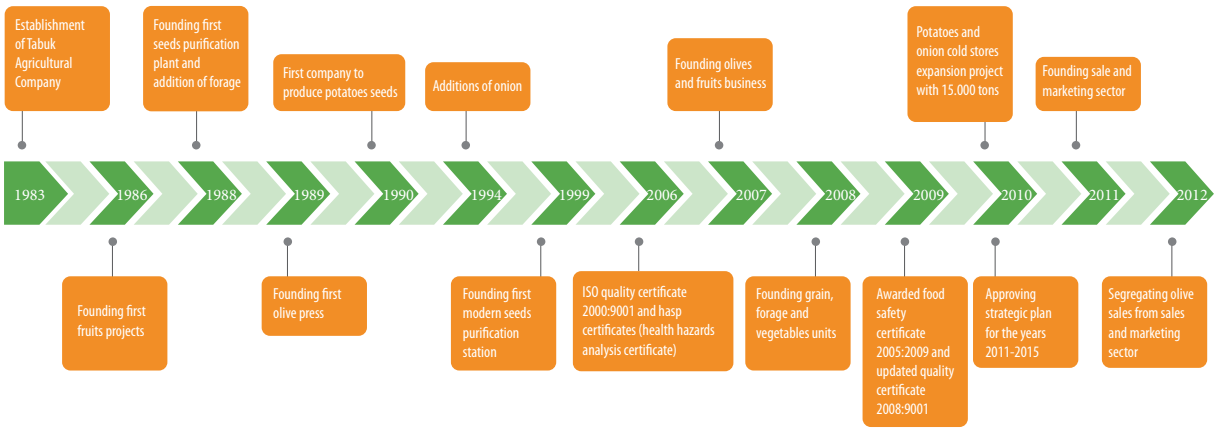
4 - 2 Company's Capital Development

Tabuk Agricultural Development Company has been established as a Saudi joint stock company under Royal Decree no. (M/11), dated 7/6/1403H (corresponding to 22/3/1983G) and Commercial Registration (3550005403), dated 17/5/1404 (corresponding to 17/5/1984G), with a capital of SAR 200,000,000 divided to 2,000,000 shares, with a par value of SAR 100 per share. Company shares were subscribed to as follows:

1. Founding Shareholders subscribed for 750,000 shares with a par value of SAR100 per each share, representing 5% of the Company's Capital. Subscription amounts were settled during the founding year in three payments:
   - First Payment: SAR 18,750,000
   - Second Payment: SAR 28,125,000
   - Third Payment: 28,125,000
2. The remaining 1,250,000 shares, representing 5% of the Company's Capital, were offered for public subscription at a par value and a share price of SAR100. Subscription amounts were paid by the public in 1994G in two payments:
   - The First Payment: SAR 62,500,000
   - The Second Payment: SAR 62,500,000
3. In 1998, the share par value was amended from SAR 100 to SAR 50, while in 2006 the par value was amended from SAR 50 to SAR 10 to date

The Company confirms that since establishment to the date of this Prospectus, has not increased its capital through rights issue or otherwise.

4 - 3 Most Significant Events and Development in Company History



Source: Tabuk Agricultural Development Company

Table 4.1: Most Significant Events and Developments in Company History

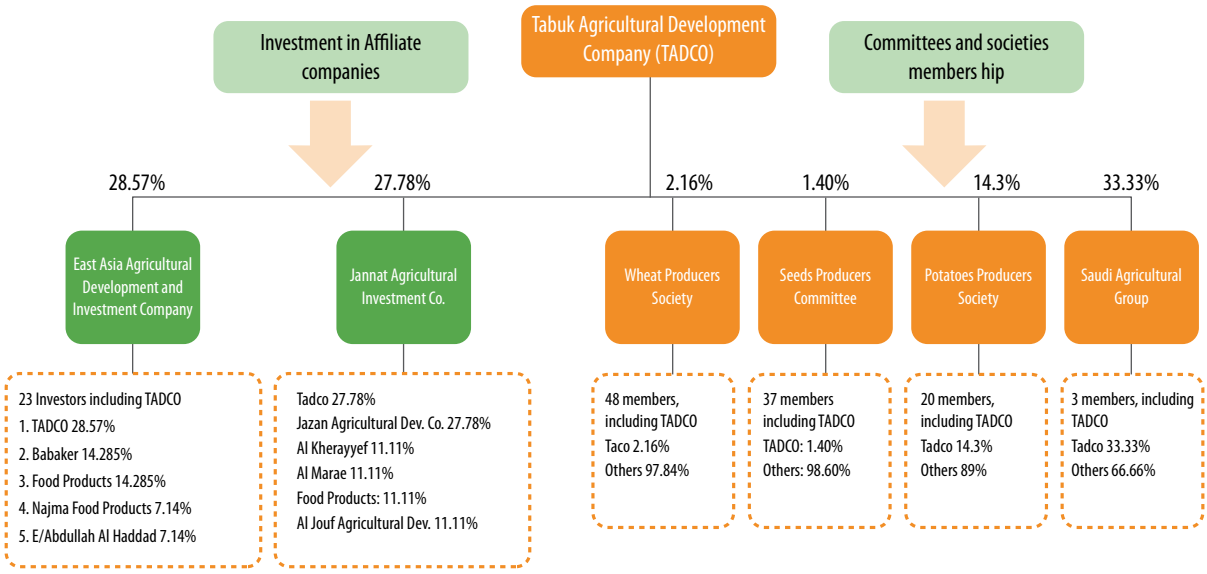
S/N	Date	Events and Developments
1	1983	Incorporation of Tabuk Agricultural Development Company
2	1986	Establishment of First fruits project
3	1988	Establishment of first seeds purification station
4	1988	Introduction of forage cultivation to Company activities
5	1988	Establishment of first potatoes cold store with a capacity of 1500 tons
6	1989	Establishment of first olive press plant
7	1990	Tadco was considered the first Company to produce potatoes seeds
8	1994	Introduction of onion growing business

S/N	Date	Events and Developments
9	1999	Establishment of first modern seeds purification station
10	2006	Tadco obtained ISO 9001:2000GCertificate and HACCP Certificate
11	2007	Establishment of olives and fruits business units
12	2008	Establishment of grain and forage units and vegetables unit
13	2009	Tadco obtained food safety certificate 2200:2005G and ISO 9001: 2008G, (updated quality)
14	2010	Approval of Company strategic plan for the period 2011-2015G.
15	2010	Start to expand cold onion and potatoes stores with a capacity of 15,000 tons, which led to increased total cold storage capacity of vegetables and fruits to 35,000 metric tons.
16	2011	Establishment of Sales and Marketing Division to which sale and marketing tasks were entrusted replacing each respective independent business unit. This division undertakes these joint service tasks on behalf of all business units particularly vegetables and fruits units, which have the same markets and clients
17	2012	Segregation of olives sales from Sales and Marketing Sector and restructuring of this unit under Olive Business Unit due to its special products, different markets and distribution channels.

Source: Tabuk Agricultural Development Company

4 - 4 Company Investments and Membership in Committees and Associations

Figure 4.2: Company Investments and Membership in Committees and Associations



Source: Tabuk Agricultural Development Company

4 - 4 - 1 Membership in Committees and Societies

4 - 4 - 1 - 1 Saudi Agricultural Group (SAG)

The Saudi Agricultural Group started its business in a conglomerate of seven Saudi joint stock and non-joint stock companies including Tabuk Agricultural Development Company, Nadec, Al Jouf Agricultural Development Company, Hail Agricultural Development Company, Jazan Agricultural Development Company, Qassim Agricultural Development Company and National Agricultural Company (Al Rajhi). The purpose of the conglomerate is for the said companies to coordinate and cooperate in serving their common interests and increase the efficiency of their role in the development of the agricultural sector. SAG has been transformed

recently to the Saudi Agricultural Group Company, a Saudi limited liability company, registered under Commercial Registration no. 1010310766, dated 13.7.1432H, with its head office located in Riyadh. The capital of the Company is SAR 300,000 divided to 30,000 equal shares, with a nominal value of SAR 10 per each share. The ownership of the Company was limited to three companies of the seven above mentioned companies, including Tabuk Agricultural Company, Nadec and National Agricultural Company. Tabuk Agricultural Development Company possesses 10,000 shares in the Saudi Agricultural Company, representing 33.3% of its capital.

The Saudi Agricultural Group Company has been established to undertake all vegetarian and animal business, including trading of agricultural products, livestock and food, establishing factories for agricultural and animal production as well as managing and operating agricultural projects, animal production projects and factories, etc. The Company is considered a professional conglomerate for Saudi investors in the agricultural sector.

The Company has not exercised any business yet and it currently studies some investment projects such as olive manufacturing complexes in Tabuk, Hail and Al Jouf Areas and prepares feasibility studies for these projects in coordination with research and financing parties for the development of olive sector.

The following table shows the Company's ownership structure:

Table 4.2: Saudi Agricultural Group Company's ownership structure:

Partners	Number of Shares	Percentage
Tabuk Agricultural Development Company	10,000	33.3%
National Agricultural Development Company (NADEC	10,000	33.3%
Sulaiman Abdul Aziz Al Rajhi Establishment	10,000	33.3%
Total	30,000	100%

Source: Tabuk Agricultural Development Company

4 - 4 - 1 - 2 The National Seed and Agricultural Service Company (Buthoor)

The National Seed and Agricultural Service Company is a Saudi limited liability company, registered under Commercial Registration no. 1010064975, dated 11.6.1407H, with its head office located in Riyadh. The Company's Capital is SAR29,515,200 divided to 295,152 equal shares, with a nominal value of SAR100 per share. Tabuk Agricultural Development Company holds 4,128 shares in the National Seed and Agricultural Service Company, representing 1.4% of its capital.

The business of the National Seed and Agricultural Company is as follows:

Production, trade, proliferation, development and improvement of seeds and plant tissues and discovering strains which adapt with the Kingdom geography and climate, provision of these strains to farmers and export of the surplus; provision of agricultural services, fertilizers trade, chemical pesticides, purchase or rent of pesticides spraying planes; founding agricultural equipment maintenance workshop; transport and storage of crops and constructing required warehouses after obtaining necessary licenses.

The following tables shows the Company's ownership structure

Table 4.3: Ownership Structure for the National Seed and Agricultural Service Company

Shareholders	Number of Shares	Percentage
Tabuk Agricultural Development Company	4,128	1.4%
Other Shareholders	291,024	98.6%
Total Shares	295,152	100%

Source: Tabuk Agricultural Development Company

4 - 4 - 1 - 3 Potatoes Producers Society

The Potatoes Producers Society is a conglomerate of companies cultivating potatoes in the Kingdom of Saudi Arabia aiming to improve and market potatoes crops. TADCO acquired the society's membership in 2007G and against its membership; it possesses 2000G shares, representing 14.3% out of total shares of 14,000.

4 - 4 - 1 - 4 Wheat Producers Society

The Wheat Producers Society is a conglomerate of companies operating in wheat seeds production to improve crop productivity. Tabuk Agricultural Development Company has acquired the society's membership in 2006G. Against its membership, it possesses 200 shares, representing 2.16% out of total shares of 9245.

4 - 4 - 2 Investments

4 - 4 - 2 - 1 Jannat Agricultural Investment Company

Jannat Agricultural Investment Company is a Saudi limited liability company registered under Commercial Registration no. 10102411588, dated 1.12.1428H with its head office located in Riyadh. The capital of the Company is SAR63,000,000 (sixty three million Saudi Riyals) divided to 6,300,000 (six thousand and three hundred) equal shares, with a nominal value of SAR 10 per each share. Tabuk Agricultural Development Company possesses 1,750,000 (one million and seven hundred and fifty thousand) shares in Jannat Agricultural Investment Company, representing 27.78% of its capital.

Jannat Agricultural Development Company business includes the following:

1. Founding agricultural projects
2. Founding, managing and operating food factories
3. Founding livestock and poultry projects
4. Founding dairies, meat and forage factories.
5. Founding and operating fish production processing and wrapping factories.
6. Whole and retail sale of grains, crops, vegetables, fruits, forage, livestock, poultry and fish
7. Founding factories for juices and drying and canning of vegetables and fruits
8. Founding cooling, freezing and packaging factories
9. Land, sea and air transport
10. Commercial agencies and undertakings

The following table shows Company's ownership structure:

Table 4.4: Jannat Agricultural Investment Company

Partners	Number of Shares	Percentage
Tabuk Agricultural Development Company	1,750,000	27.78%
Jazan Agricultural Development Company	1,750,000	27.78%
Abdullah Ibrahim Al Khrayyef Sons Company	700,000	11.11%
Al MaraeaCompany	700,000	11.11%
Food Products Company	700,000	11.11%
Al Jouf Agricultural Development Company	700,000	11.11%
Total	6,300,000	100%

Source: Tabuk Agricultural Development Company

It is worth mentioning that Jannat started its investments by acquiring Rakha'a Agricultural Investment Company (Egyptian joint stock company), with a percentage of 77% of its fully paid capital of 80,000,000 Egyptian pounds (equal to SAR 44.4 million). Rakha'a possesses an agricultural project for grain production and green forage in Sharq Al Owainat Region in the Arab Republic of Egypt The area of the project is 10,000 acres,

equal to 4,202 hectares. While investment began in 2008G, the work in the project was completed in several stages during the period 2008 – 2012G. Jannat has another three partners in Rakha'a project including the General Company for Research and Ground Water (REGWA), Abdullah Al Khorayyef Sons Company and Sheikh Mohammed Bin Abdullah Bin Ibrahim Al Khirayyef Company.

4 - 4 - 2 - 2 East Asia Agricultural Development and Investment Company

East Asia Agricultural Development and Investment Company is a Saudi closed Company registered under Commercial Registration no. 1010373176, dated 27.6.1434H, with its head office located in Riyadh. The Company's capital is SAR100,000,000 divided to (10,000,000) ten million equal shares, with a nominal share value of SAR 10. Tabuk Agricultural Development Company possesses 2,857,100 (two million, eight hundred and fifty seven thousand, and one hundred) shares representing 28.57% of the Company capital. 70% of the shares nominal value was settled in the amount of SAR20,000,000.

The business of East Asia Agricultural Development and Investment Company is as follows:

Agricultural development, founding agricultural projects to produce crops, grains, rice, barley, fruits, olive, forage, all agricultural products and field crops, founding, managing and maintaining of food industries, founding animal production projects, including livestock and poultry as well as founding and managing dairy, meat and forage products.

The Company started to complete its functional structures and commence its business. Until the Company commences its business, the Company capital is invested in a Murabah (Profit) Account.

The following table shows the Company's ownership structure

Table 4.5: Ownership Structure - East Asia Agricultural Development and Investment Company

Shareholders	Number of Shares	Percentage
Tabuk Agricultural Development Company	2,000,000	28.57%
Other Shareholders	5,000,000	71.43%
Total	7,000,000	100%

Source: Tabuk Agricultural Development Company

4 - 4 - 3 Branches in the Kingdom of Saudi Arabia

The Company has a number of secondary registrations and industrial licenses in the Kingdom. It also has a number of branches kingdom-wide (Riyadh, Jeddah, Dammam and Tabuk) and they operate under the Company's main Commercial Registration.

Table 4.6:Commercial Registrations and Industrial Licenses

Type of License	License Number	Expiration Date
Company Commercial Registration certificate	3550005403	30.5.1438H (corresponding to 27.2.2017G)
Company branch Commercial Registration certificate	3550033015	01.04.1440H (corresponding to 8.12.2018G)
Industrial License	941	26.4.1438H (corresponding to 25.1.2017G)
Industrial License	1630	10.7.1438H (corresponding to 7.4.2017G)

Source: Tabuk Agricultural Development Company

4 - 5 Company's Vision

The Company's Vision is to increase its sales to SAR200,000,000 and to increase its net operational profit to more than SAR30,000,000 by the end of the Company five-year plan in 2015G.

4 - 6 Company's Mission

The Company's Mission is to be committed to providing high quality agricultural services and products that meet clients' needs in the consumption and industrial markets as required, while observing active social responsibility, reducing water consumption and complete conformity to the texts and spirits of Kingdom's laws.

4 - 7 Company's Values

- Credibility and integrity
- Serve our clients through complementary efforts between the Company different business units and sectors.
- Commitment to meet the requirements of all stakeholders in the Company
- Daily pursuit to continuous education
- Respect of our multi-national employees cultures
- Diligence and perseverance
- Respect time value and optimum utilization of time in work performance
- Embracing changes and initiatives
- Providing safety environment for employees

4 - 8 Strengths and Competitive Advantages

a. Competence

The Company has a highly qualified scientific and technical administrative team. The Company has also been successful in earning the loyalty of units and departments managers for long years as the medium number of years they worked for the Company was 15 years, lending the Company stability and more experiences that enhance knowledge of the Company business details.

b. Location

The Company ranches are located in Tabuk, Northwest of the Kingdom. Tabuk has fertile areas surrounded by mountains and hills. These areas are characterized by moderate climate, its fertile soil not to mention its fresh ground water, which makes its location ideal for the production of the finest types of fruits, vegetables, forage and wheat.

c. Quality

The Company seeks to provide best quality products. This is clearly reflected in the Company's success in obtaining many certificates and accreditations. In 2006G, the Company was awarded the International Specifications and Organization's certificate, (ISO). In 2009G, the Company was awarded the Hazard Analysis and Critical Control Point (HACCP) certificate from the Accreditation Authority known as "American Systems Registrar."

d. Storage

The Company is innovative and creative in cold storage technology. Today, it possesses the latest storage facilities in the entire Middle East Region.

e. Other Competitive Advantages and Strengths

- TADCO is the first Company in the Kingdom of Saudi Arabia that has divided its business into "Strategic Business Units". Each unit has its General Manager and complete team for production and sales, joint operational services sectors as well as financial affairs and human resources.
- TADCO is the first agricultural Company in the kingdom, which produces its products through utilizing a group of environment friendly materials to control disease transmitting pests without harming pests useful to the environment. The Company managed to reduce usage of chemicals which are dramatically harmful to the environment.
- Efficiency in the use of limited water resources in the Kingdom.

- TADCO is one of the biggest joint stock companies specialized in the production of vegetables (potatoes and onions) and nucleus stone fruits and grapes.
- TADCO is one of the Kingdom's two biggest companies that control manufacturing potatoes.
- TADCO is the first agricultural Company in the Kingdom that utilizes strategic management methodology though which it seeks to distinguish its products from other competitors' and to serve specific market tranches via products that meet their needs.
- TADCO is the only agricultural Company in the Kingdom that utilizes the balanced performance measurement cards system (one of the strategic management tools that help companies develop performance measurement indicators that translate their strategic goals to achieve their vision and mission) to prepare, follow-up and implement the entire strategy as well as the business units strategies.
- TADCO possesses the biggest cold storage capacity of around 35,000 metric tons, which allows expansion in the production of fruits and vegetables, in line with the targets of the Company strategy and its future businesses.
- TADCO possess fruits project with an expandable area of 1500 hectares with continuous replacement of old trees allowing increase of Company fruit production market share.
- TADCO is one of manufacturing potato leading suppliers and is the first client for food products companies specialized in potatoes widgets production.
- The location of the Company adjacent to the Red Sea Coast qualifies it to be among the leading manufacturers of synthetic forage targeted in its future plans, which require import of input of the different components of synthetic forage.
- TADCO has an extensive experience in the utilization of the water consumption rationalization technology, as water is the main element in production cost, thus contributing to reducing cost and enhancing products competition.
- TADCO possesses a resources planning system through which it automated all operational transactions and work measures, which helped in enhancing operational efficiency.

4 - 9 Future Development Opportunities

The Company continues to work on implementing its fourth strategic plan for the years (2011 – 2015G), which aims to concentrate on the production of high-proceeds vegetables and fruits crops, through expanding the production of manufacturing potatoes types (in conformity with the spirit and text of Kingdom's laws and policies on rationalization of ground water consumption.) TADCO is the main supplier of manufacturing potatoes types to potatoes and food industries companies in the Kingdom. TADCO is also working on expanding stone-nucleus fruits and grapes production and is the main supplier of these types of products kingdom-wide with no matched competitors.

TADCO has supported this strategic trend with a major expansion in its cold stores (for fruit and vegetables) by establishing a new store for potatoes and onions, with a storage capacity of 15,000 tons. The store is equipped with advanced cooling technology and an integrated automated system of handling, sorting and grading equipment. Construction works started in the middle of 2010G and civil, steel and electromechanical works were completed in 2012G. Some components are yet to be furnished, including sorting, grading and packing lines and storage boxes. The construction of this store has increased the total cold storage capacity of the Company to around 35,000 tons, which is the biggest capacity in any joint stock agricultural Company in the Kingdom. Thus, it represents one of the main important competition sources for the Company as it will not be available for other competitors in the near future.

The continuous expansion in the cultivation of fruits and vegetables allows for qualifying the Company in the next 5 to 10 years to be the first in the production and marketing of vegetables and fruit products on both a local and regional level.

Internationally, the Company has made a big stride in preparing for investment in Sudan Republic in purification and trade of seeds, on top of which are wheat seeds and grain production (particularly wheat), and forage, which will be exported to the Kingdom in order to bridge the consumption gap in these products. Allocation of agricultural and industrial lands required for these purposes, registering a branch for the Company in Sudan Republic, registering the Agricultural Services Company and the Agricultural Production Company, which will implement the said investments are underway,

4 - 10 Shareholders hold 5% or more of the Company shares

The table below shows the names of shareholders in Tabuk Agricultural Development Company who possess 5% or more of the Company shares until the date of this Prospectus.

Table 4.7: Shareholders Who Possess 5% or More

Shareholders	Nationality	Number of Shares	Nominal Value	Ownership (%)
Abdullah Bin Abdul Aziz Bin Saleh Al Rajhi	Saudi	5,002,000	50,020,000	25%

Source: Saudi Stock Exchange (Tadawul)

4 - 11 Revenues

The table below shows Company revenues by product from 2011GG until 2013G and the period ending on 30 June 2014G.

Table 4.8: Company Revenues by Product

Description	2011	2012	2013	First Half (2014)
Grains Sales	41,515,675	30,165,394	25,384,913	3,552,805
Forage Sales	50,690,027	42,418,920	9,759,769	10,428,316
Fruits and Vegetables Sales	76,404,823	81,911,402	81,399,875	32,584,495
Produced Food Sales	2,736,938	1,081,502	3,820,000	2,102,289,15
Trees Sales	319,263	396,848	519,000	311,554
Green Areas	-	105,000	104,759	89,875
Trade Sales	-	-	-	709
	171,666,726	156,079,066	120,988,316	49,788,598

Source: Tabuk Agricultural Development Company

4 - 12 General Nature of Company Business and Main Products

The Company business includes agricultural and animal production, agricultural industries and products marketing. In response to rapidly changing market environment, and in order to acquire a competitive advantage in the agricultural sector, Tabuk Agricultural Development Company became the first agricultural Company in the Kingdom of Saudi Arabia that adopts Strategic Business Unit Model. TADCO has restructured its production lines for field crops, fruits and vegetables in to four separate business units, each of which has its own general manager, production and sales team and presidency-level sectors for joint operations, finance, human resources and business development. It is worth mentioning that based on the Company's future strategy, the Grain Unit and Forage Unit were merged in 2011G to form the Field Crops Unit.

4 - 12 - 1 Vegetables Business Unit

The Vegetables Business Unit is composed of Potatoes Production Section and Onion Production Section. It produces three types of vegetables, i.e. onion, potatoes and carrots.

- **Onion**

The Company average production of onion is around 18,000 tons annually. This section produces three types of onions, including red onion, white onion and yellow onion. The cultivated area of this product is around 400 hectares. The average onion production is nearly 45 tons for each hectare. It is expected that the average

production will reach 60 tons per each hectare during the next five years. Onion is cultivated during January and February and harvested during July and August.

- **Potato**

The Company average production of potatoes is approximately 25,500 tons per year. This section produces three types of potatoes, including table potatoes, potatoes for the manufacture of potato chips and widgets. The cultivated area of this product is around 1020 hectares and is expected to increase to 1660 hectares during the next five years. The average potatoes production is between 20 and 30 tons for each hectare. Potatoes is cultivated two times during the year: In Spring (during January and February) and harvested in June and July and in Autumn (during August) and harvested during November and December.

- **Carrots**

The Company is planning to produce carrots in 2015G. It is expected that the Company's average production of carrots will be around 1400 tons per year in a cultivation area estimated by 40 hectares, provided that this area is gradually increased to 120 hectares by 2017G. The average carrots production is approximately 35 tons per hectare. Carrot is cultivated in August and harvested in February.

4 - 12 - 2 Fruits Business Unit

Tabuk Area is characterized by moderate climate and soil fertility, which makes the region an ideal site for the production of many types of fruits. Accordingly, the Company production has become competitive to the imported product, in quality and in appearance in terms of packing and maintenance. The first stage of fruits orchards project was implemented during the period 1985 – 1986G by cultivating 72,762 fruit trees. The Company continued to expand the rafter until the number of fruit trees reached 712,804 fruit trees as of 31 December 2013G. This unit produces eight types of fruits including grapes, apricots, peaches, pears, plums, nectarine, dates and figs.

The Company production was not limited to one kind for each type of fruits. Nevertheless, many types were produced as follows:

- 11 kinds of peach
- 11 kinds of apricot
- 4 kinds of pear
- 10 kinds of grape
- 14 kinds of plum
- 7 kinds of nectarine
- 7 kinds of date

These kinds are selected to suit various consumers' tastes since the different types of each kind of fruit vary from each other in color, taste and volume.

- **Grapes**

Currently, the Company produces around 4500 tons of grapes per year while the cultivated area of this product is around 188 hectares. It is expected that this area will increase to reach 335 hectares during the next five years. Grapes average production is between 15 and 17 kilo grams per each tree. The current number of grapes trees is estimated by 280,000 trees approximately.

- **Apricot**

Currently, the Company produces around 2100 tons of apricots per year and the cultivated area of this product is around 134 hectares. It is expected that this area will increase to 197 hectares during the next five years. The average production is between 40 to 45 kilograms per each tree. The number of trees is estimated by 50.000 trees approximately and will increase to 73,500 trees during the next five years.

Peach

The Company produces currently around 2500 tons of peach per year. The cultivated area of this product is around 182 hectares and is expected to increase to 200 hectares during the next five years. The average production of peaches is between 30 and 35 kilograms per each tree. The number of trees is estimated by 80,000 trees approximately and will increase to around 90,000 trees during the next five years.

Pear

The Company produces currently around 1300 tons of pears. The cultivated area of this product is around 52 hectares and is expected to increase to 62 hectares during the next five years. The average production of pear is between 30 and 35 kilograms per each tree, while the number of trees is estimated by 42,000 trees.

lum

Currently, the Company produces around 250 tons of plum per year. The cultivated area of this product is around 15.4 hectares and is expected to increase to 37 hectares during the next five years. The average production of plum is between 18 and 25 kilograms per each tree. The number of trees is estimated by 12000 trees and will increase to around 35,000 trees during the next five years.

Nectarine

The Company produces currently around 49 tons of nectarine per year. The cultivated area of this product is around 3.5 hectares and is expected to increase to 6.5 hectares during the next five years. The average production of nectarine is between 16 and 20 kilograms per each tree. The number of trees is estimated by around 3000 trees and will increase to around 5500 trees during the next five years.

Dates

The Company produces currently around 220 tons yearly. The cultivated area of this product is around 13 hectares and is expected to increase up to 24 hectares during the next five years. The average production of dates is between 219 to 225 kilograms per each palm tree. The number of trees is estimated by around 1000 trees and will increase to around 1900 trees during the next five years.

The following table shows expected production (in tons) for each kind of fruit produced by the Company during the period from 2015G to 2020G.

Table 4.9: Expected Production (in tons) for each kind of fruit produced by the Company during the period 2015G– 2017G.

Fruit	2015	2016	2017	2018	2019	2020
Apricot	2100	2300	2350	2450	2670	3000
Peach	2600	2850	2950	3000	2000	3100
Nectarine	50	70	100	125	165	265
Plum	230	230	250	250	275	300
Pear	1275	1275	1270	1270	1270	1270
Dates	240	300	350	400	427	427
Grapes	4583	5523	7375	7375	7969	8653
Total	11078	12548	14645	14870	15776	16915

Source: Tabuk Agricultural Development Company

4 - 12 - 3 Field Crops Business Unit

This unit produces two types of field crops, i.e., wheat and alfalfa. In addition, the unit produces secondary wheat products including wheat hay and seeds. While part of wheat seeds is sold to other companies, the Company uses the other part internally to cultivate wheat.

- **Wheat and its Secondary Products**

The Government gave special attention to the agricultural sector to develop and contribute to the food security in the Kingdom. This support has increased until it reached the peak in the third five-year plan for the years 1981 – 1985, during which the Kingdom not only achieved wheat self-sufficiency, but also a surplus for export, which ranked the Kingdom the sixth country globally in exporting wheat at that time.

The Field Crops Business Unit produces two wheat secondary products, including wheat hay and wheat seeds. In line with the Company work plan prepared by the management and the kingdom's agricultural plan, under which state silos will stop receiving wheat shares after 2015G, the Company will continue to produce wheat until the end of 2015G with a commitment to reduce produced amounts by 12.5% annually. While productivity per hectare is around 8 tons of wheat, wheat cultivated area is around 3600 hectares. The Company is one of the seed producers committee members and is a pioneer in the production of wheat seeds, being the first Company which invested in this field. The Company developed this industry until its production in the market has become a quality scale for other producers. The Company maintains its production of seeds by allocating part of its fields to produce wheat seeds. The Company has possessed the first station for purification and treatment of seeds in the Kingdom, with a capacity of three tons/hour. Another seeds purification and treatment station with a capacity of 20 tons/hour has also been founded. Consequently, the Company has the biggest share of wheat seeds product in the local market.

It is worth mentioning that 15% of the Company's annual production of wheat is used to produce wheat seeds. Part of the locally produced seeds is used to produce the wheat crop for the new season, while the remaining part of seeds is sold to inputs trade organizations, which deal directly with farmers in the marketing of seeds and other products.

In regards the wheat hay, the wheat secondary product, the Company sells the entire production of the cultivated area of 3600 hectares. Wheat hay is utilized in feeding livestock and is primarily utilized by livestock dealers.

- **Alfalfa**

Tabuk Area has a moderate climate and a fertile soil making it an ideal location for alfalfa production. This crop is strategically important in the Company's harvest composition, as it is the soil main fertilizer in the agricultural cycle.

Since the Company is keen to rationalize irrigation water consumption, the alfalfa-cultivated area was reduced by more 50% compared to the start the Company. The Company is also keen for its alfalfa product to reach cow raisers in high quality throughout the year. TADCO is utilizing state of the art equipment, starting from cultivation, harvest and ending with automated loading. Protection programs against alfalfa crop lesions start immediately after germination to avoid pollution or diseases that may affect product quality.

While the area cultivated with alfalfa is around 2000 hectares, the Company produces 44,000 tons approximately each year, with an average of 22 tons per each hectare.

4 - 12 - 4 Olive Business Unit

Tabuk Area is famous for olive production due to its moderate climate and fertile soil. Therefore, it is not strange for the Company to be among the biggest olive producers in the Kingdom. The number of the Company's olive trees is around 79.000 trees. Production was not limited to one type as several types were produced until they have reached eight types. The Company is distinguished by possessing the first olive press to extract olive oil in the Kingdom.

- **Olives**

The Company produces 1500 tons to 2500 tons of olives each year due to the floating phenomenon (production fluctuates from one year to another), which characterizes olive trees production. The quantity will increase

due to the increase of the number of ripened trees. By 2016G, all the 79,500 olive trees will be fully ripened. Production will reach around 2700 tons per year (Olives harvest season occurs in the month of September each year.)

- **Olive Oil**

The Company provides a number of olive oil products, which carry the brand names (Zaytoona) and (Al Shamal) and imports quantities of olive oil, which is filled and re-sold in the Saudi markets. The Company also provides olive pressing service to other farmers. The olives quantity allocated for pressing is around 1176 tons (around 80% of produced olive). It is expected that this quantity will increase with the increase of olive trees production as it will reach around 2400 tons during the next five years.

- **Honey**

The Company produces natural bee honey, fed on the flowers nectar of fruits and alfalfa projects. The number of Company beehives reached 1716 hives producing more than 6000 kilograms of pure natural honey, which is distinguished by conformance to the Saudi standards and specifications, as such became qualified to obtain quality mark. The Company sells honey packs under the brand name (Al Shamal Honey.)

- **Saplings**

The Company provides agricultural saplings to farmers and others. Current total volume of sapling production is around 450,000 saplings. It is expected that sapling production will reach around 800,000 saplings during the next five years.

- **Polystyrene Packs**

The Company produces polystyrene packs for the Company different sectors (internal sales).

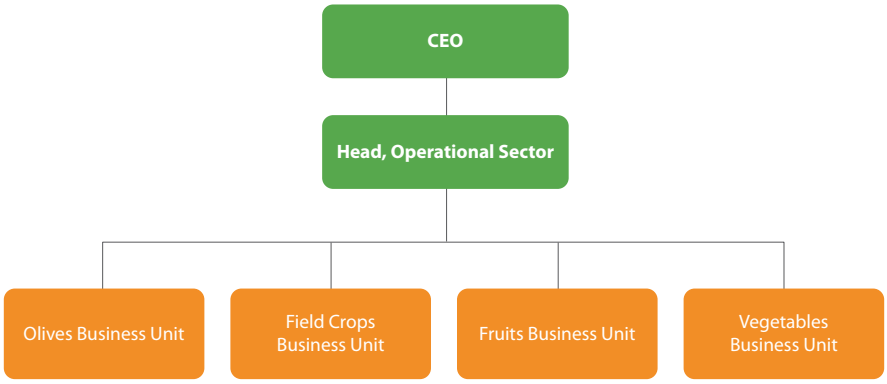
4 - 12 - 5 Services

In addition to the provision of olives pressing services to farmers and other farms, the Company provides landscaping services in Tabuk Region and provides agricultural lab. testing services to region farmers.

4 - 13 Operational Departments and Support

4 - 13 - 1 Operational Functions

Figure 4.3: Organizational Structure showing Operational Departments of the Company



Source: Tabuk Agricultural Development Company

Vegetables Business Unit

This unit produces potatoes (manufacturing potatoes) and onion (red, yellow and white types) and it targets potatoes widgets and chips factories and primary and secondary wholesale markets in the Kingdom. The unit is headed by a general manager assisted by production managers specialized in potato harvesting, production supervisors, operations controllers for each crop, Head of Accountancy and Inventory, Cold Stores Supervisor and Sales Services Manager (sorting, grading, packing and market distribution) and a sales team.

Fruits Business Unit

This unit produces stone nucleus fruits, grapes and pears in orchard units specialized in each type of fruits. The unit is targeting primary and secondary wholesale markets and retail sale chains in the main markets in the Kingdom. The unit is headed by a general manager assisted by specialized production managers for each type of fruit, production supervisors, operations controllers for each crop, Head of Accountancy and Inventory, Cold Stores Supervisor and Sales Services Manager (sorting, grading, packing and market distribution) and a sales team. Currently, the Company exports its fruits production from Tabuk project to Gulf Cooperative Council Countries.

Field Crops Business Unit

This unit produces grain crops and its residues (wheat and wheat seeds), forage (Hejaz alfalfa). The unit is targeting states silos with regard to wheat crop and dairies companies and livestock raisers with regard to forage products (alfalfa and hay). The unit is headed by a general manager assisted by specialized production managers for wheat and forage, regional engineers, operations controllers for each crop, Head of Accountancy and Inventory, Cold Stores Supervisor and Sales Services Manager (sorting, grading, packing and market distribution) and a sales team.

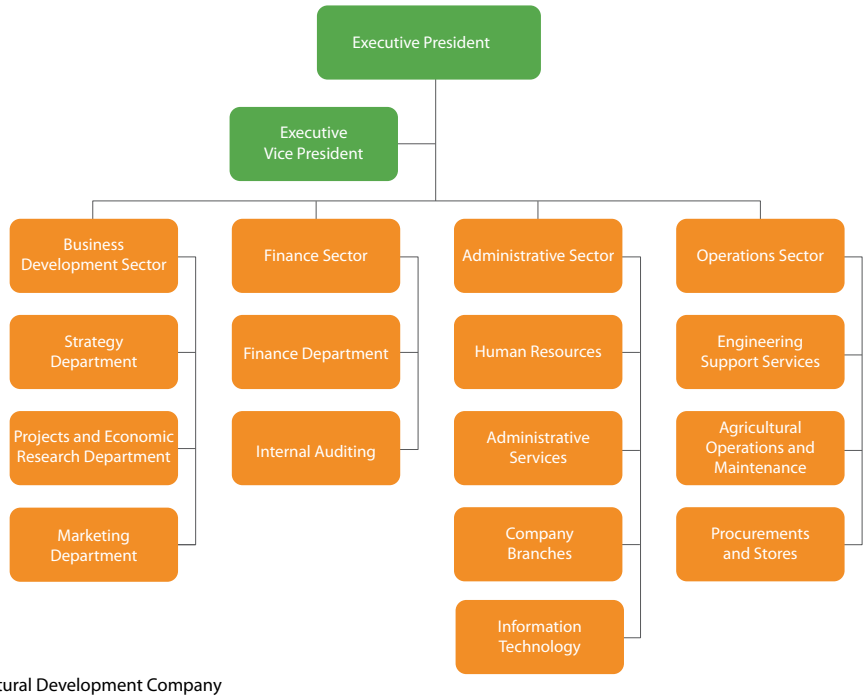
Olive Business Unit

This unit is specialized in olives and oil olive production and it targets consumers through retail sale chains in the Kingdom's different markets and distribution through sales agents. The units is headed by a general manager assisted by a production manager, agricultural supervisors specialized in olive operations, Operations Controllers, Head of Accountancy and Inventory as sell as a sales team.

4 - 13 - 2 Support Functions

The role of support sectors include meeting daily operational needs of strategic business units with regard to finance; accounting, verification of financial transactions; operating and maintenance of equipment, tools and vehicles; operating and maintenance of irrigation water distribution and pumping facilities; operating and maintenance of cold stores facilities; monitoring electrical supply; provision of manpower and its services and functional needs; improving surveillance systems and security and safety tools that suit surrounding environment, procurement services and customs clearance procedures; ensuring timely arrival of products including imported products, in the manner that ensures production and provision of products that meet clients' expectations.

Figure 4.4: Organizational Structure Showing Company Support and Ancillary Sectors.



Source: Tabuk Agricultural Development Company

Operations Sector

This sector supervises preparation and implementation of the strategic and operational plans for strategic business units. It also supervises the preparation and implementation of strategic and operational plans for the departments that provide support services to strategic business units such operating and maintenance of agricultural tools and equipment, axial irrigation as well as support engineering services such as operating and maintenance of cold storage facilities, monitoring of electrical supplies, civil engineering works, vehicles maintenance, procurements and general stores.

Administrative Sector

This sector supervises preparation and implementation of the tasks of Human Resources, Administrative Services, Safety, Security and Company branches. It provides information technology services through resources planning system, internal and external communications networks, internet services and improving business measures.

Finance Sector

This sector is responsible for administrative accounting, finance and internal auditing by specialized managers and accountants. All these tasks are directly supervised by the head of the sector.

Business Development Sector

This sector plans, follows up and implements strategies, prepares economic studies; study, evaluate and select investment opportunities, follows up and implements projects related to current activities or new investments. The sector is also responsible for planning and marketing researches, which supports business units' sales plans.

4 - 14 Company Activities Outside Kingdom of Saudi Arabia

The Company has no essential assets outside the Kingdom currently. It founded a branch in Sudan Republic, which registered in the Commercial Registrations Department in the Ministry of Justice, under registration certificate no. sh/37100, dated 27.6.2010G (Sudan Branch). This branch will supervise and manage two projects under construction: Grain and Forage Project (named TADCO for Cultivation of Crops, Vegetables, Fruits and Forage) and Seeds Purification and Inputs Trade (named TADCO Agricultural Services). This project is not part of the projects considered for finance through capital increase. The total expenditures of founding the Sudan Branch as of 30 June 2014G were SAR766,875, representing branch registration, feasibility studies cost, agricultural consultations and secondments, etc. This amount will be deducted from the subscription proceeds. It should be ascertained that until the date of this Prospectus, the Company has no assets in Sudan Republic. The following table shows the most important developments in the Company's two projects in the Sudan as follows:

Table 4.10: Most Important Developments in Projects in the Sudan

Obtaining a business name for the project named (TADCO for Cultivation of Crops, Vegetables, Fruits and Forage)	
Agricultural Project (Forage and Grain)	Preparing feasibility studies
	Obtaining an agricultural land lot for the project, with an area of 30 thousand acres in Gold Region (12,605 hectares)
	Payment of the agricultural project land fees to the Sudanese authorities and obtaining a rental contract for the agricultural land
	Receiving site coordinates, obtaining site layout and agricultural project research certificate
	Obtaining exemption from the project customs fees on machines, equipment, devices and production tools, steel structures and value added tax on capital furnishings.
	Preparing site maps, and satellite images for the project through contracting with a specialized Company within the framework of coordination between Tabuk Agricultural Development Company, Al Maraea and Al Safi.
	Preparing hydrological study in the project site in the Sudan to determine the level and nature of water in the project (by an international experience house
	Preparing project soil study by an international experience house.
	Forming a council of coordination between Tabuk, Al Safi and Al Marea companies (companies adjacent to Tabuk project) and discussing with the Government of the Sudan the necessity of founding a relay electrical plant to operate the three agricultural projects.
	Preparing a study by a group of specialists in electrical supply is underway to determine the amount of electricity required for operating the three projects in preparation for founding a relay electrical plant in Gold Area to operate the project in coordination with the Two Saudi companies, Al Amarea and Al Safi
Agricultural Services Project (Seeds Purification Station)	Obtaining a business name for the Seeds Purification Station Project under the name (TADCO Agricultural Services Project) since the project works in addition to proliferation and purification of seeds include inputs trading and engineering and agricultural services.
	Preparing feasibility studies
	Obtaining a land lot to found the purification station in the industrial zone in the city of Dongola, in an area of 20,000 square meters
	Payment of rental amounts and obtaining a contract for the station land lot
	Obtaining the station land research certificate
	Obtaining exemption from the project customs fees on the machines, equipment, devices and production tools, steel structures and value added tax on capital furnishings.
	Obtaining station construction license from the governmental authorities

Source: Tabuk Agricultural Development Company

* Is not part of the projects considered for finance through capital increase.

The Company, during the three years which preceded this offering, prepared a technical study on grain and forage project including a soil study to determine if it suits crops and a hydrological study to identify the amount and quality of irrigation water. This comes as part of the Company's intentions to improve products and production methods.

There was no interruption in the Company business that could affect or could have affected significantly the financial position of the Company during the last twelve months.

4 - 15 Personnel (Per Main Business Categories and Saudization Percentage)

Table 4.11: Number of Company Personnel

	2011		2012		2013		First Half 2014	
	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage
Saudis	97	12%	95	13%	84	11.49%	166	21%
Non Saudis	729	88%	606	87%	647	88.51%	607	79%
Total	826	100%	701	100%	731	100%	773	100%

Source: Tabuk Agricultural Development Company

Table 4.12: Company Personnel Per Departments and Branches

	2011		2012		2013		First Half 2014	
	Saudis	Non Saudis	Saudis	Non Saudis	Saudis	Non Saudis	Saudis	Non Saudis
Executive President Office	3	6	2	8	2	16	2	19
Finance Sector	1	15	1	19	1	22	3	18
Operations Sector	10	145	16	152	16	187	18	216
Fruits Unit	1	72	0	82	0	105	67	153
Olive Unit	1	29	1	32	1	37	5	48
Crops Unit	2	44	4	44	4	51	5	52
Marketing and Sales	8	14	7	13	2	27	0	0
Administrative Sector	69	302	60	156	51	77	47	24
Business Development	1	22	1	21	3	30	2	13
Vegetables Unit	1	29	2	27	2	33	17	64
Irrigation	0	50	1	52	1	62	0	0
Total Personnel	97	729	95	606	84	647	166	607

Source: Tabuk Agricultural Development Company

The change in the number of personnel in recent years is attributed to the increased manpower turnover rate due to lengthy service of expatriate personnel and their desire to settle in their homelands on the one hand, and due to increased turnover rate of Saudi Manpower, which prefers to work in the Public Sector as soon as the opportunity arises.

4 - 15 - 1 Training and Development

In 2008G, the Company updated the human resources system through a comprehensive study to all system elements. The study started with restructuring the Company by converting from the traditional pyramidal departmental system by which business tasks and functions are managed through specialized departments, all of which report vertically to the general manager, to the strategic business units system, wherein business is organized per products and its uniqueness in terms of production techniques, markets and clients. Each

business unit is specialized in one product or a group of products that share the same production techniques, targeted markets and clients. The unit is independent financially and administratively in all matters related to its main operations, and is linked to other business units through shared services, such as recruitment, administrative services, finance and training, etc. In addition to the organizational structure, the human resources system includes sophisticated systems for recruitment, wages, incentives, privileges and training. The human resources system has been integrated in an electronic system linked to the resources planning system utilized in the Company and through which the various business units operations are managed, based on the funds allocated in the annual estimated budget.

Based on the resources system, the annual targets are approved for senior, executive, technical, professional and ancillary administrative posts. Based on the achieved results, annual incentives are paid for personnel at the end of the year. Based on performance evaluation results and achieved results, performance gaps and training needs are identified and bridged. Appropriate training programs are selected and implemented through various training courses, including but not limited to on the job technical training, groups internal and external training courses. The Company is interested in training and development as part of achieving its strategic goals that aim to attain competition distinction in the markets. The senior management is very keen to provide an ideal environment and a suitable atmosphere for employees in line with the continuous strategic communication with them, identifying and meeting their needs as well strengthening the relation with them to acquire their loyalty to the Company.

4 - 15 - 2 Saudization Policies

The Company always seeks to avail the services of the national scientifically, practically and professionally qualified manpower in order to achieve best performance levels at work. The number of Company personnel as of 30 June 2014G was 773 employees, including 166 and 707 Saudi and non-Saudi personnel consecutively. Accordingly, the Saudization ratio in the Company is 21.5%, which categorizes the Company in the green Nitaqat level as per the following table which determines the Saudization ratio in animal and agricultural production entities, in line with the Nitaqat program applicable on the Company.

Table 4.13: Nitaqat Distribution per Saudization Ratio as Declared by the Ministry of Labor

Nitaqat Distribution per Saudization Ratio as Declared by the Ministry of Labor							
Number of Personnel	Red Level		Yellow Level		Green Level		Excellent Level
	From	To	From	To	From	To	
Small (10-49)	0%	1%	2%	4%	5%	24%	25%
Medium (50-499)	0%	3%	4%	7%	8%	26%	27%
Big (500 – 2999)	0%	5%	6%	9%	10%	26%	27%
Giant (3000 and above)	0%	5%	6%	9%	10%	26%	27%

Source: Ministry of Labor

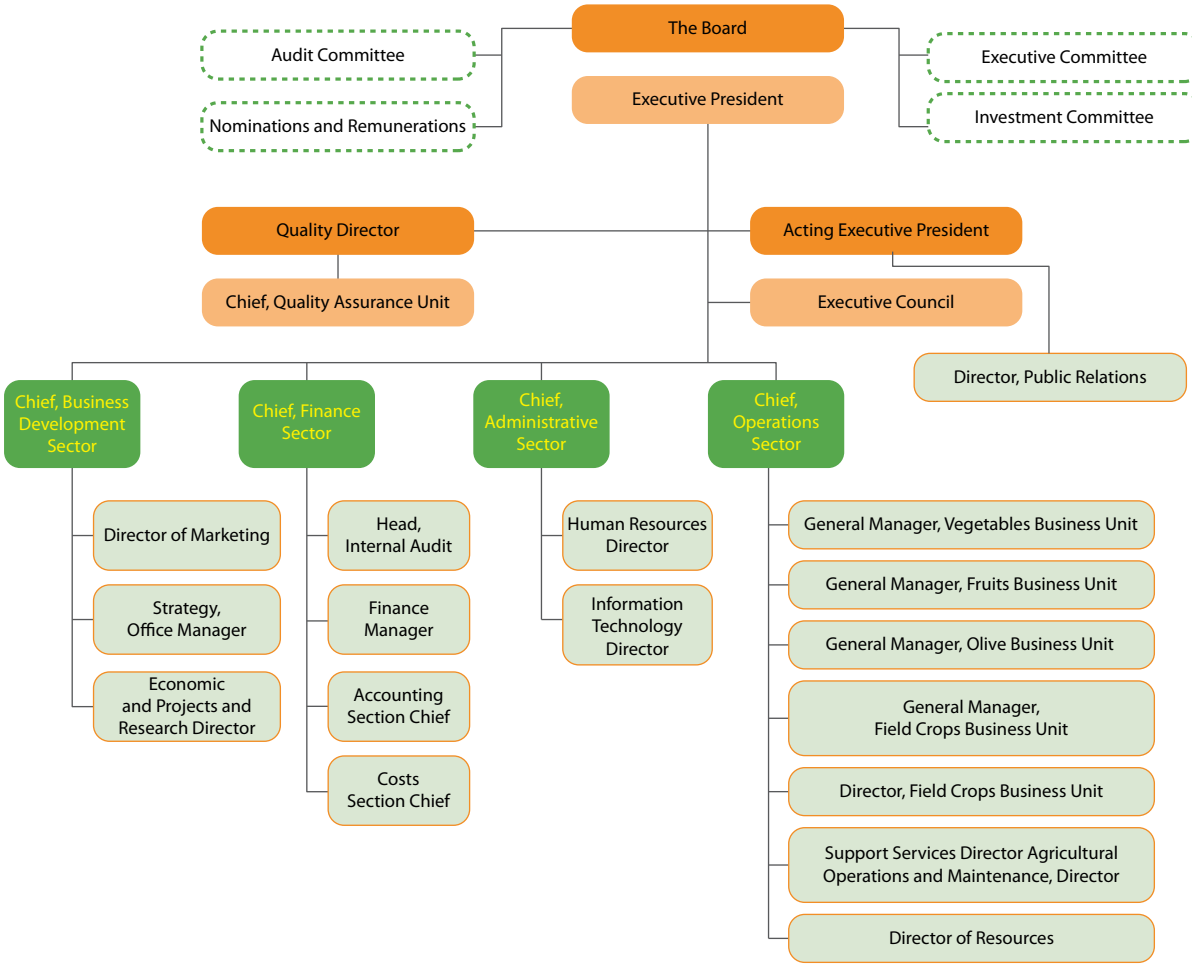
Nevertheless, the Ministry of Labor may increase the Saudization ratio in the future or it may be difficult for the Company to continue hiring or maintaining the required Saudization ratio. Therefore, the Company business and its financial results may be negatively affected.

The Company acknowledges that there is no intention to make any substantial change in the nature of business, which would maintain Company reputation, business and continuity to make profits.

5. The Company's Organizational Structure and Governance

5 - 1 Organization Structure

Figure 5.1:The Company's Organizational Structure



Source: Tabuk Agricultural Development Company.

5 - 2 Board of Directors

The Board of Directors is directly responsible for implementing the Company's policies, running the Company and approving its planning, accounting, regulatory and financing policies. The Board's responsibilities also include appointment of the Company's Executives and authorized signatories, in addition to overseeing the Company's management, organizing shareholders' meetings and implementing the Board decisions. The current Board consists of seven members elected by the Shareholders General Assembly of the Company and they are as follows:

Table 5.1: Members of the Board of Directors

SN	Name	Position	Nationality	Age	Membership Status	Equity *	Date of Membership	representation/ Representative Name
1	Mohammed bin Abdullah bin Abdul Aziz Al Rajhi	Chairman	Saudi	63	Non-Executive	8,000	1989	-
2	Faisal bin Saud bin Faisal bin Muammar	Member	Saudi	78	Independent Non-Executive	1,000	1988	-

SN	Name	Position	Nationality	Age	Membership Status	Equity *	Date of Membership	representation/ Representative Name
3	Dr. Mohammed Najib bin Jameel bin Mohammed Khader	Member	Saudi	63	Independent Non-Executive	1,000	2008	-
4	Ahmed bin Abdul Aziz bin Abdullah Al Samari	Member	Saudi	53	Independent Non-Executive	1,000	2009	-
5	Fahd bin Abdullah bin Abdul Aziz Al Rajhi	Member	Saudi	54	Non-Executive	1,000	2011	-
6	Abdullah bin Ibrahim bin AlabdulMunem (representative of the Public Pension Agency, which owns 500 thousand shares) **	Member	Saudi	51	Independent Non-Executive	-	2011	Representative of the Public Pension Agency ("PPA")
7	Mohammed bin Abdul Hadi bin Mohammed Al Beshri	Member	Saudi	47	Independent Non-Executive	3,000	2009	

Source: Tabuk Agricultural Development Co.

* None of the Members has any indirect ownership in the Company.

** The shares are owned by the PPA and not in the name of the PPA representative Mr. Abdullah bin Ibrahim Al-Abdul Munem.

Note: The shares owned by the Board members represent (1,000 shares) as qualifying shares for membership of the Board of Directors according to Article 86 of the Companies Regulations. Being the representative of the Public Pension Agency, Abdullah bin Ibrahim Al Abdul Munem, member of the Board of Directors, does not own such qualifying shares.

The following is brief summary of the current Directors and Secretary:

	Brief summary of the current Members and the Secretary of the Board of Directors	
1	Name	Mohammed bin Abdullah bin Abdul Aziz Al Rajhi
	Nationality	Saudi
	Age	63
	Position	Chairman of the Board
	Qualifications	Bachelor's degree in Management Science – 1976G, from the University of Riyadh (King Saud)
	Experience	• Extended experience of up to 45 years in business management in the commercial, agricultural and real estate sector. • Chairman of Al-Rajhi Chemical Group from 1985G to 2008G, a limited liability company engaged in industry of household, agricultural and veterinary detergents & disinfectants. • Board Member of Al Rajhi Bank, since 1988G and to date, a Saudi joint stock company listed on Saudi Stock Exchange, and operates in the field of banking services for retail and corporate. • Member of the Board of Directors of Tabuk Agricultural Development Company from 1989G to 1994G. • Deputy Chairman of the Board of Directors of Tabuk Agricultural Development Company from 1994G to 2010G • Chairman of the Board of Directors of Jannat agricultural investment Company, from mid-2007G to date, a limited liability company engaged in the agricultural field. • Chairman of the Board of Directors of Tabuk Agricultural Development Company from 2010G date. • Chairman of the Board of Directors of Rakha'a Agricultural Investment Company, from 2013G to date, an Egyptian joint stock company engaged in the agricultural field. • Chairman of the Department of East Asian Development Company and agricultural investment, since 2013G and to date, a Saudi closed joint stock company engaged in the field of agricultural investment. • Chairman of the Executive Committee of Tabuk Agricultural Development Company, since 1409H to date. • Chairman of the Investment Committee of Tabuk Agricultural Development Company, since 2009G till now.

2	Name	Faisal bin Saud bin Faisal bin Muammar
	Nationality	Saudi
	Age	78
	Position	Vice Chairman of the Board
	Qualifications	• Bachelor's degree in Accounting and Business Administration from King Saud University, 1383H. • Holds Master's degree in Accounting and Business Administration from Texas Tech University, USA, in 1970G.
	Experience	• Extended experience of more than 40 years in the areas of government civil service in leadership positions. • Served as Accounts General Manager in the Ministry of Finance from 1393H to 1395H. • Served as Director General of the Public Pension Agency from 1395H to 1420H. • Member of the Board of Directors of Tabuk Agricultural Development Company since 1409H and to date. • Member of the Board of Directors of the Saudi Almuaikliah Commercial Center Company, from 1408H to 1416H, a Saudi joint stock company engaged in trading. • Chairman of the Board of Directors of the Real Estate Insurance Company, from 1414H and to 1420H, a limited liability company engaged in the field of real estate insurance. • Member of the Board of Directors of the Eastern Province Cement Company, from 2000G to 2004G, a Saudi joint stock company listed on Saudi Stock Exchange, and is engaged in the cement industry. • Member of the Executive Committee of Tabuk Agricultural Development Company, from 1409H and to date. • Chairman of the Nomination and Remuneration Committee of Tabuk Agricultural Development Company since 2009 and to date.
3	Name	Dr. Mohammed Najib bin Jameel bin Mohammed Khader
	Nationality	Saudi
	Age	63
	Position	Board Member
	Qualifications	• Holds bachelor's degree in Chemical Engineering from King Fahd University of Petroleum and Minerals, 1975G. • Holds master's degree in grain management techniques from the University of Kansas, 1978G. • Holds a PhD in Business Administration from the University of Washington, 1998G.
	Experience	• Served for 15 years in leading positions for the General Organization for Grain Silos and Flour Mills from 1975G to 1989G. • Served for 10 years from 1989G until 1998G for the Arabian Cement Company (Saudi joint stock company engaged in cement industry). • Served for 4 years from 2002G to 2006G for the Arab Company for Agricultural Services (ARASC) (Saudi closed joint stock company engaged in the poultry and feed industry and accessories). • Head and the owner of Dr. Khader Management Consulting Office, from 2006G to date, engaged in the field of management consulting. • Member of the Board of Directors of Tabuk Agricultural Development Company from 2008G to date. • Member of the Board of Directors of East Asia Development and agricultural investment Company, from 2013G to date, a Saudi closed joint stock company engaged in the field of agricultural investment. • Member of the Investment Committee of Tabuk Agricultural Development Company, from mid-2009G to date. • Member of the Executive Committee of Tabuk Agricultural Development Company for the period from mid-2009G to mid-2013G. • Member of the Nomination and Remuneration Committee of Tabuk Agricultural Development Company, from mid-2009G to mid-2010G.

4	Name	Ahmed bin Abdul Aziz bin Abdullah Al Samari
	Nationality	Saudi
	Age	53
	Position	Board Member
	Qualifications	Bachelor's degree in Agricultural Economics from King Saud University, Riyadh, in 1984G.
	Experience	• Sales Manager, meats and food products of the National Company for Agricultural Development (Nadec) from 1997 1998G, a Saudi joint stock company engaged in agriculture and food industries. • Served as General Manager of the National Agricultural Marketing Company (Thimar), from 1999 to 2005G, a Saudi Company listed on the Stock Market, engaged in marketing of agricultural products. • Head of Ahmed Al-Samari Office for Studies, engaged in the field of agricultural studies and consulting, since mid-2005G to date. • Member of the Board of Directors of Tabuk Agricultural Development Company, from 2009G to date. • Member of the Nomination and Remuneration Committee of Tabuk Agricultural Development Company, from 2009G to date. • Member of the Executive Committee of Tabuk Agricultural Development Company, from the beginning of 2014G to date.
5	Name	Fahd bin Abdullah bin Abdul Aziz Al Rajhi
	Nationality	Saudi
	Age	54
	Position	Board Member
	Qualifications	• Bachelor of Science degree in Industrial Management from King Fahd University of Petroleum and Minerals, 1987G.
	Experience	• Deputy General Manager of Investment and International Relations, Al Rajhi Bank (a Saudi joint stock company listed on Saudi Stock Exchange, engaged in banking industry), from 1988G to 1995G • General Manager, Treasury and Financial Institutions Group of Al Rajhi Banking and Investment Company (a Saudi closed joint stock company, licensed by the Capital Market Authority and engaged in the field of investment banking, advisory and asset management and custody), from 1995G to 2008G. • Member of the Board of Directors of Najran Cement Company, from 1426 to date, a Saudi joint stock company engaged in cement manufacture. • Member of the Board of Directors of Tabuk Agricultural Development Company, from mid-2011G to date • Member of the Investment Committee of Tabuk Agricultural Development Company, from mid-2012G to mid-2013G • Member of the Executive Committee of Tabuk Agricultural Development Company, from mid-2013G to the end of same year.

6	Name	Abdullah bin Ibrahim bin Ali Alabdul Munem
	Nationality	Saudi
	Age	51
	Position	Board Member
	Qualifications	• Bachelor's degree in geography from King Saud University, 1403H • Holds a diploma in financial control from Institute of Public Administration, Riyadh, 1406H
	Experience	• Works for the Public Pension Agency, from 1986G to date, during which he held several positions as follows: • Accountant 1986 to 2003G. • Manager, Civilian Retiree Affairs Department, from 2003 to 2006G • General Manager, Civilian Retiree Affairs Department, from 2006G to date • Member of the Board of Directors of Tabuk Agricultural Development Company, from mid-2011G to date • Head of the Audit Committee of Tabuk Agricultural Development Company, from mid-2011G to mid-2012G • Member of the Audit Committee of Tabuk Agricultural Development Company, from mid-2012G to mid-2013G • Member of Nomination and Remuneration Committee of Tabuk Agricultural Development Company, from mid-2013G to date
7	Name	Mohammed bin Abdul Hadi bin Mohammed Al Beshri
	Nationality	Saudi
	Age	47
	Position	Board Member
	Qualifications	• Bachelor of Science degree from King Abdul Aziz University, 1994G • Holds a master's degree in business administration from King Fahd University of Petroleum and Minerals University, 2005G
	Experience	• General Manager, marketing and business development of the National Agricultural Development Company (Nadec) from 2004 to 2007G, a Saudi joint stock company listed on Saudi Stock Exchange, engaged in the agricultural sector and production of yogurt and derivatives. • Chairman and owner of Ishraqat Amal Contracting Corporation, since 2007G and to date • Member of the Board of Directors of Tabuk Agricultural Development Company, from 2009G to date • Chairman of the Audit Committee of Tabuk Agricultural Development Company, from mid-2009G until mid-2011G • Member of the Nomination and Remuneration Committee of Tabuk Agricultural Development Company, from mid-2011G to mid-2013G • Member of the Audit Committee of Tabuk Agricultural Development Company, from mid-2013G to date

5 - 3 The secretary of the Board of Directors

	Brief summary of the current members and the secretary of the Board of Directors	
8	Name	Saad bin Mohammed Al Sawatt
	Nationality	Saudi
	Age	53
	Position	Secretary of the Board of Directors
	Qualifications	• Bachelor degree in Industrial Engineering, with specialization in Hydrology, from the University of Arizona, 1983G • Worked as a Hydrologist in the Ministry of Agriculture and Water, Saudi Arabia, from 1984 to 1989G, in charge of a number of hydrological areas and supervisor of the south-western region
	Experience	• Head of Pumps Department, Tabuk Agricultural Development Company, from 1989 to 1990G • Manager, Engineering Department of Tabuk Agricultural Development Company and acting General Manager, from 1990 to 1993G • General Manager, Tabuk Agricultural Development, from 1993G to date, promoted in 2007G to CEO of the Company. • President of the Arab Company for crops, Republic of Sudan, from 2010G to date, a Company engaged in the field of agricultural crops. • Member of the Investment Committee of Tabuk Agricultural Development Company, from 2009G to date • Chairman of the Board of Directors of Rakha'a agricultural investment Company, from 2007G to date, an Egyptian joint stock company engaged in the agricultural field. • General Coordinator of Agricultural Group Saudi Arabia (Saq), from 2000 to 2007G, a Saudi limited liability company (non-profit) is working to diversify the productive base of agricultural crops and increasing domestic agricultural production and improving the agricultural economic and marketing efficiency. • Head of the Information Technology Committee of the Agricultural Group (Saq), from 2009G to date • Member of the Founding Committee of the Arab Investment Company (under formation) and Head of the Technical Team of the Company • Head of the Steering Group for the Second Initiative of the Agriculture Development Fund (initiative for rationalization of water in agricultural crops), from 1431H to Safar 1435H • Permanent member of the Committee of His Royal Highness Prince Fahd bin Sultan Ideal Farmer Prize. • Member of the Boards of several professional and scientific societies in the Kingdom

5 - 4 Senior management

Table 5-3: Members of the Senior Management

S/N	Name	Job Title	Nationality	Age	Date of Joining the Company
1.	Eng. Saad Mohammed Al Sawatt	CEO	Saudi	53	1898
2	Eng. Saeed Salem Al-Omar	Deputy CEO & Acting General Manager of the Olive Business Unit	Saudi	48	1988
3	Abdul Kadir Hassan Ali	Chief Financial Officer (CEO)	Sudanese	61	1984
4	Dr. Abdel Moneim Ali Al Sayed	Chief Business Development Officer	Sudanese	60	1995
5	Reginald Barry Hambi	Chief Operations Officer	South African	56	2010

S/N	Name	Job Title	Nationality	Age	Date of Joining the Company
6	Nazir bin Al Hassan Al-Hakami	Chief of Administration	Saudi	41	2014
7	Eng. Yahya Ahmed Mubaraki	General Manager of Field Crops Business Unit	Saudi	37	2003
8	Eng. Fahd bin Mohammed bin Fahd A Gasaimi	General Manager, Vegetables Business Unit	Saudi	53	2001
9	Andrew Michael Wren Besson	General Manager, Fruit Business Unit	South Africa	39	2010

Source: Tabuk Agricultural Development Company.

* None of the Senior Executives has any indirect ownership in the Company.

5 - 5 Brief summary of Senior Management Members

	Brief summary of Senior Management Members	
1	Name	Saad bin Mohammed Al-Sawatt
	Nationality	Please see section (5.3) "Board Secretary" for the brief summary
	Age	
	Position	
	Qualifications	
	Experience	
2	Name	Saeed bin Salem Al-Omar
	Nationality	Saudi
	Age	48
	Position	Deputy CEO & Acting General Manager of the Olive Business Unit
	Qualifications	• Bachelor's degree in Agriculture in Industry Plant Production from King Saud University, 1987G • Received a number of training courses in the field of agricultural operations management, public administration, strategic planning and marketing.
	Experience	• At the beginning of his career, worked for the National Commercial Bank for a limited period • He joined the Company in October 1988G as an agricultural engineer, progressed through in leading positions where he became Assistant Head of Fruit Department in November 1991G, Head of Fruit Department in October 1994G, Manager of Horticulture Department in October of 1998G, promoted as Fruit Business Unit General Manager in January 2007G. He was appointed as the Head of Resources Sector in April 2008G, Head of Sales and Marketing, April 2012G to December 2013G. He held the position of Chief Executive Advisor until April 30, 2014G, and finally was appointed as Executive Vice President with effect from May 01, 2014G
3	Name	Abdulkadir Hassan Ali
	Nationality	Sudanese
	Age	61
	Position	Chief Financial Officer

	Qualifications	• Bachelor's degree in Commerce, with specialization in Accounting from Cairo University, Khartoum Branch, 1970G • He holds a Postgraduate Diploma in Development Finance from the University of Birmingham, 1982G.
	Experience	• Held several leading positions during the period 1977-1984G in a key governmental institutions of the Republic of Sudan, where he served as Head of Accounts for Junaid Sugar Company (a Sudanese Sugar Company), then Director of Financial and Administrative Affairs of the Public Organization for Livestock and Meat Marketing. • In May 1984G, he joined Tabuk Agricultural as Accounting and Budget Controller, where he oversaw the establishment of the financial management of the Company and the development of the financial system and internal audit regulations in accordance with Saudi Arabia accounting rules and regulations and regulatory requirements, then promoted as Chief Financial Officer in 1987G, and Head of the Financial Sector in 2008G
4	Name	Abdul Moneim Ali Al-Sayed
	Nationality	Sudanese
	Age	60
	Position	Head of Business Development Sector
	Qualifications	• Bachelor's degree in agriculture from the University of Khartoum, Faculty of Agriculture, 1977G • Master's degree in agricultural economics from the University of Khartoum, Faculty of Agriculture, 1984G • PhD degree in Economics from the University of Khartoum, Faculty of Economics and Social Studies, 1998G.
	Experience	• He joined the TADCO in July 1995G, then held several positions as (Economic Adviser) until 1995G, Planning and Follow-up Unit Supervisor and finally held the position of Head of Business Development since 2008G to date. • Served in several locations in public, private and cooperative sectors in the Republic of Sudan, progressed in the government sector from an Agricultural Area Manager to the Deputy Manager of Planning and Agricultural Economics Department for Rahad's agricultural, second-largest government agricultural project in the Republic of Sudan after Aljazeera project (with an area of 126,000 hectares), from 1977G to 1990G. • Marketing Manager for Sudan Pioneer Seed Company (Pioneer global seed Branch), from 1991G to 1993G • Production Manager for Oasis Agricultural Project (Republic of Sudan), a project owned by the Kuwaiti Sudanese livestock production Company, from 1990G to 1992G
5	Name	Reginald Barry Hambi
	Nationality	South African
	Age	56
	Position	Chief Operating Officer
	Qualification	• Bchelor's degree in Agriculture with specialization in pomology and viticulture, and farm animal breeding from Elzenberg College, State of South Africa, 1980G • He holds a master's degree in business administration from the State University of Stellenbosch, South Africa, 1992G.
	Experience	• He has wide experience in public administration and farm management, financial management, agricultural marketing and strategic planning; he held several Central and leading positions as farm manager in 1981G and Assistant chief Executive in 2010G, in fruit production in South Africa. • In June 2010G, joined Tabuk Agricultural Co. as fruit business unit manager and then Chief Operating Officer of the Company

6	Name	Nazir bin Hassan Al-Sawatt
	Nationality	Saudi
	Age	37
	Position	Head of Administration Sector
	Qualification	• Bachelor's degree of Information Systems from the Faculty of Computer and Information, King Saud University, 2002G. • Obtained distinction with first class honors in English Language from King Fahd University of Petroleum and Minerals, 1996/1997G • Obtained a number of courses and certifications in leadership and management, such as project professional management, development engineering, administration, strategic planning, human resources, quality, crisis management, etc.
	Experience	• Prior to joining Tabuk Agricultural Co., served as Executive Director of Human Resources of Al-Ammar Middle East and North Africa Group during the period from mid-2012G to mid-2014G, where he lead the transform, restructuring and expansion of operations of the Company through the development of strategies and organization of business units and manpower. • At the beginning of his career, served as the Manager of Oudi Establishment from 2000G to 2004G, and then 2005G through 2006G; as one of the small start-ups initiatives, he gained good experience in project management from incorporation to profitability and various experiences in production, marketing and sales areas. • Served as Director of Faisal International Academy - Riyadh branch, from 2004G to 2005G. • Served development and project manager for Al-Balaghah Holding Group from 2006G to 2007G. • He also served as quality and projects manager for the Saudi Credit and Saving Bank from 2008 to 2009G, and was appointed as executive supervisor of the restructuring and development project and business incubators project to finance and care for businesses in cooperation with "Initiate Program" of King Abdul Aziz City for Science and Technology. • He served as Manager of Organization Department of the General Authority for Food and Drug Administration from 2009 to 2012G; he also served as the restructuring and development of branches and outlets project manager, and a member of the strategic executive team as well as the Head of the Crisis Management Team of the Authority.
7	Name	Yahya Ahmed Mubaraki
	Nationality	Saudi
	Age	37
	Position	General Manager, Field Crops Unit
	Qualification	• Bachelor's degree in agriculture from King Saud University, 1422H. • Received a number of training courses in agricultural production planning and quality, and obtained several certificates as specialist in the field of management and rationalization of irrigation water consumption in field crops.
	Experience	• Agricultural Engineer in Astra Farms Tabuk from 2001 to 2003G • In April 2003G, joined TADCO as agricultural engineer; in September 2008G, was promoted as Assistant General Manager of corps and seeds unit, which merged later with feed unit under the name of field crops unit; in January 2009G, he was appointed as grain production manager besides as the Units Assistant General Manager, then he promoted as general manager of the field crops unit, in January of 2012G. • Member of the Saudi Agricultural Group (Member of the Committee irrigation) from 2006G to date

8	Name	Fahd bin Mohammed bin Fahd Al-Gosaimi
	Nationality	Saudi
	Age	Age 53
	Position	General Manager, vegetables business unit
	Qualification	• Bachelor's degree in agriculture from King Faisal University, 1988G • He holds a master's degree in agricultural economics from the University of Idaho in the United States, 1998G.
	Experience	• Served as Supervisor of Al-Rajhi Company for agricultural works project during the period from 1990 to 1991G • Manager of the agricultural sector for the National Agricultural Company during the period from 1994 to 1996G • Deputy General Manager of the National Agricultural Company from 1998 to 1999G • In September 2001G, Joined TADCO as Manager of Field Crops, then promoted to General Manager of the Grain and Seeds Business Unit in January of 2008G, and as general manager in charge of Feed Business Unit, and then was appointed as general manager of Field Crops Business Unit, which now includes feed and corps activity.In2012G, he was appointed as Manager of Vegetables Business Unit, until to date.
9	Name	Andrew Michael Wren Besson
	Nationality	South African
	Age	39
	Position	General Manager, Fruits Business Unit
	Qualification	• Business Administration Diploma in General Management from Stand Technical College, South Africa, 1991G
	Experience	• Assistant Farm Manager, Widerowel Farm Company, South Africa, from 1994 to 1997G • Irrigation Manager, Farms and Gardens Supply Company, South Africa during the period from 1998 to 1999G. • Owner of and served for Somerset Company for Irrigation Services, South Africa, from 2000 to 2003G. • Farm Manager, Greens Apples Company, South Africa, from 2004G to 2008G • In 2010G, he joined TADCO as Operation and Maintenance of Fruit Equipment Manager until 2012G. He then served as production manager until the end of 2013G; in January 2014G, he was appointed as a manager in charge of Fruit Business Unit, until now.

5 - 6 Declaration of Directors and Senior Executives regarding Bankruptcy and Direct Interests

The Directors, CEO, CFO, Board Secretary and Senior Executives declare that:

- None of the Company's Directors, Executives or Board Secretary have been declared bankrupt or insolvent.
- They have not been employed in a managerial or supervisory capacity at a company that has declared bankrupt in the five years preceding the date of this Prospectus.
- Neither they, nor their relatives have directly or indirectly, any interest in the shares of the Company, except as stated in page D or Section 5-2 (Board of Directors) of this Prospectus.
- Neither any Board member, Senior Management member nor the Board secretary nor do any of their relatives or affiliates, has any direct or indirect interest in any written agreement or contract existing or under consideration as at the date of this Prospectus that constitute a material contract or agreement to the Company.
- The Company has not issued any debt instruments and has not authorized the issuance of such instruments.
- Except as stated in section (5.5.6 contingent liabilities) of this Prospectus, the Company does not have any

contingent liabilities and has not provided any guarantees in favor of any other parties.

- Based on reviewing the cash flow of the Company, it has sufficient working capital for the twelve months immediately following the date of publication of this Prospectus.
- They do not have any powers or rights to borrow from the Company.
- They do not have a right to vote on any contract or proposal in which they have a material interest.
- Directors confirm that all material matters concerning the Company's financial performance has been disclosed in this Prospectus, and that there are no other facts that, if not included, could mislead shareholders.
- Directors acknowledge their commitment with Articles (69) and (70) of the Companies Regulations with respect to contracts and transactions with related parties, as follows:
- All contracts and transactions with related parties should be presented to the Board of Directors for approval, and then to the AGM for approval. However, the related Director should refrain from voting on the Board's decision as well as the decision of the Ordinary General Assembly that relates to it.
- The Directors confirm that they should not compete with the company's business and deal with related parties on arm length basis.
- The Company's By-Laws does not give any director or CEO the right to vote on any contract or proposal in which he has a benefit. It does not give any of them also the power to vote on any special remuneration granted to them or any authority that allows a director or a senior executive to borrow from the Company.
- Directors acknowledge that there is no intention to make any material change to the nature of the Company's business.
- There is not also any adopted policies and important information related to the research and development of new products and the methods used in production over the previous three financial years immediately preceding the date of this Prospectus. There are not any existing or proposed employment contracts for the members of the Board up to the date of this Prospectus.
- The Company does not have at present any employee share schemes in place or any other arrangements involving the employees in the capital of the Company;

5 - 7 Board of Directors and Executive Management Remunerations

In accordance with the Company's By-Laws, the Remuneration of the members of the Board of Directors shall be as determined by the Ordinary General Assembly and in line with the official decisions and instructions issued by the Ministry of Commerce and Industry in this regard and within the limits stipulated by the Companies Regulations, or any other complementary systems. Such Remuneration shall be in addition to the attendance and transportation allowances determined by the Board of Directors in accordance with regulations, decisions and instructions observed in Saudi Arabia and issued by the competent authorities.

According to the Ministerial Resolution No. 1071 of 22/11/1412H (05/05/1992G) issued by the Minister of Commerce and Industry, the maximum annual remunerations paid to a member of the Board of Directors of the Company shall be SAR 200,000 (Saudi Riyal two hundred thousand), in addition to the sum of SAR 2,000 (Saudi Riyal two thousand) for each session of the Board of Directors. The Company is committed to the provisions of the mentioned ministerial resolution in determining the annual Remuneration approved by the General Assembly of the Company on the recommendation of the Board of Directors.

The bonuses and remunerations of the Board of Directors shall be approved at the meetings of the General Assembly, taking into account that the members of the Board of Directors must not vote on such Remuneration and bonuses. The members of the Board of Directors of the Company or any of the members of the Executive Management have not received any bonuses or in-kind compensation.

Below is a breakdown of the payments made to the Company's board members and senior executives, including the CEO and CFO during the three years before the Rights Issue.

Table 5-3: Remuneration of the Board of Directors, committees and executive management during the period 2011G -2013G:

Description	2011	2012	2013
Board Members	707,000	1,012,500	913,000
Audit Committee	238,000	226,000	242,000
Nomination Committee and Remuneration	162,000	330,000	224,000

Description	2011	2012	2013
Investment Committee	264,000	306,000	280,000
Executive Committee	362,000	342,000	240,000
Senior executives, including the CEO and CFO	2,721,451	3,256,844	2,295,786
Total	4,454,451	5,473,344	4,194,786

Source: Tabuk Agricultural Development Company.

5 - 8 Appointment of Directors

The members of the Board of Directors are appointed by the General Assembly using normal procedure of cumulative voting. The Companies' Regulations, Corporate Governance Regulations, Company's By-Laws and the Internal Governance of the Company define the functions and responsibilities of the Board of Directors. The following is a summary of the roles and responsibilities of the Board Members and the employment contracts of the CEO and CFO:

5 - 8 - 1 Chairman of the Board

Duties and responsibilities of the Board Chairman include the following:

- Represents the Company in its relations with third parties.
- Contracts on behalf of the Company, tenders and performs all acts and actions and executes all types of contracts and documents.
- Presides over the meetings of the Board.
- Presides over the meetings of the General Assembly of the shareholders.

Chairman's Remunerations

In accordance with the Company's By-Laws, the Board Chairman receives annual remuneration of SAR 200,000 (Saudi Riyal Two Hundred Thousand), in addition to SAR 3,000 for attending each meeting of the Board of Directors on addition to compensation for relevant expenses.

Term of membership of Chairman and of Directors

In accordance with the Company's By-Laws, membership of the Chairman and Members of the Board of Directors shall be for three years starting from the date determined by the General Assembly in its decision regarding their election.

5 - 8 - 2 Board Members

The duties and responsibilities of the Directors include:

- Set and follow-up the overall strategy and key objectives for the Company including Company's annual financial and operating plans in the light of the recommendations made by the senior executives of the Company.
- Appoint the Board Chairman and Managing Director from among the board members.
- Appoint the Company's General Manager and follow up its performance.
- Develop, oversee and review the risk management policy.
- Determine Company's optimal capital structure, strategy, financial objectives and approve its annual budgets.
- Oversee the Company's capital expenditures, acquire assets and dispose of them.
- Establish performance objectives, monitor representation and overall performance of the Company.
- Conduct periodic review of the organizational and functional structures of the Company and approve the same.

- Develop written policy that governs conflict of interest and addresses the potential conflict of interest cases for each of the members of the Board of Directors, executive management and shareholders, including the misuse of Company's assets and facilities, and misconduct resulting from transactions with the related persons.
- Ensure integrity of the financial and accounting systems, including the relevant financial reporting systems.
- Ensure the application of appropriate control systems to manage risks by identifying the overall perception about risks that the Company may encounter and highlight such risks transparently.
- Conduct annual review of the effectiveness of Company's internal controls.

Board Members' Remuneration

Each member will receive annual bonuses of SAR 200,000 (Saudi Riyal two hundred thousand). In addition, each member of the Board will receive SAR 3,000 for attending each meeting of the Board of Directors, in addition to compensation for relevant expenses.

5 - 8 - 3 Chief Executive Officer

The duties and responsibilities of the CEO include the following:

- The Chief Executive Officer of the Company.
- Head of the discretionary budget preparation committee.
- Provide technical and management reports on the overall performance of the Company's to Board of Directors.
- Attend regular meetings of the Board of Directors and its different committees.

Remuneration of CEO

CEO receives a monthly salary and transportation and housing allowances.

CEO Term of Office

Chief Executive Officer works under a fixed term employment contract.

5.8.4Chief Financial Officer

The main duties of the Financial Officer include the following:

- Oversees the management and technical functions of the finance department.
- Member of the discretionary budget preparation Committee.
- Prepares the financial reports.
- Provide financial consulting to the Senior Management of the Company.
- Addresses the auditor's observations.

Remuneration of CFO

CFO receives a monthly salary and transportation and housing allowances.

Chief Financial Officer term of office

Chief Financial Officer term of service is determined under his service contract.

The members of the Board of Directors, secretary of the Board and members of Senior Management hereby declare that there is no contract or arrangement in effect or planned to be concluded on submitting this Prospectus, in which they or any of their relatives have interest in the Company's business other than as set forth under "dealings of Related parties "section of this Prospectus.

5 - 9 Corporate Governance

The Company applies the highest corporate governance standards including full separation between the responsibilities and duties of the Board of Directors, Company's executive management and the policies that ensure the Board of Directors is performing to achieve the interests of the shareholders. The Company is committed to all provisions of Corporate Governance Regulations of the Capital Market Authority. Also, in

compliance with the governance requirements, the Company has set own governance regulations that was approved by the General Assembly Meeting held on April 12, 2009G (16/04/1430H), and that the amendments thereto were approved by the General Assembly held on April 12, 2011G (05/08/1432H).

Tabuk Agricultural Development Company declares that it has implemented all the provisions of the Corporate Governance Regulations issued by the Capital Market Authority and that all the provisions of the above mentioned regulations have been fully adhered to. This has been evidenced in the report of the Board of Directors for 2013G; the said declaration is still in effect till the date of this Prospectus.

The Board of Directors has formed a number of committees to help it satisfy its responsibilities and obligations to the shareholders of the Company. The committees are: Executive Committee, Audit Committee, the Nomination and Remuneration Committee and the Investment Committee.The committees act in accordance with the tasks, responsibilities and powers provided for in the Company's Governance Regulations approved by the General Assembly of the Company, and with full transparency and disclosure to the Board of Directors where the Heads of Committees provide the Board with reports on the results of the activities of their committees and recommendations regarding the tasks related to the functions of these committees. The Minutes of the meetings of committees are also communicated to all members of the Board for their information. The Committees are authorized to seek independent advice from external professional bodies whenever necessary.

The following is a summary of the duties and remunerations of the Board Committees:

5 - 9 - 1 Executive Committee

Handle the Board of Directors responsibilities with regard to Company's management during the periods between the scheduled periodic meetings of the Board or when the Board is unable to meet for any conditions beyond its control, and make recommendations to the Board on various issues relevant to the preparation and implementation of the Company's strategy. The Board may delegate some of its tasks to the Committee such as approval of the investment policies and appointments of senior positions and procurement (less than SAR 2,000,000). In addition, the Company has integrated authority matrix approved by the Board of Directors that illustrates the limits of the financial, operational and administrative powers of the Board of Directors, Executive Committee, Chief Executive Officer, Senior Executives and lower executive levels. The matrix is.

The Executive Committee consists of:

Table 5-4: Members of the Executive Committee

Name	Position
Mohammed bin Abdullah bin Abdul Aziz Al-Rajhi	Head
Faisal bin Saud bin Faisal bin Muammar	Member
Ahmed bin Abdul Aziz bin Abdullah Al Samari	Member

Source: Tabuk Agricultural Development Company.

The members of the Committee will receive an allowance of SAR 2,000 (Saudi Riyal two thousand) for attending the committee's meetings for each member per session, as well as a bonus to be approved by the Board at the end of the year based on the financial performance of the Company and recommendations of the Nomination and Remuneration Committee.

Please refer to section (5.2) "Board Members" for brief summary of the members of the Executive Committee.

5 - 9 - 2 Audit Committee

Responsibilities of the Audit Committee are as follows:

- Appoint and replace the internal auditor after obtaining the approval of the Board of Directors.
- Approve the scope of internal audit services and the reference conditions for the Internal Auditor.
- Recommend fees of internal auditor and review audit reports issued by the auditor.
- Check the efficiency of the Company's control and disclosure system.
- Evaluate the experience and qualifications of the internal audit team and verify their compliance with the professional standards.

- Discuss the internal auditor reports and provide comments thereon them to the Board of Directors.
- To recommend to the Board of Directors appointment of the external auditor and determine its fees.
- Discuss the results of the audit of the financial statements and check the quality of the preparation of the financial statements.
- Verify the Company's compliance with the accounting generally accepted rules and review the Company's accounting policies used by the Company and to provide opinion thereon.
- Review the arrangements, financial transactions and contracts with the relevant authorities (customers, suppliers and other companies of the group) and make recommendation to the Board of Directors any necessary action on them with respect to their renewal, termination or modification in order to achieve the Company's interest.
- Review the arrangements of the remuneration of the Board Members and senior executives, and the financial transactions made with the shareholders of control shares (more than 5%) and recommend the necessary measures thereon to the Board of Directors.
- Verify the existence of a risk management system.
- Discuss the Notes of the independent internal auditor with the Finance Officer and Chief Executive Officer.
- Analyze the financial results of the Company and identify potential financial risk elements.

Audit Committee consists of:

Table 5-5: Members of the Audit Committee

Name	Position
Yusuf Abdullah Abdul Aziz Al-Rajhi	Head of Committee
Waleed Ahmed Ba Marouf	Member
Mohammed bin Abdul Hadi bin Mohammed Al-Beshri	Member
Ali bin Ibrahim bin Mohammed Al-Mubarak	Member

Source: Tabuk Agricultural Development Company.

The members of the Committee will receive an allowance of SAR 2,000 (Saudi Riyal two thousand) for attending the committee's meetings for each member per session, as well as a bonus to be approved by the Board at the end of the year based on the financial performance of the Company and recommendations of the Nomination and Remuneration Committee.The Committee's governing policy provides for the annual renewal of the Members according to the recommendations of the Nomination and Remuneration Committee.

	Brief summary of the Audit Committee Members	
1	Name	Yousef Abdullah Al-Rajhi
	Nationality	Saudi
	Age	54
	Position	Member of the Audit Committee
	Qualifications	• Master's degree in development management from Western Michigan University, USA, 1991G • Bachelor's degree in Business Administration with specialization in Economics and Political Science from King Saud University, Riyadh, 1986G

	Experience	• General Manager, Abdullah Abdul Aziz Al Rajhi & Sons Industrial Co. (limited liability company engaged in industrial sector) since 2013G to date. • Serves as the General Manager of Al-Rajhi Company for Industry and Commerce (Saudi limited liability company engaged in industry and trade fields) from 1996 to 2013G. • Serves as the General Manager of Al-Rajhi Cement Products Factory (a Saudi limited liability company engaged in construction materials sector) since 1999 to date. • Served as Transfers Department Officer, Riyad Bank (Saudi joint stock company listed on Saudi Stock Exchange, engaged in banking sector) from 1981 to 1982G • Served as Branch Manager, Al Rajhi Bank (Saudi joint stock company listed on Saudi Stock Exchange, engaged in banking sector) from 1987 to 1988G • Served as project finance manager, Al Rajhi Bank (Saudi joint stock company listed on Saudi Stock Exchange, engaged in banking sector) from 1992 to 1995G • Chairman of the Board of Directors of: • Riyada Worldwide Hotels & Resorts Co., from 2005G to date, a Saudi closed joint stock company engaged in hospitality and food industries. • Arab SAS Travel and Tourism Agency, from 1997G to date, engaged tourism, travel and industry. • Al-Rajhi Company for manufacturing industries, from 1996G to date, engaged in manufacturing industries. • Al-Rajhi Company for Metal Industries, from 1998 to date, engaged in metal industries. • Al Rajhi Hydraulic Co., form 1999G to date, engaged in maintenance and support services. • He also served as vice Chairman of the Board of Directors of Bangladesh Islamic Bank, from 1996 to date, an Islamic bank in Bangladesh. • Also, he holds membership of the Board of Directors of: • Al-Rajhi Company for the development of human resources, from 1993G to date, engaged in training and development sector. • Shuruq Packaging Company (Shuruq Pack) from 2001 to 2010G, a Kuwaiti closed joint stock company engaged in packaging materials industry.
2	Name	Waleed Ahmed Ba'marouf
	Nationality	Saudi
	Age	43
	Position	Member of the Audit Committee
	Qualifications	• Bachelor's degree in accounting from King Fahd University of Petroleum and Minerals, 1995 • He holds a master's degree in business administration from King Abdul Aziz University, 2009. • Fellow of the American Institute of Certified Public Accountants, 1997G • Fellow of American Institute of Management Accountants, 2001G • Fellow of Saudi Organization for Certified Public Accountants, 2005G
	Experience	• Member of the Board of Directors and member of the Audit Committee of Yanbu National Company for Petrochemical Company (Saudi Joint Stock listed on Saudi Stock Exchange, engaged in the production of ethylene, propylene, low density polyethylene, high density poly, polypropylene, ethylene glycol, methylene, butyl ether, mixture of aromatic compounds materials) from March 2011G to date. • Partner and chartered accountant, Talal Abu-Ghazaleh's office Saudi Arabia, from 2009G to date
3	Name	Mohammed bin Abdul Hadi bin Mohammed Al-Beshri
	Nationality	Saudi
	Age	Please see section (5.2), "Board Members" for brief overview.
	Position	
	Qualifications	
	Experience	

4	Name	Ali bin Ibrahim Al-Mubarak
	Nationality	Saudi
	Age	59
	Position	Member of the Audit Committee
	Qualifications	• Bachelor's degree in Arabic language and literature from Imam Muhammad bin Saud University, 1394H • Holds government funds finance diploma from the International Training Center, Italy, 2003G • Attended a number of training and skill courses in management and financial affairs from Institute of Public Administration, Riyadh, in addition to courses in management and procurement management applications from Egypt and Syria.
	Experience	• Member of the Board of Real Estate, a Company listed on Saudi Stock Exchange, engaged in real estate investments, from 1998 to 2006G. • Member of the Board of Directors of Tabuk Agricultural Development Company, from 2000 to 2009G • Head of Audit Committee, Tabuk Agricultural Development Company, from 2000 to 2009G • Engaged in a number of committees of the Experts Commission of the Ministerial Board • Chairman and membership of a number of financial, organizational and administrative committees of the PPA • Represent the PPA in a number of ordinary and extraordinary General Assemblies of: Investment Bank, Eastern Cement Company, Saudi Consolidated Electricity Co., Asir for tourism Co. and maritime transport Company.

5 - 9 - 3 Nomination and Remuneration Committee

The Nomination and Remuneration Committee is responsible for:

- Determine the type and size of compensations and bonuses granted to the Board Members for attending the sessions and travel expenses in addition to the incentives that can be granted to each member for its contribution to achieve specific strategic objectives in accordance with the performance standards to be agreed upon with the Board Members.
- Determine the quality and size of the compensation and bonuses granted to the CEO and Senior Executives, taking into account the practices followed by similar companies and the use of performance-related criteria.
- To recommend to the Board of Directors the Company's key objectives that to be linked to any proposed incentives for senior executives, departments and heads and managers and supervisors, taking into account the target return on equity, practices of other competitors and the size of the incentives granted in the past years.
- To recommend to the Board the proposed compensation plans for granting incentive shares to the CEO and senior executives, and to determine the size of the granted shares and other similar compensation.
- Review and discuss the CEO's recommendations on the remuneration of senior executives with the Board of Directors and the issue the necessary decisions.
- Conduct annual review of the remuneration and bonuses of the Board Members, Chief Executive Officer and senior executives and to recommend to the Board the required modifications to the remunerations. The executive management may provide the Committee with comparison reports on the position of the compensation and bonuses in the Company and other local and regional peers operating in the same field.

- Discuss on a regular basis with the Chairman of the Board and Chief Executive Officer to evaluate the performance of senior executives and key department Heads and their terms with Company, and to recommend to the Board of Directors the need for appointment of new or alternative management seniors.
- Review the assessment of the supervisory and professional job holders' performance to verify the extent of their positive contribution to the achievement of the overall objectives of the Company and to recommend to the Board any necessary comments and actions required to improve the overall performance of the Company.
- Review Company's salary structure and incentives and rewards system on annual basis and make recommendation to the Board of the required amendments and additions.
- To supervise the annual self-assessment of the Board of Directors members and committees, and determine the nature of the assessment, prepare relevant report and discuss it with the Board of Directors.
- Assess the CEO's performance and determine the nature and durations of the assessment, supervise the assessment process and provide CEO performance assessment reports, together with the necessary recommendations and discuss them with the Board of Directors.
- Oversee senior executives' performance assessment against the Company's annual goals and objectives of the relevant business units and sectors according to the Company's approved remuneration system assessment framework, and make recommendation to the Board of the applicable incentives and bonuses.
- Determine the time that must be devoted by the Board Member to contribute to the Board and functions and tasks.
- To recommend to the Board of Directors the Board Members selection mechanism while determining the quality and nature of the required qualifications, capabilities and skills that the Board membership must have in general as well as each member of the Board.
- Prepare a matrix of the required capabilities and qualifications and skills for the membership of the Board of Directors and update this matrix on annual basis with any additional requirements.
- Identify and assess the candidates for membership of the Board and recommend them to Board of Directors of persons.
- To recommend to the Board of Directors the structure and membership of the committees and the people nominated candidates for the membership.
- Review the structure of the Board of Directors on annual basis.
- Identify strengths and weaknesses of the Board of Directors and propose the necessary mechanisms and actions to build on strengths and address weaknesses.
- Ensure continuity of the independence requirement of the independent members, on annual basis.
- Ensure continuously the non-existence of any conflict of interest between the Company and the Board members if the member serves on the board of another Company.
- Provide recommendation to the Board of the corporate governance rules and ethical values to be considered in running the Company's affairs.
- Review the quality of the committees, their tasks, assignments entrusted to them and the regulations governing their functions and recommend required amendments and additions thereto.

Nomination and Remuneration Committee consists of:

Table 5-6: Members of the Nomination and Remuneration Committee

Name	Position
Faisal bin Saud bin Faisal bin Muammar	Head
Abdullah bin Ibrahim bin Ali Alabdul-Moneim	Member
Mohamed Abdel-Hadi Mohammed Al-Beshri	Member

Source: Tabuk Agricultural Development Company.

The members of the Committee will receive an allowance of SAR 2,000 (Saudi Riyal two thousand) for attending the committee's meetings for each member per session, as well as a bonus to be approved by the Board at the end of the year based on the financial performance of the Company and recommendations of the Nomination and Remuneration Committee.The Committee's governing policy provides for the annual renewal of the Members.

Please refer to section (5.2) "Board Members" for a brief summary of the members of the Nomination and Remuneration Committee.

5 - 9 - 4 Investment Committee

The Investment Committee undertakes the study of investment opportunities that contribute to the development and growth of economic activity of the Company, oversees the preparation of relevant studies and make recommendation to Board of Directors of the feasible local and international investment projects in the light of the Company's approved the investment policy; the Committee shall consist of:

Table 5-7: Members of the Investment Committee

Name	Position
Mohammed bin Abdullah bin Abdul Aziz Al Rajhi	Head
Dr. Mohammed Najib bin Jameel bin Mohammed Khader	Member
Eng. Saad Mohammed Al-Sawatt	Member

Source: Tabuk Agricultural Development Company.

The members of the Committee will receive an allowance of SAR 2,000 (Saudi Riyal two thousand) for attending the committee's meetings for each member per session, as well as a bonus to be approved by the Board at the end of the year based on the financial performance of the Company and recommendations of the Nomination and Remuneration Committee.

Please refer to sections (5.2) & (5.3) "Board Members" and "Board Secretary" for a brief summary of the members of the Investment Committee.

5 - 9 - 5 Employee Share Programs

Currently, the Company does not have share allocation scheme for its employees, or any other arrangements involve employees in the Company's capital.

5 - 9 - 6 Conflict of Interest

The Company's By-Laws , any of its regulations and internal policies do not granted any powers that enable a member of the Board of Directors to vote on contract or offer that he has substantial interest whether directly or indirectly in accordance with Article (96) of the Companies Law, which states that a member of the Board of Directors must not have any direct or indirect interest in the dealings and contracts made for the Company's interest without the approval of the AGM that is renewed annually. According to the provisions of the above Article, any member of the Board of Directors must declare to the Board of Directors any personal interests that may have in the dealings and contracts made for the account of the Company. The Chairman of the Board of Directors shall disclose to the General Assembly when held, the trades and contracts that any of the members of the Board of Directors has a personal interest provided that such disclosure must be supported by a special report from the auditor. The Chairman's disclosure is be evidenced in the Board of Directors meeting Minutes, and that the member with such interest may not vote on the resolution raised in this regard. Based on the foregoing, the Board of Directors shall:

1. Commit to act in accordance with articles (69) and (70) of the Companies' Regulations, and Article (18) of the Corporate Governance Regulations.
2. Not to vote on all contracts entered into with related parties, in the meetings of the General Assembly.
3. Commit not to compete against the Company's business and that all transactions with related parties in the future will be on a competitive basis pursuant to Article (70) of the Companies Regulations.

6. Management analysis and discussion of Company financial position and results of operations

6 - 1 Introduction

This section has been prepared based on the Company's audited annual financial statements, which has been prepared in accordance with accounting standards recognized in Saudi Arabia. Financial data in this section has been extracted from the same statements, and therefore this section must be read in conjunction with these statements, which are as follows:

- Financial statements for fiscal years ending on 31 Dec 2011G and 2012G audited by Al Kharashi& Company, Certified Accountants and Auditors.
- Financial statements for fiscal year ending on 31 Dec 2013G audited by Al Thinayyan, Accountants and Auditors.
- Interim Financial statements for period ending on 30 June 2014G reviewed by Al Kharashi & Company, Certified Accountants and Auditors.

Neither one of the auditors, Al Kharashi& Company, Certified Accountants and Auditors or Al Thinayyan, Accountants and Auditors, nor any of their partners, employees, or relatives has any shares or interest of any kind whatsoever, in the Company. The above-mentioned auditors have given, and not withdrawn, their consents to the reference made in this Prospectus about their role and statements in their capacity as auditors of Company accounts for fiscal years 2011G, 2012G, 2013G, and period ending on 30 June 2014G.

This section may contain forward-looking information that may involve a degree of risk and uncertain expectations. Actual results of the Company may differ substantially due a set of factors, including factors that are discussed in this Section and in other sections of this Prospectus, especially those contained in "section (2) Risk Factors" of this Prospectus.

All amounts contained in this Prospectus are in Saudi Riyals unless otherwise indicated. Numbers are rounded to the nearest thousand, while the ratios appear in decimal form.

Members of Board of Directors hereby declare that:

- Audited financial statements have been prepared in accordance with accounting standards recognized in Saudi Arabia as issued by Saudi Organization for Certified Public Accountants (SOCPA).
- The financial information provided in this section has been extracted without any substantial changes from the audited financial statements as at December 31, 2013G.
- This Prospectus contains financial information provided in a manner consistent with the practice followed in the annual financial statements of the Company, taking into account the amendments made to some of the items in the period ending on December 31, 2013G, which is described in this section.
- There has been no omission of any information or other documents, the omission of which may render the financial statements and information contained in this Prospectus misleading in any way whatsoever.
- There has been no significant adverse change in the financial position of the Company or its expectations as at the date of this Prospectus.
- There has been no halt to the Company's business, which may have a material impact on its business.
- Except as stated in this section of this Prospectus, there has been no material adverse change in the financial and commercial positions of the Company during the fiscal years ending on 31 December 2011G, 2012G, 2013G and until the date of this Prospectus.
- There has been no significant adverse change in the Company's business since the date of the last audited and issued annual financial statements as on December 31, 2013G until the date of this Prospectus.
- All material matters concerning the Company and its financial performance have been disclosed in this Prospectus, and there are no other incidents that can make - if not included in this Prospectus - any statement herein misleading.
- The Company has sufficient working capital for a period of twelve months following the date of this Prospectus.
- That there are no debt instruments on the Company.

6 - 2 Company's Background

Tabuk Agricultural Development Company was incorporated on March 22, 1983G as a Saudi public joint stock company registered in the city of Tabuk, with share capital of SAR 200 million divided into 20 million shares with a nominal value of SAR 10 per share. The Company is engaged in agricultural and livestock production, agro-processing and marketing of products. The Company's land extends over an area of 35 thousand hectares granted by the Saudi Government on the road to Halet Ammar. The number of Company employees in December 2013G was approximately 731 employees.

The Company started its business with wheat and subsidized crop cultivation (such as barley), and over time evolved, and had crop diversity, commercial production, and dealings with consumer and industrial markets. Thus, the Company became a leader in the production of fruits and vegetables and field crops in Tabuk region, northwest of Kingdom. Its customer network covers all regions of the Kingdom. The Company has an enviable record of success during the last thirty years since the date of its incorporation. It has become one of the most important landmarks of the unprecedented agricultural development achieved by the Kingdom during the seventies and eighties of the last century, and a main pillar of the Saudi agricultural sector, and a prominent testimony to the successful economic and social development in Kingdom. However, in order to ensure its continuity in the future, and to continue its financial and economic growth, the Company has a dire need for new strategies and investment operations to ward off the negative effects of the decision of the Council of Ministers requiring Government silos to stop receiving wheat quotas from farmers by 2015G, as well as Government policies to stop forage cultivation, which is expected to lead to decisions similar to decisions taken with respect to wheat crop. The grain and forage crops represent the main sources of sales and profits for the Company. Therefore, in order not to disrupt production capacities associated with these crops (in which the Company invested heavily previously) and become a burden on the financial performance of the Company, there is an urgent need to reutilize them in other investment alternatives within and outside the Kingdom to guarantee the future sustainability and profitability of the Company.

6 - 3 Future expectations for the Company business

a) The Company has leased two plots of land that can be expanded in the Republic of Sudan to establish an agricultural services project (seeds propagation and processing, and agricultural inputs trading) and an agricultural production project.

King Abdullah Bin Abdul Aziz (may Allah protect him) launched an initiative for agricultural investment abroad, which aims to provide food security for the Kingdom through agricultural foreign investment by Saudi citizens and companies. This initiative is an implicit recognition of the problems that local investors are facing as a result of groundwater conservation policies. The Company, therefore, decided to invest abroad in grain and forage crops. It has leased a 20 thousand square meters plot of land (industrial project) in the city of Dongola, Northern State, the Republic of Sudan, for studying the transfer of seeds processing plant for wheat and other crops. It has also leased a plot of agricultural land with an area of 30 thousand acres (equivalent to about 12,140 hectares) which can be expanded in the Qold area, Northern State in order to establish an agricultural project, essentially for the production of forage and grains, particularly wheat and alfalfa for export to the Kingdom.

b) Entry into the field of potato processing

Based on studies conducted by the Company, which proved the feasibility of investment in food processing, the Company plans to enter into the field of potato processing, as it has the necessary resources and in order to bring about vertical integration with the huge productive resources currently used in potato production such as the availability of agricultural land, modern irrigation techniques and cold storage warehouses with capacity of over 30 thousand tons.

c) Expansion of the olive industry

Based on studies conducted by the Company, which proved the feasibility of investment in food processing, the Company plans to expand in the olive industry through the establishment of olive press with modern specifications and a bigger production capacity to support its existing projects for the production of olive and increase its market share of olive oil in the Kingdom markets and neighboring countries.

d) Entry in the combined forage industry

Based on the Government's policy to encourage farmers to enter into the combined forage industry instead of green forage production, and the proved feasibility of this type of investment, the Company plans to set up a factory for the combined forage in order to meet the needs of Tabuk region for these products, and encourage the use of combined forage by ranchers in the region. This is in line with the government's policy aimed at reducing the production of green forage, which consumes a lot groundwater, and thus contribute to the conservation of this nonrenewable water resource.

It should be noted here that the internal and external investments related to the above future expectations require significant financing resources, and thus the Company needs to increase its capital. These future expectations will be implemented within the Company's strategic plan for the years (2016 – 2020G) as outlined in the business plan for the capital increase request. The implementation of this plan will begin at the end of the current Five-Year Plan (2011G - 2015G).

6 - 4 Summary of important accounting policies

Interim financial statements are prepared in accordance with accounting standards issued by Saudi Organization for Certified Public Accountants (SOCPA) including interim financial reports standard using the same basis and accounting policies followed in preparing annual financial statements. The following is a summary of most important followed accounting policies:

a) Bases of financial statements preparation

Shown financial statements are prepared in Saudi Riyals in accordance with recognized accounting standards in the Kingdom of Saudi Arabia, historical cost principle, Saudi Companies Law requirements, and Company Bylaws.

b) Cash and semi cash:

Cash and semi cash consists of cash at hand, current accounts balances at banks, and short-term investments with maturities not more than three months and with no restriction on liquidation for the Company interest.

c) Accounts receivable:

Accounts receivable are presented within the statement of financial position at net collectible value, after deduction of doubtful debt provision. This provision is estimated based on a study of accounts receivable and its collectability during each fiscal year.

d) Inventory:

Inventory is valued as follows:

- Finished product inventory is valued at cost or net selling value, whichever is less (finished product cost includes raw materials and labor cost, and other direct and indirect production expenses).
- Raw materials, supplies, and spare parts are valued using "weighted average cost" method.

e) Investments

• Investments in other companies

- Company investments in other companies and their returns are recognized in line with related accounting standards depending on control ratio, and Company ownership ratio is considered an indication of control.
- In case of losses, results of operations are recognized in income statement.

• Investments in securities:

- Investment in available for sale securities in the statement of financial position is measured based on fair value. Unrealized Gains and losses are recognized as separate item under equity.
- Investment in for trading securities in the statement of financial position is measured based on fair value. Unrealized Gains and losses are recognized within the period income.

f) Fixed assets and depreciation

- Fixed assets are realized at cost after deduction of accumulated depreciation.
- Depreciation of fixed assets is calculated using the straight line method based on the estimated useful lives at ratios ranging between 3% and 25% as shown in the following table:

Fixed asset	Depreciation
Agriculture equipment	10% - 15%
Electrical generators and pumps	10% - 17%
Wells and agitators preparations	7.5% - 10%
Buildings and constructions	4% - 20%
Vehicles	25%
Furniture	17%
Office and clinic equipment	12.5% - 17%
Equipment & workshop machines	10% - 15%
Seed processing plant	10%
Irrigation network for orchard project	10%
Cold storage	10%
Polystyrene box plant	10%
Olive oil mill	10%
Fruit trees	6.25% - 8.33%

- Capital profits and losses are listed in the statement of income under Other Revenues.
- The Company has no plans to change this policy at the present time.

g) Biological assets

- Historical costs (purchasing cost plus growth cost until date of commercial production) for biological assets are capitalized once trees reach commercial production stage or 4 years of age using the straight-line method based on estimated proposed life of commercial production, which ranges between 12 and 44 years.
- Cost of trees in the growing stage are recognized under "projects in progress" in the statement of financial position.

h) Recognition of revenue

- revenues of sales are recognized upon delivery of products to customers
- Wheat sales to Government silos are recognized at net sales value and after zakat deduction and impurities deduction.
- Other revenues are recognized when realized.

i) Cost of sales

Cost of sales is calculated based on the production cost of salable units, which are carried at actual direct costs, and include the cost of materials and production requirements, the cost of labor, and depreciation of direct fixed assets in addition to its share of overheads.

As an agricultural Company, Tabuk Agricultural Development Company considers trees part of fixed assets. The uprooting of trees is tantamount to the disposal of these assets, but it does not bring a return to the Company.

To recognize the cost of uprooting trees in the financial statements of the Company, the Company records the remaining carrying value of these trees in the statement of income. As the uprooting of trees does not fall within the operational costs and do not occur frequently or regularly, it is entered under the item «other results» below «income from operations» and thus is not considered part of «cost of sales» item.

Also, expired items with the passage of time, such as scrapped assets and used spare parts and others are recorded in the income statement under «other results» because these do not represent a particular year operating cost, and therefore are not classified as part of the production costs. According to the standards of the Saudi Organization for Certified Public Accountants, these expenses are recorded under « other results».

The residue, losses and damaged are considered part of post-harvest losses or marketing losses. Post-harvest loss of agricultural products is classified as «production damage», and damaged quantities are excluded during processing and final product sorting. Only saleable quantities are entered under «inventory», and this allows the Company to enter « production damage » under production costs.

As for the final products that are damaged during storage or shipping to the markets, they are classified as marketing loss and entered under «Selling and marketing expenses», because it is unassociated with the production process.

j) Expenses

- Expenses resulting from products selling and marketing operations are classified as selling and marketing expenses.
- Direct and indirect expenses related to management, which are not related to production, selling, or marketing function are classified as general & administrative expenses.

k) Reserves:

Reserves are set aside in accordance with Kingdom Companies' Law and the Company Byelaws.

l) Zakat:

The net shareholder equity is subject to zakat in accordance with the regulations of Department of Zakat, Income, and Tax, and a provision is set aside for estimated zakat.

m) Share profitability:

Share profitability is computed by dividing the period's net profit over number of shares issued as on the end of period.

n) Foreign currency transactions:

Transactions in foreign currency are recorded based on the exchange rate prevailing at the time of transaction. At year-end, assets and liabilities balances are converted based on the exchange rate prevailing at that time. Profit or loss resulting from foreign exchange conversion is entered in the year income statement.

6 - 5 Results of operations

6 - 5 - 1 Statement of income

The following is analysis of operation results for Tabuk Agricultural Development Co. (TADCO) in addition to the results of each Company business, covering the years ending on 31 Dec 2011G, 2012G, 2013G and period ending on 30 June 2014G compared with the same period of 2013G (hereinafter referred to as the "historical period").

Table 6-1 Statement of income

Thousand Saudi Riyals	2011	2012	2013	First half 2013	First half 2014	compound annual growth rate 2011 -2014
Sales	171,667	156,079	120,988	49,327	49,789	(16.10%)

Thousand Saudi Riyals	2011	2012	2013	First half 2013	First half 2014	compound annual growth rate 2011 -2014
Cost of sales	(90,689)	(86,049)	(68,889)	(28,944)	(31,171)	(12.80%)
Gross profit	80,978	70.03	52,099	20,383	18,618	(19.80%)
Marketing expenses	(31,439)	(36,813)	(34.12)	(10,854)	(12,508)	4.20%
General and administrative expenses	(14.39)	(18,342)	(19,057)	(5,008)	(5,331)	15.10%
Net operating profit	35,149	14,875	(1,078)	4,521	779	-
Investment gain (loss)	-	(3,702)	(13,443)	0	1,614	-
Other revenue	546	1.4	1,237	550	348	50.50%
Net profit prior to zakat	35,695	12,573	(13,284)	5.07	2.74	-
zakat	(2,588)	(2,635)	(1,555)	(1,059)	(495)	(22.50%)
Net year profit	33,107	9,938	(14,838)	4,012	2,245	-
Earnings per ordinary share	1,66	0.5	(0.74)	0.2	0.11	-

Source: audited financial statements for 2011G – 2-13 and first half of 2013G and 2014G

Analysis of income statement as ratio of revenues

Table 6-2 Analysis of income statement as a ratio of revenues

Thousand Saudi Riyals	2011	2012	2013	First half 2013	First half 2014
Cost of sales	52.80%	55.10%	56.90%	(58.70%)	(63.20%)
Gross profit	47.20%	44.90%	43.10%	41.30%	37.70%
Marketing expenses	18.30%	23.60%	28.20%	(22.00%)	(25.40%)
General and administrative expenses	8.40%	11.80%	15.80%	(10.20%)	(10.80%)
Net operating profit	20.50%	9.50%	(0.90%)	9.20%	1.60%
Investment loss	0.00%	(2.40%)	(11.10%)	0.00%	3.30%
Other revenue	0.30%	0.90%	1.00%	1.10%	0.70%
Net profit prior to zakat	20.80%	8.10%	(11.00%)	10.30%	5.60%
zakat	1.50%	1.70%	1.30%	(2.10%)	(1.00%)
Net year profit	19.30%	6.40%	(12.30%)	8.10%	4.60%

Source: Tabuk Agricultural Development Co

Table 6-3 Key performance indicators

indicator		2011	2012	2013	First half 2013*	First half 2014*
Sales growth rate	70.1	14.10%	(9.10%)	(22.50%)	3%	0.90%
Gross profit margin	70.2	47.20%	44.90%	43.10%	41.30%	37.40%
Operating profit margin	70.3	20.50%	9.50%	(0.90%)	9.20%	1.60%
Net profit margin	70.4	19.30%	6.40%	(12.30%)	8.10%	4.50%

Source: Tabuk Agricultural Development Co

* Compared with same period of previous year

Revenues:

Although the Company's sales declined over the historical period, however, sales have seen a positive shift with respect to vegetables crops, which constitute the most important main source of income in the Company's strategy for the years from 2011G until 2015G where vegetable sales rose during the period by 18.8%. Also the decline in forage and grain sales is in line with the Company intention to get rid of dependence on these crops as main sources of income in response to Government policy to conserve groundwater resources.

The decline in revenues during the historical period is due to:

- Lack of demand for forage due to the availability of natural pastures, and the deterioration of forage prices in the market, and the Company reluctance to sell at those prices in anticipation of improved market based on the Company's previous experiences in this area, causing a decline in revenue. However, revenues are expected to improve later, which will positively affect the future results.
- Low grain sales due to gradual decrease in quotas allocated by Grain Silos to the Company.
- Decline in sales of fruit products due to lack of agricultural labor, where the crop was down due to the lack of adequate labor in the harvesting phase.

The decline in Company revenues from field crops unit is attributed to a decrease in grain sales at a CAGR of 21.8% during the historical period, in line with the reduction program adopted by the Grain Silos and Flour Mills Organization in 2008 to reduce quotas allocated to wheat farmers by 12.5% each year until 2015G, as well as to a decrease in forage sales at a CAGR of 56.1% during the historical period.

The impact of the decline in Company's revenues from the field crops unit on Company's total revenue is evident in the decline of that unit contribution to total revenue from 54% in 2011G to 47% in 2012G and to 29% in 2013G.

The decline in forage sales is due to a number of reasons, which are as follows:

- Reduced cultivated areas in line with the Company's strategy to focus on vegetables and fruits crops, as they are less depleting for groundwater.
- Climatic changes that have led to an increase in rainfall and the emergence of natural pastures.
- Discontinued purchasing from the Company by both Al-Safi and Nada companies as a result of higher prices compared to market prices due to the availability of natural grassland.
- Company management decision to stop selling at very low prices and wait until the market improved based on its previous historical experience in this respect.

As for the six months ending on June 30, 2014G, the Company sales have witnessed a slight rise, 1% compared to the same period of the previous year.

Sales by business units

Table 6-4 Sales by business unit

Thousand Saudi Riyals	2011	2012	2013	First half 2013	First half 2014	compound annual growth rate 2011 -2014
Field crops business unit						
Grain sales	41,516	30,165	25,385	9,122	3,553	(21.80%)
Forage sales	50.69	42,419	9.76	3,248	10,438	(56.10%)
Vegetable business unit						
Potato sales	19,449	24.1	33,561	13,782	15,006	31.20%
Onion sales	5,097	8,768	7,599	1,136	1,271	22.10%
Fruit business unit						
Grapes sales	22,574	20,054	19,692	1,597	2,116	(6.60%)
Stone fruits sales	29,191	28,511	20,548	17,294	14,191	(16.10%)
Olive business unit						
Olive and honey sales	2,831	1.56	3.82	2,779	2,102	16.20%
Trees sales	319	397	519	317	312	27.60%
Green areas sales	0	105	105	53	90	-
Trading sales*	0	0	0	0	709	-
Total sales	171,667	156,079	120,989	49,328	49,788	(16.10%)

Source: Tabuk Agriculture Development Co

*these are products imported for trading to support sales and profits.

Contribution to sales by business unit

Table 6-5 Contribution to sales by business unit

Thousand Saudi Riyals	2011	2012	2013	First half 2013	First half 2014
Field crops business unit					
Grain sales	24.20%	19.30%	21.00%	18.50%	7.10%
Forage sales	29.50%	27.20%	8.10%	6.60%	21.00%
Vegetable business unit					
Potato sales	11.30%	15.40%	27.70%	27.90%	30.10%
Onion sales	3.00%	5.60%	6.30%	2.30%	2.60%
Fruit business unit					

Thousand Saudi Riyals	2011	2012	2013	First half 2013	First half 2014
Grapes sales	13.10%	12.80%	16.30%	3.20%	4.20%
Stone fruits sales	17.00%	18.30%	17.00%	35.10%	28.50%
Olive business unit					
Olive and honey sales	1.60%	1.00%	3.20%	5.60%	4.20%
Trees sales	0.20%	0.30%	0.40%	0.60%	0.60%
Green areas sales	0.00%	0.10%	0.10%	0.10%	0.20%
Trading sales	0.00%	0.00%	0.00%	0.00%	1.40%
Total sales	100%	100%	100%	100%	100%

Source: Tabuk Agriculture Development Co

Grain sales

Grain business includes wheat sales to the Grain Silos and Flour Mills Organization in the Kingdom per quotas allocated to each farmer, as well as wheat seeds and sales of maize, the plantation of which started in the agricultural cycle in 2012G. This business has seen a marked decline in sales, and its contribution to the total sales declined gradually starting from 2008G (the date of the reduction wheat quotas delivered to Government silos). Grain sales in the past accounted for 46% of total sales, but fell to 24.2% in 2011G and then to 21% in 2013G. This decline was in line with the Council of Ministers decision, which stated that the Grain Silos and Flour Mills Organization in the Kingdom would not buy wheat locally as of 2015G.

As shown in the table below, wheat sales accounted for 65.8% of grain sales in 2013G, followed by seeds sales, which accounted for 10.9% of the grain sales in the same year.

Grain sales also saw a decline during the six-month period ending on June 30, 2014G compared to the same period of the previous year, as a result of the lower wheat quantities delivered to Government grain silos compared to the same period of the previous year. It should be noted that the process of delivering the remaining wheat quantities to Government silos is undergoing now. It should be noted also that the sales of maize grain increased by 24.8% compared with the same period of previous year.

Table 6-6: Grain sales

Thousand Saudi Riyals	2011	2012	2013	First half 2013	First half 2014
wheat	33,379	24,977	16,696	6,596	398
Wheat seeds	7,893	4,527	2,762	-	-
Maize	-	-	-	2,526	3,155
Other	244	661	5,927	-	-
Total grain sales	41,516	30,165	25,385	9,122	3,553
Sold quantities (thousand metric tons)	42	31.2	28.1	10.5	5.6
Ratio of wheat sales to total grain sales	80.40%	82.80%	65.80%	72.00%	11.20%
Ratio of wheat seeds sales to total grain sales	19%	15%	10.90%	-	-

Source: Tabuk Agricultural Development Co

Forage sales

Forage sales include sales of wheat straw and alfalfa for cattle farms and small-scale livestock farmers in the region of Tabuk. This business witnessed a significant increase in sales, and contributed to total sales gradually starting in 2009G. However, there was a significant decline in forage sales in 2013G due to the reduction of forage areas in line with the Company's strategy, and in response to Government policies and directives calling for the rationalization of groundwater consumption. Forage sales accounted for 29.5% of total sales in 2011G but fell to 8.1% in 2013G.

As shown in the table below alfalfa sales have accounted for 80.9% of the forage sales in 2013G, while wheat straw sales accounted for 14.4% of the forage sales in 2013G.

It is worth mentioning that the decline in alfalfa sales in 2013G resulting from climate changes led to a boom in natural pastures, which had a negative impact on the demand for alfalfa, and thus prices dropped significantly. This made key customers (Al-Safi and Nada) shift to other suppliers because the Company was reluctant to sell at low market prices. The decision not to sell was due to the Company's expectation of better prices based on the Company's historical experience. The positive impact of this decision on the results of the later periods has been alluded to previously, and comparing the results of first half of 2014G to the same period of 2013G illustrates the validity of that decision.

During the first six months of 2014G, this business witnessed a marked increase compared to the same period of the previous year. The reason was the presence of a large carried over inventory that coincided with a rise in demand for alfalfa at the beginning of 2014G, and the forage sales accounted for 21% of the Company's total sales, compared with 6.6% for the same period of the previous year.

As shown in the table below, alfalfa sales accounted for 89.5% of the forage sales in the first half of 2014G, followed by wheat straw sales, which accounted for 9.3% of the forage sales in the first half of 2014G.

Table 6-7: Forage sales

Thousand Saudi Riyals	2011	2012	2013	First half 2013	First half 2014
Wheat straw	10,915,0	1,476,0	1,407,0	567.1	977.8
Alfalfa	39,389,0	40,938,0	7,892,0	2,313,5	9,346,9
Other	387	5.2	461	366.9	113.5
Total forage sales	50,691,0	42,419,2	9,760,0	3,247,5	10,438,2
Sold quantities (thousand metric ton)	77.5	49.5	14.1	4.4	15.8
Ratio of wheat straw sales to total forage sales	21.50%	3.50%	14.40%	17.50%	9.40%
Ratio of alfalfa sales to total forage sales	77.70%	96.50%	80.90%	71.20%	89.50%

Source: Tabuk Agricultural Development Co

Vegetable sales

Vegetable sales include potatoes and onions sales, which are sent to food processing plants and wholesale markets. The vegetable business unit witnessed a rise in sales starting in 2011G, and vegetable sales accounted for about 34% of total sales during the year 2013G. Sales of potatoes accounted for 81.5 % of the total vegetable sales in 2013G, while sales of onions 18.5 percent.

During the six months period ending on June 30, 2014G this business witnessed about 9% increase in sales compared to the same period of previous year, and accounted for about 33% of total sales during the first half of 2014G compared to 30% in the same period in 2013G. As on 30 June 2014G, potato sales accounted for 92.2% of the total vegetable sales while onion sales accounted for 7.8% of the total vegetable sales.

The increase in the above periods is in line with the Company's strategic plan for the years 2011G– 2015G, which focuses on the fruit and vegetable sales as an alternative to the sales of grains and forage.

Table 6-8 vegetable sales

Thousand Saudi Riyals	2011	2012	2013	First half 2013	First half 2014
Potato	19,449	24.1	33,561	13,782	15,006
Onion	5,097	8,768	7,599	1,136	1,271
Total vegetable sales	24,546	32,868	41,16	14,918	16,277
Quantities sold (thousand metric ton)	23.08	31.6	34.8	12.4	15.1
Ratio of potato sales to total vegetable sales	79.20%	73.30%	81.50%	92.40%	92.20%
Ratio of onion sales to total vegetable sales	20.80%	26.70%	18.50%	7.60%	7.80%

Source: Tabuk Agricultural Development Co

Fruits sales

The Company strategy is to focus on fruits and increase the contribution of fruits sales to the total income of the Company. However, fruit production requires intensive use of labor, whether in fruit production, harvesting or distribution through wholesale markets. All of these activities have been affected by labor shortages during the past two years. It should also be noted that the selling prices are linked to the market price, which is determined based on supply and demand.

Fruit sales include apricots, grapes, pears, peaches, plums, dates and nectarine sales, which are sent to wholesale markets. As a result of the above - mentioned problems of labor availability, the fruit business unit witnessed a decline in sales and in the percentage contribution to total sales beginning in 2012G, and fruit sales accounted for about 33 % in 2013G.

During the six months ending on June 30, 2014G, this business witnessed a 14% decrease in sales compared to the same period of previous year, due to the severe shortage of agricultural labor, despite the efforts made by the Company to employ sufficient number of laborers during the harvest period. Fruit sales contribution to total sales during the first half of 2014G was about 33% compared to 38% for the same period in 2013G. Grapes sales accounted for 48.9% of the total fruit sales in 2013G, while stone fruits sales about 51.1%.

Despite the rise in quantities sold (as seen from the table below) in line with the Company's strategic plan for the years 2011G - 2015G, there was a decrease in the total fruit sales due to agricultural labor shortage during the year 2012G. The impact of this shortage in labor increased during 2013Gas a result of campaigns to correct the status of expatriates in wholesale markets in major kingdom cities.

Table 6-9 fruit sales

Thousand Saudi Riyals	2011	2012	2013	First half 2013	First half 2014
Apricot	12,874	9,724	9,854	9,637	7,834
Peaches	9,94	11,743	7,703	7,261	5,843
plums	1,707	1,024	559	45	201
Nectarine	-	180	328	328	269
Pears	4,101	5,067	1,305	22	44
Grapes	22,574	20,054	19,692	1,597	2,116

Thousand Saudi Riyals	2011	2012	2013	First half 2013	First half 2014
Dates	569	772	800	-	-
Total fruits sales	51,765	48,564	40,241	18,89	16,307
Sold quantities (thousand metric ton)	11.3	10.4	11.8	5.5	3.5
Ratio of grapes sales to total fruits sales	43.60%	41.30%	48.90%	8.50%	13.00%
Ratio of stone fruits sales to total fruits sales	56.40%	58.70%	51.10%	91.50%	87.00%

Source: Tabuk Agricultural Development Co

Olive Business Unit sales

Sales of olive business unit include sales of olive oil, honey, fruit seedlings, ornamental plants, and landscaping. This unit witnessed improvement in the value of sales during 2013G compared to 2012G. The compound annual growth rate has been positive during the historical period (18.8%).

Cost of sales and profit margin for each business unit

With reference to table 6-2 above, it should be mentioned that ratio of cost of sales to sales is dependent on the following:

- Volume of product mix sold from one year to another.
- Change in the average selling prices of each product from one year to another.
- Change in the average product cost from one year to another.
- Year sales include previous years' products at variable costs.

Table 6-10 changes in "cost of sales to sales" ratio between 2011G and 2012G

product	change in sales volume%	change in selling price%	change in cost of sales volume%	change in sold unit cost %
grains	-25%	-0.30%	-20%	4%
seeds	-43%	%-1	-38%	7%
wheat straw	-87%	120%	-86%	7%
alfalfa	4%	17%	4%	17%
potato	24%	7%	17%	1%
onion	72%	-23%	102%	-10%
fruit	%-6	2%	3%	12%
Olive oil	-76%	11%	-81%	-10%

Source: Tabuk Agricultural Development Co.

Table 6-11 changes in cost of sales to sales ratio between 2012G and 2013G

product	change in sales volume %	change in selling price %	change in cost of sales volume %	change in sold unit cost %
grains	-12%	%-8	-15%	%-9
seeds	-39%	0.20%	-44%	%-9

product	change in sales volume %	change in selling price %	change in cost of sales volume %	change in sold unit cost %
wheat straw	26%	-38%	114%	5%
alfalfa	-81%	-17%	-78%	%-5
potato	39%	6%	21%	%-7
onion	-13%	32%	-47%	-20%
fruit	-17%	-26%	4%	%-7
Olive oil	417%	-33%	711%	5%

Source: Tabuk Agricultural Development Co

From the above two tables it is clear that the high ratio of cost of sales to sales is due to the change in sales volume, lower selling prices and higher costs for some products as a result of the following:

- Severe shortage of agricultural labor because of the campaign to correct the status of expatriate labor force which made contracting establishments unable to hire seasonal laborers, causing a rise in the cost of production on the one hand and a decrease in selling prices in wholesale markets, on the other hand, at the time of fruit harvest season.
- The high proportion of damaged product caused unusually low sales volume, and increased the cost of production unit. Also the delayed harvest of potato crop and onion crop because of the severe labor shortage, exposed products for long periods to the heat of the sun, thus affecting the quality of the product and made it unsuitable for placing on the market.

Below is a breakdown of the components of cost of sales as in the following table:

Table 6-12 components of cost of sales

item	2011	%	2012	%	2013	%	First half 2013	%	First half 2014	%
Raw materials	30,579,087	34%	26,801,369	31%	24,654,058	36%	10,734,684	37%	10,142,154	33%
Spare parts	4,197,184	5%	3,996,370	5%	2,262,827	3%	879,333	3%	1,066,336	3%
consumables	5,187,366	6%	4,967,281	6%	3,097,509	4%	1,214,104	4%	1,565,229	5%
Energy(benzene, diesel)	10,355,262	11%	10,212,704	12%	6,066,386	9%	2,379,581	8%	2,883,695	9%
rents	2,168,818	2%	825,419	1%	1,527,597	2%	983,855	3%	1,183,803	4%
Depreciation (equipment and buildings)	11,822,306	13%	11,732,674	14%	8,341,715	12%	3,167,574	11%	3,513,161	11%
Depreciation fruit trees	1,996,873	2%	2,090,938	2%	2,153,391	3%	866,498	3%	939,442	3%
Labor	22,320,257	25%	23,406,565	27%	19,361,043	28%	8,173,754	28%	9,313,828	30%
General expenses	1,912,983	2%	1,852,250	2%	1,276,971	2%	506,679	2%	506,596	2%
packaging	148,487	0%	163,288	0.20%	147,461	0.20%	38,119	0.10%	56,446	0.20%
Total	90,688,623	100%	86,048,858	100%	68,888,960	100%	28,944,181	100%	31,170,690	100%

Source: Tabuk Agricultural Development Co

It is clear that when the Company's sales fell from SAR 171.7 million in 2011G to about SAR 121 million in 2013G at negative CAGR (-16%), there was also a decrease in cost of sales from SAR 90.7 million in 2011G to SAR

68.9 million in 2013G at negative CAGR (-12.8%). This decrease in cost of sales is attributed to a decline in the components of cost of sales as follows:

- The cost of raw materials fell from SAR 30.6 million in 2011G to SAR 24.7 million in 2013G and at negative CAGR (-10.2%).
- The cost of spare parts decreased from SAR 4.2 million in 2011G to SAR 2.3 million in 2013G and at negative CAGR (-26.6%).
- The cost of consumables decreased from SAR 5.2 million in 2011G to SAR 3.1 million in 2013G and at negative CAGR (-22.7%).
- The cost of energy materials decreased from SAR 10.4 million in 2011G to SAR 6.1 million in 2013G and at negative CAGR (-23.5%).
- The cost of rents fell from SAR 2.2 million in 2011G to SAR 1 million in 2013G and at negative CAGR (-16.1%).
- Depreciation of equipment, buildings and irrigation system decreased from SAR 11.8 million in 2011G to SAR 8.3 million in 2013G at negative CAGR (-16%).
- Fruit trees Depreciation rose from SAR 1.99 million in 2011G to SAR 2.2 million in 2013G and at positive CAGR (3%). The higher depreciation for fruit trees during the historical period is due to the addition of new fruit trees plantations and calculating their own depreciation rate. However, this does not include the damaged crop. It should be noted that the rise in depreciation occurred in the fruit business unit only.
- Labor costs declined from SAR 22.3 million in 2011G to SAR 19.4 million in 2013G and at a negative CAGR (-6.9%).
- The cost of general expenses decreased from SAR 1.9 million in 2011G to SAR 1.3 million in 2013G and at negative CAGR (-18.3%).
- The cost of packaging decreased from SAR 148.5 thousand in 2011G to SAR 147.5 in 2013G and at negative CAGR (-0.35%).

Because sales declined at a higher rate compared to the cost of sales, profit margin declined from SAR 81 million in 2011G to about SAR 52 million in 2013G, which means a decline in profit margin rate from 47.2% to 43.1% for the same period.

As for the six months ending on June 30, 2014G, the cost of sales increased compared to the same period of previous year due to changes in crop mix and concentrating on vegetables and fruit products, which consume less water but are more dependent on labor. As a result, the average cost per ton of potato rose 24% and the average the cost per ton of fruit by 65% due to the high cost of hired labor and inability to harvest the entire product because of scarce labor, causing a rise in unit cost.

These components of cost vary from one crop to another. For example, in the highly intensive labor crops such as fruits and vegetables, cost of labor per unit produced is high, while in the case of crops that are highly dependent on machines the cost of spare parts, diesel and depreciation is high as it is the case in alfalfa. It should be noted that there is an increase in the cost of agricultural inputs, where some inputs increased by 100%. Therefore, for crops that are labor intensive, lack of labor led to an increase in the cost of produced unit that is suitable for sale. In other words, fruits and vegetables suffered a severe decline in productivity because of labor shortages.

The following section discusses the cost of sales and profit margin for each business unit as follows:

Table 6-13 cost of sales and profit margin for business units

Thousand Saudi Riyal	2011	2012	2013	First half 2013	First half 2014	CAGR 2011 -2013
Field crops business unit						70.5
a) Grain sales	41,516	30,165	25,385	9,122	3,553	.71
Cost of sales	32,347	24,936	20,337	7.8	2,891	.72
Profit margin	9,169	5,229	5,048	1,322	661	.73
Profit margin rate	22.10%	17.30%	19.90%	14.40%	18.60%	.74
b) Forage sales	50.69	42.419	9.76	3.248	10.438	.75

Thousand Saudi Riyal	2011	2012	2013	First half 2013	First half 2014	CAGR 2011 -2013
Cost of sales	22,555	21,596	5,303	1,604	6.03	
Profit margin	28,135	20,823	4,457	1,644	4,408	
Profit margin rate	56%	49%	46%	50.60%	42.20%	
Vegetable business unit						
Vegetables sales	24,546	32,868	41.16	14,918	16,277	
Cost of sales	12,607	17,265	16,804	5,987	8.85	
Profit margin	11,939	15,603	24,356	8,931	7,427	
Profit margin rate	48.60%	47.50%	59.20%	59.80%	45.60%	
Fruit business unit						
Fruit sales	51,765	48,565	40.24	18,891	16,308	
Cost of sales	20,063	20,681	21.51	9,661	10,123	
Profit margin	31,702	27,884	18.73	9.23	6,185	
Profit margin rate	61.20%	57.40%	46.50%	48.80%	37.90%	
Olive business unit						
a) Olive sales	51,765	48,565	40.24	18,891	16,308	-
Cost of sales	20,063	20,681	21.51	9,661	10,123	-
Profit margin	31,702	27,884	18.73	9.23	6,185	-
Profit margin rate	61.20%	57.40%	46.50%	48.80%	37.90%	-
b) Trees sales	51.765	48.565	40.24	18.891	16.308	-
Cost of sales	20,063	20,681	21.51	9,661	10,123	-
Profit margin	22	60	201	72	127	-
Profit margin rate	6.90%	15.10%	38.70%	22.70%	40.70%	-
c) Green areas sales	0	105	105	53	90	-
Cost of sales	0	60	63	22	44	-
Profit margin	0	45	42	31	46	-
Profit margin rate	-	42.90%	40.00%	58.40%	51.10%	-
d) Trading sales	0	0	0	0	709	-
Cost of sales	0	0	0	0	1.154	-

Thousand Saudi Riyal	2011	2012	2013	First half 2013	First half 2014	CAGR 2011 -2013
Profit margin	0	0	0	0	-445	-
Profit margin rate	0	0	0	0	-62.80%	-
Total sales	171,573	155,601	120,989	49,327	49,789	-16.00%
Total cost of sales	90,623	85.57	68,888	28.944	31,171	-12.80%
Profit margin	80.95	70,031	52,101	20,383	18,618	-19.80%
Profit margin rate	47.20%	45.00%	43.10%	41.30%	37.30%	-4.50%

Source: Tabuk Agricultural Development Co

Given the decline in sales and its negative impact on the profit margin, the Company has worked to curb the high cost, as one can easily note that the direction of profit margin is mostly volatile rather than downward going. In addition, the changing crop mix over the historical period caused the change in cost of sales and then total Company revenues. The following table shows the contribution of products to the Company's revenues as follows:

Table 6-14 product contributions to revenues

Year	Field crops business unit	Vegetable business unit	Fruit business unit	Olive business unit	Total
2011	54%	14%	30%	2%	100%
2012	47%	21%	31%	1%	100%
2013	29%	34%	33%	4%	100%

Source: Tabuk Agricultural Development Co

The Company stresses here that fixed costs have no negative impact on the cost of sales, and thus the Company has no fixed costs risks as it operates at full capacity.

It should be noted that the fact the Company operates in the agricultural field makes it vulnerable to agricultural cycles and times of planting and harvesting crops, in addition to pests and diseases that may confront these agricultural cycles. During vacations, official holidays, and religious holidays the demand for agricultural products may increase and therefore the Company sales are affected.

It is noteworthy that the cost of sales includes crops or products sold during the year, whether in stock at the beginning of the year or same year production, or both.

Profit margin

Table 6-15 profit margin

Thousand Saudi Riyal	2011	2012	2013	First half 2013	First half 2014	CAGR 2011 -2013
Field crops business unit						
a) Grain profit margin	9,169	5,229	5,048	1,322	661	-25.80%
Profit margin ratio	22.10%	17.30%	19.90%	14.40%	18.60%	-5.10%
b) Forage profit margin	28,135	20,823	4,457	1,644	4,408	-60.20%
Profit margin ratio	56%	49%	46%	50.60%	42.20%	-9.40%

Thousand Saudi Riyal	2011	2012	2013	First half 2013	First half 2014	CAGR 2011 -2013
Vegetable business unit						
Vegetable profit margin	11,939	15,603	24,356	8,931	7,427	42.80%
Profit margin ratio	48.60%	47.50%	59.20%	59.80%	45.60%	10.40%
Fruit business unit						
Fruit profit margin	31,702	27,884	18.73	9.23	6,185	-23.10%
Profit margin ratio	61.20%	57.40%	46.50%	48.80%	37.90%	-12.80%
Olive business unit						
a) Olive profit margin	-17	387	-733	-847	209	-556.60%
Profit margin ratio	-0.60%	35.80%	-19.20%	-30.40%	9.90%	-465.70%
b) Tree sales profit margin	22	60	201	72	127	202.30%
Profit margin ratio	6.90%	15.10%	38.70%	22.70%	40.70%	136.80%
c) Green areas profit margin	0	45	42	31	46	.87
Profit margin ratio	-	42.90%	40.00%	58.40%	51.10%	-
Trading profit margin	0	0	0	0	-445	-
Profit margin ratio	0	0	0	0	-62.80%	-
Gross profit margin	80.95	70,031	52,101	20,383	18,618	-19.80%
Gross profit margin ratio	47.20%	45.00%	43.10%	41.30%	37.30%	-4.40%

Source: Tabuk Agricultural Development Co

a) Grains business

This business has seen a marked decline in sales and in its contribution to total sales gradually starting in 2008G, (the date of the reduction of wheat quotas delivered to Government silos). Grain sales accounted for 46% of total sales, but fell to 24.2% in 2011G and then to 21% in 2013G. This decline was in line with the Council of Ministers decision to reduce wheat quotas delivered to Government silos by 12% annually and to discontinue the quotas completely, and not buy any locally produced wheat as of 2015G, which had a negative impact on the results of the grains business.

As a result, profit margin for grains business decreased at a compound annual growth rate (CAGR) of 25.8% during the historical period, with decreased grain sales, and profit margin ratio declined at a CAGR of about 5.1%.

As for the first half of 2014G, profit margin for grains business decreased compared with the first half of 2013Gas a result of incomplete delivery of wheat to Government silos.

b) Forage business:

This business has seen a decline in sales volume during the year 2013G compared to 2012G by 21% due to lower demand as a result of improved natural pastures. The significant reduction in forage sales in 2013G is due to a decline in market prices, the Company's decision to stop selling in anticipation to improved markets later, and the decision of the major Company's customers to purchase from market, which had a negative impact on profit margins.

Profit margin decreased for forage business at CAGR of 60.2% during the historical period. Profit margin ratios were 55.5%, 49.1% and 45.7% for the years 2011G, 2012G and 2013G respectively. In addition to the decline in 2013G, the decline during the years 2011G and 2012G is due to implementing the Company's strategic plan (2011G -2015G) which called for the reduction of alfalfa areas as this crop depletes water resources, in addition to Company compliance with the decision to reduce wheat quotas and focus on vegetables and fruits.

As for the first half of 2014G, the profit margin ratio was 50.6% and 42.2% for the first half of 2013Gas a result of the change in sales volume and cost of sales in these two periods.

c) Vegetable business:

Vegetable business unit saw a rise in sales and in its contribution to total revenues gradually starting in 2011G, and its contribution to total revenues was about 14%. In year 2012G, 21% and about 34% during the year 2013G.

Profit margin for vegetables sales increased at a CAGR of 42.8% during the historical period, and profit margin ratio was 48.6%, 47.5% and 59.2% for the years 2011G, 2012G and 2013G respectively, and this is was in line with the Company's strategy to focus on fruits and vegetables sales.

As for the first half of 2014G, profit margin for vegetables sales fell despite higher sales by 9%. The decline in profit margin during the comparison period between 2013G and 2014G was mainly due to a decrease in selling prices due to increased supply, as well as the increased cost of production due to high labor wages.

d) Fruit business

The Company's strategy is to focus on the fruit business and increase the contribution of fruits sales to the total income of the Company. It should be noted that fruit production requires intensive use of labor, whether in production, harvest, or distribution through wholesale markets and all of these operations have been affected due to labor shortages during the past two years. It should be noted also that the selling prices are linked to the market price, which is determined based on supply and demand.

Fruit sales include sales of apricot, grapes, pears, peaches, plums, dates and nectarine, which are sold in the wholesale markets. As a result of the problems of labor availability mentioned above, fruit unit has seen a decline in sales and thus a decline in profit margins and the percentage of its contribution to total revenues starting in 2012G. Fruit sales accounted for about 33% of total sales in 2013G.

Profit margin for fruit sales decreased at a CAGR of 23.1% during the historical period. This decrease is attributed to the high agricultural labor costs due to the campaign to rectify the legal status of expatriate workers during 2013G, in addition to the decline in market prices for some fruit products.

As for the first half of 2014G, profit margin ratio was 48.8% compared with 37.9% for the first half of 2013Gas a result of the change in sales volume and cost of sales in the two periods.

e) Olive business

Olive production requires intensive use of labor, whether in production or harvest. Performance has been affected in this business as a result of labor shortages and thus cost of produced unit increased. Profit margin for sales of olive business declined at a CAGR of 556.6% during the historical period due to the campaign to rectify the legal status of expatriate workers during 2013G, in addition to the lower market price of olive oil.

For the period ending on June 30, 2014G, there has been an improvement in performance as profit margin rate rose to 9.9%, compared with a minus 30.4% for the same period in 2013G.

Selling and distribution expenses

Table 6-16 Selling and Distribution expenses

Thousand Saudi Riyal	2011	2012	2013	First half 2013	First half 2014
Shipping and transportation expenses	7.94	9,587	5,161	2,023	1,906
Labor cost	7,185	8,999	8,535	4,306	4,393
Depreciation	3,198	3.82	4,419	2,429	3,156
Packaging expenses	5,396	5,646	6,273	2,365	2,004
Sales commission	3.07	2,644	2,508	1,103	1,078
Lost and damaged*	1,317	2.52	3,132	933	1,433
Fuel and energy	1,364	1,417	1.43	588	644
Maintenance, repairs and spare parts	693	578	570	441	521
Consumables	638	716	873	497	398
Exhibitions, promotion and advertisement	141	138	138	141	122
Insurance expenses	138	151	133	-	-
Travel and transportation	50	88	219	-	-
Rents	143	109	188	-	-
Telegram, mail, and telephone	80	131	116	59	48
Other	85	270	427	262	695
Transferred to projects in progress	0	0	0	-4292	-3891
Total sales and distribution expenses	31,438	36,814	34,122	10,855	12,507

Source: audited financial statements for 2011G-2013G and reviewed financial statements for first half of 2013G and 2014G

*fruits and vegetables products lose some weight (amount of water in the product) after storage. Damaged: fruits and vegetables products are exposed to varying degrees of damage during transportation, storage and shipping. The cost of damage is determined by committees. It is noted that ratio of damage increased during the last two years due to labor shortage.

Selling and distribution expenses are divided into two parts: the first is fixed monthly not linked to the change in the volume of sales, such as sales and marketing team salaries, depreciation for assets related to sales especially cold warehouses and silos, and rents for regional offices and shops. The second part is variable expenses directly related to the quantities sold, such as transport, packaging materials expenses and sales commissions.

Sales and distribution expenses decreased 7% in 2013G compared to 2012G, and the main reason was decline in transportation expenses by SAR 4.4 million as a result of the change in sales volume.

As for the first half of 2014G, selling and distribution expenses increased by 15% compared to the same period in 2013G, as a result of the change in sales volume, higher transportation expenses, and higher proportion of damaged.

Administrative and general expenses

Table 6-17 Administrative and general expenses

Thousand Saudi Riyal	2011	2012	2013	First half 2013	First half 2014
Wages, salaries and the like	7,671	7,571	8,406	3,633	3,814
Depreciation	1,993	1,593	1,471	737	692
Maintenance, repairs and spare parts	801	974	882	113	121
Public relations and exhibitions	655	815	498	185	306
Licenses	583	640	592	222	231
Fuel and energy	426	321	344	135	218
Administrative announcements	350	461	420	51	6
Donations	300	737	540	-	-
Professional and consultation fees	282	197	236	104	112
Bank expenses	261	153	185	92	266
Consumables	228	222	213	92	71
Telegram, mail and telephone	147	221	185	83	69
Travel and transportation expenses	122	101	27	72	116
Insurance	63	26	49	25	38
Rents	55	69	103	54	34
Nonmoving inventory provision	-	859	0	-	-
Other	454	654	654	1,047	799
Transferred to projects in progress	-	-	-	-1.636	-1.562
Doubtful debt provision	-	752	665	-	-
Total administrative and general expenses	14,391	16,366	15,47	5,009	5,331

Source: audited financial statements for 2011G - 2013G and reviewed financial statements for first half of 2013G and 2014G

Direct and indirect general and administrative expenses, which are not related to the production or sales and marketing operations are classified as general and administrative expense.

General and administrative expenses increased by 13% between 2011G and 2012G due to the establishment of a provision for nonmoving inventory and a provision for doubtful debts with a total value of 1.6 million riyals. However, they decreased 5.5% in 2013G compared to 2012G, and the labor cost (employee salaries and benefits) was the largest component as it accounted for 54.3% of total general and administrative expenses in 2013G.

Despite the decline in the number of staff and laborers in the Company during the historical period, the salaries and benefits have seen a marked increase during the years 2011G and 2012G, especially when compared to previous years, and the main reasons were as follows:

1. Raising the minimum wage for Saudis to SAR 3,000.
2. Vacant Leadership positions were filled during the year 2011G.

During the first half of 2014G, general and administrative expenses increased by 6% compared with the same period in 2013G due to the filling of some vacancies.

It should be noted that during the years 2011G and 2012G, the Company was recording remunerations expenses of the Board of Directors and employee benefits and incentives under retained earnings, but changed this policy in 2013G with respect employee benefits and incentives only where it was recorded in the income statement directly instead of profits retained. However, remunerations expenses of the Board of Directors remained under retained earnings unchanged.

It should also be noted that as on December 31, 2012G, the Company had six overdue commercial balances receivable amounting to SAR 1,418,000, including SAR 1.35 million bad checks from four customers. The Company has set aside a provision for doubtful debts SAR 752,000 but did not record the remaining amount of about SAR 665,000 as on December 31, 2012G. During the year 2013G, the Company raised doubtful debts provision from SAR 752,000 to SAR 1,418,000, and so the Company has completed the establishment of a provision for all receivables older than a year, and this is reflected in item "General and administrative expenses" in the income statement for the year 2013G .

For the nonmoving inventory, it relates to spare parts, which have not been used for more than 3 years, due to the exit of some equipment and vehicles from service, and usually the Company searches for buyers to get rid of this type of inventory, and it is carried in the income statement.

Other revenues

Table 6-18 other revenues for the Company

Thousand Saudi Riyal	2011	2012	2013	First half 2013	First half 2014
Insurance compensation	94	53	85	27.7	-
Investments	32	102	55	29.5	28
Secondary materials sales	22	89	4	-	-
Other	396	1.16	1.093	492.4	320
Total	544	1.404	1.237	549.6	248

Source: audited financial statements for 2011G - 2013G and reviewed financial statements for first half of 2013G and 2014G

The value of other revenues rose in 2012G due to the sale of out of the service assets (equipment, vehicles and axial sprinklers).

Other revenues declined in 2013G by about SAR 167,000 (-11.9%) compared to 2012G.

For the first half of 2014G, other revenues were SAR 248,000 compared to SAR 549,600 for the same period in 2013G, a decrease of 54.9%.

Zakat

Table 6-19 Zakat

Thousand Saudi Riyal	2011	2012		Estimated zakat provision	2013
Paid capital	200	200		a) Zakat base components	
Government grant	70	70		Net income	(13.283)
Net adjusted (loss) profit	35,695	19,003		Provisions made	3,555
Retained earnings	8,794	16,089		Net Adjusted income	(9,728)

Thousand Saudi Riyal	2011	2012		Estimated zakat provision	2013
Dividends payable	21,083	21,083		Zakat base	
Sold shares payable	1,873	1,872		Net Adjusted income	(9,728)
Underwriting surplus payable	895	895		Capital	200
carried reserves	90.18	93,609		Carried profits	13,042
loans	4,845	18,194		Reserves	95,951
End of serve benefit provision	4,737	4,737		Loans	19,072
Slow inventory provision	921	921		Government grant	64.35
Total and deduct:	438,748	446,403		Carried provisions	5,832
Fixed assets (net)	195,794	235,921		Sold shares payable	1,869
Projects in progress	87,335	49,846		Underwriting surplus	895
Spare parts inventory	3,289	3.75		Dividends payables	21,686
Seeds from abroad	517	22		Total base	412,969
Trees	68	8		Deduct:	
Fertilizers	5,531	2,247		Fixed assets (net)	204,555
Organic fertilizers	225	225		Biological asset (net)	26,838
Consumables	9,727	9,445		Projects in progress	62.43
Agriculture chemicals	1,671	1,027		Assets for sale	739
Raw materials	76	689		Investments and fixed assets	30,839
Long term investments	22.57	32,125		Production inputs and spare parts	20.48
Fixed assets for sale	560	740		Total	895
Total deductions	327,363	336,045		Zakat base	21,686
Zakat base	111,385	110,358		Deduct: profits of wheat on which zakat was made	412,969
Deduct: profits of wheat on which zakat was made	(7,883)	(4,971)		Net zakat base	62,182
Net zakat base	103,502	105,387		Estimated zakat at 2.5%	1,555
Zakat due at 2.5%	2,588	2,635		b) Movement in provision	
				Balance at beginning of year	2,635
				Adjustments	-

Thousand Saudi Riyal	2011	2012		Estimated zakat provision	2013
				Disposals	(2,635)
				Additions	1,555
				End of year balance	1,555

Source: audited financial statements for 2011G – 2-13 and reviewed financial statements for first half of 2013G and 2014G

The Company is subject to Zakat according to the standards of Zakat issued by the Saudi Organization for Certified Public Accountants (SOCPA) and the rules and regulations of the Department of Zakat, Income and Tax, and based on the Ministerial Decision No. 1005 issued by the Minister of Finance, Saudi Arabia on 28 Rabi Thani 1428H (May 17, 2007G). The Company settles its zakat obligations, which are computed on accrual basis of accounting and carried in the income statement.

Net income

Net income of the Company amounted to SAR 33.1 million, SAR 9.9 million and a loss of SAR (14.8) million during the years 2011G, 2012G and 2013G respectively.

It is worth mentioning here that during the preparation stage for the rights offering (issue), the Company prepared a due diligence financial study to verify the integrity of accounting procedures by an adviser other than the Company's financial statements auditor, and he proposed the following accounting changes:

a. Fair value of investment in securities (Riyadh Bank Fund 2): the income statement has been affected by the amount of loss of investment in Riyadh Bank Fund (SAR 11,858,492).

b. Fair value of investment in securities (Energy City Fund Mumbai): the income statement has been affected by the amount of loss of investment in "Energy City Fund Mumbai" (SAR 1,157,407).

c. Provision for doubtful debts increased: the income statement has been affected by the increase in the provision for doubtful debts amounting to SAR 665,153, and the total provision is now SAR 1,417,353.

d. Expected losses from investment in Jannat Company: the income statement for the year 2013Ghas been affected by the value of the expected losses in Jannat Company (SAR 700,000).

e. Increased provision for non-moving spare parts: the income statement has been affected by the amount of increase in the provision for non-moving spare parts which is SAR 31,614, and thus total provision is now SAR 952,265.

f. Provision for the remunerations of committees of the Board of Directors for the year 2013G: income statement has been affected by the amount of this provision (SAR 420,000).

g. Provision for employee benefits for the year 2013G: income statement has been affected by the value of this provision (SAR 522,820), and

h. Provision for finished products: the income statement has been affected by the amount of this provision for fiscal year 2013G (SAR 3,555,489) which is the difference in the valuation of olive oil inventory as on 12/31/2013G.

For the six months ending on June 30 of 2014G, net profit amounted to about 2.2 million, compared to 4 million for the same period in 2013G, a decrease of 44%, despite a slight improvement in the volume of sales. However, the cost of sales increased due to the change in crop mix and the decision to focus on crops that conserve water resources, namely vegetables and fruits that depend heavily on labor. As a result the average cost per ton of potato increased by 24% and the cost per ton of fruit increased by 65% due to higher labor cost and labor scarcity. The Company was unable to harvest the crop fully. In addition, selling and distribution expenses increased due to high transportation costs, and this has further increased the unit cost. There was also increase in damaged crops because of labor shortages.

It should be noted here that in addition to the internal, regional or global economic and political crises that result in tensions in all business activities and the risks mentioned in "the risk factors section", the Government

agricultural policy had a direct and material effect on the Company's operations in connection with forage and grains operations. The Government has decided to stop receiving wheat quotas beginning of 2015G, and intends to adopt a water policy designed to halt the forage plantation activity, and provide support and incentives for the manufacture of compound feed as an alternative to alfalfa. In this context, the Company sought in its strategic plan for the years 2011G - 2015G to mitigate the negative effects of these policies by focusing on fruits and vegetables, and will continue this trend in its next plan 2016 - 2020. The Company will also introduce alternative products and activities to compensate for the loss of forage and wheat revenues to enhance the Company's ability to deal with any external influences that may adversely affect the Company's revenue and profit in the near future and long term. To this end the Company has introduced yellow corn products in 2012G and corn silage (fermented green fodder under anaerobic conditions to save the nutritional value) in 2013G.

6 - 5 - 2 statement of financial position

Table 6-20 statement of financial position for 2011G, 2012G, 2013G, and first half of 2013G and 2014G

Thousand Saudi Riyal	2011	2012	2013	First half 2013	First half 2014
Cash at hand and at banks	4,846	4,802	3,799	5,629	6,163
Short-term investment	35	40	10	0	18,781
accounts receivables	44,941	19,672	9,689	15.54	10,242
Inventory	38,691	47,712	57,714	73,272	80,419
Property and equipment for sale	560	740	739	1,074	691
Prepayments and other balances receivable	7,235	7,072	10,257	16,845	8,356
Total current assets	131,274	119,998	92,197	112,36	124,652
Current portion of loan	5,715	4,778	3,998	4,778	13,879
Accounts payable	7,138	6,866	9,776	18,189	21,032
Dividends payable	21,083	21,686	22,076	22,086	32,028
Zakat provision	2,588	2,635	1,555	1,529	2,05
Accrued expenses and other balances payable	10,796	14,826	11,791	12,311	16,802
Proposed dividends	10	10	10	-	-
Total current liabilities	57,319	60.79	59,195	58,893	85,791
Working capital	73,955	59,208	33,002	53,467	38,861
Investment in companies	22.57	31,439	30,839	35,96	33,417
Investment in available for sale securities	13,164	14,436	15,745	11,849	0
Projects in progress	87,335	49,846	62.43	57,431	69,959
Property, equipment, and trees	195,794	232,905	231,393	232.86	234,024
Total non-current assets	318,863	328,626	340,407	338,099	337,399

Thousand Saudi Riyal	2011	2012	2013	First half 2013	First half 2014
Government grant liability	0	0	(5.65)	(5.65)	(5.65)
End of service provision	(5,321)	(4,737)	(4.88)	(4,854)	(5,088)
Long-term loans	(16,354)	(18,172)	(15,074)	(15,834)	(15,472)
Company assets (net)	371,143	364,924	347,805	365,228	350.05
Share capital	200	200	200	200	200
Government grant	70	70	64.35	64.35	64.35
Reserves	95,146	95,951	81,113	92,935	81,113
Change in investment fair value	(20,939)	(14.07)	0	(12,904)	0
Retained earnings	26,935	13,042	2,342	20,846	4,587
Net equity	371,143	364,924	347,805	365,228	350,05

Source: audited financial statements for 2011G – 2013G and reviewed financial statements for first half of 2013G and 2014G

Table 6-21 key performance indicators

Indicator	2011	2012	2013	First half 2013	First half 2014
Average collection period (day)	95.6	46	29.2	121.36	58.47
Inventory turnover (day)	155.7	202.4	305.8	171.55	164.25
Accounts payable payment period (day)	28.7	29.1	51.8	96.4	68.2
Cash conversion cycle (day)	222.5	219.3	283.2	418.7	323.4
Current ratio	2.3	2	1.6	1.9	1.45
Quick ratio	1.6	1.2	0.6	0.66	0.51
Liabilities to equity	21.30%	22.90%	24.40%	23%	32%
Liabilities to assets	17.50%	18.70%	19.60%	19%	24%
Return on equity	8.90%	2.70%	(4.30%)	1.09%	0.64%
Return on assets	10.40%	3%	(4.40%)	0.89%	0.49%

Source: Tabuk Agricultural Development Co

The decrease in the average collection period during the historical period is due to a decline in the volume of accounts receivable during the same period.

Inventory turnover rate increased during the historical period as a result of increased inventory of finished products especially forage products due to lower demand during the comparison period. The improved forage demand during the first half of 2014G resulted in lower inventory turnover rate during that period.

The lower accounts payable payment period during the historical period is due to the change in the average accounts payable coupled with a decrease in cost of sales during the same period.

Cash conversion cycle is directly linked to change in the balances of accounts payable and accounts receivable. It decreased during the years 2011G and 2012G due to decrease in accounts payable by 3.8%. However, the

cash conversion cycle increased during the years 2012G and 2013G due to increased accounts payables by 42%.

The reason for the low current ratio during the historical period is low short-term investments and accounts receivable and high accounts payable and accrued expenses and other balances payable during the years 2012G and 2013G. The main reason for the low quick ratio during the comparison period is low short-term investments.

Ratio of liabilities to equity is high as a result of a decline in net equity due to the change in retained earnings, reserves and Government grant, as well as the 5.9% increase in liabilities during the years 2011G and 2012G, due to the increase in accrued expenses; other balances payable and increased long-term loans. Liabilities increased during the years 2012G and 2013G by 1.3% as a result of change in accounts payable and the Government tied grant liability.

Liabilities to assets ratio increased during the historical period due to high liabilities for the reasons mentioned above.

The reason for the low rate of return on equity and return on assets is a decline in period profits.

Cash in hand and at banks

Table 6-22 Cash in hand and at banks

Thousand Saudi Riyal	2011	2012	2013	First half 2013	First half 2014
Bank current account	4,814	4,797	3,773	5.58	6,014
Cash in hand	32	4	25	49	149
Total	4,846	4,801	3,798	5,629	6,163

Source: audited financial statements for 2011G - 2012G and reviewed financial statements for first half of 2013G and 2014G

Cash in hand and at banks was about SAR 4.8 million and SAR 3.7 million during 2012G and 2013G respectively, and the reason for cash decline in recent years is the decline in total cash flow from operations. In addition, the Company had utilized the surplus cash in short-term investments.

For the six months ending on June 30, 2014G, cash in hand and at banks was about SAR 6.1 million compared to SAR 5.6 million for the same period of 2013G.

Investments in companies

Table 6-23 investments in affiliated companies

Company name	Date of incorporation	Capital as on 31/12/2013	Shares in capital	Value of shares (SAR)	Ratio
Jannat Agricultural Investment	May 2007	SAR 63 million	1,750,000 shares	17,500,000	27,78%
Saudi Agricultural Group Company	June 2011	SAR 300,000	10,000 shares	100,000	33,33%
East Asia for Development and Agricultural Investment	May 2013	SAR 70 million	2,000,000 shares	20,000,000	28,57%

Source: audited financial statements for 2011G – 2013G and reviewed financial statements for first half of 2013G and 2014G

Tabuk Agricultural Company owns 27.78% in Jannat Agricultural Investment Company, a Saudi limited liability company, active in the production of forage and grains inside and outside Saudi Arabia.

This investment is valued according to the equity method, while other companies are valued according to the cost method, as recommended by the independent internal auditor as well as the external auditor.

Tabuk Agricultural Company reduced the balance of investment in Jannat due to losses that Jannat Company incurred in the years 2009G, 2010G, 2011G and 2012G. It should be noted that during 2012G the Tabuk

Agricultural Company calculated its ownership share in Jannat on the basis of Jannat financial statements for 2011G, as Jannat did not publish its financial statements for 2012G, at the time of publication of the financial statements of the Tabuk Agricultural Company.

In 2012G, the Company recorded additional losses from that investment of about SAR 445, 000 under the item «change in fair value of investments» which increased the balance to about SAR 6 million representing the accumulated losses in Jannat. In 2012G, the Tabuk Agricultural Company reclassified the balance «change in fair value of investments» against the balance of retained earnings.

It is therefore clear that the Tabuk Agricultural Company used to recognize losses from that investment in the balance sheet as a reduction in the item "investments in assets" and as a reduction in retained earnings through item "change in fair value of investments".

At the suggestion of the external auditor, Tabuk Company began in 2013G to recognize period losses from its investment in Jannat in the income statement directly and as a deduction from the assets in the balance sheet. This change has been reflected in the audited statements for 2013G, where Tabuk Company recorded expected losses from its investment in Jannat about SAR 700, 000 in the income statement, based on its estimate of previous year losses. The Company will modify this value based on Jannat financial statements for the year 2013G once published.

It should be noted here that the difference in the reduced value of investment amount in Jannat in the years 2011G - 2013G (as shown in Table 6-24 below) is due to the decline in currency of the Arab Republic of Egypt during this period, the country in which Jannat investment operations are located at the moment. It should also be noted here that the difference between the first half of 2013G and the annual value in 2014G is due to reclassification by the external auditor.

Jannat Investment Company owns 77.7% (as at the date of this Prospectus) in Rakha'a for Agricultural Investment Company; a Company located in Egypt incorporated in 1997. Its main business is the production of grains and seeds. This investment is shown as a long-term investment in Jannat financial statements.

It is noteworthy that Rakha'a Company has obtained a loan from the Saudi Fund for Development of SAR 100 million for the import of Saudi agricultural and industrial goods. Term of loan 10 years (including a grace period in the first three years), and Jannat has guaranteed 65% of loan value (SAR 65 million). Tabuk Agricultural Company is also responsible for 27.78% of Jannat guarantee (percentage of its ownership in Jannat), or about SAR 18 million. This was disclosed in the audited financial statements for the year 2013G of Tabuk Agricultural Company.

In addition to Jannat, Tabuk Agricultural Company owns 28.57% of the capital of East Asia Company for Agricultural Development and Investment, which is a Saudi closed joint stock company, incorporated on 27/06/1434 H. Its business includes several agricultural activities including the purchase and import of strategic food supplies to the Kingdom, and entering into partnerships or the acquisition of local companies specializing in food production.

The Company also owns 10,000 shares with a value of SAR 100,000 in the Saudi Agricultural Group Inc., a limited liability company incorporated on 13/07/1432 H in order to diversify the productive base of agricultural crops, increase domestic agricultural production and improve the economic and agricultural marketing efficiency.

Investments in Jannat and East Asian companies represent an experimental model to study the problems and risks of foreign investment, and this was the common goal for Saudi investors in these two companies.

Table 6-24 investment in companies and agricultural associations

Thousand Saudi Riyals	Investment year	Ownership	2011	2012	2013	First half 2013	First half 2014
Investment in companies							
Jannat Agricultural Investment	2007	27.78%	11.937	10.806	10.106	11.492	10.106
Saudi Agricultural Group	2008	33.34%	100	100	100	100	100

Thousand Saudi Riyals	Investment year	Ownership	2011	2012	2013	First half 2013	First half 2014
East Asia for Agricultural Development and Investment	2011	28.57%	10	20	20	20	20
Participation in associations							
Al-Wataniyah for Seeds Production and Trade	1984	1.40%	413	413	413	413	413
Saudi Potato Association	2007	shares 2,000	100	100	200	200	200
Wheat Cooperative Society	2006	shares 2,00	20	20	20	20	20
Total			22.57	31.439	30.839	32.225	30.839

Source: audited financial statements for 2011G -2013G and reviewed financial statements for first half of 2013G and 2014G

The Company has invested in three companies and three agricultural associations a total value of SAR 30.8 million as on December 31, 2013G. Investments in companies have accounted for 9.1% of the total non-current assets and 7.1% of total assets during the year 2013G. Noteworthy is that the investment in these associations mentioned in the table is for the purpose of professional and technical cooperation, and not economic or commercial purposes.

For the six months ending on 30 June 2014G, investments in companies amounted to 10% of non-current assets and 7% of total assets for the period.

Short-term investments

The Company engages in short-term investments to manage cash flows in order to meet the seasonal needs of the agricultural business, which is characterized by seasonality of sales and seasonality of production and the need for treasury management between these two seasons. Short-term investments include Murabaha deposits with local banks with a maturity between 15 and 30 days as on 31 December 2013G. Short-term investments accounted for 10.85% of current assets and 2.3% of the total assets. To maintain high liquidity, short-term investments increased and ranged between SAR 35 million in 2011G and SAR 40 million in 2012Gas a result of improved Company performance during this period, before falling again in 2013G to SAR 10 million. This was due to Company desire to utilize excess liquidity in procuring the needs of the agricultural season from agricultural inputs and production materials, as well as to take advantage of the lower prices of early purchase, and to fund the continued building of refrigerated warehouses.

Investment in securities available for sale

During 2006G, the Company invested SAR 25 million in Riyadh Bank Fund 2 (unit price of SAR 15). However unit price has significantly decreased to SAR 5.4 at the end of year 2006G, but the Board of Directors decided not to sell those units in the hope of higher prices later to compensate for the losses and in 2011G the unit price started to rise.

Accumulated losses as on December 31, 2012G reached about SAR 14 million (SAR 10.62 million deducted from SAR 25 million). However, the Company considered this a temporary decline, and did not recognize it in the income statement for the past years, but deducted it from equity as on December 31 2012G.

During 2013G, the Company recognized unrealized total losses of about SAR 12 million in the statement of income (the difference between the purchase price of SAR 25 million and the market value of the investment of SAR 13.14 million as on December 31, 2013G). This is reflected in the audited financial statements for the year 2013G.

The Company has also invested SAR 3.8 million (10 thousand shares) in the City of Mumbai Energy Fund, a closed-end fund at Gulf Finance House. This fund invests in the project "Energy City India", where the total value of the project is about $10 billion. In 2012G, the Company did not re-evaluate the units because the project is

in the process of incorporation. By the end of 2013G, the Company has recognized a loss of approximately SAR 1.2 million as a decrease in value in the statement of income as on 31 December 2013G.

The Company decision to invest in paper securities was for the purpose of optimum utilization of excess liquidity that was available to the Company in prior periods. The market value of the investment in Riyadh Bank Fund and the Gulf Finance House equals to about SAR 13 million and SAR 2.5 million, respectively, as of December 31, 2013G.

For the six months ending on 30 June 2014G, the value of investments in Riyadh Bank Fund and GFH were SAR 12.7 million and SAR 2.5 million respectively.

Unrealized losses from investments

In early 2006G, The Company made investments in securities and classified them as available for sale. These investments were monitored in the statement of financial position at fair value. Unrealized losses or gains were recognized as a separate line item within the components of the statement of financial position. When preparing the budget for 2014G, the Board of Directors ordered the re-classification of these securities to "tradable securities", and as a result of this order the unrealized losses were recognized in the income statement for the year 2013G.

Except as stated above, there is no property, including contractual securities or other assets, whose value is vulnerable to fluctuations or difficult to ascertain, which may significantly affect the assessment of the financial position of the Company.

Inventory

Inventory of food products (olive oil) accounted for about 24.5% of inventory net value in 2013G, while spare parts and consumables inventory accounted for 27.8%. The increase in inventory from SAR 47.7 million in 2012G to SAR 57.7 million in 2013G was the result of increase in grains, seeds and forage inventory during 2013G, especially alfalfa crop inventory. As explained earlier in the previous sections of this Prospectus, this was due to increased rainfall, which increased grazable land, and thus a number of clients (especially Al-Safi and Nada) were reluctant to buy alfalfa, which in turn led to an increase in inventory volume.

The administration takes measures to protect its assets from possible damage, in accordance with the protection requirements specific for each product, as follows:

- Grain inventory: stored in the Company grains silos. Inventory is insured, and checked periodically to make sure they are not infested by pests or damaged.
- Forage inventory: this inventory is stored in open spaces and is covered by special weatherproof covers.
- Fruit and vegetable inventory: The Company owns one of the largest refrigerated warehouses in the Kingdom, which are equipped for keeping the Company's products of fruits and vegetables for long periods and preserving their high quality.

Table 6-25 inventory

Thousand Saudi Riyal	2011	2012	2013	First half 2013	First half 2014
1) Finished product inventory					
a) Field crops unit inventory	3,694	10,662	23,422	26,716	39,879
b) Vegetable unit inventory	3,867	3,818	2,615	6,704	2,697
c) Fruit unit inventory*	-	-	-	2,935	3,168
d) Olive unit inventory**	9,071	16,531	14,851	12,69	12,674
Trees inventory	1,016	434	486	246	324
Total finished product inventory	17,648	31,445	41,374	49,291	58,742

Thousand Saudi Riyal	2011	2012	2013	First half 2013	First half 2014
2) Production materials and inputs inventory					
a) Fertilizers and chemicals inventory	8,013	3,529	4,778	8,083	5,578
b) Spare parts and other consumables inventory	13,092	13.66	16.07	16,819	17,051
Total production materials and inputs inventory	21,105	17,189	20,848	24,902	22,629
Total inventory	38,753	48,634	62,222	74,193	81,371
3) Non-moving inventory provision	-62	-921	-4,508	-921	-952
Net inventory	38,691	47,713	57,714	73,272	80,419

Source: audited financial statements for 2011G- 2013G and reviewed financial statements for first half of 2013G and 2014G

*for fruit inventory, the fruit harvest season ends at the end of third quarter of each year, and thus there is no inventory.

**the increased olive oil inventory from 2011G to 2013G is due to decreased sales and increased production during the previous two years

From the above table it is evident that the value of inventory has increased from year 2011G to year 2013G, due to higher finished product inventory of forage as a result of lower forage sales volume during the same period. The reason was the reluctance of a number of customers to purchase alfalfa as a result of increased rainfall which improved natural pastures.

With respect to olive oil, the inventory was re-valued at the market price or cost, whichever is less during the year 2013G, and was classified under "non-moving inventory" item in compliance with Company policy.

Property, plant and equipment held for sale

At the end of each year, department heads prepare a statement with assets proposed for disposal by sale and the reason for the disposal. The statement is submitted to the Board for approval.

Increases or decreases in this account are directly linked with the proposed useful life of fixed assets and the book value of the assets intended for sale. This account balance fell from SAR 740,000 in 2012G to SAR 738,800 in 2013G.

Trade Accounts receivable

The decline in accounts receivable during the historical period (2011G -2012G -2013G) was due to a decline in sales volume during the same period. The amount of 33.3 million due to Company from Government silos for 2011Gwas received in 2012G, whereas for the years 2012G and 2013G the accrued amounts were received in the same fiscal year.

On December 31, 2012G, the Company had six overdue accrued balances amounting to SAR 1,418,000, of which SAR 1.35 million in bad checks from four customers. The Company recognized a provision for doubtful debts equal to SAR 752,000, but did not recognize the remaining amount of about SAR 665,000 as on December 31, 2012G.

During the year2013Gthe Company increased the provision for doubtful debts by SAR 752,000 to SAR 1,418,000, and thus the Company has allocated a provision for all doubtful debts older than one year. This is evident in "general and administrative expenses" item in the income statement for the year 2013G.

Other balances receivable

The value of other balances receivable are SAR 7.2 million, SAR 7.1 million, and SAR 10.3 million in 2011G, 2012G and 2013G respectively, and accounted for 11% of current assets and 2% of total assets in 2013G.

The following table shows other balances receivable as follows:

Table 6- 26 other balances receivable

Thousand Saudi Riyals	2011	2012	2013	First half 2013	First half 2014
Warranties to others	317	317	317	317	322
Supplier advances	4,403	4.6	6,626	12,673	4,198
Prepayments	1,351	607	1,623	2,228	2,201
Documentary credit insurance	88	189	55	-	41
Employee account	1,053	1,141	1,232	1,417	1,577
Other	23	217	404	210	17
Total	7,235	7,071	10,257	16,845	8,356

Source: audited financial statements for 2011G - 2013G and reviewed financial statements for first half of 2013G and 2014G

Noteworthy is that there is no concentration of balances receivable on certain clients. No provision was allocated for this account. As can be seen from the table above, other balances receivable are concentrated on advance payments to suppliers, as well as Company employees' account (the Company deducts from salaries on a regular basis), in addition to prepayment balance, which represent prepayments for rents and employee Iqama renewal.

Loans

Table 6-27 loans

Thousand Saudi Riyals	2011	2012	2013	First half 2013	First half 2014
Current portion of Ministry of Finance loan	938	0	0	0	0
Current portion of Agriculture Development Fund loan	1.84	1.84	1.06	1.84	1,541
Current portion of National Commercial Bank loan	2,937	2,937	2,937	2,937	2,937
Current portion of Riyadh Bank loan	0	0	0	0	9,401
Total current portion of loans	5,715	4,777	3,997	4,777	13,879
Long term loan - Ministry of Finance	0	0	0	0	0
Long term loan - Agriculture Development Fund	7,542	12,298	12,137	12,298	13,867
Long term loan - National Commercial Bank	8,812	5,875	2,937	3,537	595
Long term loan - Riyadh Bank	0	0	0	0	1.01
Total long term loans	16,354	18,173	15,074	15,835	15,472
Total loans (short and long term)	22,069	22,95	19,071	20,612	29,351

Source: audited financial statements for 2011G - 2013G and reviewed financial statements for first half of 2013G and 2014G

Loans have declined slightly during the historical period (2011G - 2013G), down from SAR 22.1 million in 2011G to SAR 19.1 million in 2013G. The Company uses loans to meet its need for additional liquidity to expand existing cold stores. It obtained in June 2001G a loan of SAR 9.4 million (without interest) from the Ministry of

Finance in order to build a cold warehouse. The loan agreement provided for the repayment of loan over a ten-year period, each annual payment is equal to SAR 938 thousand starting from June 2003G. This loan was fully paid in March of 2012G. The Company also obtained on October 17, 2010G a loan of SAR 18.4 million (without interest) from the Agricultural Development Fund in order to finance the expansion project of cold warehouse. Loan agreement provides for the settlement of this loan through ten annual payments, each payment is SAR 1.8 million beginning from September 2013G.

In May of 2011G, the Company asked the Agricultural Development Fund to raise the loan ceiling to 20 million Saudi riyals with adjustable payments so that the first payment of the additional portion of the loan, amounting to SAR 160 thousand becomes due in September 2014G and the last payment in 2023G. The current portion of the Fund's loan is 1,541 Saudi riyals as a result of the receipt of a new installment of the loan at the beginning of 2014G.

In April 2011G, the Company signed an agreement for a loan of SAR 18 million (facilities worth SAR 8 million and a loan of SAR 10 million for financing expansion projects) with the National Commercial Bank. It should be noted that until December 31, 2011G, the Company financed the expansion of cold warehouses only from the SAR 10 million loan, and has not used the facilities (SAR 8 million). The warehouses were completed and operated during the year 2012G. The received loan is SAR 10.1 million and bank expenses for this loan are SAR 1.6 million, thus bringing the total to SAR 11.7 million to be paid in four installments, each installment is SAR 2.9 million, during the period 2012G - 2015G.

Regarding the loan from the Agricultural Development Fund, it should be noted here that the guarantee of the partners in the Company submitted to the Fund in respect of Jannat loan is totally born by Jannat Agricultural Investment Company, which owns 66.79% of the capital of Rakha'a Company. During year 2012G, the percentage of ownership increased to 77.7% of the capital of the Rakha'a Company, which owns assets whose market value exceeds the loan.

In early 2014G, the Company has signed an agreement for financing fertilizers and equipment with a total value of SAR 15 million with Riyadh Bank. The amount used as on the March 31, 2014G was SAR 10.4 million.

Members of the Board of Directors confirm that except as mentioned above the Company has no obligations under acceptance, no acceptance credit, no lease purchase obligation and no debt covered or uncovered by personal guarantee or secured or unsecured by mortgage.

Accounts payable

Table 6-28 Accounts payable

Thousand Saudi Riyals	2011	2012	2013	First half 2013	First half 2014
Accounts payable	7,138	6,866	9,776	18,189	21,032

Source: audited financial statements for 2011G - 2013G and reviewed financial statements for first half of 2013G and 2014G

The accounts payable consist of suppliers' balances. This account value increased in 2013G compared to 2011G and 2012G, and reached about 9.8 million in the year 2013G, an increase of 42.4% compared to previous year. The reasons for the increase were high volume of production input purchases to exploit the opportunity of lower prices, as the Company enjoys strong ties and high credit limits with suppliers, which reflects the Company's ability to meet its short-term obligations, and was the reason for the increased accounts payable at the end of 2013G.

For the six months ending on June 30, 2014G, accounts payable has increased by 15.6% compared with the same period of the previous year, rising from SAR 18 million in the first half of 2013G to SAR 21 million in the same period of 2014G for the same reasons mentioned above.

Accrued expenses and balances payable

Account balance was about SAR 11.8 million in 2013G compared to SAR 14.8 million in 2012G. Accrued expenses and other balances payable for the year 2013G accounted for 19.9% of current liabilities and 13.9% of total liabilities in 2013G. Accrued expenses item is the largest in this account as it accounted for 37.7% and 48.8% for the years 2012G and 2013G respectively.

For the six months ending on 30 June 2014G, accrued expenses and other balances payable has accounted for 20% of current liabilities and 15% of total liabilities.

The following table shows the details of accrued expenses and other balances payable:

Table 6-29 accrued expenses and balances payable

Thousand Saudi Riyals	2011	2012	2013	First half 2013	First half 2014
Accruals to employees	2,094	1,765	1,765	2,216	2,479
Accrued expenses	2.66	7,242	4,443	3.2	4,488
Retained deposit	1,644	2,057	2,365	2,718	3.89
Share sales payable	1,873	1,872	1,869	1,866	1,867
Surplus payable and shareholders trust	895	895	895	895	895
Customer advances	1.63	995	455	1,415	3,525
Total	10,796	14,826	11,791	12,311	16,802

Source: audited financial statements for 2011G - 2013G and reviewed financial statements for first half of 2013G and 2014G

Accrued expenses include accrued expenses with respect to transportation fees, employee benefits, remunerations of committees formed by the Board of Directors, and auditing fees.

Projects in progress

Table 6-30 projects in progress

Thousand Saudi Riyals	2011	2012	2013	First half 2013	First half 2014
Civil works	43,155	11,164	14,764	12,59	16,137
Growing crops	29.68	25,969	20,995	20,404	22,305
Immature orchards	13,844	12,076	26,268	24,254	30,625
Other	656	638	403	183	891
Total	87,335	49,847	62.43	57,431	69,959

Source: audited financial statements for 2011G - 2013G and reviewed financial statements for first half of 2013G and 2014G

Growing Crops item accounted for around 34% of the total projects in progress item in the year 2013G, while civil works item and immature orchards item accounted for about 24% and 42%, respectively. The change between periods in the civil works item is due to the capitalization of completed parts of the cold warehouses expansion project in the third quarter of 2012G. The reason for the increase in the item immature orchards is the expansion of areas cultivated with grapes, which is compatible with the Company's strategy to increase the size of areas cultivated with fruits and vegetables in conjunction with reducing grain and forage areas.

Property, equipment, and trees

Fixed assets accounted for 53.4% of total assets in 2013G. Fixed assets have declined slightly by 0.6% compared to 2012G.

The Company capitalizes assets, according to the following policy:

- Equipment and installations are capitalized from the beginning of asset use and utilization.
- For fruit and olive trees, trees planting expenses and related operational expenses until the stage of commercial production are capitalized. Value of early production sales are deducted from operating

expenses for the year prior to carrying them to the biological asset balance according to trees quality and type.

The increase in the item of property and equipment in 2012G compared to 2011G, is attributed to the capitalization of new cold warehouses, which amounted to about SAR 42.3 million. Fixed assets are shown at cost, net of accumulated depreciation. Fixed assets depreciation is calculated using the straight-line method on the basis of estimated operational ages at ratios ranging from 3% to 25%. The following table shows details of depreciation rates for the Company's assets as follows:

Table 6-31 Company assets depreciation rates

item	Depreciation rate
Agriculture equipment	10% - 15%
Electrical generators and pumps	10% - 17%
Wells and agitators preparations	7.5% - 10%
Buildings and constructions	4% - 20%
Vehicles	25%
Furniture	17%
Office and clinic equipment	12.5% - 17%
Equipment & workshop machines	10% - 15%
Seed processing plant	10%
Irrigation network for orchard project	10%
Cold storage	10%
Polystyrene box plant	10%
Olive oil mill	10%
Fruit trees	6.25% - 8.33%

Source: Tabuk Agricultural Development Co

Capital Profit and losses are recognized in income statement under item "other revenues". The Company has no plan to adjust this policy at the present time.

Table 6-32 book value for assets

Asset book value (thousand Saudi Riyal)					
Item	2011	2012	2013	First half 2013	First half 2014
land	70,271	70,271	64,621	70,271	64,621
Tied land	0	0	5.65	0	5.65
Building and construction	35,669	33,421	30,934	32,519	33,128
Equipment and machines	35,626	75,415	78,102	73,924	82,429
Wells and irrigation systems	22,706	24,736	23,9915	23,681	21,323

Asset book value (thousand Saudi Riyal)					
Item	2011	2012	2013	First half 2013	First half 2014
Transportation means	467	379	625	712	460
Biological assets (fruit trees)	30,255	27,943	26,838	29,202	25,78
Furniture	799	739	709	668	632
Total	195,793	232,904	231,394	230,977	234,023

Source: audited financial statements for 2011G - 2013G and reviewed financial statements for first half of 2013G and 2014G

Changes in the carrying value of the assets (item of machinery and equipment) resulted from the capitalization of the new refrigerated warehouses, and the reason for the decline in the carrying value of the assets (item biological assets - fruit trees) is due to the removal of some trees because of low productivity as well as the annual depreciation.

Noteworthy is that on 18/07/1405 H (09/04/1985G) the Council of Ministers issued Resolution no. 141 allocating to the Company a plot of land located on the road to Tabuk - Beer bin Hermas, its area 35,000 hectares (350,000,000 square meters) and its book value about SAR 70 million, for development and agricultural projects for a period of 12 years, after which the Company shall be the owner of the entire developed area. Any part that remains undeveloped shall be returned to the Government at the end of allocation period. The aforementioned Council of Ministers' decision was approved by Royal Decree No. M / 50 dated 03 / 09 / 1405H (corresponding to 23/05/1985G). The Council of Ministers' decision and the Royal Decree have been implemented by the Minister of Agriculture and Water resolution No. 74911 dated 19/10/1405 H (07/08/1985G).

This plot of land represents the land upon which the Company farms are located in the city of Tabuk. It turned out that part of the land is a passageway for the Hejaz Railway and the road leading to Halt Ammar port and high-voltage lines for electricity. The remaining land area equals 32,175 hectares (321,750,000 square meters). The Company has developed this entire area during the allocation period except 2,825 hectares (28,250,000 square meters), which were left for the observation wells and production wells to ensure no overlap and get accurate readings of the level of water in the aquifers.

On behalf of the Company, the Minister of Agriculture submitted a request to the Custodian of the Two Holy Mosques on 10/05/1431H to own the land area of 32,175 hectares (321,750,000 square meters) and this request is still under consideration.

As of December 31, 2013G, the Company recognized the entire land value as a Governmental grant within shareholders equity in the balance sheet with the exception of 2,825 hectares, which may not be transferred to the Company. Therefore, Government grant is reduced to SAR 64.6 million after the deduction of SAR 5.65 million (the value of 2,825 hectares of land area), and the Company recognized this amount under liabilities in the item "government grant liabilities," in the statement of financial position.

The Company confirms that, except as stated in the "using the underwriting proceeds" section, it has no plan at the moment to buy or lease important fixed assets.

End of service benefit

Table 6-33 end of service benefit

Thousand Saudi Riyals	2011	2012	2013	First half 2013	First half 2014
Balance at beginning of period	5,806	5,321	4,737	4,737	4.88
additions	2,025	2,783	2.67	1,233	1,381
payments	(2.51)	(3,367)	(2,528)	(1,116)	(1,173)

Thousand Saudi Riyals	2011	2012	2013	First half 2013	First half 2014
Balance at end of period	5,321	4,737	4,879	4,854	5,088

Source: audited financial statements for 2011G - 2013Gand reviewed financial statements for first half of 2013G and 2014G

The reason for the change in the end of the service benefit balance from year 2011G to year 2013G is the change in the number of Company employees, and the disbursement of 50% of accruals to some Company employees who have exceeded a period of ten years of service at their request to retain the Company's employees. Note that the disbursement does not affect the method of calculation at the end of the actual work period of the employee.

According to the Saudi labor law, the Company allocates end of the service benefit to its employees as follows:

- Half month's salary for each year of service for the first five years.
- Month's salary for each year of service from the sixth year onwards.

Dividends payable between 1990G and 2013G

Table 6-34 Dividends payable between 1990 and 2013G

Thousand Saudi Riyals	2011	2012	2013	First half 2013	First half 2014
Prior to 1990	2.2	2,187	2,186	2,186	2,184
Between 1990 and 2000	5,173	5,139	5,137	5,136	5,127
2000	556	552	552	552	550
2001	710	707	706	706	705
2002	1,149	1,145	1,145	1,144	1,143
2003	737	733	733	732	731
2004	1,374	1,368	1,367	1,366	1,364
2005	6,453	6,434	6,413	6,4126	6,406
2006	1,036	1,026	1.01	1,024	1,006
2007	458	454	452	452	450
2008	219	451	450	450	448
2009	483	478	472	472	470
2010	535	520	519	519	517
2011	0	491	489	489	485
2012	0	0	445	445	443
2013	There are no dividends paid for 2013G until this date				
Total	21,083	21,685	22,076	22,086	22,028

Source: audited financial statements for 2011G - 2013G and reviewed financial statements for first half of 2013G and 2014G

Dividends Payable account represent declared dividends not received by the shareholders as in the above table. Noteworthy here is that minority shareholders rarely show up to receive their accumulated dividends. As the average annual return is about SAR 15, most of those shareholders would prefer to leave their dividends to accumulate until they reach a reasonable amount. Payments from these accumulated dividends do not

exceed 2% per year, and assuming the owners of these dividends claim their due amounts at the same time, the Company will be able to pay them.

Noteworthy here is that these amounts of unpaid dividends are not deposited in a special bank account, and as mentioned, the payments do not exceed 2% per year. The Company management sees no risk in this regard as it invests its surplus liquidity in short-term investments to cope with such situations.

Movement in zakat provision

Table 6-35 Movement in zakat provision

Thousand Saudi Riyals	2011	2012	2013	First half 2013	First half 2014
Balance as on 1/1	2.18	2,588	2,635	2,635	1,555
Zakat accrued for the year	2,588	2,635	1,555	1,058	495
Settlements	196	-	-	-	-
Zakat paid during the year	(2,373)	(2,588)	(2,635)	(2,164)	-
Balance as on 31 Dec.	2,588	2,635	1,555	1,529	2.05

Source: audited financial statements for 2011G - 2013G and reviewed financial statements for first half of 2013G and 2014G

The Company regularly submits its zakat declarations to the Department of Zakat, Income and Tax, and thus has obtained a final certificate from the Department on the zakat declaration for fiscal year 2012G, and now the Company is ready to submit its declaration as on 31 Dec. 2013G.

Capital

The Company has authorized and paid capital until the date of this Prospectus of SAR 200 million, and there has been no adjustments to the Company's capital during the previous three years. Members of Board of Directors hereby declare that there is no capital covered by option.

The following table shows items related to shareholders equity

Table 6-36 items related to shareholders equity

Item	2011	2012	2013	First half 2013	First half 2014
Capital	200	200	200	200	200
Government grant	70	70	64.35	64.35	64.35
Reserves	95,146	95,951	81,113	92,935	81,113
Change in fair value of investment	(20,939)	(14.07)	0	(12,904)	0
Retained earnings	26,935	13,042	2,342	20,846	4,587
Total	371,142	364,923	347,805	365,227	350,05

Source: audited financial statements for 2011G - 2013G and reviewed financial statements for first half of 2013G and 2014G

Total shareholders' equity has declined during the period 2011-2013G by 6.3% due to the following:

a) Reclassification of Government grant by entering Government tied grant item (SAR 5.6 million) within non-current liabilities (please see "property and equipment").

b) Reserves declined by the value of realized losses of SAR 14.8 million as on 31 Dec. 2013G.

c) Processing non-temporary losses in available for sale securities in income statement.

d) Payment of annual dividends equal to SAR 10 million each year.

6 - 5 - 3 Cash flows

6 - 5 - 3 - 1 cash flows resulting from operations

Table 6-37 Cash Flows from Operating Activities

Thousand Saudi Riyals	2011	2012	2013	First half 2013	First half 2014
Cash flow from operations					133.1
Net profit before zakat	35,695	9,939	(14,838)	5.07	2.74
Adjustments for the settlement of net profit for net cash from (used in) operations					
Depreciation	22,734	21,693	23.86	11,623	11,852
Change in investment fair value	133.2	133.3	13,442	-	-1,614
Provision for end of service benefit	2,025	(584)	142	117	208
Provision for doubtful debts	-	752	665	.134	.135
Decrease (Increase) in accounts receivable	10,942	24,517	9,317	4,132	-553
(Increase) decrease in inventory	(3,028)	(9,021)	(10,001)	(25.56)	(22,705)
(Increase) decrease in other balances receivable	6.03	164	(3,185)	(9,773)	1.9
(decrease) in accounts payable	(1,074)	(272)	2.91	11,324	11,257
Increase (decrease) in other balances payable	(1,954)	4,073	(3,035)	103	5,011
Increase (decrease) in dividends payable	435	603	390	-9.6	-48
Paid from end of service benefit	(2.51)	.136	.137	.138	.139
Zakat provision	(2,374)	423	(1.08)	(2,164)	-
Net cash flow from operations	66.92	52,287	18,587	(14,728)	8,049

Source: audited financial statements for 2011G - 2013G and reviewed financial statements for first half of 2013G and 2014G

Generated cash flows from operating activities saw a marked decline in 2013G compared with year 2012G for the following reasons:

a. The change in the inventory between 2012G and 2013Gas a result of the rise in grains, seeds and forage inventory during 2013G.

b. Lower accounts receivable during the years from 2011G to 2013G due to the decline in sales volume during the same period. In addition, the Company accrued payments of SAR 33.3 million from Government Silos for 2011Gwas received in 2012G, whereas for years 2012G and 2013G these accruals were received in the same fiscal year.

c. The increase in other accounts receivable due to the increase in advances to suppliers and contractors.

d. The decrease in sales from SAR 171 million in 2011G to about SAR 120 million in 2013G, an average of 30%,

resulting in lower gross profit and operating profit as well (please see "revenues").

As for the six months ending on June 30, 2014G, realized cash flows from operating activities rose compared to the same period in 2013G. This was due to the conversion of bank guarantees of fruit clients to cash deposits and the increase in cash sales coupled with a decrease in advances to suppliers.

It should be noted that in addition to the above, the decrease in the balance of accounts receivable during the historical period was also a result of the improvement in the Company's ability to collect amounts due from customers and reduce the average collection period. This is because of the collection policy of the Company, requiring sufficient bank or cash guarantees or the signing of a binding contract with companies and factories.

6 - 5 - 3 - 2 Cash flows from investments

Table 6-38 cash flows from investments

Thousand Saudi Riyals	2011	2012	2013	First half 2013	First half 2014
Cash flows from investments:					
Fixed assets additions	(13,894)	(63.9)	(21,943)	(10,948)	(14,696)
Fixed assets disposal	290	2.08	2,611	2,386	213
Net change in property for sale	763	(180)	1.4	(334)	48
(Increase) in projects in progress	(22,786)	37,489	(12,584)	(7,585)	(7,529)
(Increase) decrease in investments	(34,301)	(8,957)	29,918	39,918	6
Net cash flow from investments:	(69,928)	(33,468)	(1,997)	23,438	(15,964)

Source: audited financial statements for 2011G - 2013G and reviewed financial statements for first half of 2013G and 2014G

Cash flows from investments rose in 2013G compared with 2012G, due to lower short-term investment balance, which led to an increase in cash flow in 2013G.

For the fixed assets disposal, this was the result of disposal of fruit trees and olive trees in 2013G.

For the six months ending on June 30, 2014G, cash flows from investments saw a decline compared to the same period in 2013G, due to fixed assets additions and decreased investments.

6 - 5 - 3 - 3 Cash flows from financing

Table 6-39 cash flows from financing

Thousand Saudi Riyals	2011	2012	2013	First half 2013	First half 2014
Cash flow from financing:					
Long term loans	16,287	880	(3,878)	(2,338)	10,279
Previous years settlements	(3,439)	(10,846)	(3,016)	-	-
Settlements to zakat provision	193	(376)	0	-	-
Transferred from reserve	0	1,479	0	(3,016)	-
Proposed and paid dividends	(10)	(10)	(10)	(2,528)	-
Director remunerations	0	0	(700)	.140	-

Thousand Saudi Riyals	2011	2012	2013	First half 2013	First half 2014
Net cash flow from financing	3,041	(18,863)	(17,594)	(7,882)	10,279

Source: audited financial statements for 2011G - 2013G and reviewed financial statements for first half of 2013G and 2014G

The Company has relied on internal cash to cover its operating and investment activities in 2009G and 2010G, while resorted to loans in 2011G, which led to a decline in net cash used in financing activities to minus SAR 17.6 million in 2013G.

For the six months ending on June 30, 2014G, net cash flows used in financing activities rose compared with the same period in 2013G, as a result of the fertilizers and equipment financing agreement signed with Riyadh Bank in addition to the payment received from Agricultural Development Fund loan.

6 - 5 - 3 - 4 Net cash flows

Table 6-40: Net cash flows

Thousand Saudi Riyals	2011	2012	2013	First half 2013	First half 2014
Net cash from operations	66.92	52,287	18,587	(14,728)	8,049
Net cash (used in) investments	(69,928)	(33,468)	(1,997)	23,438	(15,964)
Net cash (used in) financing	3,041	(18,863)	(17,594)	(7,882)	10,279
Net increase (decrease) in cash balances	34	(44)	(1,003)	827	2,365
Cash balance at beginning of year	4,812	4,846	4,802	4,802	3,798
Cash balance at end of year	4,846	4,802	3,799	5,629	6,163

Source: audited financial statements for 2011G - 2013G and reviewed financial statements for first half of 2013G and 2014G

Net cash flows witnessed a decline in 2013G to about SAR 1 million because investment cash flows used in operating activities and financing activities exceeded cash flows from operations.

For the six months ending on June 30, 2014G net cash flow increased and reached SAR 2.3 million because cash flows from financing activities and operations used in investing exceeded operational cash flow.

6 - 5 - 4 working capital

Table 6-41 working capital

Thousand Saudi Riyals	2011	2012	2013	First half 2013	First half 2014
Assets					
Current assets					
Cash at hand and at banks	4,846	4,802	3,799	5,629	6,163
Short term investments	35	40	10	0	18,781
Accounts receivable	44,941	19,672	9,689	15,54	10,242
Inventory	38,691	47,712	57,714	73,272	80,419

Thousand Saudi Riyals	2011	2012	2013	First half 2013	First half 2014
Property, machines and equipment for sale	560	740	739	1,074	691
Other balances receivable	7,235	7,072	10,257	16,845	8,356
Total current assets	131,274	119,998	92,197	112,36	124,652
Current assets					
Current portion of loan	5,715	4,778	3,998	4,778	13,879
Accounts payable	7,138	6,866	9,776	18,189	21,032
Dividends payable	21,083	21,686	22,076	22,086	32,028
Zakat provision	2,588	2,635	1,555	1,529	2.05
Other balances payable	10,796	14,826	11,791	12,311	16,802
Proposed dividends	10	10	10	-	-
Total current assets	57,319	60.79	59,195	58,893	85,791
Working capital	73,955	59,208	33,002	53,467	38,861

Source: audited financial statements for 2011G - 2013G and reviewed financial statements for first half of 2013G and 2014G

Company working capital fell from SAR 73.9 million in 2011G to SAR 33 million in 2013G, a decrease of about 55.4% during this period, due to the decline in current assets from SAR 131.3 million in 2011G to SAR 92.2 million in 2013G. The decrease in current assets is due to decrease in short-term investments and accounts receivable, which coincided with a decline in sales in general. It indicates a preference to working capital management, due to improved credit policy with the Company's suppliers, where the Company got favorable payment terms from suppliers and contractors.

Inventory also saw an increase of SAR 19 million in 2013G compared to 2011G, and the reason (as previously explained in this Prospectus) was high alfalfa inventory because of rainfall, which made alfalfa available naturally in open grasslands, and thus consumers were reluctant to buy it during that period.

For the period ending on June 30, 2014G, the working capital of the Company declined to SAR 38.8 million compared to SAR 53.4 million in June 2013G, a decline of about 27%. The main reason for this decline was a rise in current liabilities from SAR 58.8 million in June 2013G to SAR 85.7 million in June 2014G. This rise in current liabilities was due to the increase in the current portion of loans, dividends payable and zakat provision.

6 - 5 - 5 Future commitments and contingent liabilities

Future commitments and contingent liabilities amounted to SAR 5.9 million in 2013G, of which SAR 4.8 million letters of guarantee issued to others and documentary credits of SAR 1.1 million.

For the period ending on June 30, 2014G, future commitments and contingent liabilities amounted to about SAR 4.9 million. These were letters of guarantee issued to others.

Table 6-42 Future commitments and contingent liabilities

Thousand Saudi Riyals	2011	2012	2013	First half 2013	First half 2014
letters of guarantee issued to others	4.85	4.85	4.85	4.85	4,855
Documentary credit	1,679	3,591	1,098	0	0

Thousand Saudi Riyals	2011	2012	2013	First half 2013	First half 2014
Total	6,529	8,441	5,948	4.85	4,855

Source: audited financial statements for 2011G - 2013G and reviewed financial statements for first half of 2013G and 2014G

Members of the Board of Directors and members of Senior Management of the Company hereby declare that:

a) Until the date of this Prospectus, there are no debt instruments on the Company whether issued, existing or approved but not issued. Moreover, except as stated in this Prospectus, there are no other loans, whether covered or uncovered by personal guarantee and whether secured or unsecured by a mortgage.

b) Until the date of this Prospectus, the Company has no obligation under acceptance, acceptance credit, lease purchase obligation, or any debt whether covered or uncovered by personal guarantee and whether secured or unsecured by a mortgage.

c) Until the date of this Prospectus, there are no mortgages, rights or burdens on the Company property.

d) Until the date of this Prospectus, there are no contingent liabilities or warranties on the Company (except as mentioned in paragraph "5-5-6 Future Commitments and Contingent Liabilities").

e) The capital of the Company is not subject to any option.

f) The Company certifies that the working capital is sufficient for a period of twelve months following the date of this Prospectus.

g) There is no materially adverse change in the financial and commercial position of the Company during the last three years directly preceding the application for registration and acceptance for listing of the new Rights Offering (Issue), and the period covered by the Auditor's report until the date of approving this Prospectus, other than what has been mentioned in this Prospectus.

h) There are no commissions, discounts, brokerage fees or any other non-cash compensation awarded by the Company during the last three years directly preceding the application for registration and acceptance for listing of the new Rights Issue with respect to the issuance or offering of any securities.

7. Capitalization

The Capital of the Company is SAR 200,000,000 divided into 20,000,000 shares of a nominal value of SAR 10 per share. The Company has reviewed the Working Capital for the next twelve months, and found that it will have working capital balances that are sufficient to cover its operations during this period.

Directors confirm that the Company's capital is not covered by any option right, and the Company does not have any debt instruments or term loans other than those mentioned in this Prospectus.

The following table shows the position of the indebtedness of the loans as at 30 June 2014G:

Figure (7-1): Capitalization & Indebtedness

Description	MOF Loan	Agricultural Development Fund loans	NCP Loan	Total
Opening balance, 2010G	2,812,500	.142	-	2,812,500
Plus: Loan payments received in 2010G		3,907,301	-	3,907,301
Minus: repayments in 2010G	937.5	-	-	937.5
Closing balance, 31/12/2010G	1,875,000	3,907,301	-	5,782,301
Plus: Loan payments received in 2011G		5,475,103	*11,749,447	17,224,550
Minus: repayments in 2011G	937.5			937.5
Closing balance, 31/12/2011G	937.5	9,382,404	11,749,447	22,069,351
Plus: Loan payments received in 2012G		4,755,340		4,755,340
Minus: repayments in 2012G	937.5		2,937,502	3,875,002
Closing balance, 31/12/2012G	-	14,137,744	8,811,945	22,949,689
Plus: Loan payments received in 2013G	-	-	-	-
Minus: repayments in 2013G	-	**940,440	2,937,502	3,877,942
Closing balance, 31/12/2013G	-	13,197,304	5,874,443	19,071,747
Plus: Loan payments received in 30 June 2014G	-	2,211,016	10,411,024	12,622,040
Minus: repayments in 30 June 2014G	-	-	2,342,588	2,342,588
Closing balance, 30 June 2014G	-	15,408,320	13,942,879	29,351,199

Source: TADCO

*. Including the Loan's Principal amount of SAR 10,000,000 as well as the loan costs.

** In accordance with the terms of the agreement with the Agricultural Development, the loan will be repaid on the basis of the actual received amounts.

In 2012G, the 15,000 metric tons potato warehouse was capitalized, which was financed by a loan from the Agricultural Development Fund as well as cash from operations of the main activity of the Company. The total capitalization of the warehouse s was SAR 41,808,847 including the facility of the Agricultural Development Fund, which has been fully utilized to finance the items of the refrigerated warehouses project.

8. Dividends Policy

Shares grant their holders the right to receive profits announced by the Company.

In accordance with the Statute of the Company's By-Laws, any decision of distributing cash dividend, must be issued by the General Assembly, on the recommendation of the Board of Directors which takes into account upon issuing the recommendation the various factors prevailing at the time, including the Company's Profits and financial position, the restrictions of the distribution of profits under the financing and debt agreements, the Company's results of operations, the Company current and future needs of cash flows, expansion plans and requirements of the Company's investments.

There is no guarantee that the Company will pay out any dividends to the shareholders and does not guarantee the amounts of earnings to be distributed in any particular year. The dividend distribution is subject to certain restrictions according to the Company's By-Laws. Article 43 of the Company's By-Laws states that the Company intends to pay annual dividends after deduction of all expenses and other costs as follows:

- 10 percent of the net profits shall be allocated to form the statutory reserve and the Ordinary General Assembly may discontinue this allocation when the said reserve reaches half of the Company's paid-up capital;
- Set aside 5% of the net profits to form another general reserve to support the Company's position and confronting risks. The Ordinary General Assembly may discontinue this allocation when the said reserve reaches 25% of the Company's paid-up capital.
- The balance shall be distributed as a first payment in the amount of at least five percent of paid-up capital to the Shareholders;
- The Ordinary General Assembly may decide to distribute the remainder (if any) of the net profits or part thereof as a share to Shareholders or add it to the contingency reserve and carry forward the remaining profit to retained earnings

The company during the period from 2011G to 2013G distributed SAR 0.50 per share annually, equivalent to 5% of the capital. The following table shows the dividends during the period from 2011G to 2013G.

Table 8.1: Dividends from 2010 until 2013G.

Description	2011	2012	2013
Net Profit (SAR thousands)	33,107	9,938	*(14,838)
Dividends (SAR per share)	0.5	0.5	0.5
Total dividends distributed (SAR thousands)	10	10	10
Announcement Date	24/12/2011G	18/02/2013G	19/02/2014G
Due Date	10/04/2012G	23/04/2013G	27/04/2014G
Distribution Date	09/05/2012G	21/05/2013G	**30/11/2014G

Source: TADCO.

* In its twelfth meeting held on Tuesday 18/04/1435H (corresponding to 18/02/2014G), the Board, having reviewed the Company's draft financial statements as at 31/12/2013G, decided to approve such statements and raise them to the Company's Ordinary General Meeting for adoption, and recommended to pay cash dividends to Shareholders for the year 2013G, as follows:

Total amount distributed SAR 10,000,000.

Earnings per share SAR 0.5.

Percentage of distribution to the nominal value of share 5%.

* * The Company was prepared to distribute the said dividends on 30/11/2014Ghoping that it will receive a check regarding the wheat share from the General Organization for Grain Silos and Flour Mills. However, as the said check has not been received yet, the Company will announce the new date for the distribution of dividends upon receipt of the check from the General Organization for Grain Silos and Flour Mills.

9. Use of Proceeds

The Offering proceeds are estimated at SAR 250,000,000. Approximately SAR 16,000,000 of that amount will be paid to cover expenses and costs borne for the Rights Issue. Such costs include the fees of the Financial Advisor, Legal Advisor, Auditors, Underwriter, Receiving Entities, costs for marketing, printing and distribution, expenses and other costs related to the Issue.

The following table outlines a summary of the overall financing needs for the Company's proposed projects based upon all the assumptions that have been put forward in the feasibility study of the proposed projects. These figures represent the total cost of the proposed value of the investment for Tabuk Agricultural Development Company.

Table 9-1: Summary of Financing Needs

Saudi Riyals	Fourth quarter 2014	First quarter 2015	First quarter 2016	First quarter 2017	Total
Tabuk Compounded Feed Project Company	-	4,660,885	22,028,431	-	26,689,316
Olive Oil Press Project	-	7,624,164	9,076,253	-	16,700,417
Potato Fingers Plant Project	-	-	9,524,150	29,077,292	38,601,442
Tabuk Company Project for production of crops in Sudan	14,047,347	80,700,344	45,431,327	-	140,179,018
Offering Expenses	16,000,000	-	-	-	16,000,000
*General Purposes	11,829,807	-	-	-	11,829,807
Total	41,877,154	92,985,393	86,060,161	29,077,292	250,000,000

Source: Feasibility study.

* General purposes (representing about 4,7% of the total proceeds accrued from the Offering) including, but are not limited to, the financial requirements for the Company's regular daily works, administrative and general expenses and operating expenses.

The following table outlines the expected schedule according to the feasibility study for the implementation of the projects mentioned above, which are as follows:

Table 9-2: Timeline for the implementation of future projects

Project	Start of Implementation	End of Implementation	Beginning of production / sales
Tabuk Compounded Forage Project Company	Fourth Quarter 2015G	Third Quarter 2016G	Fourth Quarter 2016G
Olive Oil Press Project	Second Quarter 2015G	Second Quarter 2016G	Third Quarter 2016G
Potato Fingers Plant Project	Fourth Quarter 2016G	Third Quarter 2017G	Fourth Quarter 2017G
Tabuk Company Project for production of crops in Sudan	Fourth Quarter 2014G	Fourth Quarter 2015G	First Quarter 2016G

Source: Feasibility study.

The Company will comply with Article (30) Paragraph (C) of the Listing Rules by submitting a quarterly report to CMA on the detailed use of Offering Proceeds from the Rights Issue. It will announce any developments that may arise in this regard to the public which include disclosure of the stages reached for the implementation of these projects and any delay or problems encountered. The total Offering Proceeds will be used as follows:

- SAR 222,170,192, which represents 88.9% of the Offering Proceeds to fund projects that are detailed below.

- SAR 16,000,000, which represents 6.4% of the Offering Proceeds to pay the Offering expenses which include fees for advisors, Underwriter, Receiving Entities, printing and publishing.
- SAR 11,829,807, which represents 4.7% of the Offering Proceeds to finance the general purposes of the Company which include, but are not limited to, financial requirements for the Company's day-to-day activities, administrative and general expenses and operating expenses.
- The idea of investing in new projects comes as an extension to the initiative undertaken by the Custodian of the Two Holy Mosques King Abdullah bin Abdul Aziz, of the Saudi agricultural investment abroad which aims at withstanding the food crisis problem by taking the appropriate actions, and securing a good livelihood for the nation through the creation of a secure strategic stockpile of commodities such as rice, wheat, barley, corn, soybeans and livestock in a way that will achieve food security for the kingdom and precludes the emergence of future food crises, in addition to maintaining the stability of food prices in a sustainable manner. To that end, the Ministry of Agriculture began, in coordination with stakeholders especially the Agricultural Development Fund; the financing arm for agricultural investment abroad, the Saudi Company for Agricultural Investment and Animal Production (SCAIAP), the investment arm of the initiative. The Ministry of Agriculture has submitted a letter to the Council of Ministers outlining its concept and the steps necessary for the next phase of the initiative for approval. The Ministry, in turn, will follow-up with what has been achieved and provide the necessary services for Saudi agricultural investors abroad. There are a number of Saudi agricultural experiences in the Arab Republic of Egypt, Sudan and Ethiopia that came to fruition. Saudi investments in the agricultural sector abroad during the past ten years were estimated at approximately SAR 10 billion mostly in the Republic of Sudan, Egypt, Ethiopia, Morocco, and Turkey. Investments targeted grains and feed in the first place. The benefits the kingdom gained from the foreign investment are represented in the following:
- Contribute to promoting the agricultural production and its supporting services by pursuing modern agricultural methods and techniques.
- Providing new agricultural environments to obtain a variety of products that cannot be planted in the kingdom.
- Creation of investment opportunities in the sector for capitalists.
- Preserving water resources in the kingdom and maximizing their use in the agricultural sector.

The initiative is not considered an alternative to the local agriculture, but rather a complement to the achievements the Kingdom has attained since more than thirty years in the field of agriculture where the government attaches significant importance to the local agricultural sector. This has been obvious upon issuing a decision to change the name of «Agricultural Bank» to «Agricultural Development Fund » with an increase in its capital to SAR 21 billion; a sign of its continued development to the agricultural sector in the Kingdom.

Based on this, the Company plans to use the Offering net proceeds to expand its operations, increase the volume of its business, improve the Company's capacities and operations through investing in the projects described below.

9 - 1 Tabuk Compounded Fodder/Forage Project Company

Fodders are animal food consisting of mixtures (feedlots) of raw materials and feed additives. The components are mixed in specific proportions that commensurate with the needs of the targeted animal; whether being dairy (milking) cows, dry cows and calves, beef cattle, breeding livestock (sheep) or camels and others. Fodders are manufactured in various forms such as bars (finger like) (cylindrical shape that resembles a finger) and cubes, etc. Grains of various types whether dry or oily represent the main component of Compounded feed.

The project will be located in Duba following an agreement with the principality of the area for the allocation of a site at the Port of Duba. It is a factory for the production of fodders targeting livestock (sheep, goats and camels) in Tabuk region in particular and the Kingdom of Saudi Arabia in general. The planned production capacity for the factory is 20 tons at an average of 20 operation hours per day. The project will work for an average of almost 300 days during the year. The maximum annual production capacity of the project will become about 120,000 tons of Compounded feed manufactured in the form of fingers.

The Company's management expects the total cost of the project to be about SAR 19,551,274 in addition to the needs for a working capital of about SAR 7,138,042 for the first year (three working months after the end of the construction works). Subsequently, the proposed capital value of the project is estimated at SAR 26,689,316. It is expected for the construction work of the plant to commence on the fourth quarter of 2015G. This phase shall be completed during the third quarter of 2016G. Then, the project would begin production in the fourth quarter of 2016G. The project aims at producing two main types of Compounded fodders for both

sheep and camels. It will dedicate 70% of its annual production capacity (equivalent to 84 thousand tons) for sheep, and 30% of the annual production capacity (equivalent to 36 thousand tons) for camels. The project will be completely financed from the funds that will be collected through the Rights Issue knowing that no contracts have been signed yet with any agency to implement the production line. The following table shows a summary of the total investment costs of the project:

Table 9-3: The cost of the Tabuk Compounded Fodder Project

Project cost (SAR)	
Item	Cost
Production line	14,023,874
Production line	14,023,874
Buildings	2,092,800
Cars and other equipment	582,000
Incorporation Expenses	250,000
Capital expenditure for the purpose of maintenance	907,733
Other expenses	1,694,867
Total	19,551,274
Add:	
Working capital	7,138,042
Total	26,689,316

Source: Economic Feasibility Study of the project

It should be noted that the production line will consist of a number of equipment, starting with the reception equipment of raw materials, weighing, grinding and mixing section and addition of fluids and processing of finger section. Finally, the final feed section as well as auxiliary equipment.

Since the plant will significantly depend on the imported raw materials the cost of which represents a substantial part of the overall operating cost of the project (represented in yellow corn, barley, bran, wheat, hay, wheat, alfalfa, a mixture of minerals and salts, Dual-Setting Calcium Phosphate and salt and urea). The site will benefit from its construction in Tabuk region which is approximately 200 kilometers away from the port of Duba. Duba area occupies an average position in Tabuk region which lacks this kind of production activities in spite of the density of livestock in the region. The geographical location is considered to be suitable for distribution outside of the Tabuk region to other regions within the Kingdom in the case of future expansion in producing quantities that exceeds the needs of the region.

Notably, the Ministry of Agriculture has approved an increase in the subsidy of the main feed manufacturing inputs in an attempt to provide feed and balanced rations for livestock farmers, and in activation of the national plan to promote the Compounded feed industry in the kingdom. The subsidy included 19 feed inputs, which will significantly support the project.

9 - 2 Olive Oil Press Project

This project aims at creating a new olive press capable of accommodating the increased production of olives resulting from reaching most of the Tabuk Company trees the stage of commercial production. The total production of olives currently is about 2,486 tons, resulting in a significant increase in the production rate of more than the current operating capacity of the press which is approximately 16 tons of olives per day. This has led to resort to storing the olive fruits prior to pressing them for a long period of time that sometimes tantamount to months. This is inconsistent with the recommended period of storage of fruits prior to pressing

them that should not exceed 2-3 days. Additionally, in some years of high production rates, farmers used to resort to pressing some quantities of olives in the farmers' presses outside the Company. This shortcoming has led to the need to study a project to establish a new olive press in the Company.

It is planned for the proposed Olive Press project to be located next to the old olive press on the land owned by the Company in Tabuk (the land of Beer bin Hermas road) the area of which is about 1,800 square meters. This site has been selected due to its proximity to the olive oil press project which leads to a reduction in the cost of transporting the fruits from the fields to the olive press site. Plans are made for the project to utilize the olives harvested from the Company's olive groves as a raw material for the production of olive oil. Plans are made for the project to make use of the availability of olive fruits with some farmers in the region through the purchase of part of their production.

The project will be implemented in two phases. The first phase includes the establishment and equipping all necessary buildings for the olive oil press project to include reception areas, fruit sorting rooms, initial and final storage rooms and the rest of the other facilities as well as water and electricity supplies and other specifications. The next phase will witness the installation of the production line at a capacity of approximately 5 tons / hour (equivalent to 40 tons / day which means 14,400 tons per year taking into consideration that the process of pressing olive fruit occurs after harvesting olives and lasts for two months in a year only).

The olive press will generate its revenues from three different sources, i.e. the Company's revenues from olives resulting from pressing the Company's olives, the revenues resulting from pressing olives for external farmers, and the revenues resulting from re-selling of oil purchased from external sources. Therefore, the new olive press is supposed to press the expected quantities of production from the Company's olive groves until 2020G. In addition to that, the olive press shall serve regional farmers by pressing the amounts of olive received from them which is expected to increase year after year so that the quantities will reach their maximum limit of 850 tons in the season.

The total capital cost of the project is estimated at SAR 15,248,328. The needs for working capital for the first year will be about SAR 1,140,940, in addition to the capital for maintenance in the amount of SAR 311,149. Subsequently, the capital value of the proposed project is estimated at SAR 16,700,417 provided that the construction of the project begins in the second quarter of 2015G, and ends in the second quarter of 2016G. Work will start on the project in the third quarter of 2016G.

Noteworthy, the feasibility study assumes that the Company will finance 100% of the financing needs of the project through the new Offering Proceeds of the Rights Issue, which include the investment costs, in addition to working capital needs for the first operational year that must be secured during the period between the completion of construction and the start of the actual production of the project.

The following table shows a summary of the total investment costs of the project:

Table 9-4: Cost of the Olive Oil Press Plant

Project Cost (Saudi Riyals)	
Item	Value
* Incorporation expenses	1,200,000
Civil Works	2,900,000
Steel fixtures	650,000
Drainage line	52,000
Cost of the doors and windows and accessories	460,000
Air conditioners	26,300
Lighting and electrical equipment	286,570
Cooling and heating System	1,014,000

Project Cost (Saudi Riyals)	
Item	Value
Pressing line	3,431,914
Nitrogen plants and their connections	485,157
Oil Collection and preservation warehouses	40,108
Waste Oil Silos	85,360
Storage and sedimentation warehouses	2,062,607
Purification and Filtering Warehouses	88,789
Packing warehouses	29,597
Purification and Filtering Tools	43,648
Glass Packing Line (square and round shape)	385,693
Can Packing line (Tin)	70,000
Packing line	123,375
Carton box conveyor line	29,320
Forklift with Weigh System	85,000
Water Treatment Plant	45,000
Fire Safety System	245,000
Pumps and oil pumping connections	1,408,890
Total	15,248,328
Add:	
Working capital	1,140,940
Maintenance Capital	311,149
Total	16,700,417

Source: Feasibility Study of the project.

* The cost of the Olive Advisory Panel of Experts is included. Expenses of field visits to some of the olive presses in Jordan, Syria and other field visits are included. The cost of studies, other technical and economical consultations that will be required by the project in its first pre-production phase is included too.

9 - 3 Potato Fingers Plant

Tabuk Agriculture Development Company (TADCO) is considered one of the largest leading companies in the production of potatoes in the kingdom. Potato crop represents one of the most important products of the vegetable unit in the Company due to the financial revenues it generates through contracts entered into by the Company with several production potato finger plants wherein the Company was able to provide for the needs of many factories and companies that operate in the field of potato processing in the Kingdom.

The project is a plant designated for ready-made potato fingers with a production capacity of 3 tons/hour; an average of 8 hours per day (6 days during the week). The daily production rate will be about 24 tons per day.

Assuming that the factory operates for a period of ten months in a year, taking advantage of the planned 100% annual project production capacity during this period, or an equivalent of about 83,3% of the total annual planned production capacity of the project, the plant's annual production of fried potato fingers will be about 6,250 tons/year. The plant will produce potato fingers in two packs; cardboard containers that weigh 10 kg (2,5 × 4), and package size of (1 × 10).

The Company's management expects the total cost of the project will be about SAR 38,185,727, in addition to the needs for the working capital for the first year of about SAR 415,715. Subsequently, the proposed project's capital value is estimated at SAR 38,601,442. The management expects that the process of constructing the project will begin in the fourth quarter of 2016G and end in the third quarter of 2017G. The plant production will start in the fourth quarter of 2017G, and that the plant will be located within the Company's agricultural project on an area of approximately 3,100 m2, in order to benefit from the space provided by the project as well as to take advantage of the Company's production of the potato crop, and the cold storage refrigerators of the existing project to provide the raw material needed by the plant. The feasibility study assumes that the manufacturing capacity of the plant is about 52% of the raw material. Therefore, the plant's need of potato crop raw materials to produce about 6,250 tons of potatoes fingers is about 12,020 tons.

The following table shows a summary of the total investment costs of the project:

Table 9-5: Cost of the potato fingers plant project

The Cost of the Project (Saudi Riyals)	
Item	Cost
Production line	35,931,000
Buildings	933,600
Cars and other equipment	732,000
Constituent expenses	500,000
Capital expenditure for the purpose of maintenance	90,127
Total	38,185,727
Add:	
Working capital	415,715
Total	38,601,442

Source: Feasibility study of the project.

Noteworthy, the factory production line consists of a number of devices starting with the reception and processing of the potato crop, then the boiling, drying and frying Section, then the cooling and organizing of production Section, and then packing Section, in addition to a number of auxiliary devices.

Noteworthy, the feasibility study assumes that the project will be totally financed through the funds that will be collected through the Rights Issue.

9 - 4 Tabuk Crop Production Company Project (Republic of Sudan)

The project is located in the city of Al Goled north of the Republic of Sudan (Northern State). The Company has obtained the right to lease a piece of land with an area of 30 thousand acres (equivalent to about 12,140 hectares). A space of 843 hectares will be allocated for the construction of buildings, facilities and planting windbreaks provided that proposed crops will be cultivated in an area of 7,560 hectares. The remaining space which is estimated at 17,395 hectares will be used for the future expansions. The management expects that the overall project cost will be about (137,724,009) SAR in addition to the working capital needs for about three months of (1,620,731) SAR, and capital expenses for the purpose of maintenance at a value of (834,278) SAR. Subsequently, the proposed project's capital value is estimated at (140,179,018) SAR. The management

expects to commence the investment expenditure on the project in the fourth quarter of 2014G provided that the project proceeds to operate in the fourth quarter of 2015G and the production begins in the first quarter of 2016.

Total incorporation expenses of the Sudan Branch as of 30 June 2014G amounted to (766,875) SAR. Those expenses represent the branch registration fees, costs of feasibility study, agricultural consultations, Temporary Duties (TDYs) and others. All costs are related to the Tabuk Crop Production Company Project. This amount will be deducted from the Offering Proceeds.

According to the requirements of the integrated project, and based upon the environmental factors in the proposed project area in northern Sudan, management of the Company has assumed the following crop composition:

- Winter crops: Wheat, Faba beans and sunflower
- Summer crops: maize - Abu Sabeen (Seventy)- Traditional maize feed
- Permanent crops: Alfalfa - forests and windbreaks

The agricultural project production plan is implemented according to what is shown below:

Table 9-6: Tabuk Crops Production Plant Company Project (Republic of Sudan)

Unit: hectares	The first Work year 2016 and onwards			The first Work year 2017 and onwards		
	Winter Planting Period	Summer Planting Period	Permanent	Winter Planting Period	Summer Planting Period	Permanent
Windbreaks, facilities and roads	-	-	420	-	-	840
Trefoil (commercial)	-	-	420	-	-	840
Wheat (seed)	2,100	-	-	4,200	-	-
Sunflower (commercial)	840	-	-	1,680	-	-
Faba Bean (commercial)	420	-	-	840	-	-
Maize (commercial)	-	2,520	-	-	5,040	-
Abu Sabeen (seventy)-	-	420	-	-	840	-
*Total	3,360	2,940	840	6,720	5,880	1,680

Source: Feasibility Study for the project

* The total is calculated on the basis of a winter or summer planting period in addition to the cultivation of the commercial alfalfa in the permanent planting period only (without windbreaks, facilities and roads) which means that the land will be planted with different crops ranging from summer to winter crops according to the season.

The project aims at:

- Producing wheat and forage for export to Saudi Arabia.
- Contributing to the achievement of food security for the Kingdom of Saudi Arabia through foreign investment,
- Producing wheat and feed in a variety of agricultural cycle.

The achievement of these goals enables the Company to:

- Implement its foreign investment policies and proceed with its distinguished activities in the production of agricultural crops.
- Exploit the investment opportunities available in the Republic of Sudan in the framework of the investment and declared agricultural policies being promoted within and outside the Republic of Sudan.
- Generate profits that support the financial position of the Company and secure its continuity and future growth.

It is expected that the factory will produce and market six types of field crops namely wheat, corn, abusabeen, alfalfa, beans and sunflower. The table below shows the assumptions of the area and production for each of the

crops mentioned during the first three years of the project. The third year assumptions have been adopted for the remaining years of the study period.

Table 9-7:The proposed production of the project

Crop	First year 2016			Second year 2017			Third year 2017 onwards		
	Area (hectares)	Productivity (t / ha)	Total production (tons)	Area (ha)	Productivity (t/ha)	Total production (tons)	Productivity (t / ha)	Productivity (t / ha)	Total production (tons)
Wheat seeds	2,100	3,6	7,560	2,840	4,8	13,632	2,840	4,8	13,632
Wheat commercial	-	-	-	1,360	5,2	7,072	1,360	5,2	7,072
Maize seeds	42	3,8	160	84	4,8	400	84	4,8	400
Corn commercial	2,487	3,8	9,441	4,956	4,8	23,591	4,956	4,8	23,591
Abu Sabeen SEEDS	420	1,9	798	840	2,4	1,999	840	2,6	2,159
Alfalfa commercial	420	25,0	10,500	840	25,0	21,000	840	25,0	21,000
Faba (Egyptian) beans	420	2,4	1,000	840	2,9	2,402	840	2,9	2,402
Sunflower	840	1,7	1,403	1,680	2,4	3,998	1,680	2,4	3,998

Source: Feasibility study for the project

Capital costs

Table 9-8: Capital costs for Tabuk Crop Production Project (Republic of Sudan)

Saudi Riyals	2014	2015	2016	2017	2-18	2019	2020
Irrigation facilities	13,167,625	74,522,557	40,278,057	2,951,865	6,837,004	6,878,454	6,858,562
Buildings and constructions	42,294	197,373	129,117	8,507	19,703	19,823	19,765
Plant and equipment	824,739	5,408,031	2,527,281	202,070	468,026	470,864	469,502
Transportation, transfer, and handling of fixed equipment	12,688	572,383	41,863	14,462	33,495	33,698	33,601
Capital expenditure for the purpose of maintenance	-	-	834,278	3,337,110	-7,681,744	7,727,334	7,705,109
Total	14,047,347	80,700,344	43,810,596	6,514,014	15,039,972	15,130,173	15,086,539
Add:							
Net change in working capital	-	-	1,620,731	4,928,208	8,929,811	185,753	69,750
Total	14,047,347	80,700,344	45,431,327	11,602,429	23,656,299	15,640,422	15,479,968

Source: Feasibility study of the project

Noteworthy, the feasibility study assumes that the project will be totally financed through the funds that will

be collected through the issue of Rights for the first three years. Then, it takes advantage of the revenues that the project would realize to finance its needs.

It should also be noted that the expected project capital includes capital costs for the years 2014G, 2015G and 2016G, in addition to working capital needs for three months totaling to SAR 140,179,018. The investment costs for the rest of the years starting from 2017G will be self-funded from the operational profits of the project,

10. Experts Statement

Financial Advisor, Legal Advisor, Auditors, Market Study and Due Care Advisor have given and not withdrawn their written consent to the publication of their names, logos and statements in the Prospectus. None of the above advisers or their employees or any of their relatives has any shareholding or interest of any kind in the Company.

Falcom Financial Services Company - Financial Advisor	
FALCOM فالكم	A company licensed by CMA, under number37-06020 in Saudi Arabia. It provides dealing, management, arrangement, advice and Custody.

Loa'y bin Mohammad Al Akkas Law and Legal Consulting Office in collaboration with Winson& Atkins LLP	
Vinson&Elkins LLP	A law firm licensed under number 74/32 in Saudi Arabia to provide legal advisory services, in partnership with Vincent and treasure the World LP.

Al Kharashi Office, Certified Accountants and Auditors	
MAZARS	A legal accounting and auditing office licensed in Saudi Arabia by the Organization for Certified Public Accountants (SOCPA) under number 91. It provides accounting, audit, Zakat, tax and consulting management services. It is also a member of the International MAZARZ Group, A financial and administrative consulting firm for public and private institutions worldwide.

Al Thinayyan Office, Accountants and Auditors	
	A legal accounting and auditing office licensed in Saudi Arabia by the Organization for Certified Public Accountants (SOCPA) under number 148.It provides accounting, audit and consulting services, as well as accounting, financial and management studies.

Ernst and Young (E&Y) - Financial Due Diligence Advisor, Market and Feasibility Study Consultant	
EY	A professional firm licensed in Saudi Arabia, providing professional consulting services, scientific research, design and implementation of field surveys, feasibility studies for investors.

11. Declarations

The Company's Directors, Secretary of the Board and Senior Executives declare that:

- There has been no interruption in the Company's business that may affect or have a significant impact on its financial situation during the twelve months preceding the date of this Prospectus;
- No commissions, discounts, brokerages or other noncash compensation were granted by the Company in the last three years immediately preceding the date of this Prospectus;
- There has been no material adverse change in the financial position or prospects of the Company during the three years preceding the year of application and listing, in addition to the period covered by the certified public accountant's report and until the approval date of the Prospectus, except as stated in "Management Discussion and Analysis of the Financial Conditions of the Company and its Results of Operations" in this Prospectus.
- They do not themselves, nor do any relatives or affiliates, have any direct or indirect interest in the Company's shares or debt instruments except as stated in the Directors' table, page (D) and section 5-2 (Board Members) in this Prospectus.;
- They have not at any time been declared bankrupt or been subject to bankruptcy or insolvency proceedings;
- None of the Directors, CEO, CFO or their relatives as well as any related party have any interest in any ongoing/ current material contracts or arrangements in the Company business, written or otherwise, or intended arrangements that have material effect on the Company's works;
- Audited financial statements have been prepared in accordance with accounting standards recognized in Saudi Arabia as issued by Saudi Organization for Certified Public Accountants (SOCPA). The Board hereby ascertain that all information has been disclosed in a fair manner;
- The Company has not given any cash loan to any Directors and has not and will not guarantee any loan contracted between a director and a third party incompliance with Article (71) of the Companies Regulations.
- Until the date of this Prospectus, the Company does not have any mortgages, rights or encumbrances over properties except as disclosed in (Legal Information) section of this Prospectus;
- They will abide by the provisions of both Articles (69) and (70) of the Companies Regulations and the provisions of articles relevant to contracts with related parties as follows:
- All contracts with related parties shall be presented to the Board for approved and then to the Ordinary General Meeting for adoption. The related Director shall refrain from voting in the Board or the General Meeting;
- Shareholders, Founding Shareholders and Directors shall confirm that they are competing with the Company business and they are dealing with related parties on arm-length basis;
- The Company's By-Laws do not give any Director or CEO the right to vote on any contract or proposal in which he has an interest. It also does not authorize any of them to vote on their special awards/ bonuses or give any authority to the Directors or Senior Executives to borrow from the Company.
- Directors declare that there is no intention or direction to make any material change in the nature of Company's business;
- The Company does not have in place any policies or material information relating to research and development for new products or production methodologies during the past 3 years directly preceding the date this Prospectus. Currently there are no employment contracts, existing or proposed, with Directors as at the date of this Prospectus.

Directors' declarations regarding Financial Statements

"Management Discussion and Analysis of the Financial Conditions of the Company and its Results of Operations" Section has been prepared by the Company's Management and Approved by the Board. Except as stated in this Prospectus, the management believes that there is no material change on the financial statements and future prospects since the date of this Prospectus.

The Board assumes full responsibility on the accuracy and credibility of financial information and analysis and confirms that it has conducted all necessary measures, and has made full and fair disclosure regarding such data. Further, there is no other information or documents, the omission of which may render the financial statements misleading in any manner.

12. Description of Shares

12 - 1 Share Capital

The Company has a Share Capital of two hundred million Saudi Riyals (SAR 200,000,000), divided into twenty million (20,000,000) nominal Shares of equal nominal value of ten Saudi Riyals (SAR 10) per share.

12 - 2 Shareholders Rights

A shareholder is given all rights associated with the share, and in particular, the right to receive a portion of the distributed dividends; the right to receive a portion of the Company's assets upon liquidation; the right to attend the assemblies of shareholders, participate in their deliberations and vote on their decisions; the right to dispose of the shares; and the right to request access to the Company's books and documents, and to monitor the work of the Board of Directors and bring a claim of liability against the members of the Board and appeal the invalidity of the decisions of the shareholders' assemblies. All this shall be conducted in accordance with the conditions and restrictions contained in the Companies Regulations. In accordance with the provisions of the Companies Regulations, there are no provisions that give the Company shareholders the right to request a refund or repurchase of their shares by the Company.

12 - 3 Shareholders Assemblies

The General Assembly duly convened shall be deemed to represent all the shareholders, and it shall be held in Tabuk. Each Shareholder owning twenty (20) shares (or more) shall have the right to attend the General Assembly's meetings, and each Shareholder may authorize, in writing, another Shareholder, other than the members of the Board of Directors, and other than the employees of the Company, to attend the General Assembly on his behalf.

The Extraordinary General Assembly is responsible for amendment of the Company's By-Laws , except for the provisions that it is prohibited to amend as per regulations. It may pass resolutions on matters within the jurisdiction of the Ordinary General Assembly, under the same terms and conditions applicable to the last Assembly. Except for matters reserved for the Extraordinary General Assembly, the Ordinary General Assembly shall be in charge of all matters concerning the Company. The Ordinary General Assembly shall be convened at least once a year during the six (6) months following the end of the financial year of the Company. Other Ordinary Assemblies may be convened whenever the need arises.

12 - 4 Invitation to hold a Meeting

The Ordinary General Assembly shall convene a meeting by a call from the Board of Directors. The Board of Directors shall call the Ordinary General Assembly to convene if requested to do so by the Auditors or by a number of Shareholders representing at least five percent (2%) of the Company's Capital. The invitation to convent the General Assembly meeting shall be published in the official gazette, and a daily newspaper circulated in the city where head office of the Company is located, before at least twenty five (25) days prior the date specified for holding the meeting. The invitation shall include the agenda and a copy of the invitation. The agenda shall also be sent to the General Department of Companies at the Ministry of Commerce and Industry within the period specified for publishing the invitation.

12 - 5 Proof of Attendance

Upon the meeting of the General Assembly, a list of shareholders attending personally or represented in the meeting shall be prepared, including the number of shares held by the shareholders, either by their own or by proxy, and the votes attached thereto. All concerned stakeholders shall have the right to look at such a list.

12 - 6 Quorum of the Ordinary General Assembly

To have a quorum, the meeting of the Ordinary General Assembly should be attended by Shareholders representing at least 50% of the Company's Capital. If such requirement is not met in the first meeting, an invitation for a second meeting shall be sent to convene within thirty (30) days following the previous meeting. Such invitation shall be published in the same manner described in article (30) of the Company's Bylaws. The second meeting shall be deemed valid if attended by shareholders representing any number of the Company's Share Capital.

12 - 7 Quorum of the Extraordinary General Assembly

To have a quorum, the meeting of the Extraordinary General Assembly should be attended by Shareholders representing at least 50% of the Company's capital. If such requirement is not met in the first meeting, an invitation for a second meeting shall be sent to convene under the same conditions provided for in article (30) of the Company's Bylaws. The second meeting shall be deemed valid if attended by shareholders representing at least one quarter of the Company's Share Capital.

12 - 8 Voting Rights

Votes at the meetings of Ordinary and Extraordinary General Assemblies shall be calculated on the basis of one vote for each share represented at the meeting.

Resolutions of the Ordinary General Assembly shall be adopted by an absolute majority of the shares represented thereat. Resolutions of the Extraordinary General Assembly shall be adopted by a majority vote of two thirds of the shares represented at the meeting. However, if the resolution to be adopted is related to increasing or reducing the capital, extending the Company's period, dissolving the Company prior to the expiry of the period specified under the Company's By-Laws or merging the Company with another Company or establishment, then such resolution shall be valid only if adopted by a majority of three quarters of the shares represented at the meeting.

12 - 9 Shares

The shares shall be nominal shares and may not be issued at less than their nominal value. However, the shares may be issued at a value higher than their nominal value, in which case the difference in value shall be added to the statutory reserve, even if the reserve has reached its maximum limit. A share shall be indivisible vis-à-vis the Company. In the event that a share is owned by several persons, they shall select one person from amongst them to exercise, on their behalf, the rights pertaining to the share, and they shall be jointly responsible for the obligations arising from the ownership of the share.

12 - 10 Restrictions on Share Trading

Trading in Shares is subject to the laws and regulations applicable to listed companies in the Saudi Stock Exchange (Tadawul). Any trading to the contrary will be void and null.

Shares are tradable under the laws and regulations applicable in the Kingdom of Saudi Arabia in this regard. Other than that, no trading shall be made for shares which are given in lieu of in kind equities, or cash shares, in which founders subscribe or the stock which are owned by the partners in the Company, before the publication of the balance sheets and the income statement for two (2) full years of not less than twelve (12) months for each year from the date of forming the Company..

12 - 11 Duration of the Company

The duration of the Company shall be Fifty (50) Hegira years commencing on the date of issuance of the Minister of Commerce's resolution announcing the establishment of the Company. The Company's period may always be extended by a resolution of the Extraordinary General Assembly taken at least one year prior to the expiration of the term of the Company.

12 - 12 Dissolution and Winding-up of the Company

Upon the expiry of the Company's period, or if it is dissolved prior to the time set for the expiry thereof, the Extraordinary General Assembly shall, based on a proposal by the Board of Directors, decide the method of liquidation, appoint one or more liquidators and specify their powers and fees. The powers of the Board of Directors shall cease upon the Company's expiry. However, the Board of Directors shall remain responsible for the management of the Company until the liquidator is specified. The Company's administrative departments shall maintain their powers to the extent that they do not interfere with the powers of the liquidators.

13. Summary of the Company's By-laws

13 - 1 Name of Company

The name of the Company shall be "Tabuk Agricultural Development Company", a Saudi joint stock company.

13 - 2 Objectives of the Company

1. To acquire and reform agricultural lands to be used for construction of agricultural projects.
2. Digging and maintenance of water wells
3. Construction of vegetarian and animal agricultural projects
4. Breeding and feedlot management, production of broiler and egg-laying chicken and building of projects
5. Construction of plant nurseries and production of fruit tree nurseries, forest, ornamental, aromatic and medical seedlings
6. Manufacturing of agricultural, animal, vegetarian and fish products and derivatives.
7. Acquisition of commercial agencies, retail and whole sale trade of agricultural materials, equipment and accessories
8. Agricultural marketing by way of import and export of agricultural, vegetarian, animal and fish products and derivatives.
9. Purchase lands for construction of buildings for investment by way of sale or lease in favor of the Company
10. Construction of food products factories, dairy products, juices, water, meat, fodders and olive mills
11. Construction, management, maintenance and operation of industrial projects.
12. Management and operation of agricultural projects, vegetarian and animal, gardening services, landscaping, irrigation systems and seed purification plants.
13. Acquisition, management and operation of silos and flour mills
14. Retail and whole sale trade of food stuff, grains, crops, vegetables, fruits, fodders, live stock, poultry and fish
15. The Company may acquire or have interest or participate in any way with the institutions conducting similar activities and which help the Company to achieve its objectives, or hold shares and interests in such companies, or merge with or acquire the same. The Company may also have interest or participate in any way with other institutions provided such holding or participation shall not exceed 20% of its free reserves and 10% of the capital of the Company its is participating in, and also provided total such participations shall not exceed the value of such reserves. The Company shall inform the ordinary shareholders assembly of such participations at its first meeting.
16. The Company will conduct such activities in accordance with the guidelines and rules and regulations applicable in the Kingdom of Saudi Arabia and after having obtained the appropriate licenses from the competent authorities.

13 - 3 The Company's Head Office

The Company's head office shall be in the city of Tabuk in the Kingdom of Saudi Arabia. However, the company may establish branches, offices or agencies in and out of the Kingdom of Saudi Arabia.

13 - 4 Duration of the Company

The duration of the Company shall be ninety-nine (50) Hegira years commencing from the date of the resolution of the Minister of Commerce announcing the establishment of the Company. The Company's term may always be extended by a resolution by the Extraordinary General Assembly taken at least one year prior to the expiration of the term of the Company.

13 - 5 Share Capital

The Share Capital of the Company shall be two hundred million Saudi Riyals (SAR 200,000,000), divided into twenty million (20,000,000) shares of equal value of ten Saudi Riyals (SAR 10) each all of which will be ordinary and cash shares.

13 - 6 Subscription in Share Capital

The Founding Shareholders subscribed for seven million five hundred (7,500,000) shares of a nominal value of Seventy Five Million Saudi Riyals (SAR 75,000,000) and have paid up 25% of the nominal value of these shares amounting to eighteen million seven hundred fifty thousand Saudi Riyals (SAR 18,750,000) which was deposited in an account in the name of the Company under formation. The remaining half nominal value of these shares will be paid by the constituent shareholders upon the issuance of the Royal Decree licensing the formation of the Company before the offering of the remaining shares to the public subscription. The remaining shares will be offered for public subscription within 30 days from the publication of the Royal Decree licensing the formation of the Company, and in this case 50% of the value of subscribed share will be paid while the value of the remaining subscribed shares will be paid on the dates prescribed by the Board of Directors.

13 - 7 Non-payment of share value:

Should any shareholder fail to pay the value of shares subscribed on the dates prescribed, the Board of Directors, after having notified the shareholder by a registered letter, sell the subject shares by auction. However, such shareholder may up to the date fixed for auction pay the value in addition to the expensed paid by the Company in this respect. The Company will deduct from the sale proceeds the amount payable to it and the remainder will be reimbursed to the subscriber. In case the sale proceeds are not sufficient to repay such amount the Company shall have the right to be reimbursed for the balance out of the subscriber's other property. The Company shall cancel such shares certificate and give the buyer a new share certificate bearing the same number of the cancelled share certificate and it shall be so recorded in the share register.

13 - 8 Shares of the Company:

The shares shall be registered shares and shall not be issued at less than their par value, but they may be issued at a higher value and in such case, the difference shall be added to the Statutory Reserve even though it may have reached the prescribed maximum. The shares shall be indivisible vis-à-vis the Company. In case a share be owned by several persons, they shall delegate one of them to exercise the rights pertaining to the share. Such persons shall be jointly liable for the obligations accruing from the shareholding.

13 - 9 Transfer of Shares:

The shares shall be transferable. However, the shares subscribed by the founders may not be transferred before the publication of the balance sheet and profit and loss account for two full fiscal years with not less than twelve months each from the date of incorporation.

13 - 10 Shareholders Register:

The nominal shares shall be transferred by being recorded in the Shareholders Register, which shall contain the names of the Shareholders, their nationalities, their occupations, their domicile and address, the serial numbers of the shares and the value paid-up on such shares. An annotation of such recording shall be made on the share certificates. The transfer of title to a share shall not be effective vis-à-vis the Company or any third party except from the date of such recording in the said Register. The subscription or ownership of the shares by a Shareholder shall mean the acceptance by the Shareholder of the Company's By-Laws and his submission to the resolutions duly passed by the General Assembly of the Shareholders in accordance with the Company's By-Laws, whether the Shareholder was present or absent and whether the Shareholder agreed to such resolutions or objected to them.

The share certificates shall be issued from a book with counter-foils, shall have serial numbers, shall be signed by two Directors and sealed by the Company Seal. In particular the share certificate shall contain the number and date of the Royal Decree authorizing the incorporation of the Company, the number and date of the Ministerial Decision announcing the incorporation of the Company, its share capital, the number of shares into which it is divided as well as their particulars, the objectives of the Company its Head Office and its duration. All shares shall be provided with serially numbered coupons including the number of share attached thereto.

13 - 11 Increase of Capital:

The General Assembly may increase the Company's capital once or several times, provided that the original capital shall have been paid in full. The said resolution shall specify the mode of increasing the capital, and the Shareholders shall have pre-emptive rights to subscribe for the new cash shares. The Shareholders shall be notified of the pre-emptive rights vested in them by notice to be published in a daily newspaper addressing the capital increase resolution and the conditions of subscription, Each Shareholder shall express the desire to exercise such pre-emptive rights, if they so wish, within fifteen (15) days of the publication of such notice.

The said shares shall be allotted to the original Shareholders who have expressed their desire to subscribe thereto, in proportion to the original shares owned by them, provided that the number of shares allotted to them shall not exceed the number of new shares they have applied for. The remaining new shares shall be allotted to the original Shareholders who have asked for more than their proportionate share, in proportion to the original shares they own, provided that that their total allotment does not exceed the number of new shares they have asked for. Any remaining new shares shall be offered for public subscription.

13 - 12 Decrease of Capital:

The Company may, by a resolution passed by the Extra-Ordinary Assembly, reduce its capital if it proves to be in excess of the Company's needs or if the Company sustains losses. This resolution shall be issued only after reading the auditor's report on the reasons calling for such reduction, the obligations to be fulfilled by the Company and the effect of the reduction on such obligations. The resolution shall provide for the manner in which the reduction shall be made. If the reduction of the capital is due to its being in excess of the Company's needs, then the Company's creditors must be invited to express their objection thereto within sixty (60) days from the date of publication of the reduction resolution in a daily newspaper published in the city where the Company's head office is located. In case a creditor objected thereto and produced his documents within the said period, the Company shall pay him his debt if it is due for payment and shall furnish him with a sufficient collateral if it is a deferred debt.

13 - 13 Issuance of Bonds:

The Company may, through a resolution by the Extra-Ordinary Assembly, issue negotiable and indivisible bonds. However, no new bonds may be issued unless subscribers of old bonds have paid up their value in full and provided that the value of new bonds which together with the remaining value of old bonds, shall not exceed the paid up capital of the company.

13 - 14 Constitution of the Board of Directors:

The Company shall be managed by a Board of Directors composed of seven (7) members to be appointed by the Ordinary General Assembly for a term not exceeding three years. The number of independent and non-executive directors shall not be less than four directors.

13 - 15 Qualification Shares:

Each member of the Board of Directors shall be a holder of a number of the Company's shares having a nominal value of no less than ten thousand Saudi Riyals (SAR 10,000). Such shares shall be deposited in a bank designated by the Minister of Commerce and Industry within thirty (30) days from the date of the appointment of the director. Such shares shall be assigned to secure the Director's liability and shall remain non-transferable until the lapse of the time fixed for the admissibility of the law suit provided for in Article 77 of the Companies Law or till such law suit is decided. In case a Director fails to provide such qualification shares within the time specified therefore his membership shall be cancelled.

13 - 16 Vacancies:

Membership of the Board of Directors shall be terminated upon the expiration of the appointment period, or if a Director becomes disqualified under any of the valid rules and regulations in the Kingdom of Saudi Arabia. If the Office of a Director is vacated during the year, the Board shall fill the vacant position temporarily provided such appointment is confirmed at the next Ordinary Meeting. The new director shall complete the

appointment term of the previous director. Should the number of directors fall below the quorum required for its meetings, the Ordinary General Assembly will be called to meet as soon as possible to elect the required number of directors.

13 - 17 Chairman, Managing Director and Secretary:

The Board of Directors shall appoint a Chairman from among its members. The Board of Directors may also appoint a Managing Director from among its members, too. The Chairman shall have the powers to sign on behalf of the Company and represent the Company before judicial bodies in respect of its rights and liabilities, certify the Board resolutions and taken extracts. The deputy Chairman shall assume the powers of the Chairman in his absence and the management activities as required to implement the resolutions of the Board of Directors. In addition to the remuneration fixed for the directors of the Board, the Chairman and deputy Chairman of the Board will be paid SAR 10,000 and 5,000 per month respectively. The Board of Directors shall appoint a secretary from among its members or others, to assume the secretarial duties of the Board and shall fix his remuneration. The term of the office of the Chairman, Deputy Chairman and the Secretary – if the Secretary is a Board member – shall not exceed their respective term of service as Directors. The term of the Chairman, deputy Chairman the Secretary of the Board may be renewed.

The Chairman shall be empowered to represent the Company's relations with others, conclude contracts in the name of the Company and on its behalf, participate in tenders and take all related actions, sign and execute all agreements, certificates and instruments including articles and memorandums of association of the companies in which the Company participates with other companies, sign amendment resolutions for the companies in which the Company participates, sign agreements, merger, acquisition and sukuk before the Notary Public and other official authorities, issue powers of attorney on behalf of the Company, and he may delegate his authorities to others, issue financial guarantees and surety guarantees, sign Islamic Murabaha agreements and investment contracts, waive rights and benefits and sign the agreements and business and products of the treasury, to buy, sell, make and accept transfers, appoint and remove the Company's representatives, agents and legal advisors, relieve and discharge, participate with others in the founding of other companies in or out of the Kingdom of Saudi Arabia or withdraw from such companies and sell the shares of or purchase new shares in such companies or in other existing companies and increase of capital.

13 - 18 Powers of the Board:

Without prejudice to the powers of the General Assembly, the Board of Director shall be vested with widest powers in the management of the Company and dispensation of its affairs. Within this scope, the Board will have the powers to dispose of the Company's assets, properties and real-estates, however the Board may not sell or pledge the Company's assets except with the approval of the Ordinary General Assembly and under due observation of the following:

1. The Board shall state, in the decision of sale, the reasons and justifications of sale.
2. Sale price shall be fair and close to the price of similar assets.
3. Sale must be in presence except in the cases which are otherwise considered by the Board and under adequate securities.
4. Such disposal shall not lead to closure of certain activities for the Company being charged with further burdens.

The Board may obtain loans provided the following conditions are observed in respect of Islamic loans and facilities which exceed 3 years in term:

1. The loan and securities terms should not be detrimental to the Company or the creditors general securities
2. Board shall determine in its resolution how the loan proceeds will be used and how will the loan be settled.

The Board shall have the right to relieve the Company creditors from their liability if it is in the Company's interest, provided the minutes of the board meeting and the facts of its decision should observe the following:

1. Liability discharge shall occur one year at least after the debt maturity, and provided the Company has taken legal action to claim such debt during this period.
2. Discharge of liability is a right of the Board and may not be delegated.

13 - 19 Directors Remunerations:

In line with the Companies Regulations, or any other complementary regulations or guidelines, the Nomination and Remuneration Committee, based on its terms of reference, shall recommend to the Board of Directors the annual remuneration of the Board of Directors provided such remuneration shall not exceed SAR 200,000 and provided also that payment of this award shall take place only after distribution of dividends to shareholders of not less than 5% of the Company's capital. The Board of Directors' report to the Ordinary General Assembly shall include a statement of all remunerations paid to directors in the fiscal year including bonus, salaries and attendance fees, expenses and other benefits. The report also shall include a statement of remuneration paid to directors in their capacity as employees of the Company or the compensations paid to them against any technical, administrative or advisory duties or against their membership of the Board committees.

13 - 20 Board Meetings:

The Board of Directors shall be convened upon a call by the Chairman. Such call shall be made in writing and sent by registered mail, or by the director signing against his knowledge of the meeting time, provided such call is made in a good time prior to the date set for the meeting. The Chairman of the Board shall call for a meeting if so requested by any two (2) Board members.

13 - 21 Quorum and Resolutions:

A Board meeting shall be valid only if attended by at least four (4) members including the Chairman or deputy Chairman at least. Resolutions of the Board will be adopted by the majority of votes present, and in case of draw, the Chairman will have the casting vote.

13 - 22 Minutes of Meetings:

The Board deliberations and resolutions shall be drawn in minutes to be signed by the Board Chairman and the Secretary. Such minutes shall be recorded in a special register to be signed by the Board Chairman and the Secretary.

13 - 23 General Assembly:

A General Assembly duly convened shall be deemed representing all the Shareholders, and shall be held in Tabuk.

Each Shareholder regardless of the number of shares held shall have the right to attend the General Assemblies in his personal capacity or on behalf of other shareholders, and each Shareholder holding at least twenty shares (20) may attend the General Assembly meeting, and he may authorize another Shareholder, other than the members of the Board of Directors, to attend the General Assembly on his/its behalf.

13 - 24 Ordinary General Assembly:

Except for matters reserved for the Extraordinary General Assembly, the Ordinary General Assembly shall be in charge of all matters concerning the Company. The Ordinary General Assembly shall be convened at least once a year, within six (6) months following the end of the Company's fiscal year. Additional Ordinary General Assembly meetings may be convened whenever needed.

13 - 25 Extraordinary General Assembly:

The Extraordinary General Assembly shall have the power to amend the Company's By-Laws, except for such provisions as may be impermissible to be amended under the law. Furthermore, the Extraordinary General Assembly may pass resolutions on matters falling within the competence of the Ordinary General Assembly under the same conditions applicable to the latter.

13 - 26 Manner of Convening General Assemblies:

The General Assembly shall be convened by the Board of Directors. The Board of Directors shall convene a

meeting of the Ordinary General Assembly if requested to do so by the Auditors or by a number of Shareholders representing at least two percent (2%) of the Company's capital. The notice of General Meeting shall be published in the official Gazette and in a daily newspaper circulating in the locality of the Company's Head Office at least twenty-five days prior to the date fixed for the meeting. The call shall include the agenda of the meeting, and a copy of the call and agenda shall be sent to the Directorate of Companies at the Ministry of Commerce during the period stipulated for publication.

13 - 27 Attendance of Shareholders:

When the meeting convenes, a list shall be drawn comprising the names of the shareholders present or represented, their domiciles as well as the number of shares they hold whether personally or by proxy and the number of votes allotted thereto. Any interested party shall have the right to examine such list

13 - 28 Quorum of Ordinary General Assembly:

A meeting of the Ordinary General Assembly shall be valid only if attended by Shareholders representing at least fifty percent (50%) of the Company's capital. If such quorum cannot be attained at the first meeting, a second meeting shall be held within thirty (30) days following the time set for the preceding meeting. Such notice shall be published in the manner prescribed in Article (30) of the Company's By-Laws.

The second meeting shall be deemed valid irrespective of the number of shares represented therein.

13 - 29 Quorum of Extraordinary General Assembly:

A meeting of the Extraordinary General Assembly shall be valid only if attended by Shareholders representing at least fifty percent (50%) of the Company's capital. If such quorum cannot be attained at the first meeting, a second meeting shall be convened in the same manner provided for in the preceding Article. The second meeting shall be valid only if attended by a number of Shareholders representing at least one-quarter (25%) of the Company's capital.

13 - 30 Voting Rights:

Each Share entitles its holder to one vote. Votes at the meetings of Ordinary and Extraordinary General Assemblies shall be computed on the basis of one vote for each share represented at the meeting.

Accumulative method voting shall apply to the selection of Board directors and any other agenda being subject to this rule.

Directors of the Board may not participate in the voting on the General Assembly resolutions regarding discharge of their liability for the company's management during their term.

13 - 31 Resolutions:

Resolutions of the Ordinary General Assembly shall be adopted by an absolute majority of the shares represented thereat.

Resolutions of the Extraordinary General Assembly shall be adopted by a majority vote of two thirds of the shares represented at the meeting. However, if the resolution to be adopted is related to increasing or reducing the capital, extending the Company's period, dissolving the Company prior to the expiry of the period specified therefore under the Company's By-Laws or merging the Company with another Company or establishment, then such resolution shall be valid only if adopted by a majority of three-quarters (3/4) of the shares represented at the meeting.

13 - 32 Discussion of Agenda:

Each shareholder shall have the right to discuss the items listed in the General Assembly's agenda and to direct questions in respect thereof to the members of the Board and the auditors in this respect. The members of the Board or the auditors shall answer the Shareholders' questions to the extent that does not expose the Company's interest to any damage. If the Shareholder deems the answer to the question unsatisfactory, then

he/it may refer the issue to the General Assembly and its decision in this regard shall be conclusive and binding.

13 - 33 Proceedings of the General Assembly:

The General Assembly shall be presided over by the Chairman of the Board of Directors or, in his absence, the Director designated by him. The Chairman shall appoint a secretary for the meeting and a canvasser. Minutes shall be written for the meeting showing the names of the Shareholders present in person or represented by proxy, the number of the shares held by each, the number of votes attached to such shares, the resolutions adopted at the meeting, the number of votes assenting or dissenting to such resolutions and a comprehensive summary of the discussions that took place at the meeting. Such minutes shall be regularly recorded after each meeting in a special register to be signed by the Chairman of the Assembly, the secretary and the canvasser.

13 - 34 Appointment of Auditor:

The Company shall have one auditor or more to be selected from among the certified public auditors licensed to work in Saudi Arabia. The auditor shall be appointed annually and its compensation shall be fixed by the General Assembly. The General Assembly may further reappoint the same auditor.

13 - 35 Access to Records:

The auditor shall have access at all times to the Company's books, records and any other documents, and may request information and clarification as it deems necessary. It may further check the Company's assets and liabilities.

13 - 36 Auditor's Report:

The auditor shall submit to the annual General Assembly a report showing how far the Company has enabled it to obtain the information and clarifications it has requested and what it has discovered of violations of the Companies Regulations and the Company's By-Laws and its opinion as to whether the Company's accounts conform to the facts.

13 - 37 Financial Year:

The Company's fiscal year shall commence as on the 1st of January and expire on the 31st of December of each Gregorian year.

13 - 38 Annual Accounts:

The Board of Directors shall prepare at the end of each fiscal year an inventory of the Company's assets and liabilities on such date, the Company's balance sheet and profit and loss account, a report on the Company's activities and its financial position for the preceding year and its proposals as to the distribution of the net profits. The Board of Directors shall perform the foregoing at least sixty (60) days prior to the convening of the annual Ordinary General Assembly. The Board of Directors shall put such documents at the auditor's disposal at least fifty-five (55) days prior to the time set for convening the General Assembly. The Chairman of the Board of Directors shall sign the said documents and deposit a copy thereof at the Company's head office under the disposal of shareholders 25 days prior to the meeting of the General Assembly. The Chairman of the Board shall cause the Company's balance sheet, profit and loss account, a comprehensive summary of the Board of Directors' report and the full text of the auditor's report to be published in a newspaper circulated in the city where the Company's head office is located, and shall send copies of such documents to the Companies Department at the Ministry of Commerce at least twenty-five (25) days prior to the date set for convening the General Assembly.

13 - 39 Distribution of Annual Profits:

After deducting all general expenses and other costs, the Company's annual net profits shall be allocated as follows:

- Ten percent (10%) of the annual net profits shall be set aside to form a statutory reserve. Such setting aside may be discontinued by the Ordinary General Assembly when said reserve totals one-half (1/2) of the Company's capital.
- Five percent (5%) of the remaining net profits shall be set aside to form an additional reserve to be allocated for enhancing the Company's position in facing risks. Such setting aside may be discontinued when said reserve totals 25% of the Company's capital.
- Out of the balance of the profits, if any, there shall be paid to the Shareholders an initial payment of not less than five percent (5%) percent of the paid-up capital.
- The General Assembly may resolve to distribute the balance, or a part thereof, among the Shareholders as an additional share of the profits or transferred to Emergency reserve and transfer the balance to retained profits account.

13 - 40 Distribution of Dividends:

The profits to be distributed among the Shareholders shall be paid at such place and times as determined by the Board of Directors.

13 - 41 Liability Action:

Each Shareholder shall have the right to file a liability action, vested in the Company against the members of the Board of Directors if the fault caused any particular damage to such Shareholder, provided the Company's right to file such action shall still be valid. The Shareholder shall notify the Company of his/its intention to file such action.

13 - 42 Dissolution and Winding up of the Company:

Upon the expiry of the Company's period, or if it is dissolved prior to the time set for the expiry thereof, the Extraordinary General Assembly shall, based on a proposal by the Board of Directors, decide the method of liquidation, appoint one or more liquidators and specify their powers and fees. The powers of the Board of Directors shall cease upon the Company's expiry. However, the Board of Directors shall remain responsible for the management of the Company until the liquidators are specified. The Company's administrative departments shall maintain their powers to the extent that they do not interfere with the powers of the liquidators.

13 - 43 Companies Regulations

The Companies Regulations shall apply to any point not stated in the Company's by-laws.

13 - 44 Publication of By-Laws:

The Company's By-Laws shall be deposited and published in accordance with the provisions of the Companies Regulations.

14. Legal Information

14 - 1 Incorporation and capital

Tabuk Agricultural Development Company (TADCO) was incorporated as a Saudi joint stock company under Royal Decree No (M/11) dated 07 Jumada II, 1403H corresponding to 22 March 1983G and registered in the Commercial register in the city of Tabuk under No. 3550005403 dated 15 Sha'aban 1404H corresponding to 17 May 1984G.

The Company's capital amounts to SAR 200,000,000 (Two Hundred Million Saudi Riyals) divided into 20,000,000 (Twenty Million) shares paid up in full for a nominal value of SAR 10 (Ten Saudi Riyals) per share.

The Company's main activity covers agricultural production, agricultural manufacturing and product marketing as per the following:

1. To acquire and reform agricultural lands to be used for construction of agricultural projects.
2. Digging and maintenance of water wells
3. Construction of vegetarian and animal agricultural projects
4. Breeding and feedlot management, production of broiler and egg-laying chicken and building of projects
5. Construction of plant nurseries and production of fruit tree nurseries, forest, ornamental, aromatic and medical seedlings
6. Manufacturing of agricultural, animal, vegetarian and fish products and derivatives.
7. Acquisition of commercial agencies, retail and whole sale trade of agricultural materials, equipment and accessories
8. Agricultural marketing by way of import and export of agricultural, vegetarian, animal and fish products and derivatives.
9. Purchase lands for construction of buildings for investment by way of sale or lease in favor of the Company
10. Construction of food products factories, dairy products, juices, water, meat, fodders and olive mills
11. Construction, management, maintenance and operation of industrial projects.
12. Management and operation of agricultural projects, vegetarian and animal, gardening services, landscaping, irrigation systems and seed purification plants.
13. Acquisition, management and operation of silos and flour mills
14. Retail and whole sale trade of food stuff, grains, crops, vegetables, fruits, fodders, live stock, poultry and fish
15. The Company may acquire or have interest or participate in any way with the institutions conducting similar activities and which help the Company to achieve its objectives, or hold shares and interests in such companies, or merge with or acquire the same. The Company may also have interest or participate in any way with other institutions provided such holding or participation shall not exceed 20% of its free reserves and 10% of the capital of the Company its is participating in, and also provided total such participations shall not exceed the value of such reserves. The Company shall inform the ordinary shareholders assembly of such participations at its first meeting.
16. The Company will conduct such activities in accordance with the guidelines and rules and regulations applicable in the Kingdom of Saudi Arabia and after having obtained the appropriate licenses from the competent authorities.

There is no difference between the Company's activities according to the commercial register and those activities conducted in accordance with its By-Laws. The activities listed in the commercial register were stated in brief with reference to agricultural and animal production and the marketing of related products, while the activities listed in the Company's By-Laws were listed in details compared to the commercial register.

14 - 2 Licenses and basic approvals

The Board of Directors confirms that the Company has obtained all licenses and basic approvals required to conduct its activities. The table below reflects the Company's licenses and basic certificates:

Table 14.1 Licenses, approvals and basic certificates:

License Type	Objective	License No.	Expiry Date	Issuing Agency
Commercial registration Certificate	Incorporation and Registration	3550005403	30.05.1428 (27.02.2017)	Ministry of Commerce and Industry
Commercial registration Certificate of branch	Registration of branch	3550033015	01.04.1440 (08.12.2018)	Ministry of Commerce and Industry
Industrial License	Cork factory Licensing	941	26.04.1438 (25.04.2017)	Ministry of Commerce and Industry
Industrial License	Olive Factory License	1630	10.07.1438 (07.04.2017)	Ministry of Commerce and Industry
General Organization of Social Insurance Certificate	Registration in the General Organization of Social Insurance and payment of contributions	16777552	15.01.1436H (08.11.2014)	General Organization of Social Insurance
Zakat and Income Tax Certificate	Registration in Zakat and Income Tax Certificate Department and payment of dues	6576	11.07.1436H (30.04.2015G)	Zakat and Income Tax Department
Certificate of Registration of TADCO Branch in Sudan	Branch Registration	27.100	.205	Ministry of Justice – Commercial registration Department, SUDAN

Source: TADCO

14 - 3 Summary of Major Contracts:

14 - 3 - 1 Finance and Guarantees Agreements:

(A) National Commercial bank:

The Company concluded a finance agreement with National Commercial Bank dated 02.04.2011G under which the Bank agreed to extend facilities for SAR 10,000,000 (Ten Million Saudi Riyals) – plus finance costs – to the Company to finance letters of credits. This facility is priced at SIBOR + 4%. Total amounts payable by the Company to the Bank as of 30.06. 2014G stand at SAR 3,531,855.

A promissory note for SAR 10,000,000was signed as security for this loan.

(B) Agricultural Development Fund:

The Company concluded an agreement with the Saudi Agricultural Development Fund dated 09.11.1431H (17.10.2010G) under which the Fund extended to the Company a loan of SAR 19,999,998 (Nineteen Million Nine Hundred Ninety Nine Thousand Nine Hundred Ninety Eight Saudi Riyals) to finance refrigeration warehouse as per following details:

- SAR 2,000,000 (Two Million Saudi Riyals) for civil works and steel structure.
- SAR 1,200,000 (One Million Two Hundred Thousand Saudi Riyals) for the insulated building.
- SAR 4,300,000 for electromechanical works
- SAR 2,500,000 for sorting and grading equipment and other items

In line with the terms of agreement entered into with Agricultural Development Fund, installments will be settled based on the amount actually received. As per indebtedness statement dated 29.06.1435H issued by the Fund, the Company used SAR 14,750,166 on 18.04.1435H and SAR 1,598,594 on 16.06.1433H from the amount of facility.

The loan is repayable on 10 annual equal installments of SAR 2,000,000 each the first of which installments will fall due two years after the date of contract signature or one year from the operation of project, whichever is earlier. The amount of final installment will be fixed on the basis of the amounts actually used from the overall loan value. The Company settled the first installment on 01.11.1434H for an amount of SAR 1,253,915. The Company undertook not to perform any extension work on refrigeration warehouses without having obtained a prior written approval from the Agricultural Development Fund.

Total value of approved loan	Payments receiver up to 30.06.2014G	19,999,998
10.11.2010G	First Payment	3,907,301
28.06.2011G	Second Payment	5,475,103
03.10.2012G	Third Payment	3,156,746
07.05.2012G	Fourth Payment	1,598,594
18.02.2014G	Fifth Payment	2,211,016
Total		16,348,760
	Installments Repaid	1,253,915
09.01.2013G		
	Less	
Discount on early repayment		313,475
Net value of installment repaid		940,440
Loan Outstanding Amount		15,408,320

Source: TADCO

(C) Riyad Bank:

On 11.02.2001G, the Company obtained letters of guarantees from Riyad Bank for the amount of SAR 3,500,000 to secure a contract for supply of Diesel concluded between the Company and Saudi ARAMCO. This Guarantee is automatically renewable every year. The Company has also obtained letters of guarantee from Riyad Bank for an amount of SAR 1,500,000 to secure a contract for supply of fertilizers concluded with SABIC.

(D) Saudi Development Fund:

On 11.01.2009G,the Company issued a letter of guarantee in favor of the Saudi Development Fund in its capacity as a partner of Jannat Agricultural Investment Company to secure the payment of 18.85% of the finance amounting to SAR 100,000,000 provided by the Saudi Development Fund to Rakha'a Agricultural Investment Company, an Egyptian Company and subsidiary of Jannat Agricultural Investment Company.

14 - 3 - 2 Contracts concluded with distributors:

The Company concluded contracts with distributors to promote and sell its products in and out of the Kingdom, which amounted to 5 contracts, as of the date hereof. The Company uses a standard contract for this purpose which main terms are summarized in the table below:

Table14.2 Sample of Distribution Contract

Parties	Duration	Price and Payment	Termination	Subject
The Company - Distributor	One year in most cases (or less)	As agreed between the parties. Usually for fixed price or a percentage of the sales	Most contracts end on the expiry dates thereof (not automatically renewable)	The Company will supply limited quantities of its production to the distributor to be promoted and sold.

Source: Tabuk Agricultural Development Company

The following is a list of distributors engaged by the Company to promote and sell its products in and out of the Kingdom:

Table14.3 Principal Distributors

S	Name	% of sales	Territory
1	National Biscuit and Sweets Manufacturing Co.	9%	Saudi Arabia
2	Garam Saleh Al Ghamdi Establishment	07%	Saudi Arabia
3	MarmoumDeira Est. For Vegetables and Fruits	4%	UAE (DUBAI)
4	Abu Khaleefa Commercial Establishment	4%	Qatar
5	Nader And Ibrahim Hassan Company	4%	Bahrain

Source: TADCO

14 - 3 - 3 Other Agreements:

(A) Memorandum of Understanding with Food Products Company

The Company concluded a memorandum of understanding on 04.06.2009G with Food Products Company to build an olive production plant. It is agreed that the name, capital and shares of this new Company will be fixed at a later stage. This Company has not yet been established.

(B)A Purchase Order for wooden boxes

The Company placed a purchase order on 09.10.2012G for 7,500 wooden boxes with the Dutch Hortagro Intl. Company B.V for an amount of Euro 1,276,534 (SAR 6,605,693) to be paid in full upon receipt of first 1,000 boxes. The order is still valid and the boxes are being imported.

14 - 4 Acquired Properties

Tabuk Road- Be'r Bin Harmas Land:

The Council of Ministers issued resolution No. 141, dated 18.07.1405H (09.04.1985G) under which a piece of land located at Tabuk Road- Be'r Bin Harmas of an area of 35,000 Hectare (350,000,000 square meter) was allotted to the Company to be reclaimed and invested in agricultural projects for 12 years. The Company will acquire all the area reclaimed and return the un-reclaimed parts after the allotment period. The above Council of Ministers' resolution was endorsed by a Royal Decree No. M/50 dated 03.09.1405H (23.05.1985G) both of which were implemented by the resolution of the Minister of Agriculture No. 74911 dated 19.10.1405H (08.07.1985G).

The piece of land is the location where the Company's farms in Tabuk are built. It was later known that Hijaz Railway, the road leading to Halet Ammar border exit and High Voltage lines shall be constructed on a part of this land, so the remaining area which will be good for use will amount to 32,175 Hectare (321,750,000 square meters). The Company reclaimed all this area during the allotment period excluding 2,850 Hectare (28,250,000 square meter), which was left as protection area for control and production wells in order to ensure non-intersection and to obtain accurate reading of the water table in the underground water storage.

The Minister of Agriculture applied to the Custodian of the Two Holy Mosques on behalf of the Company on 10.05.1431H (24.04.2010G) to acquire the land amounting in area to 32,175 Hectare (321,750,000 square meters), and this application is still under consideration.

Morouj District land in Tabuk:

The Company holds a piece of land at Morouj District in Tabuk with a total area of 660 square meters as per title deed No. 3/456 dated 30.08.1423H

Sudan Lands:

The Company concluded on 10.10.2011G with the Government of Sudan a lease contract for a piece of land of 20,000 square meters in the city of Dangala to construct an Agricultural Services Project (Industrial use – Wheat and other crop seed purification plant) thereon. The only condition in this contract is that if buildings were constructed on the project within the initial period, one year, then the project would be the property of investor and may not be divested. Although unable to construct any buildings on the land in the initial period, the Company obtained the approval of the Investment Authorities in the Northern State to extend the initial period and contract validity until the Company is able to commence investment activities. Investment in the Seeds Plant is incumbent upon the operation of the agricultural project which will provide the plant with the input wheat seeds which will be treated by the plant for production of Seeds. The Company paid 8,000 Sudanese Pounds (equivalent to SAR 52,680) upon conclusion of the contract.

The Company also concluded on 01.08.2012G with the Sudanese Government a lease contract for an agricultural land of 30,000 acres (about 12,140 Hectare) in the Qold city to be used for construction of TADCO project for Crops, Vegetables, Fruits and Fodders. The contract term is 3 years renewable for another 7 years if the Company is not in default of the contract terms and conditions, namely:

- To pay taxes and debts payable from time to time in respect of the land or which fall due by the owner or land user.
- To place fixed land marks at the boundaries of the land and to maintain the land in good condition
- Not to use the land or any part thereof for any purposes other than those agreed by the government authorities.
- Not to sublet the land or transfer it or pledge any part thereof unless with the approval of the Director of Land Department

The Company is liable to pay the amount of SAR 30,000 Sudanese Pounds (equivalent to SAR 19,755) as a rent for the land. The Company may renew the contract for an additional period of 15 years with the same terms and conditions if the contract conditions were not defaulted.

14 - 5 Real-Estate mortgage and Rights on Company's Real-Estates.

The Board of Directors confirms that the Company's real-estates are not under any mortgages or priority rights as of the date of this Prospectus.

14 - 6 Employment Contracts:

The Company uses a standard employment contract for all staff members. The following table includes summary or terms and conditions of such contract:

Table 14-4: Summary of Employment Contracts:

Duration	Salary	Annual Leave	Termination	Health Insurance
12 months, usually automatically renewable unless either party notifies the other of his intention to terminate the contract by a prior 30-days' notice.	Monthly salary and allowances less any GOSI contributions	30-45 days payable leave per contractual period (12 Months)	Either party may terminate the contract before expiry subject to a prior one month notice	Provided by the employer to the employee and family members

Source: TADCO

14 - 7 Insurance:

The Company concluded 6 insurance agreements with the TAWUNIYA Company. All such insurance policies are presently valid. The Company renews these policies yearly upon expiry, however the Company has not received any notification of expiry of any of such policies.

Table 14-15 Details of Insurance policies:

S	Policy Type	Policy No.	Coverage	Maximum coverage amount (SAR)	
1	Group Medical Expenses Insurance	12125394	In-patients and Out-patient expenses, Dental, Vision and Hearing diseases and treatment out of the Kingdom	500,000	31.21.2014G
2	Marine Cargo Insurance	486858	Insurance of marine shipments including agricultural equipment, spare parts, trees, vegetables, fruits, seeds and fodders.	2,000,000 per shipment 30,000,000 per year.	
3	Fire and Perils Insurance	486851	Insurance of Company properties within its premises including buildings, plants, warehouses. Farms, refrigerators, tools, machinery, furniture, equipment, stock, computers.	Depending on the value of insured properties total of which amounts to SAR 325,717,561	
4	Money Insurance	486850	Insurance of money in transit or in safe depository at the Company premises	9,000,000	31.12.2014G
5	Commercial Motor Vehicle Comprehensive Insurance Policy	12189379	Insurance of private cars as per the list of vehicles agreed including damage or total loss of insured car, spare parts, third liability for bodily injuries, death and property damages as well as the medical expenses resulting from the accident.	10,000,000	

S	Policy Type	Policy No.	Coverage	Maximum coverage amount (SAR)	
6	Fidelity Guarantee	486859	Insurance against all direct financial losses resulting from fraud and breach of faith by staff members.	100,000	

Source: TADCO

14 - 8 Related Parties Transactions

The Company confirms that, in accordance with the definition of Related Party in the Listing Rules and which definition is listed in Section 1 "Definitions and Abbreviations" hereof, there exist no valid contracts or major arrangements for the Company's works, whether in writing or not, or any contracts or agreements scheduled to be concluded or any interest in any contracts for any related part.

14 - 9 Intellectual Property:

Since its inception, the Company accumulated a good reputation for the high quality of its various products, hence Tabuk Agricultural was selected as a trade mark to enhance such reputation with present and potential customers. Accordingly, the name and trade mark of the Company played a major role in supporting the Company's business as well as the marketing capabilities thereof, customer confidence in its products and its ability to provide services and products to its customers thereby ensuring the growth of the Company's activity and commercial relationships with its customers on the long term.

Therefore, the Company's inability to protect its intangible assets represented by its trade marks, or the Company's inability to obtain the approval of Ministry of Commerce and Industry to register any trade mark, or in certain cases, the need to take a legal action to protect the same, may adversely affect the Company's trademarks, and it may cause the carrying out of the Company's business to be more costly and consequently would adversely affect the results of Company's operations.

The Company protected its intellectual property by registering its logo as a trade mark with the Ministry of Commerce and Industry. The logo features the words Tabuk Agriculture between two brackets in orange and green colors. The following tables casts light on the trade marks registered in the Company's name:

Table 14.6 Details of trademarks registered in the Company's name

Registration No.	Registration Date	End of Protection	Objective	Trade Mark
1442/95	22.07.1434	13.03.1444	Agricultural crops, Garden and forest products and harvest, live animals, fruits, vegetables, etc.…	
1422/96	22.07.1434	13.03.1444	Coffee, Tea, Cocoa, sugar, rice flour, products made of grain, etc..	
		13.03.1444	Meat, fish, poultry, fruits, reserved or dried vegetables, etc..	
		13.03.1444	Insurance, financing and financial and real-estate services	

Source: TADCO

14 - 10 Litigation:

A case was filed against the Company by a contractor. The subject of the case is that the claimant purchased fodders for his live stock from the Company which, (he claims), turned to be spoilt and caused the death of his

live stock. He claimed compensation for the financial and moral damages he incurred. This case is still under review before the Bureau of Grievances. The Company expects that this case will not be of any adverse effects on its operations or financial results.

The Company filed cases against four customers for not having paid the amounts payable from them to the Company for an amount of SAR 1,492,300. This case is still under review before the courts.

Apart from the above disputes, the directors of the Board confirm that up to the date of this prospectus the Company is not a party to any disputes, arbitration or administrative claim, which would, individually or jointly, adversely affect its financial position and results of its operations.

15. Underwriting

15 - 1 Name and Address of the Underwriter

The Company has entered into an Underwriting Agreement with Falcom Financial Services Company ("the Underwriter") on Tuesday 15/03/1436H (corresponding to 06/01/2015G) under which the Underwriter undertakes to subscribe for 25,000,000 Ordinary Shares at a nominal price of SAR 10 per share, representing all Right Issue shares.

Falcom Financial Services Company
Olayya Main Road - Riyadh
P.O. Box 884, Riyadh 11421
Saudi Arabia
Tel: 8004298888
Fax: +966 (11) 205 4831
E-mail: moath.alkhasawneh@falcom.com.sa
Website: www.falcom.com.sa

FALCOM فالكم

15 - 2 Summary of the Underwriting Agreement

The principal terms of the Underwriting Agreement are set forth below:

(a) The Company undertakes to the Underwriter that, on the allocation Date, it will allocate and issue to the Underwriter all shares that have not been subscribed to by the eligible shareholders as additional shares at the Offer Price.

(b) The Underwriter undertakes to the Company that it will, on the allocation date, purchase the number of Offer Shares not subscribed for, at the Offer Price.

(c) The Underwriter shall receive a certain amount against its underwriting of the Offer shares representing a certain percentage of the Offering Proceeds.

16. Expenses

Total expected value of Offering Proceeds amounts to SAR 250 million, around SAR 16 million of this amount will be paid as offering costs and expenses, which include the fees of Financial Advisor, Legal Advisor of the Offering, Financial Due Diligence Consultant, Media and Public Relations Advisor, as well as the expenses arising from underwriter, Receiving Entities, marketing and distribution and other associated Offering expenses. The Company will incur all expenses relating to the Offering process. Following is a table depicting details of the total Offering expenses:

Expected Expense Details:

S/N	Description	Value (SAR)
1	Fees of Financial Advisor, Lead Manager, Underwriter and other Advisors	9,718,267
2	Marketing and distribution expenses	2,000,000
3	Receiving Entities	1,500,000
4	Other expenses	2,781,733
Total		16.000.000

Source: TADCO.

17. Exemptions

Neither the Company, nor the Financial Advisor have submitted any request to CMA to be exempted from any requirements stipulated in the Listing Rules.

18. Subscription Terms and Conditions

The Company has filed a request with the CMA for registration of the New Shares and their inclusion in the Exchange. The Company will be submitting a request to the CMA to allow trading of the New Shares after the completion of the Offering.

All registered shareholders of the Company must carefully read the Subscription Terms and Conditions prior to completing the Subscription Application Form, since the completion, execution and submission of the Subscription Application Form to a Receiving Entity constitutes acceptance and agreement to the Subscription Terms and Conditions.

Signing the Subscription Application Form and submitting it to the Receiving Entity is considered a binding agreement between the Company and the Eligible Person.

The Company has made an application to the CMA for the registration and admission of the New Shares to Listing on the Exchange.

Eligible Persons may obtain this Prospectus and Subscription Application Form from the following Receiving Entities:

FALCOM فالكم	Falcom Financial Services Company	P.O. Box 884, Riyadh 11421
NCB الأهلي	The National Commercial Bank	P.O. Box 3555, Jeddah 21481
بنك الرياض riyad bank	Riyadh Bank	P.O. Box 22622, Riyadh 11416
البنك السعودي الفرنسي Banque Saudi Fransi	Banque Saudi Fransi	P.O. Box 56006, Riyadh 11554
Al Rajhi Bank مصرف الراجحي	Al Rajhi Bank	P.O. Box 28 Riyadh 11411
العربي anb	Arab National Bank	P.O. Box 9802, Riyadh 11423
samba سامبا	Samba Financial Group	P.O. Box 883, Riyadh 11421

18 - 1 Subscription to the New Shares

In accordance with this Prospectus, 25,000,000 Shares will be offered for subscription through the New Shares representing 125% of the Company's pre-offering share capital, at an Offer Price of SAR 10 per share, with a nominal amount of SAR 10 and a total offering value of SAR 250,000,000. The New Shares will be issued as one (1) New Share for each Right from the Rights Issue (1.25 Right for every existing Shares). Subscription to the New Shares is offered to the Registered Shareholders, as at the close of trading on the date of the EGM held on Tuesday 15/03/1436H (corresponding to 06/01/2015G) and to the Eligible Persons who purchased the Rights during the Trading Period, including Registered Shareholders who bought new Rights in addition to the Rights that they were previously entitled to.

If Eligible Persons do not exercise their Rights and subscribe for the New Shares by the end of the Second

Offering Period, the Rump Shares resulting from non-exercise or sale of the Rights by Eligible Persons will be made available to Institutional Investors during the Rump Offering.

Registered Shareholders may trade their Rights deposited in their accounts through Tadawul. These Rights will be considered acquired by all Registered Shareholders in the Company's Shareholders Register as of the Eligibility Date. Each Right grants its holder eligibility to subscribe for one (1) New Share at the Offer Price. The Rights shall be deposited, within, two working days after the date of the EGM. Rights will appear in the Registered Shareholders' accounts under a new symbol assigned to the Rights Issue.

The schedule and details of the Offering are as follows:

- Eligibility Date: The end of trading on the day of the EGM on Tuesday 15/03/1436H (corresponding to 06/01/2015G).
- First Offering Period (Phase 1): From Tuesday 22/03/1436H (corresponding to 13/01/2015G), until the end of the day on Thursday 02/04/1436H (corresponding to 22/01/2015G), (the "First Offering Period"), during which only Registered Shareholders may exercise their Rights to subscribe (in whole or in part) for the New Shares up to the number of Rights deposited in their accounts after the EGM. The subscription for the New Shares will be approved, subject to the number of Rights available in the relevant account at the end of the Trading Period. Subscription in New Shares will occur by submitting a Subscription Application Form to any branch of the Receiving Entities by submitting a filled subscription form or through an Automated Teller Machine or through the telephone or through subscribing electronically with the Receiving Entities that offer such services to subscribers. It should be noted that at the end of the Trading Period, if a Registered Shareholder owns a number of Rights lower than the number of Rights that were subscribed for during the same phase, his subscription application will be rejected in whole or in part. He will be informed of this rejection and a refund of the subscription amount will be issued by the Registered Shareholder's Receiving Entity.
- Trading Period: From Tuesday 22/03/1436H (corresponding to 13/01/2015G), and will continue until the end of the day on Thursday 02/04/1436H (corresponding to 22/01/2015G) in keeping with the First Offering Period. Tadawul is preparing mechanisms to regulate the trading of Rights and assigned a new symbol for TADCO's Rights Issue (separate from TADCO's trading symbol). The trading system will cancel TADCO's Rights Issue symbol once the Trading Period expires. This period includes the following options:

a. Registered Shareholders have the following options in the First Offering Period and Trading Period:

1. Retain the acquired Rights as of the Eligibility Date and exercise their Rights to subscribe for the New Shares through the Receiving Entities;
2. Sell all their Rights or a part thereof through Tadawul;
3. Purchase additional Rights and trade them (Subscription to additional New Shares is only possible during the Second Offering Period, by filling a Subscription Application Form or through an ATM machine or through the telephone or subscribing electronically with one of the Receiving Entities that provide such services to their customers); or
4. Refrain from taking any action relation to the Rights Issue, whether selling the Rights or exercising the right to subscribe for New Shares (The Rump Shares resulting from not exercising the Rights or selling the same will be offered on the Exchange during the Rump Offering).
5. bThose who purchased Rights during this period, may trade these Rights either by selling them or buying part or all of these Rights. If they purchased and held on to their Rights during this period, they may exercise these Rights and subscribe for New Shares only in the Second Offering Period, by filling a Subscription Form or through an ATM machine or through the telephone or through subscribing electronically with one of the Receiving Entities that provide such services to their customers. If they don't subscribe for the Rights by the end of the Second Offering Period, then the Rump Shares resulting from not exercising the Rights or selling the same will be offered on the Exchange during the Rump Offering.

- Second Offering Period: Starts from Sunday 05/04/1436H (corresponding to 25/01/2015G), and will continue until the end of the day on Tuesday 07/04/1436H (corresponding to 27/01/2015G).No Shares can be traded during this period, which includes the following steps:

a. Registered Shareholders who own Shares in the Company as of the Eligibility Date and who did not subscribe for New Shares in the Company either in whole or in part during the First Offering Period, may exercise their Right during this phase and in the same way as defined for the First Offering Period. If they purchase additional Rights during the Trading Period, they may exercise their Rights and subscribe in the New Shares during the Second Offering Period, by filling a Subscription Application Form or through an ATM machine or through the telephone or through subscribing electronically with one of the Receiving Entities that provide such services

to their customers. If they don't subscribe for these Shares by the end of this phase, then these Shares will be placed on the market for the Rump Offering.

b. Those who purchased Rights during the Trading Period and held on to them until the end of such period, may exercise their Rights and subscribe in the New Shares in this phase through the same procedures outlined in the First Offering Period. If they don't subscribe for the New Shares by the end of this phase, then the Rump Shares resulting from not exercising the Rights or selling the same will be placed on the market for the Rump Offering.

- Rump Offering: Starts on Sunday 12/04/1436H (corresponding to 01/02/2015G), from 10:00 am to 10:00 am the next day on 13/04/1436H (corresponding to 02/02/2015G).During this period, the Rump Shares will be offered to a number of Institutional Investors ("Institutional Investors"), procured by the Lead Manager following discussions with the Company. These institutions would thereafter submit bids to purchase the Rump Shares, and the Rump Shares will be allocated to Institutional Investors in order of the value of the bids with the highest first until all of the Rump Shares have been allocated, with the Rump Shares being proportionally divided among Institutional Investors that tendered bids at the same price. Fractional Shares will be added to the Rump Shares and treated in the same manner.

If the sale price of shares that have not been subscribed for is higher than the Offering Price, the difference (if any) will be distributed in compensation to the Right holders who have not subscribed for their rights in proportion of such Rights.

- Final Allocation of Shares: Shares will be allocated to each investor based on the number of Rights fully and properly exercised by it. As for the persons entitled to fractional Shares, these fractions will be combined and offered to Institutional Investors during the Rump Offering. All proceeds resulting from the sale of Rump Shares and fractional Shares up to the paid Offer Price shall be distributed to the Company and any proceeds in excess of the Offer Price shall be distributed to the Eligible Persons no later than Wednesday 22/04/1436H (corresponding to 11/02/2015G).
- Trading of the New Shares on the Market: Trading in the New Shares on the Exchange is expected to commence once all related formalities pertaining to their registration and allocation have been completed.

Subscription Application Forms must be completed in accordance with the instructions mentioned under section "Subscription Terms and Conditions" of this Prospectus. The Company reserves the right to reject, in full or in part, any application for New Shares that does not comply with any of the Subscription terms or requirements. The Subscriber shall accept the number of Right allocated to him. No amendment or withdrawal can be made to the Subscription Application Form after submission to the Receiving Entities. Once accepted by the Company, a Subscription Application Form shall represent a legally binding contract between the Company and the Eligible Person.

18 - 2 Eligible Persons who do not subscribe for the New Shares

Tadawul will modify the Company's share price at the close of the trading day on the date of EGM on 15/03/1436H (corresponding to 06/01/2015G), based on the value of the Offering and the number of New Shares issued under this Prospectus, in addition to the market value of listed shares at closing time. Registered Shareholders who do not participate in whole or in part in the New Shares subscription will be subject to a decrease in their percentage of ownership in the Company and the value of the Shares they currently hold. Eligible Persons who did not subscribe to and did not sell their Rights will be vulnerable to losses. Eligible Persons who do not subscribe for New Shares will not get any compensation for not subscribing for the New Shares, except to receive proportional cash compensation from the proceeds of the sale price in excess of the Offer Price of the Rump Shares (if any). Registered Shareholders will retain the same number of Shares that they owned before the capital increase.

If Institutional Investors wish to buy the Rump Shares at the Offer Price only, or if they do not wish to subscribe and the Underwriter therefore covers the Rump Shares at the Offer Price, then the non-participating Eligible Persons will not receive any compensation as a result of them not subscribing for the New Shares by exercising their Rights.

Compensation amounts (if any) will be paid to the Eligible Persons who did not subscribe wholly or partially for the New Shares and Shareholders entitled to fractional shares by dividing the compensation amount by the total number of Shares not subscribed for by Eligible Persons and Shareholders entitled to fractional Shares. The compensation per share will thus be determined and paid to the Eligible Persons who did not subscribe for all or part of the Shares they were entitled to, as well as those entitled in fractional Shares.

18 - 3 Filling the Subscription Application Form

Eligible Persons wishing to exercise their full right and subscribe for all the Rights to which they are entitled, must fill and submit a completed Subscription Application Form, together with the subscription monies for their full entitlement and the required accompanying documents, to one of the Receiving Entities during the Offering Period.

The number of Shares that the Eligible Person is entitled to will be calculated based on the existing Rights owned prior to the closing of the Second Offering Period. The subscription monies that the Subscriber must pay are calculated by multiplying the number of existing Rights owned prior to closing of the Second Offering Period by 10 Riyals.

By completing and presenting the Subscription Application form, the Subscriber:

- Agrees to subscribe for the number of New Shares as stated in the Subscription Application Form;
- Warrants that he/she has carefully read the Prospectus and understood all its contents;
- Accepts the By-Laws of the Company and the terms and conditions mentioned in the Prospectus;
- Does not waive his/her right to claim any damages directly arising from any incorrect or inadequate significant information in the Prospectus, or for any material information missing there from, which would directly impact the Subscriber's acceptance to subscribe had it been contained in the Prospectus;
- Declares that he/she has not previously subscribed for this Right Issue, in which case the Company has the right to reject all applications;
- Accepts the number of shares allocated to him/her and all other subscription instructions and terms mentioned in the Prospectus and the Subscription Application Form; and
- Warrants not cancelling or amending the Subscription Application Form after submitting it to the Receiving Entity.

18 - 4 Documents Required to be submitted with the Subscription Application Forms

The Subscription Application Form must be submitted together with the following documents, as applicable to each case, and the Receiving Entities shall match the copy of each document with the original document and then return the original documents to the Subscriber:

- Original and copy of the personal identification card (in case of an individual subscriber)
- Original and copy of the family identification card (for family members)
- Original and copy of the power of attorney (in case of authorizing another person for the subscription)
- Original and copy of the custody deed (for orphans) (for individual subscribers)
- Original and copy of the residence permit (Iqama) for non-Saudis, whenever applicable (for individual subscribers)
- Original and copy of the Commercial Registration (in case of entities)

The subscription amount shall be paid in full, upon submission of the Subscription Application Form to a branch of one of the Receiving Entities, by authorizing the Receiving Entity to debit the account of the Subscriber at the Receiving Entity with the required amount, or through a certified check drawn at one of the local banks and registered in the name of the Company.

Power of attorney will be restricted to first class relatives (children, parents, wife, husband). In case of applying on behalf of another person, the attorney shall write his name and sign the Subscription Application Form. He shall attach the original and a copy of a valid power of attorney issued by a notary public for those who are living in Saudi Arabia or legalized through a Saudi embassy or consulate in the relevant country for those residing outside Saudi Arabia.

18 - 5 Submission of the Subscription Application Form

Receiving Entities shall start receiving Subscription Application Forms in their branches in the KSA during the First Offering Period and the Second Offering Period. Subscription Application Forms can be submitted by Institutional Investors for any Rump Shares only during the Rump Offering. Subscription Application Forms can be delivered during either of the offering periods either through a branch of the Receiving Entities or the tele-banking services section or ATMs or internet banking of any of the Receiving Entities providing such services. The Subscription Application Form includes further information which is to be strictly followed. Upon completing, signing and submitting the Subscription Application Form, the Receiving Entity shall stamp it and

provide the Subscriber with a copy there of. If the information filled in the form turns out to be incomplete or incorrect or the form is not stamped by the Receiving Entity, the Subscription Application Form will be considered void. The Eligible Person shall accept the subscription terms and conditions and fill all sections of the Subscription Application Form. In case the form completed by an applicant does not meet any of the subscription terms and conditions, the Company shall have the right to reject that application in part or whole. Any application providing incomplete or incorrect information or not stamped by a Receiving Entity will be considered void. The application form may not be amended or withdrawn after submission to the Receiving Entities, and shall be considered a binding contract between the Subscriber and the Company, once approved by the Company.

The Subscriber from among Eligible Persons is deemed to have bought the number of New Shares allocated to him when the following terms are fulfilled:

- Delivery by the Eligible Persons of the Subscription Application Form to any of the Receiving Entities' branches;
- Payment in full by the Eligible Person to the Receiving Entities of the total Offer Price (as specified above) of the Shares subscribed for; and
- Delivery to the Eligible Person by the Receiving Entities of the allocation letter specifying the number of Shares allocated to him/her.

Eligible Persons will not be allocated New Shares exceeding the number of New Shares that they subscribed for.

18 - 6 Allocation

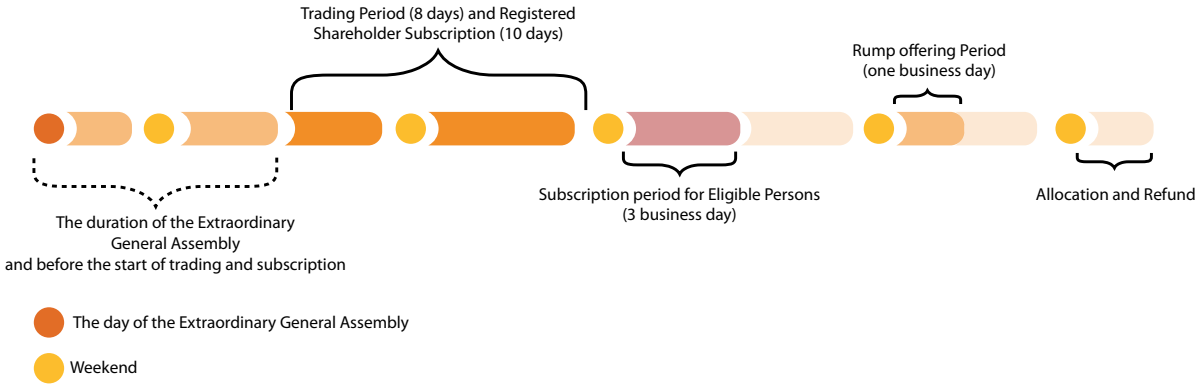
The Company and Lead Manager shall open an escrow account called (Rights Issue of Tabuk Agricultural Development Company), in which the subscription proceeds shall be deposited.

The New Shares shall be allocated to each investor based upon the number of Rights that he/she properly exercised. In the event that any Shares remain unsubscribed for after the First Offering Period and the Second Offering Period (if any) as well as the fractional shares, they will be offered to a number of institutional investors as mentioned earlier. The Rump Shares will be allocated to Institutional Investors in order of the price of the bids with the highest first until all of the Rump Shares have been allocated, with the Rump Shares being proportionally divided among Institutional Investors that tendered bids at the same price. All proceeds resulting from the sale of the Rump Shares and the Fractional Shares up to the paid Offer Price shall be distributed to the Company and any proceeds in excess of the paid Offer Price shall be distributed to the Eligible Persons no later than Wednesday 22/04/1436H (corresponding to 11/02/2015G). Excess unsubscribed for Shares shall be purchased by and allocated to the Underwriter. Final notice for the number of Shares allocated to each Eligible Person without any charges or withholdings by the Lead Manager or Receiving Entities is expected to take place by deposited the shares into the accounts of Subscribers. Eligible Persons shall contact the branch of the Receiving Entity where they have submitted the Subscription Application Form to obtain any further information. The announcement regarding the allocation shall be made no later than Wednesday 15/04/1436H (corresponding to 04/02/2015G).

18 - 7 Compensation Payment

The compensation to Eligible Persons who do not subscribe for all or part of the Rights Issue, if any, shall be paid no later than Wednesday 22/04/1436H (corresponding to 11/02/2015G).

18 - 8 Illustration of the new Rights mechanism



18 - 9 FAQs about the Rights Issue Mechanism

What is a Rights Issue?

A Rights Issue is an offering of tradable securities that give their holders the priority to subscribe for New Shares upon approval of the capital increase of the Company. They are acquired rights for all Registered Shareholders in the Company's Register as at the close of trading on the date of the EGM. Each Right grants its holder eligibility to subscribe in one New Share at the Offer Price.

Who is granted the Rights?

The Rights are granted to all Registered Shareholders in the Company's Register as at the close of trading on the date of the EGM.

When are the Rights deposited?

The Rights are deposited within two days after the EGM. The Shares will appear in the accounts of Registered Shareholders under a new symbol that designates these Rights. These Rights cannot be traded or exercised by the Registered Shareholders until the beginning of the First Offering Period.

How are Registered Shareholders notified of the Rights being deposited in their accounts?

The Registered Shareholders are notified through an announcement on the Tadawul website.

How many Rights can be acquired by a Registered Shareholder?

The number of Rights to be acquired by a Registered Shareholder is subject to the Rights Issue ratio and the number of Shares held by the Registered Shareholder as at the close of trading on the date of the EGM.

What is the Rights Issue ratio?

It is the ratio that permits the Registered Shareholder to know how many Rights he/she is entitled to in relation to the Shares that he/she already owned on the date of the EGM. If a Company, for example, has issued 1,000 shares and increases its capital by offering 200 new shares, its number of shares becomes 1,200. Then, the eligibility ratio is 1 to 5 (one new share for every five existing shares).

Are these Rights tradable and will they be added to the Shareholders accounts under the same name/symbol as the Company's shares; or will they be assigned a new name?

The Rights will be deposited in Shareholders' accounts under a new symbol specially assigned to the Rights Issue.

What is the Right value upon the trading commencement?

The Right opening price is the difference between the share closing price on the day preceding such Right listing, and the Offer Price. For example, if the closing price of a share on the preceding day is SAR 35 (thirty-five Saudi Riyals) and the Offer Price is SAR 10 (ten Saudi Riyals), the opening price of the Rights will be 35 minus 10, i.e. SAR 25 (twenty-five Saudi Riyals).

Can Registered Shareholders subscribe for additional shares?

Registered Shareholders can subscribe for additional shares by purchasing new Rights during the Trading Period. These Rights can be exercised to subscribe for the new additional shares only during the Second Offering Period.

How does the Offering take place?

The Offering will take place as it currently does by submitting Subscription Application Forms at any of the Receiving Entities' branches (mentioned in this Prospectus) and only during the First Offering Period and/or the Second Offering Period.

Are share certificate holders allowed to subscribe and trade?

Yes, they are allowed to subscribe. However, they will only be able to trade after depositing their certificates in investment accounts through the Receiving Entities or the Tadawul's depository center and submitting the requisite documents.

What happens if New Shares are subscribed for, and then the Rights have been sold after that?

If a Registered Shareholder subscribes, then sells the Rights without purchasing a number of Rights equal to the number of exercised Rights prior to the end of the Trading Period, then the Subscription Application will be rejected entirely, if all Rights have been sold, or partly in an amount equal to the number of sold Rights. In this case, the Registered Shareholder will be notified by its Receiving Entity and the rejected Offering amount will be refunded.

Are additional Rights purchasers entitled to trade them once again?

Yes, purchasers of additional Rights may sell them and purchase other Rights only during the Trading Period.

Is it possible to sell a part of these Rights?

Yes, the investor may sell a part of these Rights and subscribe for the remaining part.

Is it possible to subscribe during the weekend between the First and Second Offering Periods?

No, that is not possible.

Can the Eligible Person sell the Right after expiry of the Trading Period?

That is not possible. After the expiry of the Trading Period, the Eligible Person may only exercise the right to subscribe for the capital increase. In case the Right is not exercised, the investor may be subject to loss or decrease in the value of his investment portfolio.

What happens to Rights that are unsold or unsubscribed for during the Trading Period as well as the First and Second Offering Periods?

The Rump Shares resulting from a failure to exercise or sell these Rights will be offered during the Rump Offering, organized by the Lead Manager according to the standards set forth in this Prospectus.

Will there be any additional fees for the trading in Rights?

The same commissions applying to the shares will also apply on sale and purchase operations, without a minimum commission being imposed.

18 - 10 Trading of New Shares

Trading of the New Shares will take place upon completion of all relevant procedures. This is expected to take place after the allocation of New Shares, in coordination with the CMA, and will be announced at a later date.

18 - 11 The Saudi Arabian Stock Exchange ("Tadawul")

The Saudi stock market has remained unofficial until the early 1980s when the Saudi Government began to consider establishing an organized trading market and setting up the relevant laws and regulations. In 1984G, a Ministerial Committee of the Ministry of Finance and National Economy, the Ministry of Commerce and SAMA was setup to organize and develop the market. SAMA was the authority to regulate and control the market until CMA was founded on 20/6/142H (31/07/2003G) under the Capital Market Law issued by Royal Decree No. (M/30), which oversees the regulation and supervision of the Capital Market by issuing laws and regulations that aim at protecting investors and ensuring justice and efficiency in the market.

The Saudi Cabinet agreed at its meeting held on Monday, 29 Safar 1428H (19/03/2007G), led by King Abdullah bin Abdul Aziz, to establish a Saudi joint stock company with the name of Saudi Stock Exchange (Tadawul). The decision was pursuant to Article 20 of the Capital Market Law stipulating that the legal capacity of the Capital Market's regulator is a joint-stock company

Trading on Tadawul occurs through a fully integrated trading system covering the entire process from trade order through settlement. Trading occurs each business day between 11:00 a.m. and 3:30 p.m., from Sunday until Thursday of each week. After close of exchange trading, orders can be entered, amended or deleted from 10:00 a.m. until 11:00 a.m. New entries and inquiries can be made from 10:00 a.m. of the opening session (starting at 11:00 a.m.). These times are subject to change during the Holy month of Ramadan, and are announced by Tadawul's management.

Tadawul's system works on matching orders by price and orders are received and prioritized based on price. In general, market orders are executed first, and if several instructions are entered at the same price level, they are executed at a first come first serve basis according to their entry time. Tadawul distributes a comprehensive range of information through various channels, including in particular the Tadawul website and Tadawul Information Link. The Tadawul Information Link supplies trading data in real time to information providers. Transactions are settled automatically on a T+0bases, meaning that ownership transfer takes place immediately after the trade is executed.

Issuers are required to report all material announcements via Tadawul for onward dissemination to the public. Surveillance and monitoring is the responsibility of Tadawul as the operator of the market. The aim of supervision is to ensure fair trading and an orderly market.

18 - 12 Registration and Admission to Listing

An application has been made to the CMA to register and admit the New Shares to listing on the Exchange.

The registration is expected to be approved and trading to commence on the Exchange once the final allocation of the New Shares has been concluded. An announcement will be made on the Tadawul website in due course. The dates and times stated in this Prospectus are only provisional and may be changed or extended at any time subject to approval of the CMA.

Although the Existing Shares are registered on the Exchange, it will only be possible to trade in the New Shares once the allocation of the New Shares to successful Subscribers is complete and the New Shares have been placed in the Subscribers' portfolios in Tadawul. It is absolutely forbidden to trade in the New Shares until the allocation has been approved.

Subscribers who engage in any forward trading activity shall be acting at their own risk. The Company shall have no legal responsibility in such an event.

18 - 13 Resolutions and Approvals under which shares are offered

The Board of Directors recommended in its meeting on 20/09/1434H (corresponding to 10/07/2013G) and according to the Board's revised resolution on17/09/1435H (corresponding to 14/07/2014G) to increase the Company's share Capital from SAR 200,000,000 to SAR 450,000,000 through Rights Issue after obtaining the necessary regulatory approvals. Upon completion of the Offering the Company's share capital will be SAR 450,000,000 comprising 45,000,000 shares with nominal value of SAR 10 per share. The Company's Extraordinary General Meeting held on 15/03/1436H (corresponding to 06/01/2015G), has approved the recommendation of the Board of Directors to increase the capital as mentioned and the subscription therein will be limited to shareholders registered at the end of the trading day of the EGM.

This Prospectus and all the supporting documents requested by the CMA have been approved by publishing this Prospectus on Tadawul's website on Tuesday 15/03/1436H (corresponding to 06/01/2015G).

18 - 14 Miscellaneous Notices

- The Subscription Application Form and all related terms, conditions and covenants hereof shall be binding upon and inure to the benefit of the parties to the subscription and their respective successors, permitted assigns, executors, administrators and heirs; provided that, except as specifically contemplated herein, neither the Subscription Application Form nor any of the rights, interests or obligations arising pursuant thereto shall be assigned or delegated by any of the parties to the subscription without the prior written consent of the other party.
- The terms and conditions set here and any receipt of the Subscription Application Forms or any related Agreements are subject to the regulations of the Kingdom, and shall be interpreted and executed according to such regulations.
- Although the CMA has approved this Prospectus, it may suspend this subscription offer if the Company, at any time after the adoption of this Prospectus by the CMA and before approving the listing of Shares in the market, becomes aware of:
  1. A significant change that has occurred in any of the key information contained in this Prospectus, or any of the documents required to be included under the Listing Rules, or
  2. Any additional issues that should have been included in this Prospectus
  3. In these cases, it is incumbent on the Company to submit to the CMA a supplementary Prospectus, according to the requirements of the Listing Rules The supplementary Prospectus will therefore be published and an announcement made about applicable subscription dates.
  4. It is also possible that this Offering be suspended in the event of non-approval of the EGM on any of its details

The Subscription Application Form and all related terms, conditions and covenants hereof shall be binding upon and inure to the benefit of the parties to the subscription and their respective successors, permitted assigns, executors, administrators and heirs; provided that, except as specifically contemplated herein, neither the Subscription Application Form nor any of the rights, interests or obligations arising pursuant thereto shall be assigned or delegated by any of the parties to the subscription without the prior written consent of the other party.

These instructions and items and the receipt of any request for subscription form or contracts arising there from shall be subject to the laws of the Kingdom and shall be construed and enforced in accordance with such laws. This Prospectus will be distributed in Arabic after its approval by the Capital Market Authority.

18 - 15 Change in the share price as a result of the capital increase

The closing price of the Company's share on the day of the EGM was SAR 24.98 and will be reset to SAR 16.66 in the opening session the next day. The change represents a decrease of SAR 8.32 representing 33.3%.

The method of calculating the share price as a result of the capital increase is as follows:

- First: Calculate the market value of the Company at the close of trading on the day of the EGM:

Number of shares issue by the Company at the end of the day of the EGM multiplied by the closing price for the Company's share on the day of the EGM = market value of the Company at the close of trade on the day of the EGM.

- Second: Calculate the price of share in the opening session on the day following the day the EGM:

(The market value of the Company at the close on the day of the EGM + the value of the offered shares) / (Number of shares issued by the Company at the end of the day the EGM + the number of New Shares offered in this Offering) = share price reset for the opening session on the day following the day the EGM. .

19. Documents Available for Inspection

The following documents will be available for inspection at the Head Office of the Company in Riyadh City, Olaya Main Street, King Abdullah intersection, during official working hours, from 9:00 a.m. to 4:30 p.m.,20 days before the Offering Period and throughout the Offering Period:

Incorporation / Company Documents

1. By-Laws of the Company;
2. Commercial Registration certificate of the Company.

Offering of Shares

1. CMA's approval of the Offering;
2. Recommendation of the Board of Directors regarding capital increase
3. Resolution of the EGM approving the increase in the Company's Capital.

Reports, Letters and Documents

4. Disclosed Contracts and Agreements;
5. The Market Study and the Feasibility Study;;
6. A written consent from the Financial Advisor, Lead Manager and Underwriter, Falcom Financial Services, to include its name, logo and statement in the prospects;
7. A written consent from the Due Care Advisor (Ernest & Young) to include their report and name in the Prospects;
8. A written consent from the Legal Advisor (Loa'y bin Mohammad Al Akkas Law and Legal Consulting Office in collaboration with Winson & Atkins LLP to include their name, logo and statement in the Prospects;
9. A written consent from the certified Public Accountant Al Kharashi & Company, Certified Accountants and Auditors) to include their name, logo and statement in the Prospects as being the auditors of the financial statements for the financial years ended on 31 December 2011G and 2012G in addition to the financial statements for the period ended 30 June 2014;
10. A written consent from Al Thinayyan, Accountants and Auditors to include their name, logo and statement in the Prospects as being the auditors of the financial statements for the financial years ended on 31 December 2013G.

Financial Statements

1. Audited financial statements for the years ending 31 December 2011G, 2012G, and 2013G and correspondent auditor's report;
2. Reviewed financial statements for the period ending on 30 June 2014G.

As per CMA's requires, all documents available for inspection shall be in Arabic Language as far as it is practicable.

20. Accountant's Report

Tabuk Agricultural Development Company "TADCO"

A Saudi Joint-Stock Company

Tabuk – Kingdom of Saudi Arabia

Financial Statements and Auditor's Report

As on 31 December 2011

P.O. Box [illegible]
Riyadh [illegible]
Saudi Arabia

Tel. [illegible]
Fax [illegible]

AL-Kharashi Certified Accountant's Auditors

REPORT OF INDEPENDENT ACCOUNTANTS

January 16, 2012

To the **Shareholders**
Tabuk Agricultural Development Company

We have audited the balance sheet of the **Tabuk Agricultural Development Company** (Saudi Joint Stock Company) as of December 31, **2011** and the related income statement, statement of cash flows and statement of changes in shareholders' equity for the year then ended, including the accompanying Notes from (**1**) to (**19**) which represent an integral part of these financial statements. The accompany financial statements are prepared in accordance with Article 123 of the regulations for companies and the Company's articles of association. These financial statements, the underlying records of which are maintained in Arabic and in the Kingdom, are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

In our opinion, the financial statements:

- Present fairly, in all material respects, the financial position of **Tabuk Agricultural Development Company** as of December 31, **2011** and the results of its operations and changes in shareholders' equity for the year then ended in conformity with generally.
- Accepted accounting principles and in accordance with the requirements of the regulations of companies and the company's articles of association regarding the preparation and presentation of the financial statements.

The automated accounting records maintained by the company, comply with its financial statements.

Suliman A. Al-Kharashi
C.A. License No. 91

Suliman A. Al-Kharashi
C. A. License No. 91

Member of
MAZARS

Tabuk Agricultural Development Co. "TADCO"

Saudi Joint Stock Company

Balance Sheet

		As at 31st December	
		2011	2010
		Saudi Riyals	Saudi Riyals
Current assets:			
Cash in hand and at bank	Note (3)	4,845,782	4,812,237
Short-term investments		35,000,000	11,500,433
Trade debtors		44,941,390	55,882,941
Inventories	Note (4)	38,691,173	35,662,689
Available for sale properties, machinery and equipment		560,397	1,322,984
Other debtors	Note (5)	7,235,434	13,265,562
Total current assets		131,274,176	122,446,846
Current liabilities:			
Current portion of long-term loan	Note (6)	5,715,000	937,500
Creditors		7,137,546	8,211,816
Profit distribution creditors		21,082,931	20,647,896
Zakat provision	Note (7)	2,587,505	2,179,947
Other creditors	Note (8)	10,795,771	12,749,523
Proposed distributable profits		10,000,000	10,000,000
Total Current Liabilities		57,318,753	54,726,682
Working Capital		73,955,423	67,720,164
Non-Current Assets:			
Investments in Companies	Note (9)	22,569,976	17,331,616
Investments in available for sale securities	Note (10)	13,164,351	13,161,349
Projects in progress	Note (11)	87,335,157	64,549,083
Properties, machinery, equipment and trees	Note (12)	195,793,733	204,923,675
Total non-current assets		318,863,217	299,965,723
End of Service provision		(5,321,378)	(5,806,449)
Long-term loans	Note (6)	(16,354,351)	(4,844,801)
Net company assets		371,142,911	357,034,637
Shareholders' Equity:			
Paid capital	Note (1)	200,000,000	200,000,000
Government Grant	Note (13)	70,000,000	70,000,000
Reserves	Note (14)	95,146,372	90,180,275
Unrealised losses on financial investments		(20,938,953)	(15,379,131)
Retained Earnings		26,935,492	12,233,493
Net Shareholders' equity		371,142,911	357,034,637

The attached notes are an integral part of these financial statements

Tabuk Agricultural Development Co. (TADCO)

Saudi Joint Stock Company

Income Statement

		For the year ended 31 December	
		2011	2010
		Saudi Riyals	Saudi Riyals
Sales	Note (15)	173,760,107	150,508,845
Cost of sales	Note (16)	(92,772,019)	(92,771,984)
Gross profit		80,988,088	57,736,861
Operating expenses	Note (17)	(31,448,850)	(30,529,178)
General and administrative expenses	Note (18)	(14,390,045)	(13,416,806)
Net operating profit		35,149,193	13,790,877
Deduct: investment losses		-	(521,184)
Add: other income		545,630	525,729
Net profit before zakat		35,694,823	13,795,422
Zakat	-	(2,587,505)	(2,179,947)
Net profit after Zakat		33,107,318	11,615,475
Earnings per share from main operations		1.76	0.69
Earnings per share from other operations		0.03	0.0002
Earnings per ordinary share in Riyal		1.66	0.58

The attached notes are an integral part of these financial statements

Tabuk Agricultural Development Co. (TADCO)

Saudi Joint Stock Company

Cash flow Statement

Increase (decrease) in cash

	For the year ended 31 December	
	2011 Saudi Riyals	2010 Saudi Riyals
Cash flow from operating activities:		
Net profit before Zakat	35,694,823	13,795,422
Reconciliation of net profit to net cashflow		
resulting from (used in) operating activities:		
Depreciation	22,734,107	24,152,479
Accrued end of service provision	2,024,849	2,076,064
(Increase) in trade debtors	10,941,551	(12,179,767)
Decrease in inventories	(3,028,484)	7,420,558
(Increase) decrease in other debtors	6,030,128	(5,866,001)
(Decrease) in creditors	(1,074,270)	(5,080,174)
Increase (decrease) in other creditors	(1,953,752)	2,817,899
Increase in distributed profits creditors	435,035	(509,867)
Paid end of service award	(2,509,920)	(1,969,263)
Paid Zakat	(2,372,940)	(1,939,110)
Net cash flow from operating activities	66,921,127	22,718,240
Cash flow from investment activities:		
Fixed assets additions	(13,893,706)	(14,607,858)
Fixed assets disposals (Net)	289,541	4,847,443
Net change in available for sale properties	762,587	(227,195)
(increase) in projects in progress	(22,786,074)	(5,993,077)
Decrease in investments	(34,300,751)	(929,249)
Net cash (used in) investment activities	(69,928,403)	(16,909,936)
Cash flow from financing activities		
Loans received	17,224,550	3,907,301
Development fund loan repaid	(937,500)	(937,500)
Previous years adjustments	(3,439,222)	(2,133,811)
Zakat provision adjustments	192,993	
Transfers from reserves	-	(2,101,324)
Proposed and actual distributed profits	(10,000,000)	(10,000,000)
Net cash flow (used in) financing activities	3,040,821	(11,265,334)
Net increase (decrease) in cash balances	33,545	(5,457,030)
Cash at the beginning of the year	4,812,237	10,269,267
Cash at the end of the year	4,845,782	4,812,237

The attached notes are an integral part of these financial statements

Tabuk Agricultural Development Co. (TADCO)

Saudi Joint Stock Company

Statement of Changes in Equity

	Share capital	Government Grant	Legal reserve	Agreed reserve	Contingency reserve	Unrealised gains (losses)	Retained earnings	Total
	Saudi Riyal	Saudi Riyal	Saudi Riyal	Saudi Riyal	Saudi Riyal	Saudi Riyal	Saudi Riyal	Saudi Riyal
Balance as at 1/1/2010	200,000,000	70,000,000	60,712,277	29,791,269	35,731	(16,457,476)	14,494,151	358,575,952
Previous years' adjustments	-	-	-	-	-	-	(2,133,811)	(2,133,811)
Profit for the year 2010	-	-	-	-	-	-	13,795,422	13,795,422
Unrealised profits on financial investments	-	-	-	-	-	1,078,345	-	1,078,345
Transfers to reserves	-	-	1,161,548	580,774	-	-	(1,742,322)	-
Used from agreed reserve		-	-	(2,101,324)	-	-	-	(2,101,324)
Zakat	-	-	-	-	-	-	(2,179,947)	(2,179,947)
Proposed distributable profits	-	-	-	-	-	-	(10,000,000)	(10,000,000)
Balance as at 31/12/2010	200,000,000	70,000,000	61,873,825	28,270,719	35,731	(15,379,131)	12,233,493	357,034,637
Previous years adjustments	-	-	-	-	-	-	(3,439,222)	(3,439,222)
Profit for the year 2011	-	-	-	-	-	-	35,694,823	35,694,823
Unrealised profits on financial investments	-	-	-	-	-	(5,559,822)	-	(5,559,822)
Transfers to reserves	-	-	3,310,732	1,655,365	-	-	(4,966,097)	-
Zakat	-	-	-	-	-	-	(2,587,505)	(2,587,505)
Proposed distributable profits	-	-	-	-	-	-	(10,000,000)	(10,000,000)
Balance as at 31/12/2011	200,000,000	70,000,000	65,184,557	29,926,084	35,731	(20,938,953)	26,935,492	371,142,911

The attached notes are an integral part of these financial statements

Tabuk Agricultural Development Company

Saudi Joint-Stock Company

Clarifications on Financial Statements

As on 31 December 2011

Note 1: the Company and the nature of its business

- Tabuk Agricultural Development Company (TADCO) was incorporated as a Saudi joint-stock company by virtue of the Royal Decree No. M/11 dated 7 Jumada Al-Thani 1403H corresponding to 22 March 1983G and was registered at the Commercial Registry of the city of Tabuk under number 35505403 dated 15 Shaaban 1404H corresponding to 17 May 1984G.
- The Company's capital amounts to SR 200 million, divided into 20 million shares at an individual nominal share value of SR 10.
- The company's business consists of agricultural and animal production, agricultural manufacturing, and the marketing of its products.

Note 2: Summary of Significant Accounting Policies:

The preliminary financial statements are prepared according to the accounting standards issued by the Saudi Organization for Public Certified Accountants, including the preliminary financial reports standard, on the same bases and according to the accounting policies adopted to prepare annual financial statements. Following is a summary of the significant accounting policies adopted:

a. Bases for preparation of financial statements

Financial statements shown in Saudi Riyals are prepared according to conventional accounting standards in the Kingdom of Saudi Arabia, the principle of historical cost, the requirements of the Saudi Company Law, and the Company's articles of association.

b. Stock

Stock consists of finished products, primary materials, production supplies, equipment and spare parts shown by cost or net sale value, whichever is lower. The cost of finished production includes the cost of primary materials, labor, and other direct and indirect production costs. As for the costs of primary materials, supplies, equipment and spare parts, they are obtained by using the weighted average method. Provisions are made for damaged and slow moving stock.

c. Investments

- The company's investments in other companies and the returns thereof are documented in line with relevant accounting standards and according to control indices. The percentage of company ownership in the capital of these companies is deemed a presumption of control.
- In the attached financial statements, securities have been classified as securities available for sale and the temporary decrease in their value has been included as unrealized losses as part of equity in the financial position statement.

d. Property, machinery, equipment and trees:

Property, machinery, equipment and trees are documented according to the costs thereof, which shall include additions and improvements which increase their production capacity and prolong their usability. They are amortized on a fixed quota basis during the estimated production life and according to the following percentages:

Agricultural equipment	10% - 15%
Electric generators and pumps	10% - 17%%
Well and sprinkler supplies	7.5% - 10%
Buildings and constructions	4% - 20%
Vehicles	25%
Furniture and furnishings	17%
Office and clinic equipment	12.50% - 17%
Workshop equipment and machinery	10% - 15%
Seed sorting station	10%
Irrigation system for fruit project	10%
Cold stores	10%
Polystyrene box factory	10%
Olive press	10%
Fruit trees	6.25% - 8.33%

e. Realization of Revenue

- Sales' revenues are documented at the time products are delivered to clients.
- The value of wheat sale to government silos is documented on the basis of net sale value and after subtraction of Zakat and the percentage of eliminated impurities.
- Other revenues are documented when realized.

f. Cost of Sales

The cost of sales is calculated on the basis of the cost of production of sold units charged with actual direct costs, which shall include the cost of materials, production supplies, cost of labor, and amortizations of direct fixed assets, in addition to their share of indirect expenses.

g. Expenses

- Expenses resulting from Company endeavors related to sale and marketing of its products are categorized as sale and marketing expenses; part of these expenses is deducted at the end of financial periods and charged to the cost of growing fruit trees which have not exhausted the life of commercial production and which are included as part of working projects according to the following formula:

50% of indirect sale and marketing expenses x Sale of fruits for growing trees Total fruit sales

- Direct and indirect expenses relating to management and non-relating to the function of production or of sale and marketing are categorized as administrative and financial general expenses. Part of such expenses is deducted and charged to the cost of growing trees which have not exhausted the life of commercial production and which are included under working projects according to the following formula:

Total general expenses x operating cost for growing trees during the year

Total operating cost during the year

h. Reserves

Reserves are formed according to the Saudi Company Law and the Company's articles of association.

i. Zakat prescribed according to the Shari'ah

Net equity is subject to the Zakat prescribed by the Shari'ah as instructed by the Department of Zakat and Income Tax. A provision is made for assessed Zakat.

j. Transactions in foreign currencies

Transactions are registered in foreign currencies based on exchange rates prevailing at the time these transactions are carried out. At year end, the balances of assets and liabilities are transferred according to exchange rates prevailing on that date and the profit or loss resulting from conversion of foreign currencies is included in the statement of income for the year.

Tabuk Agricultural Development Company

Saudi Joint-Stock Company

Clarifications on Financial Statements

As on 31 December 2011

Note (3): Cash in hand and at bank:		
	As at 31 December	
	2011	2010
	Saudi Riyal	Saudi Riyal
Current accounts at banks	4,813,880	4,703,436
Cash in hand	31,902	108,801
Total	4,845,782	4,812,237

Note (4): Inventories:

	As at 31 December	
	2011	2010
	Saudi Riyal	Saudi Riyal
Grains, seeds and feeds inventories	3,694,117	6,567,660
Fruits and vegetables inventories	4,454,736	1,408,931
Produced food stuff inventories	9,070,657	8,141,468
Trees' inventories	427,892	458,352
Fertilizers and chemicals inventories	8,012,845	5,057,532
Spare parts, consumables and other inventories	13,092,483	15,001,479
Total	38,752,730	36,635,422
Provision for obsolete inventories	(61,557)	(972,733)
Net value of inventories	38,691,173	35,662,689

Tabuk Agricultural Development Company

Saudi Joint-Stock Company

Clarifications on Financial Statements

As on 31 December 2011

Note (5): Other debtors:		
	As at 31st December	
	2011	2010
	Saudi Riyal	Saudi Riyal
Guarantees to other parties	317,146	316,146
Prepayments	1,351,330	2,250,088
Letters of credit	88,377	217,058
Loans to employees	1,052,511	994,991
Down-payments to suppliers	4,402,683	8,438,321
Other	23,387	1,048,958
Total	7,235,434	13,265,562

Note (6): Loans:

	As at 31st December	
	2011	2010
	Saudi Riyal	Saudi Riyal
Balance as at 1/1	5,782,301	2,812,500
Received during the year	17,224,550	3,907,301
Repaid during the year	(937,500)	(937,500)
Balance as at 31/12	22,069,351	5,782,301
The current portion	(5,715,000)	(937,500)
The non-current portion	16,354,351	4,844,801

Tabuk Agricultural Development Company

Saudi Joint-Stock Company

Clarifications on Financial Statements

As on 31 December 2011

Note (7): Zakat Provision:		
Calculation of Zakat		
	As at 31st December	
	2011	2010
	Saudi Riyal	Saudi Riyal
Net accounting profit adjusted by:	35,694,823	13,795,422
Provisions accrued during the year	1,113,673	1,943,425
Adjusted net profit	36,808,496	15,738,847
Zakat due on:		
Paid capital	200,000,000	200,000,000
Government grant	70,000,000	70,000,000
Net adjusted profit (loss)	36,808,496	16,021,294
Retained earnings	8,794,271	12,360,340
Distribution creditors	21,082,931	20,647,896
Sold shares creditors	1,873,267	1,874,455
Underwriting surplus creditors	894,825	894,825
Loans	4,844,801	-
Turned over reserves	90,180,275	88,437,953
Turned over provisions	4,269,262	4,553,310
Total: Deduct:	438,748,128	414,790,073
Fixed assets (net)	195,793,733	204,923,675
Projects in progress	87,335,157	64,549,083
Spare parts and production requirements inventories	21,105,328	19,782,863
Available for sale properties and equipment	560,397	-
Long-term investments	22,569,976	30,492,965
Total deductions	327,364,591	319,748,586
Zakat due on:	111,383,537	95,041,487
Deduct: profits on wheat given as zakat	(7,883,319)	(7,843,608)
Net amount on which Zakat is due:	103,500,218	87,197,879
Zakat at a rate of 2.5%	2,587,505	2,179,947

Tabuk Agricultural Development Company

Saudi Joint-Stock Company

Clarifications on Financial Statements

As on 31 December 2011

Continued Note (7): Zakat provisions:		
Zakat provisions movements were as follows:		
	As at 31st December	
	2011	2010
	Saudi Riyal	Saudi Riyal
Balance as at 1/1	2,179,947	1,778,569
Zakat due for the year	2,587,505	2,179,947
Adjustments	192,993	-
Deduct: Zakat paid during the year	(2,372,940)	(1,778,569)
Balance as at 31/12	2,587,505	2,179,947

The company received the final Zakat Certificate for the years up to 2010

Note (8): Other creditors:		
	At 31st December	
	2011	2010
	Saudi Riyal	Saudi Riyal
Employees' entitlements	2,093,934	2,507,853
Accrued expenses	2,655,118	3,869,300
Retained insurance	1,644,460	1,073,951
Share sale creditors	1,873,267	1,874,455
Underwriting creditors and shareholders trusts	894,825	894,825
Down-payments from customers	1,629,659	2,529,139
Other	4,508	-
Total	10,795,771	12,749,523

Tabuk Agricultural Development Company

Saudi Joint-Stock Company

Clarifications on Financial Statements

As on 31 December 2011

Note (9): Investments in companies:				
			As at 31st December	
			2011	2010
		Interest in companies	Saudi Riyal	Saudi Riyal
*	Jannat Agricultural Investment Company	27.8%	11,937,176	16,698,816
	The National Seeds Production and Trading Company	1.4%	412,800	412,800
	Saudi Agricultural Group	14.3%	100,000	100,000
	Potato Cooperative Association		100,000	100,000
	Wheat Cooperative Association		20,000	20,000
	East Asia for Agricultural Investment Company (under establishment)		10,000,000	-
			22,569,976	17,331,616
*	The investment in Jannat Agricultural Investment Company has been valued according to the Equity method			
	based on the financial statements of the company as at 31/12/2010			

Note (10): Investments in available for sale securities:		
	As at 31st December	
	2011	2010
	Saudi Riyal	Saudi Riyal
Riyad Bank Fund	9,376,346	9,373,344
Gulf Finance House	3,788,005	3,788,005
Total	13,164,351	13,161,349

Note (11): projects in progress:

	As at 31st December	
	2011	2010
	Saudi Riyal	Saudi Riyal
Civil constructions in progress	43,155,392	13,760,417
Growing crops	29,679,701	33,330,780
Unripe fruit gardens	13,844,043	17,352,904
Other	656,021	104,982
Total	87,335,157	64,549,083

Note (12): Fixed assets:										
	Cost				Depreciation				Net value at 31 December	
	Balance 1/1/2011	Additions	Disposals and adjustments	Balance 31/12/2011	Balance 1/1/2011	Disposals and adjustments	Depreciatin for the year	Balance 31/12/2011	2011	2010
	Saudi Riyal	Saudi Riyal	Saudi Riyal	Saudi Riyal	Saudi Riyal	Saudi Riyal	Saudi Riyal	Saudi Riyal	Saudi Riyal	Saudi Riyal
Lands	70,270,600			70,270,600	-			-	70,270,600	70,270,600
Buildings and constructions	112,591,139	43,834		112,634,973	73,000,400		3,965,401	76,965,801	35,669,172	39,590,739
Machinery and equipment	202,389,761	3,664,656	(3,826,129)	202,228,288	163,295,798	(3,790,361)	7,096,843	166,602,280	35,626,008	39,093,963
Wells and irrigation systems	220,554,116	6,307,621	(3,284,811)	223,576,926	196,685,478	(3,051,221)	7,236,927	200,871,184	22,705,742	23,868,638
Carriage and transportation means	24,976,617	106,644	(238,186)	24,845,075	24,227,084	(238,186)	388,786	24,377,684	467,391	749,533
Ripe trees	57,769,806	3,684,680		61,454,486	27,523,435	(41)	3,675,728	31,199,122	30,255,364	30,246,371
Furniture and fixtures	9,763,826	86,271	(52,555)	9,797,542	8,659,995	(32,331)	370,422	8,998,086	799,456	1,103,831
Total fixed assets	698,315,865	13,893,706	(7,401,681)	704,807,890	493,392,190	(7,112,140)	22,734,107	509,014,157	195,793,733	204,923,675

Note (13): Government grant:

The Government grant is represented in the project's land granted to the company by the honorable Royal Decree no (M/50) on 3/9/1405, and which area is 35 thousand hectares of government land located on Tabuk Be'r Hermas road for the purpose of investment in agricultural projects. The land has been valuated at 70 million Saudi Riyals according to a real estate office at 2/5/1406

Note (14): Reserves:		
	As at 31st December	
	2011	2010
	Saudi Riyal	Saudi Riyal
Legal reserve	65,184,557	61,873,825
Agreed reserve	29,926,084	28,270,719
Contingency reserve	35,731	35,731
Total	95,146,372	90,180,275

Tabuk Agricultural Development Company "TADCO"

A Saudi Joint-Stock Company

Tabuk – Kingdom of Saudi Arabia

Financial Statements and Auditor's Report

As on 31 December 2012

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AL-Kharashi Certified Accountant's Auditors

REPORT OF INDEPENDENT ACCOUNTANTS

January 10, 2013

To the **Shareholders**
Tabuk Agricultural Development Company

We have audited the balance sheet of the **Tabuk Agricultural Development Company** (Saudi Joint Stock Company) as of December 31, **2012** and the related income statement, statement of cash flows and statement of changes in shareholders' equity for the year then ended, including the accompanying Notes from (**1**) to (**23**) which represent an integral part of these financial statements. The accompany financial statements are prepared in accordance with Article 123 of the regulations for companies and the Company's articles of association. These financial statements, the underlying records of which are maintained in Arabic and in the Kingdom, are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

In our opinion, the financial statements:

- Present fairly, in all material respects, the financial position of **Tabuk Agricultural Development Company** as of December 31, **2012** and the results of its operations and changes in shareholders' equity for the year then ended in conformity with generally.
- Accepted accounting principles and in accordance with the requirements of the regulations of companies and the company's articles of association regarding the preparation and presentation of the financial statements.

The automated accounting records maintained by the company, comply with its financial statements.

Suliman A. Al-Kharashi
C.A. License No. 91

SULIMAN A. AL-KHARASHI LICENSE NO. 91 CERTIFIED ACCOUNTANTS

Tabuk Agricultural Development Co. "TADCO"

Saudi Joint Stock Company

Balance Sheet

		As at 31st December	
		2012	2011
		Saudi Riyals	Saudi Riyals
Current assets:			
Cash in hand and at bank	Note (4)	4,801,561	4,845,782
Short-term investments		40,000,000	35,000,000
Trade debtors	Note (5)	19,671,874	44,941,390
Inventories	Note (6)	47,712,324	38,691,173
Available for sale properties, machinery and equipment		740,180	560,397
Other debtors	Note (7)	7,071,774	7,235,434
Total current assets		119,997,713	131,274,176
Current liabilities:			
Current portion of long-term loan	Note (8)	4,777,504	5,715,000
Creditors		6,865,626	7,137,546
Profit distribution creditors		21,686,062	21,082,931
Zakat provision	Note (9)	2,634,664	2,587,505
Other creditors	Note (10)	12,207,447	10,795,771
Proposed distributable profits		10,000,000	10,000,000
Total Current Liabilities		58,171,303	57,318,753
Working Capital		61,826,410	73,955,423
Non-Current Assets:			
Investments in Companies	Note (11)	32,124,789	22,569,976
Investments in available for sale securities	Note (12)	14,436,280	13,164,351
Projects in progress	Note (13)	49,845,859	87,335,157
Properties, machinery, equipment and trees	Note (14)	235,920,725	195,793,733
Total non-current assets		332,327,653	318,863,217
Non-Current Liabilities:			
End of Service provision		(4,737,455)	(5,321,378)
Long-term loans	Note (8)	(18,172,185)	(16,354,351)
Net company assets		371,244,423	371,142,911
Shareholders' Equity:			
Paid capital	Note (2)	200,000,000	200,000,000
Government Grant	Note (15)	70,000,000	70,000,000
Legal reserve		66,746,171	65,184,557
Other reserves	Note (16)	29,205,130	29,961,816
Change in fair value of financial investments		(14,069,605)	(20,938,953)
Retained Earnings		19,362,727	26,935,491
Net Shareholders' equity		371,244,423	371,142,911

The attached notes are an integral part of these financial statements

Tabuk Agricultural Development Co. (TADCO)

Saudi Joint Stock Company

Income Statement

		For the year ended 31 December	
		2012	2011
		Saudi Riyals	Saudi Riyals
Sales	Note (17)	156,079,065	171,666,726
Cost of sales	Note (18)	(86,048,858)	(90,688,624)
Gross profit		70,030,207	80,978,102
Operating expenses	Note (19)	(36,812,671)	(31,438,864)
General and administrative expenses	Note (20)	(16,366,479)	(14,390,045)
Net profit from main operations		16,851,057	35,149,193
Add: other income	Note (21)	1,399,743	545,630
Net profit for the year before zakat		18,250,800	35,694,823
Zakat	Note (9)	(2,634,664)	(2,587,505)
Net profit for the year after Zakat		15,616,136	33,107,318
Earnings per share from main operations		0.84	1.76
Earnings per share from other operations		0.07	0.0273
Earnings per ordinary share in Riyal		0.78	1.66

The attached notes are an integral part of these financial statements

Tabuk Agricultural Development Co. (TADCO)

Saudi Joint Stock Company

Cash flow Statement

Increase (decrease) in cash

	For the year ended 31 December	
	2012	2011
	Saudi Riyals	Saudi Riyals
Cash flow from operating activities:		
Net profit before Zakat	18,250,800	35,694,823
Reconciliation of net profit to net cashflow		
resulting from (used in) operating activities:		
Depreciation	21,692,898	22,734,107
Accrued end of service provision	1,345,259	2,024,849
Obsolete inventory provision	859,094	-
Provision for doubtful debts	752,200	-
Decrease in trade debtors	24,517,316	10,941,551
(Decrease) in inventory	(9,880,245)	(3,028,484)
Decrease in other debtors	163,660	6,030,128
(Decrease) in creditors	(271,920)	(1,074,270)
Increase (decrease) in other creditors	1,411,676	(1,953,752)
Increase in distributed profits creditors	603,131	435,035
Paid end of service award	(1,929,182)	(2,509,920)
Paid Zakat	(2,211,580)	(2,372,940)
Net cash flow from operating activities	55,303,107	66,921,127
Cash flow from investment activities:		
Fixed assets additions	(63,899,745)	(13,893,706)
Fixed assets disposals (Net)	2,079,855	289,541
Net change in available for sale properties	(179,783)	762,587
Decrease (increase) in projects in progress	37,489,298	(22,786,074)
(Increase) in investments	(8,957,394)	(34,300,751)
Net cash (used in) investment activities	(33,467,769)	(69,928,403)
Cash flow from financing activities		
Loans received	4,755,340	17,224,550
Development fund loan repaid	(3,875,002)	(937,500)
Previous years adjustments	(10,846,479)	(3,439,222)
Zakat provision adjustments	(375,925)	192,993
Used reserves	(1,537,493)	-
Proposed and actual distributed profits	(10,000,000)	(10,000,000)
Net cash flow resulting from (used in) financing activities	(21,879,559)	3,040,821
Net increase (decrease) in cash balances	(44,221)	33,545
Cash at the beginning of the year	4,845,782	4,812,237
Cash at the end of the year	4,801,561	4,845,782
	-	-

The attached notes are an integral part of these financial statements

Saudi Joint Stock Company

Statement of Changes in Equity

	Share capital	Government Grant	Legal reserve	Agreed reserve	Contingency reserve	Retained earnings	Change in fair value of investments	Total
	Saudi Riyal	Saudi Riyal	Saudi Riyal	Saudi Riyal	Saudi Riyal	Saudi Riyal	Saudi Riyal	Saudi Riyal
Balance as at 1/1/2011	200,000,000	70,000,000	61,873,825	28,270,719	35,731	12,233,493	(15,379,131)	357,034,637
Previous years' adjustments	-	-	-	-	-	(3,439,222)	-	(3,439,222)
Profit for the year 2011	-	-	-	-	-	33,107,318	-	33,107,318
Transfers to reserves	-	-	3,310,732	1,655,366	-	(4,966,098)	-	-
Change in fair value of investments	-	-	-	-	-	-	(5,559,822)	(5,559,822)
Proposed distributable profits	-	-	-	-	-	(10,000,000)	-	(10,000,000)
Balance as at 31/12/2011	200,000,000	70,000,000	65,184,557	29,926,085	35,731	26,935,491	(20,938,953)	371,142,911
Previous years adjustments	-	-	-	-	-	(10,846,479)	-	(10,846,479)
Profit for the year 2012	-	-	-	-	-	15,616,136	-	15,616,136
Transfers to reserves	-	-	1,561,614.02	780,807.01	-	(2,342,421)	-	-
Used agreed reserve	-	-	-	(1,537,493.00)				(1,537,493)
Change in fair value of investments	-	-	-	-	-	-	6,869,348	6,869,348
Proposed distributable profits	-	-	-	-	-	(10,000,000)	-	(10,000,000)
Balance as at 31/12/2012	200,000,000	70,000,000	66,746,171	29,169,399	35,731	19,362,727	(14,069,605)	371,244,423

The attached notes are an integral part of these financial statements

Tabuk Agricultural Development Company

Saudi Joint-Stock Company

Clarifications on Financial Statements

As on 31 December 2012

Note 1: the Company and the nature of its business

- Tabuk Agricultural Development Company (TADCO) was incorporated as a Saudi joint-stock company by virtue of the Royal Decree No. M/11 dated 7 Jumada Al-Thani 1403H corresponding to 22 March 1983G and was registered at the Commercial Registry of the city of Tabuk under number 35505403 dated 15 Shaaban 1404H corresponding to 17 May 1984G.
- The company's business consists of agricultural and animal production, agricultural manufacturing, and the marketing of its products.

Note 2: Capital

The Company's capital amounts to SR 200 million, divided into 20 million shares at an individual nominal share value of SR 10.

Clarification (3): Summary of Significant Accounting Policies:

The preliminary financial statements are prepared according to the accounting standards issued by the Saudi Organization for Public Certified Accountants, including the preliminary financial reports standard, on the same bases and according to the accounting policies adopted to prepare annual financial statements. Following is a summary of the significant accounting policies adopted:

a. Basis for preparation of financial statements

Financial statements shown in Saudi Riyals are prepared according to conventional accounting standards in the Kingdom of Saudi Arabia, the principle of historical cost, the requirements of the Saudi Company Law, and the Company's articles of association.

b. Cash and Similar

Cash and similar such as cash in hand, balances of current accounts with banks and short-term investments which fall due in no more than three months and no restriction exists on their monetization on account of the Company.

c. Commercial Rights and Obligations

Commercial rights and obligations are shown within the financial position statement as net collectible value

d. Stock

Stock consists of finished products, primary materials, production supplies, equipment and spare parts shown by cost or net sale value, whichever is lower. The cost of finished production includes the cost of primary materials, labor, and other direct and indirect production costs. As for the costs of primary materials, supplies, equipment and spare parts, they are obtained by using the weighted average method. Provisions are made for damaged and slow moving stock.

e. Investments

- The company's investments in other companies and the returns thereof are documented in line with relevant accounting standards and according to control indices. The percentage of company ownership in the capital of these companies is deemed a presumption of control.
- In the attached financial statements, securities have been classified as securities available for sale and the temporary decrease in their value has been included as unrealized losses as part of equity in the financial position statement.

f. Property, machinery, equipment and trees:

Property, machinery, equipment and trees are documented according to the costs thereof, which shall include additions and improvements which increase their production capacity and prolong their usability. They are amortized on a fixed quota basis during the estimated production life and according to the following percentages:

Agricultural equipment	10% - 15%
Electric generators and pumps	10% - 17%
Well and sprinkler supplies	7.50% - 10%
Buildings and constructions	4% - 20%
Vehicles	25%
Furniture and furnishings	17%
Office and clinic equipment	12.50% - 17%
Workshop equipment and machinery	10% - 15%
Seed sorting station	10%
Irrigation system for fruit project	10%
Cold stores	10%
Polystyrene box factory	10%
Olive press	10%
Fruit trees	6.25% - 8.33%

e. Realization of Revenues

- Sales' revenues are documented at the time products are delivered to clients.
- The value of wheat sale to government silos is documented on the basis of net sale value and after subtraction of Zakat and the percentage of eliminated impurities.
- Other revenues are documented when realized.

f. Cost of Sales

The cost of sales is calculated on the basis of the cost of production of sold units charged with actual direct costs, which shall include the cost of materials, production supplies, cost of labor, and amortizations of direct fixed assets, in addition to their share of indirect expenses.

g. Expenses

- Expenses resulting from Company endeavors related to sale and marketing of its products are categorized as sale and marketing expenses; part of these expenses is deducted at the end of financial periods and charged to the cost of growing fruit trees which have not exhausted the life of commercial production and which are included as part of working projects according to the following formula:

50% of indirect sale and marketing expenses x Sale of fruits for growing trees

Total fruit sales

- Direct and indirect expenses relating to management and non-relating to the function of production or of sale and marketing are categorized as administrative and financial general expenses. Part of such expenses is deducted and charged to the cost of growing trees which have not exhausted the life of commercial production and which are included under working projects according to the following formula:

Total general expenses x operating cost for growing trees during the year

Total operating cost during the year

h. Reserves

Reserves are formed according to the Saudi Company Law and the Company's articles of association.

i. Zakat prescribed according to the Shari'ah

Net equity is subject to the Zakat prescribed by the Shari'ah as instructed by the Department of Zakat and Income Tax. A provision is made for assessed Zakat.

j. Share dividends

Share dividends are calculating by dividing net profit for the period by the number of shares issued as at period end.

k. Transactions in foreign currencies

Transactions are registered in foreign currencies based on exchange rates prevailing at the time these transactions are carried out. At year end, the balances of assets and liabilities are transferred according to exchange rates prevailing on that date and the profit or loss resulting from conversion of foreign currencies is included in the statement of income for the year.

Note (4): Cash in hand and at bank:		
	As at 31 December	
	2012	2011
	Saudi Riyal	Saudi Riyal
Current accounts at banks	4,797,284	4,813,880
Cash in hand	4,277	31,902
Total	4,801,561	4,845,782

Note (5): Trade debtors		
	As at 31 December	
	2012	2011
	Saudi Riyal	Saudi Riyal
Trade debtors	20,424,074	44,941,390
Provision for doubtful debts	(752,200)	-
Total	19,671,874	44,941,390

Tabuk Agricultural Development Company

Saudi Joint-Stock Company

Clarifications on Financial Statements

As on 31 December 2012

Note (6): Inventories:		
	As at 31 December	
	2012	2011
	Saudi Riyal	Saudi Riyal
Grains, seeds and feeds	10,661,591	3,694,117
Fruits and vegetables	3,850,818	4,454,736
Produced food stuff	16,201,867	9,070,657
Trees	400,894	427,892
Fertilizers and chemicals	3,528,939	8,012,845
Spare parts, consumables and other inventories	13,988,866	13,092,483
Total	48,632,975	38,752,730
Provision for obsolete inventories	(920,651)	(61,557)
Net value of inventories	47,712,324	38,691,173

Note (7): Other debtors:		
	As at 31st December	
	2012	2011
	Saudi Riyal	Saudi Riyal
Guarantees to other parties	317,146	317,146
Prepayments	607,359	1,351,330
Letters of credit	188,981	88,377
Loans to employees	1,140,871	1,052,511
Down-payments to suppliers	4,600,447	4,402,683
Other	216,970	23,387
Total	7,071,774	7,235,434

Tabuk Agricultural Development Company

Saudi Joint-Stock Company

Clarifications on Financial Statements

As on 31 December 2012

Note (8): Loans:		
	As at 31st December	
	2012	2011
	Saudi Riyal	Saudi Riyal
Government Loans		
Balance at the beginning of the year	12,686,947	1,875,000
Received during the year	-	11,749,447
Repaid during the year	(3,875,002)	(937,500)
Balance at the end of the year	8,811,945	12,686,947
The current portion	2,937,360	3,874,860
The non-current portion	5,874,585	8,812,087
Commercial Loans		
Balance at the beginning of the year	9,382,404	3,907,301
Received during the year	4,755,340	5,475,103
Repaid during the year	-	-
Balance at the end of the year	14,137,744	9,382,404
The current portion	1,840,144	1,840,140
The non-current portion	12,297,600	7,542,264
Total current portion	4,777,504	5,715,000
Total non-current portion	18,172,185	16,354,351
Total	22,949,689	22,069,351

Tabuk Agricultural Development Company

Saudi Joint-Stock Company

Clarifications on Financial Statements

As on 31 December 2012

Note (9): Zakat Provision:		
Calculation of Zakat		
	As at 31st December	
	2012	2011
	Saudi Riyal	Saudi Riyal
Net accounting profit adjusted by:	18,250,800	35,694,823
Provisions accrued during the year	2,956,553	3,048,797
Adjusted net profit	21,207,353	38,743,620
Zakat due on:		
Adjusted net profit	21,207,353	38,743,620
Total added items	425,195,089	400,004,508
Total deducted items	(336,045,142)	(327,364,591)
Zakat due on:	110,357,300	111,383,537
Deduct: profits on wheat given as zakat	(4,970,714)	(7,883,319)
Net amount on which Zakat is due:	105,386,586	103,500,218
Zakat at a rate of 2.5%	2,634,664	2,587,505

Zakat provisions movements were as follows:

	As at 31st December	
	2012	2011
	Saudi Riyal	Saudi Riyal
Balance as at 1/1	2,179,947	1,778,569
Zakat due for the year	2,587,505	2,179,947
Adjustments	192,993	-
Deduct: Zakat paid during the year	(2,372,940)	(1,778,569)
Balance as at 31/12	2,587,505	2,179,947

The company received the final Zakat Certificate for the years up to 2010

Tabuk Agricultural Development Company

Saudi Joint-Stock Company

Clarifications on Financial Statements

As on 31 December 2012

Note (10): Other creditors:		
	At 31st December	
	2012	2011
	Saudi Riyal	Saudi Riyal
Employees' entitlements	1,765,477	2,093,934
Accrued expenses	4,623,439	2,655,118
Retained insurance	2,057,241	1,644,460
Share sale creditors	1,871,539	1,873,267
Underwriting creditors and shareholders trusts	894,625	894,825
Down-payments from customers	995,126	1,629,659
Other	-	4,508
Total	12,207,447	10,795,771

	Note (11): Investments in companies:			
			As at 31st December	
			2012	2011
		Interest in companies	Saudi Riyal	Saudi Riyal
*	Jannat Agricultural Investment Company	27.78%	11,491,989	11,937,176
	The National Seeds Production and Trading Company	1.40%	412,800	412,800
	Saudi Agricultural Group	14.28%	100,000	100,000
	Potato Cooperative Association		100,000	100,000
	Wheat Cooperative Association		20,000	20,000
	East Asia for Agricultural Investment Company (under establishment)		20,000,000	10,000,000
			32,124,789	22,569,976
*	The investment in Jannat Agricultural Investment Company has been valued according to the Equity method			
	based on the financial statements of the company as at 31/12/2011			
The movements on the companies were as follows				
	Beginning of the year balance		22,569,976	17,331,616
	Investments added during the year		10,000,000	10,000,000
	Deduct investment (losses) on the companies during the year		(445,187)	(4,761,640)
	End of year balance		32,124,789	22,569,976

Tabuk Agricultural Development Company

Saudi Joint-Stock Company

Clarifications on Financial Statements

As on 31 December 2012

Note (12): Investments in available for sale securities:		
	As at 31st December	
	2012	2011
	Saudi Riyal	Saudi Riyal
Riyad Bank Fund	10,682,870	9,376,346
Gulf Finance House	3,753,410	3,788,005
Total	14,436,280	13,164,351
The investments movements at the companies were as follows		
Beginning of the year balance	13,164,351	13,161,349
Received from investments	(34,595)	-
Unrealised gains during the year	1,306,524	3,002
End of year balance	14,436,280	13,164,351

Note (13): projects in progress:

	As at 31st December	
	2012	2011
	Saudi Riyal	Saudi Riyal
Civil constructions in progress	11,163,621	43,155,392
Growing crops	25,968,737	29,679,701
Unripe fruit gardens	12,075,997	13,844,043
Other	637,504	656,021
Total	49,845,859	87,335,157

Tabuk Agricultural Development Company

Saudi Joint-Stock Company

Clarifications on Financial Statements

As on 31 December 2012

Note (14): Fixed assets:										
	Cost				Depreciation				Net value at 31 December	
	Balance 1/1/2012	Additions	Disposals and adjustments	Balance 31/12/2011	Balance 1/1/2012	Disposals and adjustments	Depreciation for the year	Balance 1/1/2012	2012	2011
	Saudi Riyal	Saudi Riyal	Saudi Riyal	Saudi Riyal	Saudi Riyal	Saudi Riyal	Saudi Riyal	Saudi Riyal	Saudi Riyal	Saudi Riyal
Lands	70,270,600			70,270,600	-			-	70,270,600	70,270,600
Buildings and constructions	112,634,973	1,537,774		114,172,747	76,965,801	3,785,720		80,751,521	33,421,226	35,669,172
Machinery and equipment	202,228,288	47,788,050	(5,725,036)	244,291,302	166,602,280	7,565,124	(5,291,013)	168,876,391	75,414,911	35,626,008
Wells and irrigation systems	223,576,926	9,671,519	(5,473,863)	227,774,582	200,871,184	7,533,100	(5,366,011)	203,038,273	24,736,309	22,705,742
Carriage and transportation means	24,845,075	179,446	(77,150)	24,947,371	24,377,684	267,627	(77,150)	24,568,161	379,210	467,391
Ripe trees	61,454,486	4,462,723	(4,454,523)	61,462,686	31,199,122	2,221,007	(2,917,030)	30,503,099	30,959,587	30,255,364
Furniture and fixtures	9,797,542	260,232	(103,463)	9,954,311	8,998,086	320,320	(102,977)	9,215,429	738,882	799,456
Total fixed assets	704,807,890	63,899,744	(15,834,035)	752,873,599	509,014,157	21,692,898	(13,754,181)	516,952,874	235,920,725	195,793,733

Note (15): Government grant:

The Government grant is represented in the project's land granted to the company by the honorable Royal Decree no (M/50) on 3/9/1405, and which area is 35 thousand hectares of government land located on Tabuk Be'r Hermas road for the purpose of investment in agricultural projects. The land has been valuated at 70 million Saudi Riyals according to a real estate office at 2/5/1406

Note (16): Other reserves:		
	As at 31st December	
	2012	2011
	Saudi Riyal	Saudi Riyal
Agreed reserve	29,169,399	29,926,085
Contingency reserve	35,731	35,731
Total	29,205,130	29,961,816

Note (17): Sales:		
	As at 31st December	
	2012	2011
	Saudi Riyal	Saudi Riyal
Grain sales	30,165,394	41,515,675
Feeds sales	42,418,920	50,690,027
Fruits and vegetables sales	81,911,402	76,404,823
Produced food stuff sales	1,081,501	2,736,938
Trees' sales	396,848	319,263
Green spaces sales	105,000	-
Total	156,079,065	171,666,726

Note (18): Cost of sales:		
	As at 31st December	
	2012	2011
	Saudi Riyal	Saudi Riyal
Cost of grain sales	24,936,332	32,347,157
Cost of feeds sales	21,595,538	22,555,204
Cost of fruits and vegetables sales	38,424,386	32,734,711
Cost of produced food stuff sales	695,381	2,754,348
Cost of trees sales	336,741	297,204
Cost of green spaces sales	60,480	-
Total	86,048,858	90,688,624

Tabuk Agricultural Development Company

Saudi Joint-Stock Company

Clarifications on Financial Statements

As on 31 December 2012

Note (19): Operating expenses:		
	As at 31st December	
	2011	2010
	Saudi Riyal	Saudi Riyal
Carriage and cargo expenses	9,586,727	7,940,418
Labour salaries, compensations and similar	8,998,768	7,184,902
Packing and packaging expenses	5,645,599	5,395,681
Depreciation	3,820,019	3,198,166
Sales commissions	2,644,187	3,070,471
Lost and damaged	2,530,340	1,316,796
Oil and energy	1,416,973	1,364,248
Consumables	716,056	638,152
Repair and maintenance and spare parts	577,591	692,640
Insurance expenses	150,893	138,377
Exhibitions, promotions and advertising	137,564	141,198
Telephone, fax and post	121,018	79,982
Rents	109,212	142,851
Travel and transportation	87,808	50,247
Other expenses	269,916	84,735
Total operating expenses	36,812,671	31,438,864

Tabuk Agricultural Development Company

Saudi Joint-Stock Company

Clarifications on Financial Statements

As on 31 December 2012

Note (20): General and administrative expenses:		
	As at 31st December	
	2012	2011
	Saudi Riyal	Saudi Riyal
Salaries, compensations and similar	7,570,969	7,671,331
Depreciation	1,592,818	1,993,002
Repair and maintenance and spare parts	974,173	800,857
Provision for obsolete inventories	859,094	-
Provision for doubtful debts	752,200	-
Public relations and exhibitions	814,886	654,600
Donations	736,667	299,999
Licences	639,713	583,273
Administrative advertisements	461,273	349,839
Oil and energy	321,020	425,619
Consuables	222,143	228,097
Telephone, fax and post	221,479	146,566
Professional and consultancy fees	170,840	281,920
Banking charges	153,048	260,750
Travel and transportation expenses	100,579	121,972
Rents	68,653	55,313
Insurance	26,306	63,272
Other expenses	680,618	453,635
Total general and administrative expenses	16,366,479	14,390,045

Note (21): Other income:		
	As at 31st December	
	2012	2011
	Saudi Riyal	Saudi Riyal
Gains from selling scrap	806,099	32,017
Investment income	102,003	32,121
Other income	491,641	481,492
	1,399,743	545,630

Note (22): Future obligations:		
	As at 31st December	
	2012	2011
	Saudi Riyal	Saudi Riyal
Letters of guarantee to other parties	4,850,000	4,850,000
Letters of credit	3,590,639	1,679,129
Total	8,440,639	6,529,129

Note (23): Re-arrangement:

Some of the comparison year figures have been re-arranged to be consistent with the presentation of the current year financial data

Tabuk Agricultural Development Company "TADCO"

A Saudi Joint-Stock Company

Tabuk – Kingdom of Saudi Arabia

Financial Statements and Auditor's Report

As on 31 December 2013

بسم الله الرحمن الرحيم

Al - Thinayyan
Accountants & Auditors
Licence No. (148)
Date 10 /9 / 1404 H.

الثنيان
محاسبون ومراجعون قانونيون
ترخيص رقم (١٤٨)
تاريخ ١٠ / ٩ / ١٤٠٤هـ

No. ------
Date

TO : The Shareholders
Tabuk Agricultural Development Co - Saudi Joint Stock Company
Tabuk – Saudi Arabia

Subject : Audit Report

Scope Of Audit : We have audited the statement of financial position of **Tabuk Agricultrual Development Co - Saudi Joint Stock Company** as at 31December , 2013 and the related statements of income, cash flows and changes in shareholders equity for the year then ended , and notes from (1) to (30) in which are integral part of these financial statements .

These financial statements prepared by the company management in accordance with article (123) of the companies law and submitted to us along with all the information requested .

We conducted our audit in accordance with generally accepted auditing standards, an audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. and other procedures to obtain reasonable degree of assurance to enable us to express our opinion on the financial statements .

Unqualified Opinion : In our opinion the financial statements taken as a whole :-

1- Present fairly, the financial position of **Tabuk Agricultrual Development Co - Saudi Joint Stock Company** as at 31December , 2013 and the results of its operations and its cash flows for the year ended based on the presentation and disclosures of the information included in the financial statements in accordance with generally accepted accounting standards which are appropriate to the circumstances of the company .

2- Comply with the requirements of the companies law and the companys articles of association with respect to the preparation and presentation of the financial statements.

3- The company maintained the accounting books in computerized system which in conformity to the financial statements .

EMPHASIS OF MATTER : We draw your attention to the **followings :**

The decisions issued from the administrative committee which directed by the chairman of the board at 4 February , 2014 regarding the accounting treatments upon the recommendations mentioned in due diligence review after approval and issuance of interim financial statements as at 31 December , 2013 in 19 January , 2014 which result in material modifications to the interim financial statements from net profit of SAR (3,3) million to net loss of SAR (14,8) million as mentioned in note No .(26).

Riyadh 05/04/1435 H
Corr. 05/02/2014 G

AL – Thinayyan Certified Accountants & Auditors

Saleh Mohd. AL Thinayyan
Licence No. (148)

تليفون : ٤٧٣٠١٣٨ / ٤٧٣١٨٤٩ - فاكس : ٤٧٢٧٩١٦ - ص.ب ٢٢٠٦ الرياض ١١٤٥١ - رقم عضوية الغرفة التجارية ٣٢٩٢٧
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Tabuk Agricultural Development Co. "TADCO"

Saudi Joint Stock Company

Balance Sheet

		As at 31st December	
		2013	2012
		Saudi Riyals	Saudi Riyals
Assets			
Current assets:			
Cash in hand and at bank	Note (3)	3,798,540	4,801,561
Short-term investments		10,000,000	40,000,000
Debtors	Note (4)	9,689,491	19,671,874
Available for sale fixed assets		738,784	740,180
Inventories	Note (5)	57,713,599	47,712,324
Prepayments and debtors	Note (6)	10,256,647	7,071,774
Total current assets		92,197,061	119,997,713
Non-Current Assets:			
Investments in Companies	Note (7)	30,838,844	31,438,844
Investments in available for sale securities	Note (8)	15,744,771	14,436,280
Projects in progress	Note (9)	62,430,236	49,845,859
Fixed assets (net)	Note (10)	204,555,228	204,961,138
Organic assets (trees)	Note (11)	26,837,587	27,943,560
Total non-current assets		340,406,666	328,625,681
Total assets		432,603,727	448,623,394
Liabilities and Shareholders' Equity			
Current liabilities:			
Current portion of long-term loan	Note (12)	3,997,697	4,777,504
Profit distribution creditors		22,076,016	21,686,062
Creditors	Note (13)	9,775,784	6,865,626
Accruals and creditors	Note (14)	11,791,090	14,826,085
Zakat provisions	Note (15)	1,554,541	2,634,664
Proposed distributable profits		10,000,000	10,000,000
Total Current Liabilities		59,195,128	60,789,941
Non-Current Liabilities:			
Government grant obligation	Note (17)	5,650,000	-
Long-term loans	Note (12)	15,074,050	18,172,185
End of service provisions	Note (16)	4,879,578	4,737,455
Total non-current liabilities		25,603,628	22,909,640
Total liabilities		84,798,756	83,699,581
Shareholders' Equity:			
Paid capital	Note (17)	200,000,000	200,000,000
Government Grant	Note (18)	64,350,000	70,000,000
Legal reserve	Note (19)	66,746,171	66,746,171
Other reserves	Note (20)	14,366,683	29,205,130
Change in fair value of financial investments		-	(14,069,605)
Retained Earnings		2,342,117	13,042,117
Net Shareholders' equity		347,804,971	364,923,813
Total liabilities and shareholders' equity		432,603,727	448,623,394

The attached notes are an integral part of these financial statements

Tabuk Agricultural Development Co. (TADCO)

Saudi Joint Stock Company

Income Statement

		For the year ended 31 December	
		2013	2012
		Saudi Riyals	Saudi Riyals
Sales	Note (21)	120,988,316	156,079,065
Cost of sales	Note (22)	(68,888,958)	(86,048,858)
Gross profit		52,099,358	70,030,207
Main operations expenses			
Operating expenses	Note (23)	(34,120,045)	(36,812,671)
Administrative expenses	Note (24)	(15,469,928)	(16,366,479)
Remunerations and differences	Note (25/a)	-	(1,975,638)
Inventory provision	Note (23)	(3,587,103)	-
Total expenses of main operations		(53,177,076)	(55,154,788)
Net profit/loss from main operations		(1,077,718)	15,875,419
Results of other operations			
Loss on financial investments and assets	Note (25b)	(700,000)	(685,945)
Losses on non-temporary impairment in the value of available for sale securities	Note (8)	(12,742,899)	-
Capital loss due to removal of trees	Note (25/c)	-	(3,016,027)
Other income		1,236,711	1,399,743
Total results of other operations		(12,206,188)	(2,302,229)
Profit/loss before zakat provision		(13,283,906)	12,573,190
Zakat provision		(1,554,541)	(2,634,664)
Net profit/loss		(14,838,447)	9,938,526
Earnings/loss per share from main operations		(0.05)	0.74
Earnings/loss per ordinary share in riyals		(0.74)	0.50

The attached notes are an integral part of these financial statements

Tabuk Agricultural Development Co. (TADCO)

Saudi Joint Stock Company

Cash flow Statement (Unaudited)

Increase (decrease) in cash

	For the year ended 31 December	
	2013	2012
	Saudi Riyals	Saudi Riyals
Cash flow from operating activities:		
Net profit before Zakat	14,838,447-	12,573,190
Reconciliation of net profit to net cashflow		
resulting from (used in) operating activities:		
Depreciation	23,859,647	21,692,898
Previous years adjustments	13,442,899	5,677,610
Accrued end of service provision	142,123	583,923-
Depreciation/disposal of fixed assets	-	-
Provision for doubtful debts	665,153	752,200
Decrease in trade debtors	9,317,230	24,517,316
(Decrease) in inventory	10,001,275-	9,021,151-
(Increase) in other debtors	3,184,873-	163,660
(Decrease) increase in creditors	2,910,158	271,920-
Increase in other creditors	3,034,995-	1,411,676
Increase in distributed profits creditors	389,954	603,131
Paid end of service award	-	-
Paid Zakat	1,080,123-	2,211,580-
Net cash flow from operating activities	18,587,451	55,303,107
Cash flow from investment activities:		
Fixed assets additions	21,943,114-	63,899,744-
Fixed assets disposals (Net)	2,611,379	2,079,855
Net change in available for sale properties	1,396	179,783-
(Increase) in projects in progress	12,584,377-	37,489,298
Decrease (increase) in investments	29,918,215	8,957,394-
Net cash (used in) investment activities	(1,996,501)	(33,467,768)
Cash flow from financing activities		
Loans received	-	4,755,340
Loans paid	3,877,942-	3,875,002-
Previous years adjustments	3,016,029-	10,846,479-
Zakat provision adjustments		375,925-
Change in fair value of investment	-	
Used reserves	-	1,537,493-
Board of directors remuneration	700,000-	
Distributable profits	10,000,000-	10,000,000-
Net cash flow resulting from (used in) financing activities	(17,593,971)	(21,879,559)
Net increase (decrease) in cash balances	1,003,021-	44,221-
Cash at the beginning of the year	4,801,561	4,845,782
Cash at the end of the year	3,798,540	4,801,561
	-	-

The attached notes are an integral part of these financial statements

Tabuk Agricultural Development Co. (TADCO)

Saudi Joint Stock Company

Statement of Changes in Equity for the year ended 31/12/2013

		Share capital	Government Grant	Legal reserve	Other reserves	Change in fair value of financial investments	Retained earnings	Total
Year ended 31/12/2013		Saudi Riyal	Saudi Riyal	Saudi Riyal	Saudi Riyal	Saudi Riyal	Saudi Riyal	Saudi Riyal
Balance at the beginning of the year		200,000,000	70,000,000	66,746,171	29,205,130	(14.069.605)	13,042,117	364,923,813
Closing the loss for the year	Note(20)				(14.838.447)			(14.838.447)
Obligation for government grant	Note(16)	-	(5.650.000)	-	-	-		(5.650.000)
Transfers from reserves		-	-	-		-		-
Change in fair value of financial investments	Note(8)	-	-	-	-	14,069,605	-	14,069,605
Board of directors remunerations							(700.000)	(700.000)
Proposed distributable profits		-	-	-	-	-	(10.000.000)	(10.000.000)
Balance at the end of the year		200,000,000	64,350,000	66,746,171	143,669,683	-	2,342,117	347,804,971
Year ended 31/12/2012								
Balance at the beginning of the year before adjustment		200,000,000	70,000,000	65,184,557	29,961,816	(20,938,953)	26,935,491	392,081,864
Previous years adjustments		-	-	-	-	-	(10.846.479)	(10.846.479)
Balance at the beginning of the year after adjustment		200,000,000	70,000,000	65,184,557	29,961,816	(20.938.953)	16,089,012	360,296,432
Net profit		-	-	-	-	-	9,938,526	9,938,526
Transfers to reserves		-	-	1,561,614	780,807	-	(2.342.421)	-
Used from other reserves		-	-	-	(1.537.493)	-	-	(1,537,493)
Change in fair value of financial investments		-	-	-	-	6,869,348	-	6,869,348
Board of directors remunerations							(643,000)	(643,000)
Proposed distributable profits		-	-	-	-	-	(10,000,000)	(10,000,000)
Balance at the end of the year		200,000,000	70,000,000	66,746,171	29,205,130	(14,069.605)	13,042,117	364,923,813

The attached notes are an integral part of these financial statements

Tabuk Agricultural Development Company

Saudi Joint-Stock Company

Clarifications on Financial Statements

As on 31 December 2013

Clarification (1): the Company and the nature of its business

- Tabuk Agricultural Development Company (TADCO) was incorporated as a Saudi joint-stock company by virtue of the Royal Decree No. M/11 dated 7 Jumada Al-Thani 1403H corresponding to 22 March 1983G and was registered at the Commercial Registry of the city of Tabuk under number 35505403 dated 15 Shaaban 1404H corresponding to 17 May 1984G.
- The Company's capital amounts to SR 200 million, divided into 20 million shares at an individual nominal share value of SR 10.
- The company's business consists of agricultural and animal production, agricultural manufacturing, and the marketing of its products.

Clarification (2) Capital

The Company's capital amounts to SR 200 million, divided into 20 million shares at an individual nominal share value of SR 10.

Clarification (3): Summary of Significant Accounting Policies:

The preliminary financial statements are prepared according to the accounting standards issued by the Saudi Organization for Public Certified Accountants, including the preliminary financial reports standard, on the same bases and according to the accounting policies adopted to prepare annual financial statements. Following is a summary of the significant accounting policies adopted:

a. Basis for preparation of financial statements

Financial statements shown in Saudi Riyals are prepared according to conventional accounting standards in the Kingdom of Saudi Arabia, the principle of historical cost, the requirements of the Saudi Company Law, and the Company's articles of association.

b. Use of Estimates

Preparation of financial statements by the Management may necessitate use of a number of estimates and assumptions which affect the financial position; actual results may be different than such estimates.

c. Cash and Similar

Cash and similar such as cash in hand, balances of current accounts with banks and short-term investments which fall due in no more than three months and no restriction exists on their monetization on account of the Company.

d. Debtors

Debtors appear in the financial position statement as net realizable value after deduction of the provisions for doubtful debts (if any). Provisions for doubtful debts are assessed based on a study of the life of items of debtors' balances and an evaluation of the extent to which they may be collected at the end of the financial year.

e. Stock

Stock consists of finished products, primary materials, production supplies, equipment and spare parts shown by cost or net sale value, whichever is lower. The cost of finished production includes the cost of primary materials, labor, and other direct and indirect production costs. As for the costs of primary materials, supplies, equipment and spare parts, they are obtained by using the weighted average method. Provisions are made for damaged and slow moving stock.

f. Investments

- The company's investments in other companies and the returns thereof are documented in line with relevant accounting standards and according to control indices. The percentage of company ownership in the capital of these companies is deemed a presumption of control.
- In the attached financial statements, securities have been classified as securities available for sale and the temporary decrease in their value has been included as unrealized losses as part of equity in the financial position statement.

g. Fixed Assets and Amortization

- Fixed assets appear as cost after deduction of total amortization.
- Amortization of fixed assets is calculated by using the fixed quota method based on the estimated operating lives and according to percentages ranging between 3% and 25%.
- Capital profits and losses are included in the statement of income.

h. Vital Assets

Vital assets appear as the cost of purchasing or the cost of growth up to the date of the initial production, minus cumulative amortization. The cost of small vital assets is determined by the cost of growth according to respective lives. Vital assets are amortized using the fixed quota method for the remaining estimated value on the basis of their commercial production which ranges between 12 to 44 years for palm trees.

i. Zakat Provision

Zakat provisions are calculated according to the instructions of the Department of Zakat and Income Tax. Submission and disclosure of provisions in financial statements shall be according to the Zakat standard. Any discrepancies between the Zakat provisions and final assessment shall be according to the requirements of the general submission and disclosure standard relating to accounting changes.

j. Statutory Reserve

No transfer was made to the statutory reserve this year due to the realized losses.

k. Consensual reserve

According to the Company's articles of association, 5% of net profits is set aside towards formation of a consensual reserve dedicated to enhance the Company's position and face risks. This setting aside shall be stopped if the said reserve reaches 25% of the Company's capital. No transfer was made to such reserve due to losses incurred.

l. Allocations to Staff

Job-related allocations to staff are calculated according to the Saudi Labor Law.

m. Realization of Revenues

- Sales' revenues are documented at the time products are delivered to clients.
- The value of wheat sale to government silos is documented on the basis of net sale value and after subtraction of Zakat and the percentage of eliminated impurities.
- Other revenues are documented when realized.

n. Cost of Sales

The cost of sales is calculated on the basis of the cost of production of sold units charged with actual direct costs, which shall include the cost of materials, production supplies, cost of labor, and amortizations of direct fixed assets, in addition to their share of indirect expenses.

o. Expenses

- Expenses resulting from Company endeavors related to sale and marketing of its products are categorized as sale and marketing expenses; part of these expenses is deducted at the end of financial periods and charged to the cost of growing fruit trees which have not exhausted the life of commercial production and which are included as part of working projects.
- Direct and indirect expenses relating to management and non-relating to the function of production or of sale and marketing are categorized as administrative and financial general expenses. Part of such expenses is deducted and charged to the cost of growing trees which have not exhausted the life of commercial production and which are included under working projects.

p. Potential Provisions and Obligations

Provisions for liabilities of an unspecified value or period are registered when the Company has statutory liabilities which appeared as a result of the events of a past period which warrant expenditures to pay up liabilities. These expenditures may be estimated in a reliable

manner when the money time factor is significant, in which case provisions are formed according to the current fair value of expenditures which are expected to be sufficient to pay up liabilities.

Where no need exists for expenditures to pay up liabilities or in case it is difficult to assess such expenditures, the latter are disclosed as potential liabilities, unless it is difficult to determine such expenditures. Liabilities which may potentially occur and in the cases where determining this potentiality is possible in the light of one or more future occurrences shall also be disclosed as potential liabilities, unless it is difficult to determine these expenditures.

q. Foreign currencies

Transactions are registered in foreign currencies based on exchange rates prevailing at the time these transactions are carried out. At year end, the balances of assets and liabilities are transferred according to exchange rates prevailing on that date and the profit or loss resulting from conversion of foreign currencies is included in the statement of income for the year.

r. Share Dividend

Share dividend shall be calculated by dividing the net profit (loss) for the year by the number of shares issued as at year end.

s. Devaluation of non-current assets

On the date of each financial position statement, the book value of non-current assets is revised to determine whether an indication exists to devaluation of the value of assets, in which case the redeemable value is assessed and the loss resulting from devaluation shall be documented when the book value of these assets exceeds such redeemable value. Devaluation losses, if any, shall be documented in the statement of income.

Note (4): Cash in hand and at bank:		
	As at 31 December	
	2013	2012
	Saudi Riyal	Saudi Riyal
Cash in hand	25,167	4,277
Cash at banks	3,773,373	4,797,284
Total	3,798,540	4,801,561

* The cash at banks are balances in local banks used to finance the company operations and they are unrestricted balances

Note (4): Debtors		
	As at 31 December	
	2013	2012
	Saudi Riyal	Saudi Riyal
Trade debtors	11,106,844	20,424,074
Provision for doubtful debts	(1,417,353)	(752,200)
Net	9,689,491	19,671,874

Note (5): Inventories:		
	As at 31 December	
	2013	2012
	Saudi Riyal	Saudi Riyal
Seeds	173,227	21,961
Fertilizers	3,097,179	2,246,501
Consumables	11,854,408	9,444,963
Spare parts	2,928,119	3,750,321
Chemicals	1,680,417	1,027,283
Raw materials	513,243	689,366
Imported fruits	592,986	-
Seedlings	7,807	7,807
Finished products	41,373,967	31,444,773
Total	62,221,353	48,632,975
Provision for obsolete inventories	-4,507,754	(920,651)
Net value of inventories	57,713,599	47,712,324

Tabuk Agricultural Development Company

Saudi Joint-Stock Company

Clarifications on Financial Statements

As on 31 December 2013

Note (6): Prepayments and debtors:		
	As at 31 December	
	2013	2012
	Saudi Riyal	Saudi Riyal
Prepayments	1,622,535	607,359
Letters of credit	55,196	188,981
Goods in transit	266,551	178,142
Bank guarantees	317,146	317,146
Debtors (staff)	1,232,299	1,140,871
Down-payments/suppliers	6,625,563	4,600,447
Insurance with other parties	55,999	26,347
Due incomes	4,560	12,481
Other	76,798	-
Total	10,256,647	7,071,774

Note (7): Financial investments and assets		
	As at 31st December	
	2013	2012
	Saudi Riyal	Saudi Riyal
*Jannat Agricultural Investment Company	11,491,989	11,937,176
The National Seeds Production and Trading Company	412,800	412,800
Saudi Agricultural Group (SAG)	100,000	100,000
Potato Cooperative Association	100,000	100,000
Wheat Cooperative Association	20,000	20,000
East Asia for Agricultural Investment Company	20,000,000	10,000,000
	32,124,789	22,569,976

The investment in Jannat Agricultural Investment Company has been valued according to the Equity method based on the financial statements results as at 31/12/2012. The investment in Jannat has been revalued and the resulting losses were estimated as 700,000 Riyals

Tabuk Agricultural Development Company

Saudi Joint-Stock Company

Clarifications on Financial Statements

As on 31 December 2013

Note (8): Investments in available for sale securities:		
	As at 31st December	
	2013	2012
	Saudi Riyal	Saudi Riyal
Cost	28,487,670	28,505,885
Change in fair value	(12,742,899)	(14.069.605)
Total	15,744,771	14,436,280
Riyad Bank Fund losses	(11,585,492)	
Gulf Finance House losses	(1,157,407)	
Total	(12,742,899)	

Note (9): projects in progress:		
	As at 31st December	
	2013	2012
	Saudi Riyal	Saudi Riyal
Civil constructions in progress	14,764,161	11,163,621
Growing crops	20,994,920	25,968,737
Unripe fruit gardens	26,268,017	12,075,997
Other	403,138	637,504
Total	62,430,236	49,845,859

Tabuk Agricultural Development Company

Saudi Joint-Stock Company

Clarifications on Financial Statements

As on 31 December 2013

Note (12): Long-term loans:		
	As at 31st December	
	2013	2012
	Saudi Riyal	Saudi Riyal
Commercial loans		
Balance at the beginning of the year	8,811,945	12,686,947
Repaid during the year	(2.937.502)	(3.875.002)
Balance at the end of the year	5,874,443	8,811,945
The current portion	(2.937.360)	(2.937.360
The non-current portion	2,937,083	5,874,585
Government loans		
Balance at the beginning of the year	14,137,744	9,382,404
Received during the year	-	4,755,340
Repaid during the year	(940.440)	-
Balance at the end of the year	13,197,304	14,137,744
The current portion	(1.060.337)	(1.840.744)
The non-current portion	12,136,967	12,297,600
Total loans		
Total current portion	3,997,697	4,777,504
Total non-current portion	15,074,050	18,172,185
Total	19,071,747	22,949,689

The commercial loan is represented in a loan from the National Commercial Bank amounting to 11,749,447 Riyals starting 2.5.2012 for four years ending in 2/5/2015. The government loans represented in a loan from the Agricultural Development Fund amounting to 19,999,998 Riyals due for repayment from 1/9/2013 on 10 installments ending in 2013.

Note (13): Creditors:		

Creditors balances were 9,775,784 Riyals as at 31/12/2013 versus 6,865,626 Riyals at the end of 2012, the creditors balances are suppliers balances

Note (14): Accruals and creditors:		
	As at 31st December	
	2013	2012
	Saudi Riyal	Saudi Riyal
Staff entitlements	1,765,427	1,765,477
Accruals	4,442,523	7,242,077
Retained insurance	2,364,921	2,057,241
Share sales creditors	1,868,623	1,871,539
Underwriting creditors and shareholders' trusts	894,625	894,625
Down-payments received from customers	454,971	995,126
Total	11,791,090	14,826,085

Tabuk Agricultural Development Company

Saudi Joint-Stock Company

Clarifications on Financial Statements

As on 31 December 2013

Note (15): Estimated Zakat provisions:		
	As at 31st December	
	2013	2012
(a) Elements of amount on which Zakat is due	Saudi Riyal	Saudi Riyal
Net profit	(13.282.906)	18,250,800
Provisions accrued during the year	3,555,489	2,956,553
Adjusted net profit	(9.728.417)	21,207,353
Zakat due on:		
Adjusted net profit	(9.728.417)	-
Profits carried forward	200,000,000	-
Reserves	13,042,117	-
Loans	95,951,301	-
Government grant	19,071,747	-
Turned over provisions	64,350,000	-
Sold shares creditors	5,831,843	-
Underwriting surplus	1,868,623	-
Distributed profits creditors	894,625	-
Total amount on which Zakat is due	21,686,062	-
Deduct:	412,967,901	446,402,442
Net fixed assets		
Net organic assets	204,555,228	-
Projects in progress	26,837,587	-
Available for sale assets	62,430,236	-
Investments and fixed assets	738,784	-
Production inputs and spare parts	30,838,844	-
Total	20,479,786	
Amount on which Zakat is due	345,880,465	336,045,142
Deduct profits on wheat given as zakat	67,087,436	110,357,300
Net amount on which Zakat is due:	(4.905.784)	(4.970.714)
Estimated Zakat at 2.5%	62,181,652	105386586
Net amount on which Zakat is due:	1,554,541	2,634,664
Zakat at a rate of 2.5%	2,634,664	2,587,505
(b) Zakat provisions movements:		
Balance at the beginning of the year	2,634,664	2,587,505
Adjustments	-	(375.925)
Disposals	(2634664)	(211.580)
Additions	1,554,541	2,634,664
Balance at the end of the year	1,554,541	2,634,664

Tabuk Agricultural Development Company

Saudi Joint-Stock Company

Clarifications on Financial Statements

As on 31 December 2013

Note (16): Government grant:		

The Government grant is represented in the project's land granted to the company by the honorable Royal Decree no (M/50) on 3/9/1405, and which area is 35 thousand hectares of government land located on Tabuk Be'r Hermas road for the purpose of investment in agricultural projects. The land has been valuated at 70 million Saudi Riyals according to a realestate office at 2/5/1406 (There is an area inside the company's project land amounting to 2,825 Hectars and which acquisition has not been finalised. Therefore its value of 5,650,000 Riyals has been re-classified and included in the non-current liabilities under "Government grant obligations"

Note (17): End of service provision:		
	As at 31 December	
	2013	2012
	Saudi Riyal	Saudi Riyal
Balance at the beginning of the year	4,737,456	5,321,377
Accrued during the year	2,670,493	2,782,588
Payments to staff	(2.528.371)	(3.366.510)
Balance at the end of the year	4,879,578	4,737,455

Note (18): Capital:

The capital of the company is 200,000,000 Riyals divided into 20,000,000 share with nominal value of (10) Riyals per share

Note (19): Legal reserve:

In conformity with the companies' law and the articles of association of the company, 10% of the annual net profit is transferred to the legal reserve until it reached half the amount of the capital. No transfers have been made to the legal reserve this year due to achieving losses. The legal reserve amounts to 66,746,171 Riyals in 31/12/2013 and it represents 33.37% approximately of the capital.

Note (20): Other reserves:		
	12/31/2013	
	Saudi Riyal	
Balance as at 1/1/2013	29,169,399	
Closing the losses for the year	(14,838,447)	
Balance as at 31/12/2013	14,366,683	

Tabuk Agricultural Development Company

Saudi Joint-Stock Company

Clarifications on Financial Statements

As on 31 December 2013

Note (21): Sales:		
	As at 31st December	
	2013	2012
	Saudi Riyal	Saudi Riyal
Grain sales	25,384,913	30,165,394
Feeds sales	9,759,769	42,418,920
Fruits and vegetables sales	81,724,379	81,911,402
Produced food stuff sales	3,494,941	1,081,501
Trees' sales	519,114	396,848
Green spaces sales	105,200	105,000
Total	120,988,316	156,079,065

Note (22): Cost of sales:		
	As at 31st December	
	2013	2012
	Saudi Riyal	Saudi Riyal
Cost of grain sales	20,681,795	24,936,332
Cost of feeds sales	4,958,797	21,595,538
Cost of fruits and vegetables sales	38,579,954	38,424,386
Cost of produced food stuff sales	4,287,541	695,381
Cost of trees sales	318,361	336,741
Cost of green spaces sales	62,510	60,480
Total	68,888,958	86,048,858

Tabuk Agricultural Development Company

Saudi Joint-Stock Company

Clarifications on Financial Statements

As on 31 December 2013

Note (23): Operating expenses:		
	As at 31st December	
	2013	2012
	Saudi Riyal	Saudi Riyal
Carriage and cargo expenses	5,160,865	9,586,727
Labour expenses	8,534,897	8,998,768
Packing and packaging expenses	6,272,700	5,645,599
Depreciation	4,419,293	3,820,019
Sales commissions	2,507,984	2,644,187
Lost and damaged	3,131,627	2,520,340
Oil and energy	1,430,025	1,416,973
Consumables	873,218	716,056
Repair and maintenance and spare parts	569,642	577,591
Insurance expenses	132,730	150,893
Exhibitions, promotions and advertising	137,523	137,564
Telephone, fax and post	116,070	131,018
Rents	187,590	109,212
Travel and transportation	219,004	87,808
Other expenses	426,877	269,916
Total	34,120,045	36,812,671

Note (24): Administrative expenses:		
	As at 31st December	
	2013	2012
	Saudi Riyal	Saudi Riyal
Salaries, compensations and similar	8,405,844	7,570,969
Depreciation	1,471,080	1,592,818
Repair and maintenance and spare parts	881,951	974,173
Provision for obsolete inventories	-	859,094
Provision for doubtful debts	665,153	752,200
Public relations and exhibitions	498,215	814,886
Donations	540,000	736,667
Licence fees	592,314	639,713
Administrative advertisements	420,494	461,273
Oil and energy	343,872	321,020
Consumables	212,644	222,143
Telephone, fax and post	184,953	221,479
Professional and consultancy fees	235,979	197,145
Banking charges	185,016	153,048
Travel and transportation expenses	26,566	100,579
Rents	103,083	68,653
Insurance	48,893	26,306
Other expenses	653,871	654,313
Total	15,469,928	16,366,479

Tabuk Agricultural Development Company

Saudi Joint-Stock Company

Clarifications on Financial Statements

As on 31 December 2013

Note (25): Previous years adjustments

(25/a) Previous years adjustments is represented in expenses relating to the financial year 2012, which were not recorded in the accounts of the aforementioned year as follows:

Statement	Saudi Riyals
Staff remuneration	885,639
Remuneration of Board sub-committees members	840,000
Chief executive remuneration	60,000
Deputy Chief Executive remuneration	50,000
Board Secretary remuneration	50,000
Disposed of scrap	560,397
Zakat differences	(470,398)
Total	1,975,638

(25/b) Investment losses

The investment losses amounted to (685,945) Riyals and they related to investment losses on Jannat Company

(25/c) Capital losses

The capital losses amounted to 3,016,027 Riyals and are represented in removing fruit trees, dead trees and olive trees because of low productivity (these trees are damaged by very cold weather)

Note (26): Adjustments on preliminary financial statements

We refer to the decisions of the administrative committee presided by the Chairman of the Board of Directors and held on 4/2/2014 concerning the accounting treatments stated in the due diligence investigation study, which was carried out after issuance of the preliminary financial statements approved by the Board of Directors on 19/1/2014. As a result of these decisions material adjustments in to the financial results were needed and a net profit of 3.3 million riyals was adjusted to 14.8 million riyals net losses as shown below:

Tabuk Agricultural Development Company

Saudi Joint-Stock Company

Clarifications on Financial Statements

As on 31 December 2013

(26/a) Material adjustments to the statement of financial position			
	Statement of financial position	Statement of financial position	Differences
	(Audited)	(Preliminary)	
	12/31/2013	12/31/2012	
	Saudi Riyal	Saudi Riyal	Saudi Riyal
Debtors	9,689,491	10,354,644	(665,153)
Inventory	57,713,599	61,300,702	(3,587,103)
Investments and financial assets	30,838,844	31,538,844	(700,000)
Investments in available for sale securities	15,744,771	16,902,178	(1,157,407)
Accrued expenses and creditors	11,791,090	10,148,270	1,642,820
Proposed distributable profits	10,000,000	-	10,000,000

25 - Adjustments to income results based on the Board of Directors decisions dated 4/2/2014			
	Saudi Riyals		
Provision for doubtful debts	665,153		
Provision for obsolete olive oil inventory	3,555,489		
Provision for obsolete spare parts inventory	31,614		
Losses on securities investments	12,742,899		
Losses on financial assets investments	700,000		
Total	17,695,155		

26- Comparison figures
Some of the comparison year figures were re-classified in consistency with the current year financial statements presentation.

Tabuk Agricultural Development Company "TADCO"

A Saudi Joint-Stock Company

Tabuk – Kingdom of Saudi Arabia

Preliminary Financial Statements and Auditor's Report

As on 30 June 2014

09 July 2014

Auditor's Report on

Examination of Preliminary Financial Reports

To the Respected **Shareholders**

Tabuk Agricultural Development Company "TADCO"

A Saudi joint-stock company

We have examined the financial position statement for Tabuk Agricultural Development Company "TADCO" as on 30 June 2014, the statement of income, the cash flow, the list of changes in equity in the three months ending on that date as prepared by the Company and submitted to us, together with all information and data which we requested. Our examination was limited and was conducted according to the standard for examination of preliminary financial reports issued by the Authority.

The limited examination consists primarily of the application of analytical procedures to financial data and inquiring from officials at the Company about accounting matters. This examination is smaller in scope than the standard examination procedure which mainly aims at rendering opinion on financial statements overall. Therefore, we shall not render such opinion.

Based on the limited examination which we have conducted, we found that there were no material amendments need to be incorporated into the attached preliminary financial reports so that they conform to conventional accounting standards.

Signed

Suleiman Abdullah Al-Kharashi

Chartered Accountant – License No. (91)

Tabuk Agricultural Development Co. "TADCO"

Saudi Joint Stock Company

Preliminiary Balance Sheet (unaudited)

	As at 31st December	
	2014	2013
	Saudi Riyals	Saudi Riyals
Current assets:		
Cash in hand and at bank	6,163,138	5,629,035
Short-term investments	18,780,580	-
Trade debtors	10,242,378	15,540,343
Inventories	80,418,786	73,272,343
Available for sale properties, machinery and equipment	690,775	1,073,778
Other debtors	8,356,186	16,844,702
Total current assets	124,651,843	112,360,201
Current liabilities:		
Current portion of long-term loan	13,878,817	4,777,504
Creditors	21,032,347	18,189,373
Profit distribution creditors	32,028,120	22,086,412
Zakat provision	2,049,551	1,528,980
Other creditors	16,802,365	12,310,683
Total Current Liabilities	85,791,200	58,892,952
Working Capital	38,860,643	53,467,249
Non-Current Assets:		
Investments and financial assets	33,416,632	35,959,984
Investments in available for sale securities	-	11,848,950
Projects in progress	69,959,172	57,430,579
Properties, machinery, equipment and trees	234,023,554	232,859,547
Total non-current assets	337,399,358	338,099,060
Non-Current Liabilities:		
Conditional government grants	(5,650,000)	(5,650,000)
End of Service provision	(5,087,597)	(4,854,341)
Long-term loans	(15,472,381)	(15,834,455)
Net company assets	350,050,023	365,227,513
Shareholders' Equity:		
Paid capital	200,000,000	200,000,000
Government Grant	64,350,000	64,350,000
Reserves	81,112,854	92,935,274
Unrealised gains (losses) on financial investments	-	(12,903,525)
Retained Earnings	4,587,169	20,845,764
Net Shareholders' equity	350,050,023	365,227,513

The attached notes are an integral part of these financial statements

Tabuk Agricultural Development Co. (TADCO)

Saudi Joint Stock Company

Preliminary Income Statement (Unaudited)

	Preliminay period from 1st April up till 30 June		From the beginning of the year up till 30 June	
	2014	2013	2014	2013
	Saudi Riyals	Saudi Riyals	Saudi Riyals	Saudi Riyals
Sales	29,123,332	38,498,579	49,788,596	49,327,071
Cost of sales	(17,764,765)	(22,999,766)	(31,170,692)	(28,944,184)
Gross profit	11,358,567	15,498,813	18,617,904	20,382,887
Expenses and administrative costs				
Operating expenses	(9,461,000)	(8,760,398)	(12,507,847)	(10,854,054)
General and administrative expenses	(3,153,383)	(3,634,474)	(5,331,409)	(5,008,262)
Total expenses and administrative costs	(12,614,383)	(12,394,872)	(17,839,256)	(15,862,317)
Net profit (loss) from main operations	(1,255,816)	3,103,941	778,648	4,520,571
Unrealised gains on financial investments	1,613,598	-	1,613,598	-
Other income (expenses)	318,599	(26,700)	347,816	549,687
Net profit (loss) for the year before zakat	676,381	3,077,241	2,740,062	5,070,258
Zakat	(171,690)	(577,307)	(495,010)	(1,058,582)
Net profit for the year after Zakat	504,691	2,499,934	2,245,052	4,011,676
losses per share from main operations	(0.06)	0.16	0.04	0.23
Earnings (losses) per share from other operations	0.097	(0.001)	0.10	0.027
Earnings per ordinary share in Riyal	0.03	0.12	0.11	0.20

The attached notes are an integral part of these financial statements

Saudi Joint Stock Company

Cash flow Statement (Unaudited)

Increase (decrease) in cash

	For the year ended 31 December	
	2014	2013
	Saudi Riyals	Saudi Riyals
Cash flow from operating activities:		
Net profit before Zakat	2,740,062	5,070,258
Reconciliation of net profit to net cashflow		
resulting from (used in) operating activities:		
Unrealised gains on financial investments	(1,613,598)	-
Depreciation	11,852,498	11,623,123
(increase) decrease in trade debtors	(552,887)	4,131,531
(Decrease) in inventory	(22,705,187)	(25,560,019)
Decrease (increase) in other debtors	1,900,461	(9,772,928)
Increase in creditors	11,256,563	11,323,747
Increase in other creditors	5,011,275	103,236
(Decrease) in profit distribution creditors	(47,896)	(9,599,650)
End of service provisions	208,019	116,886
Paid Zakat	-	(2,164,266)
Net cash flow resulting from (used in) operating activities	8,049,310	(14,728,082)
Cash flow from investment activities:		
Fixed assets additions	(14,696,211)	(10,947,923)
Fixed assets disposals (Net)	212,974	2,385,978
Net change in available for sale properties	48,009	(333,598)
(Increase) in projects in progress	(7,528,936)	(7,584,720)
Decrease in investments	6,000,001	39,918,215
Net cash (used in) or resulting from investment activities	(15,964,163)	23,437,952
Cash flow from financing activities		
Loans received	12,636,607	-
Loans repaid	(2,357,156)	(2,337,730)
Used reserves	-	(3,016,027)
Profit distributions	-	(2,528,639)
Net cash flow resulting from (used in) financing activities	10,279,451	(7,882,396)
Net increase in cash balances	2,364,598	827,474
Cash at the beginning of the year	3,798,540	4,801,561
Cash at the end of the year	6,163,138	5,629,035

The attached notes are an integral part of these financial statements

Tabuk Agricultural Development Co. (TADCO)

Saudi Joint Stock Company

Statement of Changes in Equity (Unaudited)

	Share capital	Government Grant	Legal reserve	Agreed reserve	Contingency reserve	Change in fair value of investments	Retained earnings	Total
	Saudi Riyal	Saudi Riyal	Saudi Riyal	Saudi Riyal	Saudi Riyal	Saudi Riyal	Saudi Riyal	Saudi Riyal
Balance as at 1/1/2013	200,000,000	70,000,000	66,746,171	29,169,399	35,731	(14,069,605)	13,042,117	364,923,813
(Losses) in 2013	-	-	-	-	-	-	(14,838,447)	(14,838,447)
Losses cover from reserves	-	-	-	(14,838,447)	-	-	14,838,447	-
Government grant re-classification	-	(5,650,000)	-	-	-	-	-	(5,650,000)
Change in fair value of investments	-	-	-	-	-	14,069,605	-	14,069,605
Board of Directors remuneration	-	-	-	-	-	-	(700,000)	(700,000)
Proposed distributable profits	-	-	-	-	-	-	(10,000,000)	(10,000,000)
Balance as at 31/12/2013	200,000,000	64,350,000	66,746,171	14,330,952	35,731	-	2,342,117	347,804,971
Profit for the period	-	-	-	-	-	-	2,245,052	2,245,052
Balance in 30 June 2014	200,000,000	64,350,000	66,746,171	14,330,952	35,731	-	4,587,169	350,050,023

The attached notes are an integral part of these financial statements

Tabuk Agricultural Development Company

Saudi Joint-Stock Company

Clarifications on Preliminary Financial Statements

As on 30 June 2014

Clarification (1): the Company and the nature of its business

- Tabuk Agricultural Development Company (TADCO) was incorporated as a Saudi joint-stock company by virtue of the Royal Decree No. M/11 dated 7 Jumada Al-Thani 1403H corresponding to 22 March 1983G and was registered at the Commercial Registry of the city of Tabuk under number 35505403 dated 15 Shaaban 1404H corresponding to 17 May 1984G.
- The Company's capital amounts to SR 200 million, divided into 20 million shares at an individual nominal share value of SR 10.
- The company's business consists of agricultural and animal production, agricultural manufacturing, and the marketing of its products.

Clarification (2): Summary of Significant Accounting Policies:

The preliminary financial statements are prepared according to the accounting standards issued by the Saudi Organization for Public Certified Accountants, including the preliminary financial reports standard, on the same bases and according to the accounting policies adopted to prepare annual financial statements. Following is a summary of the significant accounting policies adopted:

a. Basis for preparation of financial statements

Financial statements shown in Saudi Riyals are prepared according to conventional accounting standards in the Kingdom of Saudi Arabia, the principle of historical cost, the requirements of the Saudi Company Law, and the Company's articles of association.

b. Use of Estimates

Preparation of financial statements by the Management may necessitate use of a number of estimates and assumptions which affect the financial position; actual results may be different than such estimates.

c. Cash and Similar

Cash and similar such as cash in hand, balances of current accounts with banks and short-term investments which fall due in no more than three months and no restriction exists on their monetization on account of the Company.

Tabuk Agricultural Development Company

Saudi Joint-Stock Company

Clarifications on Preliminary Financial Statements

As on 30 June 2014

d. Commercial Rights and Obligations

Commercial rights and obligations are shown on the financial statement position as a net realizable value after deduction of the provision for doubtful debts which is estimated based on the study of the lives of debts and an assessment of the collectability thereof at the end of the financial years.

e. Stock

Stock consists of finished products, primary materials, production supplies, equipment and spare parts shown by cost or net sale value, whichever is lower. The cost of finished production includes the cost of primary materials, labor, and other direct and indirect production costs. As for the costs of primary materials, supplies, equipment and spare parts, they are obtained by using the weighted average method. Provisions are made for damaged and slow moving stock.

f. Investments

- The company's investments in other companies and the returns thereof are documented in line with relevant accounting standards and according to control indices. The percentage of company ownership in the capital of these companies is deemed a presumption of control.
- Investments in short-term securities at the end of financial periods are assessed and unrealized profits and losses are documented as part of the income statement for the period.

g. Property, machinery, equipment and trees:

- Property, machinery, equipment and trees appear on the financial statement position as net cost after deduction of total amortization.
- The cost corresponding to trees comprises the cost of purchase or growing up to the date of initial production or according to given lives and is amortized by using the fixed quota method on the basis of the remaining estimated value during commercial production periods which range between 12 to 44 years.
- Amortization for the remaining items is carried out by using the fixed quota method based on the estimated operating lives and according to percentages ranging between 3 and 25%.

Tabuk Agricultural Development Company

Saudi Joint-Stock Company

Clarifications on Preliminary Financial Statements

As on 30 June 2014

h. Zakat provision

An estimated Zakat provision is calculated for financial periods and is guided by the instructions of the Department of Zakat and Income Tax. Inclusion in financial statements shall be according to relevant standards.

i. Allocations to Staff

Job-related allocations to staff are calculated according to the Saudi Labor Law.

j. Realization of Revenues

- Sales' revenues are documented at the time products are delivered to clients.
- The value of wheat sale to government silos is documented on the basis of net sale value and after subtraction of Zakat and the percentage of eliminated impurities.
- Other revenues are documented when realized.

k.Cost of Sales

The cost of sales is calculated on the basis of the cost of production of sold units charged with actual direct costs, which shall include the cost of materials, production supplies, cost of labor, and amortizations of direct fixed assets, in addition to their share of indirect expenses.

I. Expenses

- Expenses resulting from Company endeavors related to sale and marketing of its products are categorized as sale and marketing expenses; part of these expenses is deducted at the end of financial periods and charged to the cost of growing fruit trees which have not exhausted the life of commercial production and which are included as part of working projects.
- Direct and indirect expenses relating to management and non-relating to the function of production or of sale and marketing are categorized as administrative and financial general expenses. Part of such expenses is deducted and charged to the cost of growing trees which have not exhausted the life of commercial production and which are included under working projects.

Tabuk Agricultural Development Company

Saudi Joint-Stock Company

Clarifications on Preliminary Financial Statements

As on 30 June 2014

m. Transactions in Foreign currencies

Transactions are registered in foreign currencies based on exchange rates prevailing at the time these transactions are carried out. At year end, the balances of assets and liabilities are transferred according to exchange rates prevailing on that date and the profit or loss resulting from conversion of foreign currencies is included in the statement of income for the year.

Clarification (3): Share Dividend

Share dividend is calculated by dividing net income by the number of shares issued as at the end of financial periods.

Clarification (4): Results for the Period

The results for the period in the attached preliminary financial statements may not represent an accurate indicator of the Company's annual final accounts.

Clarification (5): Re-indexation

Some of the numbers in the comparison period have been re-indexed to conform to display of financial data for the current period.