

SAUDI FISHERIES COMPANY
(A Saudi Joint Stock Company)
INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2022
AND
INDEPENDENT AUDITOR'S REVIEW REPORT

SAUDI FISHERIES COMPANY
(A Saudi Joint Stock Company)
INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE-MONTH AND SIX-
MONTH PERIODS ENDED 30 JUNE 2022

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INDEPENDENT AUDITOR'S REVIEW REPORT ON THE INTERIM CONDENSED FINANCIAL STATEMENTS

(1 / 1)

TO THE SHAREHOLDERS OF SAUDI FISHERIES COMPANY**INTRODUCTION**

We have reviewed the accompanying interim statement of financial position of Saudi Fisheries Company (the "Company") as at 30 June 2022 and the related interim statement of comprehensive (loss) / income for the three-month and six-month periods then ended, and the interim statements of changes in equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes (the "interim condensed financial statements"). Management is responsible for the preparation and presentation of these interim condensed financial statements in accordance with International Accounting Standard 34 - "Interim Financial Reporting" ("IAS 34") that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

SCOPE OF REVIEW

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

CONCLUSION

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

For Al-Bassam & Co.**Ibrahim Ahmed Al-Bassam**
Certified Public Accountant

License No. 337

Riyadh: 2 Safar 1444H

Corresponding to: 29 August 2022

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SAUDI FISHERIES COMPANY
(A Saudi Joint Stock Company)
INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022
(All amounts in Saudi Riyals unless otherwise stated)

| | | 30 June 2022 | 31 December 2021 |
|--|------|--------------------|--------------------|
| | Note | (Unaudited) | (Audited) |
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | | 124,509,689 | 105,021,385 |
| Capital work in progress | | 35,084,564 | 57,228,686 |
| Investment properties | 5 | 7,645,794 | 7,645,794 |
| Right-of-use assets | | 6,478,066 | 7,171,453 |
| Total Non-Current Assets | | 173,718,113 | 177,067,318 |
| Current assets | | | |
| Inventories | | 31,214,731 | 22,183,419 |
| Biological assets | 7 | 15,848,734 | 21,860,518 |
| Trade receivables | | 3,593,206 | 5,051,454 |
| Prepayments and other receivables | 6 | 8,599,752 | 14,768,301 |
| Investment carried at FVTPL | | 33,546 | 33,545 |
| Investment carried at amortized cost | 8 | 75,000,000 | 95,000,000 |
| Cash and cash equivalents | 8 | 2,697,724 | 5,332,894 |
| Total Current Assets | | 136,987,693 | 164,230,131 |
| TOTAL ASSETS | | 310,705,806 | 341,297,449 |
| EQUITY AND LIABILITIES | | | |
| EQUITY | | | |
| Share capital | 1 | 400,000,000 | 400,000,000 |
| Accumulated losses | | (152,166,499) | (128,627,297) |
| Actuarial Reserve | | (103,627) | (103,627) |
| TOTAL EQUITY | | 247,729,874 | 271,269,076 |
| LIABILITIES | | | |
| Non-current liabilities | | | |
| Long term borrowing | 9 | 3,304,320 | 3,304,320 |
| Employees' post-employment benefits | | 7,618,866 | 6,935,471 |
| Lease liabilities | | 4,049,114 | 4,632,324 |
| Total Non-Current Liabilities | | 14,972,300 | 14,872,115 |
| Current liabilities | | | |
| Long term borrowings – current portion | 9 | 1,418,480 | 1,418,480 |
| Deferred Government grant | 9 | 1,166,987 | 1,166,987 |
| Trade and other payables | | 21,224,147 | 28,975,132 |
| Unclaimed dividends payable | | 13,418,555 | 13,424,457 |
| Lease liabilities – current portion | | 1,938,012 | 2,599,184 |
| Provision for zakat | 11 | 8,837,451 | 7,572,018 |
| Total Current Liabilities | | 48,003,632 | 55,156,258 |
| TOTAL LIABILITIES | | 62,975,932 | 70,028,373 |
| TOTAL EQUITY AND LIABILITIES | | 310,705,806 | 341,297,449 |

The accompanying notes 1 to 19 form an integral part of these interim condensed financial statements.

Authorized Board Representative

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Chief Executive Officer

Chief Financial Officer

SAUDI FISHERIES COMPANY**(A Saudi Joint Stock Company)****INTERIM STATEMENT OF COMPREHENSIVE (LOSS) / INCOME****FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2022****(All amounts in Saudi Riyals unless otherwise stated)**

| | Note | For the three-month period ended 30 June 2022 | | For the six-month period ended 30 June 2022 | |
|---|------|--|--------------------|--|---------------------|
| Revenue | | 12,278,451 | 9,798,323 | 29,257,991 | 21,811,584 |
| Cost of revenue | | (6,103,553) | (7,839,507) | (31,270,297) | (19,447,851) |
| (Loss) / gain on fair value of biological asset | | (3,372,281) | - | 464,533 | - |
| Gross profit / (loss) | | 2,802,617 | 1,958,816 | (1,547,773) | 2,363,733 |
| Selling and distribution expenses | | (5,608,433) | (6,598,636) | (12,055,365) | (12,456,905) |
| General and administrative expenses | | (4,861,754) | (4,369,861) | (9,442,052) | (8,924,352) |
| Other income, net | | 701,831 | 694,756 | 1,259,231 | 1,526,522 |
| Operating loss | | (6,965,739) | (8,314,926) | (21,785,959) | (17,491,002) |
| Finance cost | 12 | (69,132) | (72,990) | (159,132) | (145,980) |
| Loss before zakat | | (7,034,871) | (8,387,916) | (21,945,090) | (17,636,982) |
| Zakat | 11 | (994,111) | (1,246,539) | (1,594,111) | (1,746,539) |
| Net loss for the period | | (8,028,982) | (9,634,455) | (23,539,202) | (19,383,521) |

Other comprehensive loss:

Items that will not be reclassified subsequently to the statement of profit or loss:

Actuarial gain / (loss) on employees' post-employment benefits

- - - -

Total comprehensive loss (8,028,982) (9,634,455) (23,539,202) (19,383,521)

Basic and diluted loss per share (0.20) (0.24) (0.59) (0.48)

The accompanying notes 1 to 19 form an integral part of these interim condensed financial statements.

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76A80249739A4AF...
Authorized Board Representative

Chief Executive Officer

Chief Financial Officer

SAUDI FISHERIES COMPANY
(A Saudi Joint Stock Company)
INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022
(All amounts in Saudi Riyals unless otherwise stated)

For the six-month period ended
30 June 2021

Balance as at 1 January 2021 – Audited

Total comprehensive loss for the period

Balance as at 30 June 2021 (Unaudited)

| Share capital | Actuarial reserve | Accumulated losses | Total |
|---------------|-------------------|--------------------|--------------|
| 400,000,000 | (162,069) | (94,816,712) | 305,021,219 |
| - | - | (19,383,521) | (19,383,521) |
| 400,000,000 | (162,069) | (114,200,233) | 285,637,698 |

For the six-month period ended
30 June 2022

Balance as at 1 January 2022 – Audited

Total comprehensive loss for the period

Balance as at 30 June 2022 (Unaudited)

| Share capital | Actuarial reserve | Accumulated losses | Total |
|---------------|-------------------|--------------------|--------------|
| 400,000,000 | (103,627) | (128,627,297) | 271,269,076 |
| - | - | (23,539,202) | (23,539,202) |
| 400,000,000 | (103,627) | (152,166,499) | 247,729,874 |

The accompanying notes 1 to 19 form an integral part of these interim condensed financial statements.

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 76A80249739A4AF...
 Authorized Board Representative


 Chief Executive Officer


 Chief Financial Officer

SAUDI FISHERIES COMPANY
(A Saudi Joint Stock Company)
INTERIM STATEMENT OF CASH FLOWS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022
(All amounts in Saudi Riyals unless otherwise stated)

| | | For the six-month period ended | |
|--|------|--------------------------------|---------------------|
| | | 30 June 2022 | 30 June 2021 |
| | Note | (Unaudited) | (Unaudited) |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Net loss before zakat | | (21,945,090) | (17,636,982) |
| Adjustments for non-cash items | | | |
| Depreciation of property, plant and equipment | | 4,325,521 | 5,168,561 |
| Depreciation of right-of-use assets | | 1,151,176 | 1,424,190 |
| Provision for employees' post-employment benefits | | 1,052,512 | 504,155 |
| Gain on fair valuation of biological asset | 7 | (464,533) | - |
| Provision for impairment on trader receivables | | 258,378 | 1,150,000 |
| Finance cost | 12 | 159,132 | - |
| Movement in working capital | | | |
| Inventories | | (9,031,312) | (7,049,861) |
| Biological assets | | 6,476,316 | (5,289,785) |
| Trade receivables | | 1,199,870 | (704,927) |
| Prepayments and other receivables | | 6,168,549 | (1,153,341) |
| Trade and other payables | | (7,750,985) | (10,248,306) |
| Cash used in operations | | (18,400,466) | (33,836,296) |
| Zakat paid | 11 | (328,678) | (1,919,479) |
| Employees' post-employment benefits paid | | (369,117) | - |
| Net cash used in operating activities | | (19,098,261) | (35,755,775) |
| CASH FLOW FROM INVESTING ACTIVITIES | | | |
| Purchase of property, plant and equipment | | (1,278,327) | (13,486,880) |
| Additions to capital work in progress | | (391,376) | - |
| Redemption of investments carried at amortized cost | 8 | 20,000,000 | 40,000,000 |
| Net cash generated from investing activities | | 18,330,297 | 26,513,120 |
| CASH FLOW FROM FINANCING ACTIVITIES | | | |
| Lease liabilities paid | | (1,861,303) | (1,642,052) |
| Unclaimed dividends paid | | (5,902) | (48,134) |
| Net cash used in financing activities | | (1,867,205) | (1,690,186) |
| Net change in cash and cash equivalents during the period | | (2,635,170) | (10,932,841) |
| Cash and cash equivalents at the beginning of the period | | 5,332,894 | 20,284,947 |
| Cash and cash equivalents at the end of the period | 8 | 2,697,724 | 9,352,106 |

The accompanying notes 1 to 19 form an integral part of these interim condensed financial statements.

DocuSigned by:

76A80249739A4AF
 Authorized Board
 Representative

Chief Executive Officer

Chief Financial Officer

SAUDI FISHERIES COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022
(All amounts in Saudi Riyals unless otherwise stated)

1. LEGAL STATUS AND OPERATIONS

The Saudi Fisheries Company, a Saudi joint stock Company (the “Company”), was established in accordance with the provisions of the Companies Law issued by the Royal Decree No. M / 6 dated 3/22/1385 AH and its amendments, and in accordance with Ministerial Resolution No. 67 of 4/30/1400 AH after being licensed under Ministerial Order No. 9/10/1398 AH, which included establishing a fishing Company (a joint stock Company) in which the government participates with 39.99% of the capital, and Ministerial Resolution No. (35) dated 2/3/1399 AH, which includes the formation of the first board of directors for the Company. In accordance with the bylaws, the Company shall engage in fishing in international waters, fish farming in the seas, and other activities for the processing and preservation of shrimps and aquatic organisms, shrimps and seafood grilling shops. The above activities require obtaining a license from relevant authorities such as the Ministry of Environment, Water and Agriculture and the Ministry of Energy, Industry and Mineral Resources.

The Company is registered in the Kingdom of Saudi Arabia (“KSA”) and its head office is located in Riyadh under Commercial Registration No. 1010042732 and unified number 7000677091 dated 9 Jumada Al-Awal 1401H corresponding to March 14, 1981G.

The accompanying interim condensed financial statements include the Company’s branches as follows:

| Branch name | Commercial Registration No | Place of issue | Date |
|---------------------------|---------------------------------------|-----------------------|--------------|
| Jizan | 5900001712 | Jizan | 22/12/1401 H |
| Onaiza | 1128184612 | Onaiza | 22/03/1402 H |
| Jeddah | 4030041385 | Jeddah | 13/03/1404 H |
| Rijal Alma’a- Al-Huraidah | 5861023704 | Abha- Rijal Alma’a | 18/03/1424 H |

2. BASIS OF PREPARATION

2.1 STATEMENT OF COMPLIANCE

These Interim Condensed Financial Statements have been prepared in accordance with International Accounting Standard IAS 34 ‘Interim Financial Reporting’ that is endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by the Saudi Organization for Chartered and Professional Accountants (“SOCPA”) and should be read in conjunction with the Company’s last annual Financial Statements as at and for the year ended 31 December 2021.

These financial statements do not include all of the information required for a complete set of Financial Statements, however, accounting policies and selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company’s financial position and performance since the last annual Financial Statements.

The results for the six-month period ended 30 June 2022 are not necessarily indicative of the results that may be expected for the financial year ended 31 December 2022.

2.2. BASIS OF MEASUREMENT

These interim condensed financial statements are prepared under the historical cost method except for the following:

- a) Investment in equity instruments measured at fair value; and
- b) Biological assets, where fair value is reliably measurable, have been measured at fair value.

SAUDI FISHERIES COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022
(All amounts in Saudi Riyals unless otherwise stated)

2. BASIS OF PREPARATION (CONTINUED)

2.3. FUNCTIONAL AND PRESENTATION CURRENCY

These interim condensed financial statements have been presented in Saudi Riyals (SR) which is the Company's functional and presentation currency. All financial information presented in SR has been rounded to the nearest SR, unless otherwise mentioned.

2.4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES, AND ASSUMPTIONS

In preparing these interim condensed financial statements, management has made judgments and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income, and expense. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates is recognized in the period in which the estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the Company's annual financial statements as at 31 December 2022 except for the fish farming that commenced during March 31, 2022.

Biological assets

In accordance with the principle for highest and best use, the Company considers that the fish have optimal weight for harvest when they have a live weight corresponding to 2 kg. fishes with a live weight equal to this or more, are classified as ready for harvest while fishes that have still not achieved this weight are classified as preharvest. For ready for harvest, the highest and best use is defined as harvesting and selling the fishes as quickly as possible. For preharvest, the highest and best use is in principle defined as growing the fishes to optimal weight for harvest, then harvesting and selling the fishes. The harvest date applied in the valuation may however be brought forward if required by situations at a specific locality.

4. NEW AMENDED STANDARDS AND INTERPRETATIONS THAT ARE NOT YET EFFECTIVE:

There are no new standards issued, however, there are number of amendments to standards which are effective from 1 January 2022 and the details of the same has been explained in annual Financial Statements for the year ended 31 December 2021, but they do not have a material effect on the Company's interim condensed financial statements.

SAUDI FISHERIES COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022
(All amounts in Saudi Riyals unless otherwise stated)

5. INVESTMENT PROPERTIES

The investment lands included a land in the Dammam area that the Company had previously purchased from the General Organization for Railways on January 25, 2012 for Saudi riyals 39,245,982, until the purchase was rejected by the State General Authority for Real Estate, on account of violation of the approved railway protection system.

The Company excluded the land from its records and all the required documents were submitted to the General Organization of Railways and a cheque for 24,381,455 Saudi riyals was received by the Company after deducting the accumulated dues of the General Authority for Zakat and Income of 11,322,322 Saudi riyals in addition to deducting the amount of 165,000 Saudi riyals for warehouse rent. Subsequently, the Company submitted the documents required to recover the remaining amount of 3,377,204 Saudi riyals. The impairment of other receivables includes a provision for the full value of the recovery due for the purchase of land. Also, (See Note 6)

The lands include two plots of land in Khobar and Qatif, with a book value of 3,100,000 Saudi riyals as of June 30, 2022 and December 31, 2021 and were mortgaged to the Saudi Agricultural Development Fund against the borrowings granted to finance the shrimp cultivation and breeding project.

The carrying amounts and fair values of the land as of June 30 2022 is presented below:

| Description | Book value | Valuation Technique | Key Inputs | Fair Value Amount as per Valuation (Lowest) | Name of Valuer |
|-----------------------|------------------|---------------------|----------------------|---|------------------------------|
| Al-Qatef Farm | 1,000,000 | Market Value | Recent transactions | 15,700,000 | Esnad Real Estate Valuation |
| Riyadh -Al-Dabab Land | 1,250,000 | Market Value | Recent transactions | 3,305,375 | Hayiaz Real Estate valuation |
| Onezah Land | 160,000 | Market Value | Recent transactions | 339,337 | Hayiaz Real Estate valuation |
| Al-Kobar Land | 2,100,000 | Market Value | Recent transactions | 5,149,093 | Hayiaz Real Estate valuation |
| Jeza Land | 3,135,794 | Cost Approach | Cost of Construction | 17,890,000 | Value Index |
| | 7,645,794 | | | 42,383,805 | |

All the valuers are licensed by TAQEEM. Taking into considering the valuation technique and key inputs utilized by the valuers, the valuations are categorized at Level 2 of the fair value hierarchy of IFRS 13.

6. PREPAYMENTS AND OTHER RECEIVABLES

| | 30 June 2022 (Unaudited) | 31 December 2021 (Audited) |
|--|-----------------------------|-------------------------------|
| VAT receivables | 4,129,452 | 5,256,443 |
| Prepaid expenses (medical, insurance, and utilities) | 2,187,095 | 4,123,219 |
| Land related receivables* | 3,377,204 | 3,377,204 |
| Rental receivable* | 474,274 | 1,784,983 |
| Margin of guarantees | 470,775 | 1,125,916 |
| Receivables staff | 752,593 | 761,121 |
| Prepaid Government Fees | 1,145,309 | 1,556,503 |
| Accrued Subsidy | 515,219 | - |
| Others | 153,974 | 1,389,056 |
| | 13,205,896 | 19,374,445 |
| Impairment of receivables and other debit balances* | (4,606,144) | (4,606,144) |
| | 8,599,752 | 14,768,301 |

SAUDI FISHERIES COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022
(All amounts in Saudi Riyals unless otherwise stated)

6.1. PREPAYMENTS AND OTHER RECEIVABLES (CONTINUED)

It represents the receivable from the recovery of the purchase of land from the General Corporation for Railways, as the Saudi Fisheries Company bought the land of Dammam located near the railway in 2011 for 39,245,982 Saudi riyals, but the purchase process was subsequently rejected by the State Property Authority, due to violation of the railway protection system, in addition to its violation of the noble orders not to grant, sell, or dispose of government lands and be satisfied with leasing, the Company excluded the land from its records and all the required documents were submitted to the General Organization of Railways and a check for 24,381,455 Saudi riyals was received by the Company after deducting the accumulated dues of the General Authority for Zakat and Income of 11,322,322 Saudi riyals in addition to deducting the amount of 165,000 Saudi riyals for warehouse rent. The Company has submitted the documents required to recover the remaining amount of 3,377,204 Saudi riyals. The impairment of other receivables includes a provision for the full value of the recovery due from the recovery of the purchase of land.

*The following is the movement of impairment of other receivable balances:

| | For the six-month period ended 30 June 2022 (Unaudited) | For the year ended 31 December 2021 (Audited) |
|--|--|--|
| Balance beginning of the period / year | 4,606,144 | 4,633,936 |
| Charge for the period / year | - | 1,228,940 |
| Write off during period / year | - | (1,256,732) |
| Balance end of the period / year | 4,606,144 | 4,606,144 |

7. BIOLOGICAL ASSETS

| | For the six-month period ended 30 June 2022 (Unaudited) | For the year ended 31 December 2021 (Audited) |
|--|--|--|
| Balance beginning of the period / year | 21,860,518 | 974,745 |
| Cost of producing new Shrimp and Fish | 15,384,201 | 9,775,608 |
| Sales or decrease in quantity and/or quality | (21,860,518) | (974,745) |
| Gain on fair valuation of biological asset | 464,533 | 12,084,910 |
| Balance end of the period / year | 15,848,734 | 21,860,518 |

The management of the Company considers the market prices, average weight, tails of shrimps, quality of the shrimps, and mortality rates to fair value the biological assets. There is no active market for shrimps, so the market price is derived from observable market prices including contracted sales which are considered to be level 2 of the fair value hierarchy of IFRS 13.

SAUDI FISHERIES COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022
(All amounts in Saudi Riyals unless otherwise stated)

8. INVESTMENTS CARRIED AT AMORTIZED COST

| | For the six-month period ended 30 June 2022 (Unaudited) | For the year ended 31 December 2021 (Audited) |
|---|--|--|
| Balance at the beginning of the period / year | 95,000,000 | 170,000,000 |
| Placements during the period / year | - | 95,000,000 |
| Matured during the period / year | (20,000,000) | (170,000,000) |
| Balance at the end of the period / year | 75,000,000 | 95,000,000 |

The investments carried at amortized cost represents, term deposit placements with local strong credit rated financial institution. The average yield on the placements ranges from 0.8-1.8% (31 December 2021: 0.7-0.85%). The placements include SR 15,000,000 (31 December 2021: SR 170,000,000) deposits with an original maturity of less than three months and are accordingly classified under cash and cash equivalents.

The remaining placement amounting to SR 80,000,000 (31 December 2021: SR 150,000,000) are with an original maturity of more than three months and mature within 12 months. The management of the Company has assessed the impact of credit loss on these placements, whereby considering the short maturity combined with the credit rating of the financial institution the impact of credit loss was not material to be recorded in these financial statements.

Cash and cash equivalents for cashflow purpose:

| | For the six-month period ended 30 June 2022 (Unaudited) | For the year ended 31 December 2021 (Audited) |
|---|--|--|
| Cash in hand | 761,483 | 2,800,542 |
| Cash at bank | 1,936,241 | 2,532,442 |
| Term deposits with original maturity of less than three months | - | 15,000,000 |
| | 2,697,724 | 20,332,894 |

9. LONG TERM BORROWINGS

The Company obtained an interest-free loan amounting to SR 7,026,144 from the Saudi Agricultural Development Fund on 21/11/1430 corresponding to 8 November 2009. The total facility amounts to SR 12,867,838 for the purpose of financing the shrimp cultivation and breeding project, in return for a mortgage for lands owned by the Company in Qatif and Al Khobar at their book values amounting to SR 1,000,000 and SR 2,100,000 respectively. The Company also obtained the second installment of these facilities amounting to SR 2,984,741. During 2016, the Company submitted a request to reschedule the repayments. Subsequent to the approval, the Company has settled the remaining installments according to schedule.

SAUDI FISHERIES COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022
(All amounts in Saudi Riyals unless otherwise stated)

9. LONG TERM BORROWINGS (CONTINUED)

| | For the six-month period ended 30 June 2022 (Unaudited) | For the year ended 31 December 2021 (Audited) |
|----------------------------|--|--|
| Deferred Government grants | <u>1,166,987</u> | <u>1,166,987</u> |

During the year 2017, the Company has rescheduled its interest free loan from Saudi Agricultural Development Fund. These loans are repayable by the year 2025 which is discounted using average market prevailing profit rates for similar loan facilities. The difference between loan received and its present value is recorded as a government grant and this grant will be amortized over the life of the loan.

10. RELATED PARTIES' TRANSACTIONS AND BALANCES

The transactions with related parties represent the salaries, bonuses, and allowances of the members of the Board of Directors, the committees, and the executive management that took place during the period between the company and the members of the Board of Directors, the members of the committees and the executive management. The significant transactions with related parties are as follows:

| | For the six-month period ended 30 June 2022 (Unaudited) | | For the six-month period ended 30 June 2021 (Unaudited) | |
|--|---|---------------------------------|---|---------------------------------|
| | <u>BOD members and committees</u> | <u>Executive Management</u> | <u>BOD members and committees</u> | <u>Executive Management</u> |
| Salaries, wages and equivalents, board attendance allowances, and board members' bonuses. | 1,090,000 | 1,987,349 | 1,531,830 | 1,838,250 |

11. PROVISION FOR ZAKAT

The movement in the provision for zakat is as follows:

| | For the six-month period ended 30 June 2022 (Unaudited) | For the year ended 31 December 2021 (Audited) |
|---|--|--|
| Balance at the beginning of the period / year | 7,572,018 | 6,544,958 |
| Provided during the period / year | 743,962 | 2,946,539 |
| Prior year adjustment | 850,149 | - |
| Payment during the period / year | (328,678) | (1,919,479) |
| Balance at the end of the period / year | <u>8,837,451</u> | <u>7,572,018</u> |

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11. PROVISION FOR ZAKAT (CONTINUED)

11.1. STATUS OF ASSESSMENTS

Zakat return for the year ended 31 December 2021 has been filed and are under review with the Zakat, Tax and Customs Authority ("ZATCA"). As of the date of the approval of these interim condensed financial statements, zakat certificate of the Company has expired and the Company has still not obtained the renewed zakat certificate from the Authority due to outstanding dues.

On 25 October 2018, the ZATCA issued zakat assessments for the years from 2011 to 2016 amounting to SR 8.8 million. The Company has submitted an objection to the zakat assessments, and the objection is still under study by the General Secretariat of Tax Committees.

On 30 September 2020, the ZATCA issued zakat assessments for the years from 2017 to 2018 amounting to SR 2.4 million. The Company has submitted an objection to the zakat assessments, and the objection is still under study by the General Secretariat of Tax Committees.

The Company is confident based on the consultant's advice that result will come in their favor and hence no provision has been recorded in the financial statement for these assessments.

12. FINANCE COST

| | For the six-month period ended 30 June 2022 (Unaudited) | For the six-month period ended 30 June 2021 (Unaudited) |
|-------------------|--|--|
| Lease liabilities | 159,132 | 145,980 |
| | 159,132 | 145,980 |

13. LOSS PER SHARE

The basic and diluted share of income is calculated by dividing the income for the period attributable to the shareholders of the company by the weighted average number of ordinary shares outstanding at the end of the period, which amounted to 40,000,000 shares (30 June 2021: 40,000,000 shares).

| | For the six-month period ended 30 June 2022 (Unaudited) | For the six- month period ended 30 June 2021 (Unaudited) |
|---|--|---|
| Loss for the period | (23,539,202) | (19,383,521) |
| Weighted average number of shares outstanding during the period | 40,000,000 | 40,000,000 |
| Losses per share | (0.59) | (0.48) |

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14. SEGMENT INFORMATION

The management constantly analyzes the results of its operations in order to make decisions related to resource allocation and performance evaluation. The Company presents basic financial statements according to activities and products.

A geographical sector is a group of assets or operations that carry out revenue-generating activities in a specific economic environment that are subject to risks and returns that are different from those operating in other economic environments.

The analysis of sectors according to activities is represented in wholesale, retail, and others.

For the six-month period ended

30 June 2022 (unaudited)

| | <u>Whole Sales</u> | <u>Retail</u> | <u>Others</u> | <u>Total</u> |
|--|---------------------------|----------------------|----------------------|---------------------|
| Revenue | 15,374,137 | 12,680,153 | 1,203,701 | 29,257,991 |
| Cost of revenue | (16,431,539) | (13,552,268) | (1,286,490) | (31,270,297) |
| Gain / (loss) on fair value of biological assets | 244,097 | 201,324 | 19,111 | 464,533 |
| Zakat | (837,654) | (690,874) | (65,583) | (1,594,111) |
| Net loss for the period | (12,369,096) | (10,201,680) | (968,425) | (23,539,202) |
| Total assets | 163,265,949 | 134,657,128 | 12,782,730 | 310,705,806 |
| Total liabilities | 33,091,835 | 27,293,208 | 2,590,889 | 62,975,932 |

For the six-month period ended

30 June 2021 (unaudited)

| | <u>Whole Sales</u> | <u>Retail</u> | <u>Others</u> | <u>Total</u> |
|--|---------------------------|----------------------|----------------------|---------------------|
| Revenue | 4,263,397 | 16,002,700 | 1,545,488 | 21,811,584 |
| Cost of revenue | (3,801,371) | (14,268,479) | (1,378,003) | (19,447,851) |
| Gain / (loss) on fair value of biological assets | - | - | - | - |
| Zakat | (341,387) | (1,281,399) | (123,753) | (1,746,539) |
| Net loss for the period | (3,788,796) | (14,221,281) | (1,373,444) | (19,383,521) |
| Total assets | 64,805,472 | 243,247,924 | 23,492,084 | 331,545,480 |
| Total liabilities | 8,973,356 | 33,681,571 | 3,252,855 | 45,907,782 |

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15. FAIR VALUES OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Underlying the definition of fair value is the presumption that the Company is a going concern and there is no intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

When measuring the fair value, the Company uses market observable data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed at the measurement date

Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company's financial assets consist of cash and bank balances, investment, restricted cash deposits and other receivables, its financial liabilities consist of trade payables, financial facilities and other liabilities.

The Company's management determines the policies and procedures for both recurring fair value measurement and for non-recurring measurement

All financial assets and liabilities are measured at amortized cost except investment carried at FVTPL. The carrying amounts of all other financial assets and financial liabilities measured at amortized cost approximate to their fair values.

| 30 June 2022 (Unaudited) | Fair value Level | | | |
|---|-------------------------|----------|----------|---------------|
| | 1 | 2 | 3 | Total |
| FINANCIAL ASSET | | | | |
| Financial assets at fair value through profit or loss | 33,546 | | - | 33,546 |
| | | | | |
| 31 December 2021 (Audited) | Fair value Level | | | |
| | 1 | 2 | 3 | Total |
| FINANCIAL ASSET | | | | |
| Financial assets at fair value through profit or loss | 33,545 | | - | 33,545 |

The above financial assets and financial liabilities are measured at fair value at the end of each reporting period.

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16. SIGNIFICANT EVENTS

Based on the Royal Decree No. 41355 dated 10/9/1433H to allocate the two plots of land in Riyadh and Jeddah and transfer their ownership from the Ministry of Agriculture to the Company in exchange for an increase in the Public Investment Fund's share in the Company's capital at the market value.

During the period, Jeddah Municipality has vacated the site and has demolished the administrative building located in Al Rawabi District in Jeddah Governorate. Currently the book value of the building and the related assets in the books is SR 0.468 million and the recoverability amount from the government cannot be ascertain by the management and accordingly no receivable has been recorded in the books in this regard.

The ownership of Riyadh land has been transferred to the Company, but it is still not recorded in the Company's books as of 30 June 2022, as the Company is currently waiting for the completion of procedures for including the value of the land within Company's capital as stipulated by the Royal Decree, subject to completion of other necessary legal formalities from the relevant authorities.

17. RECLASSIFICATION OF PRIOR PERIOD / YEAR FIGURES

Certain comparative information has been reclassified to conform the current period presentation.

18. SUBSEQUENT EVENTS

In the opinion of the management, there have been no significant subsequent events since the period-end that require disclosure or adjustments in these interim condensed financial statements.

19. DATE OF AUTHORIZATION FOR ISSUE

These interim condensed financial statements were approved and authorized for issue on 21 August 2022 (corresponding to 23 Muharram 1444H) by the Audit of committee under an authorization of the Board of Directors of the Company.