

**JAZAN ENERGY AND DEVELOPMENT COMPANY (JAZADCO)**

**(A SAUDI JOINT-STOCK COMPANY)**

**CONSOLIDATED FINANCIAL STATEMENTS**  
**WITH INDEPENDENT AUDITOR'S REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

**JAZAN ENERGY AND DEVELOPMENT COMPANY (JAZADCO)**  
**(A SAUDI JOINT-STOCK COMPANY)**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**WITH INDEPENDENT AUDITOR'S REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

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## **INDEPENDENT AUDITORS' REPORT**

### **To\ the Shareholders /JAZAN ENERGY AND DEVELOPMENT COMPANY (JAZADCO)**

(A Saudi Joint Stock Company)

#### **Qualified Opinion**

We have audited the consolidated financial statements of **JAZAN ENERGY AND DEVELOPMENT COMPANY (JAZADCO)**, a Saudi Joint-Stock Company ("the Company"), and its subsidiary ("the Group") which comprise the consolidated statement of financial position as at December 31, the consolidated statements of profit or loss and other comprehensive income for, the statement of changes in equity, statement of cash flows the year then ended and a summary of significant accounting policies and other explanatory information.

In our opinion, except for the possible effects of the qualification described in qualified opinion section of our report, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Auditors and Accountants (SOCPA).

#### **Basis for qualified Opinion**

The investment in One of the associate companies was evaluated on December 31, 2021 based on administrative financial statements due to the audited financial statements were not issued. as mentioned in note No. (11) of the accompanying notes of the financial statements, and we were unable to perform alternative audit procedures to verify the accuracy and evaluation of that investment.

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

#### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



**(CONTINUE) INDEPENDENT AUDITORS' REPORT**

**To the Shareholders /JAZAN ENERGY AND DEVELOPMENT COMPANY (JAZADCO)**

**(A Saudi Joint Stock Company)**

**Key audit matters are described below:**

**Key audit matter**

**Valuation of Investment properties**

Investment properties represent a significant percentage of the company's total assets as at the date of the consolidated financial statements, where the net book value of investment properties amounted to SAR 229 604 178 (2020: the amount of SAR 232 535 220). Investment properties are measured at cost less accumulated depreciation and impairment in value, if any. The group's management determines the fair value of its properties for disclosure and impairment testing at the date of the financial reports.

The evaluations were carried out by an independent external valuer appointed by the group's management. The valuation of real estate depends to a large extent on estimates and assumptions such as rent value, occupancy rates, discount rates, market knowledge and historical transactions.

According to the importance and complexity of the investment real estate valuations process and its heavy reliance on a set of assumptions and estimates, we consider this a key audit matter.

**How the matter was addressed in our audit**

We performed the following audit procedures in relation to Investment properties:

- Evaluating the policies and the reasonableness of accounting estimates used by the group's management
- Evaluation of the accuracy of the inputs used by the external evaluator.
- Evaluating the objectivity, independence, and expertise of the external valuar, reviewing the assumptions used, and evaluating the evaluation methodology used.
- We evaluated the appropriateness of disclosures related to investment properties, as mentioned in Note No. (7) of the notes accompanying consolidated financial statements of the group.





**(CONTINUE) INDEPENDENT AUDITORS' REPORT**

**To the Shareholders /JAZAN ENERGY AND DEVELOPMENT COMPANY (JAZADCO)**

(A Saudi Joint Stock Company)

**Key audit matter**

**Revenue recognition**

During the financial year ending on December 31, 2021, the Group recognized a total revenue of SAR 98,509,218 (2020G: SAR 85 071 604). Revenue is one of the core indicators to measure performance and this entails the existence of inherent risks through the recognition of revenue in excess of its actual value. To increase profitability, the revenue recognition process was considered as a key audit matter.

**How the matter was addressed in our audit**

We have performed the procedures described below in relation to revenue recognition:

- Assessing the appropriateness of the group's accounting policies for the recognition of the group's revenue by taking into consideration the requirements of the relevant accounting standards;
- Evaluate the design, implementation, and testing of the operating effectiveness of the group's controls including anti-fraud controls when revenue is recognized;
- Implementation of analytical revenue review procedures, by comparing sales quantities and prices for the current year with the previous year and determining if there are any significant trends or fluctuations that need additional examination in light of our understanding of current market conditions.
- Examination of a sample of sales transactions made before and after the end of the year to assess whether revenue has been recognized in the correct accounting period;
- Test a sample of journal entries posted to revenue accounts in the company's books to identify unusual or irregular items.
- Obtain an understanding of the nature of revenue contracts that the Group uses for each significant revenue stream, and test a sample of representative sales contracts to confirm our understanding and assess whether management's application of IFRS 15 requirements is in compliance with the accounting standard;
- Taking into consideration the extent of disclosure in the consolidated financial statements of the group in accordance with the applied accounting standard as shown in Note No. (28) of the notes supplementing the consolidated financial statements of the group



## **(CONTINUE) INDEPENDENT AUDITORS' REPORT**

### **To\ the Shareholders /JAZAN ENERGY AND DEVELOPMENT COMPANY (JAZADCO)**

(A Saudi Joint Stock Company)

#### **Other matter**

The financial statements for the year ending as at December 31, 2020G were audited by another auditor, who expressed unqualified opinion on these statements in his report dated Shaaban 15, 1442H corresponding to March 28, 2021G .

#### **Draw attention**

We would like to draw attention to what is detailed in Note No. (10) of the notes accompanying the consolidated financial statements, as the comparative figures do not include the financial statements of Fish Day Company, which was acquired during the year 2020 and, the first financial statements in accordance with the company's articles of incorporation on December 31, 2021, and our opinion has not been modified in this matter.

#### **Other Information**

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the consolidated financial statements and our auditors' report thereon. The annual report is expected to be made available to us after the date of this auditors' report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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

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

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

Board of Directors members are responsible for overseeing the Group's financial reporting process.





**(CONTINUE) INDEPENDENT AUDITORS' REPORT**

**To the Shareholders /JAZAN ENERGY AND DEVELOPMENT COMPANY (JAZADCO)**

**(A Saudi Joint Stock Company)**

**Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

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

As part of an audit in accordance with International Standards on Auditing (IASs) that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.





**(CONTINUE) INDEPENDENT AUDITORS' REPORT**

**To the Shareholders /JAZAN ENERGY AND DEVELOPMENT COMPANY (JAZADCO)**

(A Saudi Joint Stock Company)

**Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

**Report on Other Legal and Regulatory Requirements**

- The regulation for Companies requires the auditor to include in his report any violation of the Companies' regulations or the Company's articles of association. During our audit of the consolidated financial statements, we did not note any violation of the Companies' regulations or the Company's articles of association with respect to the preparation and presentation of the consolidated financial statements.

- As mentioned in note no. (40) of the notes accompanying the consolidated financial statements, the (losses) of one of the subsidiaries (a limited liability company) exceeded 50% of its capital, which requires the application of Article No. (181) of The Regulation for Companies by inviting the partners to consider continuity of the subsidiary company or its dissolution before the term specified in its contract. The partners have decided that the subsidiary company will continue to carry out its activities and provide the company with financial support. The commercial registry editing and the publishe in accordance with the requirements of The Regulation are under process.

**For / OSAMA A. ELKHEREIJI  
& PARTNER CO.**

**OSAMA A. ELKHEREIJI**  
License No. 154  
Dated 23/04/1405H.



**Jeddah**  
14/08/1443 H.  
17/03/2022G.


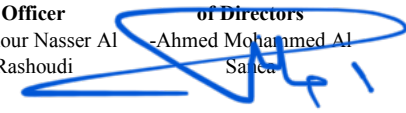


**JAZAN ENERGY AND DEVELOPMENT COMPANY (JAZADCO)****(A SAUDI JOINT-STOCK COMPANY)****CONSOLIDATED OF FINANCIAL POSITION****AS OF 31 DECEMBER 2021**

	Note	31-Dec-21 SAR	31-Dec-20 SAR
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment, net	(6)	225 916 614	216 934 066
Investment properties, net	(7)	229 604 178	232 535 220
Intangible assets, net	(8)	3 848 773	4 389 725
Right-of-use asset (Net)	(9)	337 752	-
Investments in unconsolidated subsidiaries	(10)	-	300 000
Investments in associates, net	(11)	20 447 907	19 154 139
Financial investments at fair value through OCI	(12)	47 900 000	42 000 000
Due from a related party (Non Current)	(13)	-	444 313
<b>Total non-current assets</b>		<b>528 055 224</b>	<b>515 757 463</b>
<b>Current assets</b>			
Biological assets	(14)	24 182 051	12 083 167
Inventory, net	(15)	21 161 742	23 078 433
Accounts receivable, net	(16)	37 375 244	28 345 727
Prepaid expenses and other debtors, net	(17)	8 311 380	14 396 998
Financial investments at fair value through profit or loss	(18)	-	515 686
Cash and cash equivalents	(19)	15 364 149	6 427 154
<b>Total current assets</b>		<b>106 394 566</b>	<b>84 847 165</b>
<b>Total assets</b>		<b>634 449 790</b>	<b>600 604 628</b>
<b>Equity and Liabilities</b>			
<b>Shareholders equity</b>			
Share capital	(20)	500 000 000	500 000 000
Statutory reserve	(21)	85 409 994	85 409 994
Reserve for revaluation of financial investments at FVTOCI		2 956 343	(2 967 321)
Accumulated losses		(44 160 342)	(58 470 049)
<b>Equity of the shareholders of the parent company</b>		<b>544 205 995</b>	<b>523 972 624</b>
Non-controlling interests		1 013 613	1 403 098
<b>Total equity</b>		<b>545 219 608</b>	<b>525 375 722</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Long term loans - non-current portion	(22)	21 170 954	4 074 975
Employees' defined benefit plan obligations	(23)	8 935 262	8 544 701
Lease Liabilities	(9)	269 073	-
<b>Total non-current liabilities</b>		<b>30 375 289</b>	<b>12 619 676</b>
<b>Current liabilities</b>			
Long term loans - current portion	(22)	5 951 652	11 961 557
Lease Liabilities	(9)	78 969	-
Due to a related party	(13)	15 000	-
Distributions of shareholders' entitlements		5 630 528	5 711 869
Commitment against the loan guarantee of an associate	(24)	14 619 841	14 619 841
Accrued expenses, and other creditors	(25)	6 779 733	7 391 931
Accounts payable		13 127 674	8 515 801
Zakat provision	(26)	12 651 496	14 408 231
<b>Total current liabilities</b>		<b>58 854 893</b>	<b>62 609 230</b>
<b>Total liabilities</b>		<b>89 230 182</b>	<b>75 228 906</b>
<b>Total equity and liabilities</b>		<b>634 449 790</b>	<b>600 604 628</b>

The accompanying notes (1) to (41) form an integral part of these consolidated financial statements.

**Financial Manager**

  
Ehab Refaai
**Chief Executive  
Officer**

  
Baddour Nasser Al  
Rashoudi
**Chairman of Board  
of Directors**

  
Ahmed Mohammed Al  
Saleh

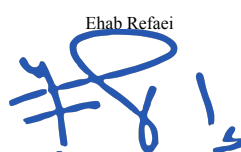
**JAZAN ENERGY AND DEVELOPMENT COMPANY (JAZADCO)**  
**(A SAUDI JOINT-STOCK COMPANY)**  
**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

		<u>2021</u>	<u>2020</u>
		SAR	SAR
Revenues	(28)	98 509 218	85 071 604
Gains from change in fair value of biological assets	(14)	12 736 367	6 526 546
Cost of revenues	(29)	(70 519 521)	(60 813 341)
<b>Gross profit</b>		<b>40 726 064</b>	<b>30 784 809</b>
<b><u>Main operations expenses</u></b>			
Selling and distribution expenses	(30)	(6 347 661)	(5 164 202)
General and administrative expenses	(31)	(22 572 095)	(16 370 600)
Provision for expected credit loss		-	( 799 420)
<b>Operating profit</b>		<b>11 806 308</b>	<b>8 450 587</b>
Unrealized losses from investments at fair value through profit or loss		-	124 653
Group's share in the profit of the associate	(11)	1 270 104	987 579
Other income	(32)	2 764 728	4 087 761
<b>Income from operation</b>		<b>15 841 140</b>	<b>13 650 580</b>
Finance cost	(33)	( 779 995)	( 781 004)
<b>Net profit for the year before zakat</b>		<b>15 061 145</b>	<b>12 869 576</b>
Zakat	(26)	(1 778 239)	(2 086 217)
<b>Net profit for the year after zakat</b>		<b>13 282 906</b>	<b>10 783 359</b>
<b><u>Other comprehensive income</u></b>			
<b>Items that will not subsequently be reclassified to profit or loss</b>			
Actuarial profit / (losses) from Employees' defined benefit plan obligations	(23)	562 315	( 130 079)
Group's share of other comprehensive income of the associate	(11)	23 664	32 679
Change in the fair value of investments at fair value through other comprehensive income	(12)	5 900 000	810 000
<b>Total other comprehensive income</b>		<b>6 485 979</b>	<b>712 600</b>
<b>Total comprehensive income for the year</b>		<b>19 768 885</b>	<b>11 495 959</b>
<b>Net profit for the year attributable to:</b>			
Shareholders of the parent company		13 750 333	10 514 530
Non-controlling interests		( 467 427)	268 829
<b>Net profit for the year</b>		<b>13 282 906</b>	<b>10 783 359</b>
<b>Total comprehensive income for the year attributable to:</b>			
Shareholders of the parent company		20 233 370	11 227 130
Non-controlling interests		( 464 485)	268 829
<b>Total comprehensive income for the year</b>		<b>19 768 885</b>	<b>11 495 959</b>
<b>Earnings per share</b>	(27)	<b>0.24</b>	<b>0.17</b>
Basic and diluted earning share in net profit for the period	(27)	<b>0.27</b>	<b>0.22</b>

The accompanying notes (1) to (41) form an integral part of these consolidated financial statements

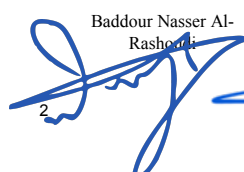
**Financial Manager**

Ehab Refaei



**Chief Executive Officer**

Baddour Nasser Al-Rashoodi



**Chairman of Board of Directors**

Ahmed Mohammed Al-Sanea





**JAZAN ENERGY AND DEVELOPMENT COMPANY (JAZADCO)**

(A SAUDI JOINT-STOCK COMPANY)

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

**FOR THE YEAR ENDED 31 DECEMBER 2021**

	<u>Share capital</u>	<u>Statutory reserve</u>	<u>Reserve for revaluation of financial investments at FVOCI</u>	<u>Accumulated losses</u>	<u>Total</u>	<u>Non-controlling interests</u>	<u>Total Equity</u>
	<u>SAR</u>	<u>SAR</u>	<u>SAR</u>	<u>SAR</u>	<u>SAR</u>	<u>SAR</u>	<u>SAR</u>
<b>Balance as of 1 January 2020 (Amended)</b>	<b>500 000 000</b>	<b>85 409 994</b>	<b>(3 810 000)</b>	<b>(68 854 500)</b>	<b>512 745 494</b>	<b>-</b>	<b>512 745 494</b>
Net profit for the year	-	-	-	10 514 530	10 514 530	268 829	<b>10 783 359</b>
Other comprehensive income for the year	-	-	842 679	( 130 079)	712 600	0	<b>712 600</b>
<b>Total comprehensive income for the year</b>	<b>0</b>	<b>0</b>	<b>842 679</b>	<b>10 384 451</b>	<b>11 227 130</b>	<b>268 829</b>	<b>11 495 959</b>
The share of the non-controlling interest in the capital of the subsidiary	<b>0</b>	<b>0</b>		<b>0</b>	<b>0</b>	1 134 269	<b>1 134 269</b>
<b>Balance as of 1 January 2021</b>	<b>500 000 000</b>	<b>85 409 994</b>	<b>(2 967 321)</b>	<b>(58 470 049)</b>	<b>523 972 624</b>	<b>1 403 098</b>	<b>525 375 722</b>
Net profit for the year	-	-	-	13 750 333	13 750 333	( 467 427)	13 282 906
Other comprehensive income for the year	-	-	5 923 664	559 374	6 483 038	2 942	6 485 980
<b>Total comprehensive income for the year</b>	<b>0</b>	<b>0</b>	<b>5 923 664</b>	<b>14 309 707</b>	<b>20 233 371</b>	<b>( 464 485)</b>	<b>19 768 886</b>
The share of the non-controlling interest in the capital of the subsidiary	-	-	-	-	-	75 000	<b>75 000</b>
<b>Balance as of 1 December 2021</b>	<b>500 000 000</b>	<b>85 409 994</b>	<b>2 956 343</b>	<b>(44 160 342)</b>	<b>544 205 995</b>	<b>1 013 613</b>	<b>545 219 608</b>

The accompanying notes (1) to (41) form an integral part of these consolidated financial statements.

**Financial Manager**

Ehab Refaei



**Chief Executive Officer**

Baddour Nasser Al-Rashoudi



**Chairman of Board of Directors**

Ahmed Mohammed Al-Sanea



## CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2021

	2021	2020
	SAR	SAR
<b>Operating activities</b>		
Net profit for the year before zakat	15 061 145	12 869 576
<b>Adjustments for the following items:-</b>		
Depreciation of property, plant and equipment	8 332 818	7 970 818
Depreciation of investments properties	3 162 021	3 141 553
Amortization of intangible assets	1 337 028	950 478
Gains from change in fair value of biological assets	(12 736 367)	(6 526 546)
Amortization of Right to use assets	84 438	-
Closing balance of Projects under progress	1 693 117	139 002
Provision for expected credit loss	-	799 420
Group's share in the profit of the associate	(1 270 104)	( 987 579)
Unrealized losses from investments at fair value through profit or loss	-	( 124 653)
Provisions no longer required	220 000	-
Provision for employees defined benefits plan obligations	1 104 812	1 354 339
Discounts of expedited payments	(1 049 998)	-
Finance costs	779 995	781 004
	<b>16 718 905</b>	<b>20 367 412</b>
<b>Changes in operating assets and liabilities:</b>		
Inventory	1 696 691	5 895 007
Biological assets	637 483	(5 556 621)
Accounts receivable	(9 029 517)	(14 599 124)
Prepaid expenses, and other debtors	5 356 660	(5 660 908)
Accounts payable	4 611 873	(1 540 152)
Accrued expenses, and other creditors	(1 779 046)	( 47 536)
Due to related parties	15 000	255 687
Finance cost paid	-	( 331 098)
Zakat paid	(3 534 974)	( 370 000)
Employees' defined benefits plan obligations paid	( 386 836)	(1 247 358)
Collection from Investments at fair value through profit or loss	515 686	-
<b>Net cash generated from/ (used in) operating activities</b>	<b>14 821 925</b>	<b>(2 834 691)</b>
<b>Cash flows from investing activities</b>		
Paid to purchase property, plant and equipment	(10 227 149)	(4 746 345)
Due to related parties (Non-current)	444 313	( 700 000)
The proceeds from the disposal of property and equipment	27 283	-
Paid in an investment in a subsidiary	300 000	( 300 000)
Paid to purchase intangible assets	( 796 076)	( 130 964)
Paid to Projects in progress	(9 039 596)	-
Net cash issued to acquire subsidiaries	-	(2 093 500)
Right to use assets	( 422 190)	-
Purchase Investment properties	-	(1 580 370)
<b>Net cash (used in) investing activities</b>	<b>(19 713 415)</b>	<b>(9 551 179)</b>
<b>financing activities</b>		
Loans' additions	18 508 452	-
Lease Liabilities	322 191	-
Payments to non-controlling interest capital	75 000	3 500
Long-term loans paid	(4 995 817)	(1 794 452)
Shareholders' Distributions	( 81 341)	( 1 994)
<b>Net cash generated from / (used in) financing activities</b>	<b>13 828 485</b>	<b>(1 792 946)</b>
<b>Net Cash flow</b>	<b>8 936 995</b>	<b>(14 178 816)</b>
Cash and cash equivalents at the beginning of the year	6 427 154	20 605 970
<b>Cash and cash equivalents at end of the year</b>	<b>15 364 149</b>	<b>6 427 154</b>
<b>Non-cash transaction</b>		
Transferred from real estate investments to property, plant and equipment	-	5 135 802
Transferred advance payments for the purchase of intangible assets into intangible assets	-	2 089 934

The accompanying notes (1) to (41) form an integral part of these consolidated financial statements.

Financial Manager

Ehab Refaei


Chief Executive  
Officer-Baddour Nasser Al  
Rashoudi

Chairman of Board  
of DirectorsAhmed Mohammed  
Al Sanea




**JAZAN ENERGY AND DEVELOPMENT COMPANY (JAZADCO)**

(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021****1- SUMMARY FOR THE GROUP****1-1 Parent Company**

Jazan Energy And Development Company (JAZADCO) was registered as a Saudi joint-stock company with Commercial Registration number 5900005403 issued in Jazan on 29 Safar 1414 H (corresponding to 17 August 1993). The Share Capital of the Company is SAR 500,000,000 divided into 50,000,000 shares with a nominal value of SAR 10.

The activities of the company in the cultivation of mangoes, the cultivation of shrimp in the seas, the preservation of fish and fish products by cooling or freezing, cooling and freezing of fruits, the production, and packaging of pure filtered water, hotels, and heritage hotels, the purchase and sale of land and real estate, their division, and off-plan sales activities.

A license was obtained to practice the company's activities as follows:

<u>Authorization number</u>	<u>Date</u>	<u>City</u>	<u>Purpose</u>
2852 / p	31 Dhu al-Qidah 1428H	Jazan	Producing healthy drinking water
5/3/6524	1 Safar 1425 H	Jazan	Shrimp breeding
5/3/6526	1 Safar 1425 H	Jazan	Shrimp breeding
1279	29 Rabi` II 1439 H	Sabya	Producing healthy drinking water
2210	13 Rajab 1438 H	Samtah	Frozen shrimp production

The consolidated financial statements include the assets, liabilities, and results of the parent Company's operations and the below branch:

<u>Branch name</u>	<u>CR No.</u>	<u>City</u>	<u>Activity</u>
Jazadco Real Estate Company	5900011471	Jazan	Buying, selling, and renting land and real estate.
Jazadco Real Estate Company	5900114667	Jazan	Buying, selling, and renting land and real estate.
Jazan Development Company Factory for the production of healthy drinking water	5906016169	Sabya	Bottled drinking water in closed containers.
Branch of Jazan Development Company (JAZADCO)	5900016170	Jazan	Establishing fish farms and practicing fishing.
Branch of Jazan Development Company (JAZADCO)	5900016168	Jazan	Establishing agricultural nurseries and fruit seedlings.
Branch of Jazan Development Company (JAZADCO) for preparing, freezing, and packing shrimp	5907035800	Samtah	Preserving fish and importing feed.

- The address of the company's head office is in Jazan, Corniche Road, PO Box 127, Kingdom of Saudi Arabia.

2-1 The consolidated financial statements include the financial statements of JAZAN ENERGY AND DEVELOPMENT COMPANY (JAZADCO) (the company) or (parent company) and their local subsidiaries (the company and its subsidiary company hereinafter referred to as the "Group").

**-The subsidiaries for the company represented in the following:-**

**JAZAN ENERGY AND DEVELOPMENT COMPANY (JAZADCO)**

(A SAUDI JOINT STOCK COMPANY)

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<b>Name of the subsidiary company</b>	<b>Country of incorporation</b>	<b>The main activity of the company</b>	<b>Ownership percentage % 31 December 2021</b>	<b>Ownership percentage % 31 December 2020</b>
Mango Jazan Trading Company	KSA	The main activities of the company are retail via the Internet.	<b>65%</b>	65%
Fsh Day Company	KSA	Wholesale of fish and aquaculture, retail sale of fish and other seafood and seafood products, online retail, transportation of refrigerated and frozen goods	<b>80%</b>	80%

1-3 On 10/23/1441H corresponding to 06/15/2020G, the group acquired 80% of the equity shares of the Fish Day Company, registered in the commercial registry in Riyadh with No.1010894462, According to the company's articles of association, its first financial statements are prepared as of 31 December 2021.

**2- BASIS OF PREPARATION THE CONSOLIDATED FINANCIAL STATEMENTS****2-1 ACCOUNTING STANDARDS APPLIED**

These consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by SOCPA .

The Capital Market Authority has allowed listed companies to use the fair value model or continue used cost model to measure the property, and investment property Starting from 1 January 2022. It also obligated listed companies to continue to use the cost model to measure the property, plant and equipment, and intangible assets.

**2-2 ACCOUNTING CONVENTION / BASIS OF MEASUREMENT**

The consolidated financial statements have been prepared in accordance with the accrual principle and going concern and on a historical cost convention unless IFRS requires the use of another measurement basis, as indicated in the applied accounting policies (Note 3).

**2-3 FUNCTIONAL AND PRESENTATION CURRENCY**

These consolidated financial statements are presented in Saudi Riyals, which is the Group's functional and presentation currency.

**2-4 BASIS OF CONSOLIDATION**

- These Consolidated Financial Statements comprising the Consolidated Statement of Financial Position, Consolidated Statement of Profit or Loss, Consolidated Statement of Comprehensive Income, Consolidated Statement of Changes in Equity, Consolidated Statement of Cash Flows and notes to the Consolidated Financial Statements of the Group include assets, liabilities and the results of the operations of the Company and its subsidiary, as set out in note (1). The Company and its subsidiary are collectively referred to as the "Group".
- Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to



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affect those returns through its power over the entity. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
  - Exposure to risks, and has rights to variable returns from its involvement with the investee; and
  - The ability to use its power over the investee to affect its returns.
- Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:
- The contractual arrangement(s) with the other vote holders of the investee.
  - Rights arising from other contractual arrangements.
  - The Group's voting rights and potential voting rights.
- The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control assessing.
- Non-controlling interest are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition with fair value.
- Non-controlling interests in the results and equity of not wholly owned subsidiaries are shown separately in the consolidated statement of profit or loss and other comprehensive income consolidated statement of changes in equity and consolidated statement of financial position, respectively.
- Subsidiaries are consolidated from the date on which group control until the date on which control ceases.
- The group uses the acquisition method for accounting when transferring control to the group, where:
- The cost of the acquisition is measured at the fair value of the specific assets acquired.
  - The excess of the cost of acquisition plus the fair value of non-controlling interests over the net value of the identifiable assets acquired as goodwill is recorded in the consolidated statement of financial position.
  - Acquisition-related costs are recorded when incurred and included in administrative expenses.
- NCI is measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition. Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the Parent Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.
- All intra-group assets and liabilities, unrealised income and expenses and cash flows relating to transactions are eliminated in full on consolidation. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. The Company and its subsidiary have the same reporting periods.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

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- If the Group loses control over a subsidiary, The following is done:
  - De-recognizes the assets (including the good will) and liabilities of the subsidiary;
  - De-recognizes the carrying amount of any non-controlling interest;
  - De-recognizes the cumulative translation differences, recorded in equity;
  - Recognizes the fair value of the consideration received;
  - Recognizes the fair value of any investment remaining;
  - Recognizes any surplus or deficit in the condensed consolidated statement of profit or loss;
- The parent company's share in the previously listed components of other comprehensive profit is reclassified to profit or loss or retained earnings, as appropriate and required when the group eliminates the directly related assets or liabilities.

**3- SIGNIFICANT ACCOUNTING POLICIES**

**3-1 New IFRS standards, amendments to standards and interpretations not yet adopted**

The Group has applied the following amendments to the standards for the first time for their reporting periods commencing on 1 January 2021

**•Amendments to IFRS 7 and IFRS 16 Interest Rate Measurement Correction -Phase II**

Phase II adjustments address issues that arise from implementing reforms, including substituting standard rates for alternative prices. The Phase II amendments provide additional temporary exemptions from applying the hedge accounting requirements of IAS 39 and IFRS 9 to hedging relationships directly affected by the interest rate index reform.

**• Amendment to IFRS 16, “Leasing Contracts” - Lease Concessions Related to the COVID-19 Pandemic**

As a result of the coronavirus (COVID-19) pandemic, rent concessions have been granted to tenants. In May 2020, the IASB published an amendment to IFRS 16 that provides an optional practical means for tenants to assess whether a rental concession is related to COVID-19. On March 31, 2021, the IASB published a further amendment to extend the date from June 30, 2021 to June 30, 2022. Lessees can choose to account for lease concessions in the same way they would if there were no lease amendments. In many cases, this results in accounting for the lease as variable lease payments in the period(s) in which the event or circumstance that gave rise to the reduced payment occurred.

**The application of these amendments does not have any material impact on the financial statements during the year.**

**3.2 Standards issued that have not yet been implemented**

The following are the amendments to unapproved standards that were issued and are effective for annual periods beginning on or after January 1, 2022, with early application permitted, but the Group did not apply them when preparing these financial statements. The Group does not expect to have a material impact on the non-consolidated financial statements prepared for a special purpose if the following standards and amendments are applied:

- Classification of liabilities (amendments to IFRS 1 Presentation of Financial Statements).

These narrowly defined amendments to IAS 1, Presentation of Financial Statements, clarify that liabilities are classified as current or non-current, depending on the rights in place at the end of the reporting period. The rating is not affected by the entity's expectations or by events after the

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reporting date (for example, receipt of a waiver or breach of undertaking). The amendment also clarifies what IAS 1 means when it refers to the “settlement” of an obligation.

Amendments to IFRS 3 and IAS 16 and 37

IFRS 3, “Business combinations” is updated to a reference in IFRS

No. (3) for the conceptual framework for financial reporting without changing the accounting requirements for business combinations.

IAS 16, “Property, plant and equipment” prohibits a group from deducting from the cost of property, plant and equipment amounts received from the sale of items produced while the group prepares the asset for its intended use. Instead, the Group will recognize such sales proceeds and related costs in the statement of profit or loss.

- IAS 37, 'Provisions, liabilities and contingent assets' specifies the costs that the group includes when assessing whether a contract will cause a loss.

• Amendments to IAS 1, Statement of Practice No. 2, and IAS 8

The amendments aim to improve accounting policy disclosures and help users of financial statements distinguish between changes in accounting estimates and changes in accounting policies.

• Classification of an amendment to IAS 12-Deferred tax relating to assets and liabilities arising from a single transaction

These amendments require companies to recognize deferred tax on transactions that, on initial recognition, result in equal amounts of deductible and taxable temporary differences.

### **3-3 ACCOUNTING POLICIES APPLIED**

The following are the significant accounting policies applied by the Group in preparing its consolidated financial statements to all accounting periods presented.

#### **3-3-1 Classification of assets and liabilities into current / non-current**

##### **Assets:**

The Group presents assets and liabilities in the financial statements based on their classification into current / noncurrent items. The asset is current when:

- It is expected to be realized or there is an intention to be sold or consumed it in a normal operating cycle, or
- It is held primarily for the purpose of trading, or
- It is expected to be realized within twelve months after the financial reporting’s period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least – twelve months after the financial reporting period.

The group classifies all other assets as non-current assets.

##### **Liabilities:**

A liability is current when:

- It is expected to be settled in a normal operating cycle, or
- It is held primarily for the purpose of trading, or
- It is due to be settled within twelve months after the financial reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the financial reporting period.

The group classifies all other liabilities as non-current assets.



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**3-3-2 Cash and cash equivalents**

For the purpose of preparing the statement of cash flows, cash and cash equivalents consist of balances with banks, cash on hand and short-term deposits with an original maturities of three months or less and other short-term highly liquid investments, if any, whose original maturity is three months or Less than the date of its creation and are available to the Group without any restrictions. It also includes overdraft accounts that are an integral part of the Group's cash management and are expected to be changed from overdrafts to current accounts.

**3-3-3 Inventory**

Inventory is stated at cost or net realizable value whichever is lower Cost is determined as following:

- Raw materials, consumables and spare parts: Purchase cost on a weighted average basis Cost of purchase includes the purchase price, custom duties, and the other taxes otherwise, those which refundable, later, from tax authorities and the costs of transportation and handling and other costs attributable directly to the acquisition and deduct the trade discounts and the reductions and other similar items when determines the cost of purchase.
- Finished goods and work in progress: cost of direct materials and labor and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs.
- The net realizable value consists of the estimated selling price less incremental completion costs and an appropriate share of selling and distribution expenses. Any decrease in the cost of inventories to the net realizable value should be recognized as an expense in the period in which the reduction occurs. Any reversal of impairment should be recognized in the statement of profit or loss in the period in which the reversal occurs.
- Provision is made, where necessary, for any slow moving or defective inventory and the cost of the inventory is recognized as an expense and recognized in the cost of revenue.

**3-3-4 Property, plant and equipment**

**A-Recognition and measurement**

- Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. The cost of acquisition of the asset includes all costs related to the acquisition of the asset.
- An item of property, plant and equipment is derecognized when it is disposal or no future economic benefits are expected from its use or disposal.
- Gains and losses on disposal of an item of property, plant and equipment are determined by comparing net disposal proceeds with the carrying amounts of property, plant and equipment and are recognized net of other income (expense) in profits or losses.
- Subsequent expenditure is capitalized only when it results in increase in the future economic benefits and can be reliably measured.
- Loan financing costs are capitalized to finance the creation of qualifying assets during the year required to complete and process the assets for the purpose.
- Where significant portions of property, plant and equipment have different useful lives, they are then accounted for as items of property, plant and equipment.

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- The cost of replacing an important part of the item of property, plant and equipment is recognized in the carrying amount of the item if potential future economic benefits are probable to flow to the Group and these costs can be measured reliably. The carrying amount of the item being derecognized is eliminated when significant parts of the property, plant and equipment are required to be replaced over time. The Group recognizes such items as individual assets with specific useful lives and is depreciated accordingly. Similarly, when performing a major examination, its cost is included in the carrying amount of the property and equipment as a replacement if the inclusion criteria are met. Other repair and maintenance costs are included in the profits or losses as incurred.

**B-Depreciation**

- The cost less estimated residual value is depreciated on a straight-line basis over the useful lives of the assets as follows.

<b>Item</b>	<b>Useful lives</b>
Buildings	33-66
Leasehold improvement	5
Machinery and equipment	6-20
Vehicles	10
Furniture & fixtures	5-20
Wells	20
Computers	5-10
Fruitful trees	10-40
Lands and capital work in progress	
are not depreciated.	

- The residual value and useful lives of the asset are reviewed in case there are indications of significant changes since the date of the last annual report and adjusted for future impact, when necessary.

**C-Capital works in progress**

- Capital work in progress at the end of the year includes certain assets that have been acquired but are not ready for the intended use. Capital work is carried at cost less any impairment recorded in value. These assets are transferred to related asset classes and depreciated when they are ready for use.

**3-3-4 INVESTMENT PROPERTIES**

Investment properties include (land, buildings, part of a building or land, or both) held by the Group for rental or capital appreciation, or both. Investment properties are measured at cost less accumulated depreciation and any impairment losses, if any. Depreciation is calculated on the basis of the depreciable value, which is the cost of the asset or any other amount in lieu of cost after deducting its residual value. The leased assets are depreciated over the term of the lease and their useful lives, whichever is shorter, unless it is reasonably certain that the Group will obtain Ownership at the end of the lease term. Cost is amortized on a straight line basis over the estimated useful lives of the investment properties. When parts of an investment property have different useful lives, they are accounted for as separate items. (Major components) the investment property.

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The cost of replacing part of an investment property is recognized at the carrying amount of the item if it is probable that future economic benefits embodied in that part will flow to the group and when the cost can be measured reliably, the carrying amount of that part replaced is derecognised. The cost of daily servicing of investment properties is recognized in the consolidated statement of profit or loss.

Capital work-in-progress is stated at cost representing construction work on the group's projects, including consultancy, demolition, site leveling, rock cutting, supervision, construction work and other costs attributable to the assets transportable to the site and its readiness to work for its intended purpose. Any gain or loss on disposal of investment properties (which is the difference between the sale proceeds and the book value of the disposed property) is recognized in the consolidated statement of profit or loss.

The useful lives of the principal components of these assets are:

Item	Useful lives
Buildings	33-66

**3-3-6 Intangible Assets**

- Intangible assets (excluding goodwill) acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and impairment losses, if any.
- The useful lives of intangible assets are assessed to be either specific or indefinite.
- Assets produced internally (excluding capitalized development costs) are not capitalized and related expenses are recognized in the statement of profit or loss in the period in which they are incurred.
- Intangible assets with finite useful lives are amortized over the useful economic life.
- The residual values of intangible assets with finite lives, their useful lives and impairment indicators at the end of each financial year are reviewed for impairment if there is an indication that the intangible asset may have been impaired.

Changes in the expected useful life or expected pattern of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates and adjusted prospectively, if necessary.

- Amortization expense for intangible assets with finite lives is recognized in the statement of profit or loss and other comprehensive income under expenses category in line with the function of intangible assets.
- Subsequent expenditure is capitalized only when the future economic benefits associated with the expenditure are likely to flow to the Group and the expenditure can be measured reliably.
- Gains or losses arising on derecognition of an intangible asset are measured as the difference between net sales proceeds and the carrying amount of the asset and are included in the statement of profit or loss and other comprehensive income when the asset is disposed of.

**3-3-7 Associate companies investment and joint ventures**

Associate companies are those companies over which the group exercises significant influence. Significant influence is the Group's ability to participate in the financial and operating decisions of the investee but is not control or joint control over those policies.



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- A joint venture is a joint arrangement whereby the Group has joint control of that arrangement and has a right to the net assets of the joint arrangement.
- Joint control is a jointly controlled contractual arrangement that exists when decisions about activities require the unanimous consent of the parties sharing control. The considerations in determining significant influence and joint control are retaining, directly or indirectly, a percentage of the voting power of the investee, representation on the board of directors or similar governance bodies of the investee, participation in policy-making, including participation in decisions relating to dividends or other distributions, material transactions between the Group and the investee, the exchange of administrative personnel or the provision of basic technical information.  
The Group's investment in the associate or joint venture is accounted for using the equity method.
- According to the equity method, the investment in the associate or joint venture is initially recorded at cost in the statement of financial position, and this cost is subsequently adjusted to recognize the group's share of profits or losses and other comprehensive income of the associate or joint venture minus any decrease in the value of the net investment.
- When the Group's share of losses in the associate or joint venture exceeds its ownership in the associate or joint venture (which includes any long-term equity interests that substantially form part of the Group's net investment in the associate or joint venture), the Group ceases to recognize its share of the additional losses. Additional losses are recognized and recognized as liabilities only to the extent that the Group has legal or contractual obligations or has made payments on behalf of the associate or joint venture.
- If, in a subsequent period, the associate or joint venture records profits, the Group shall resume recording its share of such profits only when its share of profits equals its share of unrecognized losses.  
The Group's investment in the associate or joint venture is accounted for using the equity method, starting from the date on which the investee becomes an associate or a joint venture.
- Upon acquiring the investment in the associate or joint venture, any excess of the investment cost over the group's share in the net fair value of the identifiable assets and liabilities of the investee is recorded as goodwill and included in the book value of the investment, and is not depreciated or tested in its value independently.
- Any excess of the Group's share of the net fair value of the identifiable assets and liabilities of the associate or joint venture over the cost of the investment after reassessment is recognized directly in the statement of profit or loss in the year in which the investment is acquired.
- The Group discontinues using the equity method from the date the investment ceases to be an associate or joint venture, or when the investment is designated as held for sale. In this case, the investment is recorded at fair value, and any difference between the book value of the associate or joint venture and the fair value after it is converted to investment and the disposal proceeds are recognized in the income statement.
- When the group reduces its interest in an associate or a joint venture and the group continues to apply the equity method, the company must reclassify the gain and loss previously recognized in other comprehensive income and related to that decrease in the statement of profit and loss, if this classification is for gain and loss. Includes derecognition of related assets or liabilities.
- After applying the equity method, the group determines, on the date of preparing the financial statements, the extent to which there is objective evidence of a decline in the value of the investment in an associate or a joint venture, and in the case of such evidence, the company estimates the recoverable amount of the investment value. The recoverable amount of the investment value is the fair value of the investment or the cash-generating unit less costs to sell the investment or its value in use - whichever is higher.

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-Unrealized gains or losses resulting from transactions between the group and the associate or joint venture are eliminated to the extent of the group's interest in the associate or joint venture. The group's share of the results of the associate or joint venture is presented in the income statement after operating profits or losses

The financial statements of the associate or joint venture are prepared for the same financial period as the group. Adjustments are made, if necessary, to bring the accounting policies

**3-3-8 Biological assets and agricultural production**

Biological assets are shrimp that are still in the growth stage. Biological assets are measured at fair value less selling cost when the fair value can be measured clearly and reliably, but when the fair value measurement is unreliable, and there are no prices from an active market for the assets. In this case, the vital assets are measured at cost, and when they reach the stage of their readiness for sale, such measurement is the cost on that date when applying International Accounting Standard No. (2) "Inventory".

Selling costs include incremental selling costs and the estimated costs of bringing them to market but not financing costs. Agriculture costs such as water expenses, labor costs and fertilizer costs are expensed as incurred when the biological assets are measured at fair value.

Fruit trees are seed-bearing plants and are therefore displayed and accounted for as property, plant and equipment. However, the fruits that grow on those trees are accounted for as vital assets up to the date of their harvest. Fruit harvest is carried to stock at fair value less costs to sell at harvest. Changes in the fair value of the fruits before harvest are recognized in the statement of profit or loss.

The fair value of the immature fruits is determined using a discounted cash flow model based on the expected yield of the fruits by the cultivated area, and the market price of the ripe fruits after taking into account the following:

Harvest costs, asset cost contribution to the land and tree ownership to the company and other costs not yet incurred to obtain clusters to maturity. But if there are no prices from an active market for the fruits and the fair value cannot be determined in a clear and reliable way, then in such a case the biological asset must be measured at cost.

**3-3-9 Borrowing costs**

- Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.
- Borrowing costs directly attributable to the establishment of an asset are capitalized using the capitalization rate up to the stage in which the work necessary to prepare the qualifying asset for the intended purpose is effectively completed and are then charged to profit or loss. In the case of specific loans, all such costs directly attributable to the acquisition, construction or production of an asset that require a substantial period of time for its intended preparation or sale, such costs are capitalized as part of the cost of the related asset. All other borrowing costs are expensed in the period in which they occur.

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**3-3-10 Lease**

The determination of whether the arrangements are (or its substance) is a lease based on the substance of the agreement of the beginning of the contract. An arrangement is assessed to determine whether its performance depends on the user of assets or that the arrangements transfer the right to use the asset even if the asset is not explicitly identified in the arrangement.

**The Group as a lessee**

The Group recognises a right-of-use asset and a corresponding lease liability related to the lease contracts which the requirements of IFRS (16) apply where:

- Each a rental payment is distributed between the liabilities and the finance cost.
- The finance cost is charged to profit and loss over a lease term where be achieved a static periodical commission rate on the remaining balance of the liability for each period.
- The right of use assets was amortized with the cost that involving the following:
  - The amount of initial measurement for lease liabilities.
  - Any lease payments which were paid at or before the commencement date of the contract less any received rental incentives.
  - The costs of renewal. (if any)
- The lease liabilities comprise the following net present values of payments:
  - The fixed payments (including the fixed payments in its substance) less any debit incentives.
  - The variable lease payments which based on an indicator or rate. (if any)
  - The amounts which expected to be paid pursuant to the guarantees of the residual value.
  - The price of exercising of the option of purchasing if a lessee sure reasonably from exercise that option if any.
  - Payments of the fines related to terminate a lease contract, if the lease term reflects reasonably of exercising the lessee for that option (if any).
- The payments of a lease contract are discounted by using an incremental borrowing rate which represents the price that would pay by the lessee to borrow the necessary funds to obtain an asset in a similar value in a similar economic environment with similar conditions and terms.
- The payments related to short-term leases and low-value leases are recognised as an expense in profit and loss. The short-term leases are the leases that have a lease period 12month or less.
- Renegotiation on the lease contract's terms is made on an individual basis and contains a large of conditions and different terms. The arrangements of the lease contracts do not impose any pledges but the right-of-use assets do not use as a guarantee for the purposes of borrowing.

**The Group as a lessor**

- The determination of whether the agreements are (or its substance) is a lease based on the substance of the agreement of the beginning of the contract.
- Each lease (if any) are classified as a finance lease or an operating lease, where the regard of a lease is a finance lease or an operating lease depends on the substance of a transaction, not on the form of the contract.
- A lease is classified as a finance lease if a lease that transfers substantially all the risks and rewards incidental to ownership of an underlying asset.
- A lease is classified as an operating lease that does not transfer substantially all the risks and rewards incidental to the owner ship of an underlying asset.



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- The lease incentives or any increase in the lease contracts are included as part of the total liability from the lease contract and are calculated on a straight line basis over the period of the contract. Contingent rentals are included as revenue in the period in which they are calculated.

**3-3-11 Impairment of non-financial assets**

- At each reporting date, the Group reviews non-financial assets (other than inventories) to determine whether there is any indication or circumstances that indicate an impairment loss or reversal of impairment loss. If this indicator exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss or reversal of the impairment loss, if any.
- When over it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis for allocation can be determined, the joint assets are allocated to individual cash-generating units or otherwise distributed to the smaller group of cash-generating units for which a reasonable and consistent basis of allocation can be determined.
- The recoverable amount of the asset is the fair value of the asset or cash generating unit less costs to sell or value in use - whichever is higher,
  - The recoverable amount of an individual asset is determined unless the asset generates cash flows that are substantially independent of the expenditure generated from other assets or groups of assets.
  - When the carrying amount of an asset or cash generating unit exceeds its recoverable amount, the asset is considered impaired and its value is reduced to its recoverable amount.
  - In assessing the value in use, estimated future cash flows are discounted to their present value using the pre-tax discount rate, reflecting current market assessments of the time value of money and the specific risks of assets for which future cash flow estimates have not been adjusted.
  - When determining the fair value less costs to complete the sale, recent market transactions are taken into consideration and, if such transactions can't be identified, an appropriate valuation model is used.
- An impairment loss is recognized directly in profits or losses unless the relevant assets are carried at their revaluated amount. The impairment loss is treated in this case as a revaluation decrease.
- Where the impairment loss is reversed subsequently, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount so that the carrying amount does not exceed the carrying amount that would have been determined had the impairment loss been recognized value of assets (or cash-generating unit) in prior years. An impairment loss is recognized directly in the profits or losses unless the relevant assets are carried at their revaluated amount. The impairment loss is recognized in this case as an increase arising from revaluation.
- Intangible assets with indefinite useful lives and intangible assets that are not available for use after being reviewed for impairment at least annually and whenever there is an indication of impairment.

**3-3-12 Fair value measurement**

- 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. The fair value measurement is based on the assumption that the transaction for to sell the asset or transfer the liability take place either:
  - Through the principal market of the asset or liability, or

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- Through the market most beneficial to the asset or liability in the absence of a principal market.
- The principal market or market must be the most accessible by the group.
- The fair value of an asset or liability is measured using the assumptions used by market participants when pricing the asset or liability on the assumption that the parties in the market act in the best economic interest.
- The measurement of the fair value of a non-financial asset takes in consideration the ability of the parties in the market to provide economic benefits by using the asset to obtain the best benefit from it or to sell it to another party in the market for the best benefit.
- The Group uses valuation techniques that are appropriate to the circumstances and have sufficient data to measure fair value, maximize the use of observable data and reduce the use of non-observable related data, where:
  - The responsibility to supervise all important fair value measurements is the responsibility of management, including the third level of fair values.
  - The management reviews significant non-observable inputs and valuation adjustments periodically.
  - The management evaluates the evidence obtained from a third party to support the conclusion that these valuations meet the requirements of the IFRS adopted in Saudi Arabia, including the level in the hierarchy of fair value for which such assessments should be classified if information is used by a third party, such as brokers' prices or pricing services, are used to measure fair values.
- The Group uses observable market data to the extent possible when measuring the fair value of an asset or liability. The fair values are classified at different levels in the fair value hierarchy based on the inputs used in the valuation techniques as follows:
  - Level 1 : Quoted (unadjusted) market prices in active markets for identical assets or liabilities
  - Level 2 : Inputs other than prices listed in level 1 for identical assets and liabilities that could be observed for the assets or liabilities other than direct or indirect ( as derivate of the price of the adjustment)
  - Level 3: Inputs for assets and liabilities that are not based on observable market data (unobservable input and inactive market)
- If the inputs used to measure the fair value of an asset or liability are at different levels of the fair value hierarchy, the fair value measurement is fully classified at the same level of the fair value hierarchy as the lowest level of inputs is essential for full measurement.
- Transfers are recognized between the levels of the fair value hierarchy at the end of the reporting period in which the change occurs.

**3-3-13 Financial instruments**

- Financial instruments are recognized and measured in accordance with the requirements of IFRS (9) "Financial Instruments", which defines and addresses the classification, measurement and de-recognition of financial assets and financial liabilities and certain contracts for the purchase or sale of non-financial items. The details of the relevant accounting policies are set out below.
- **Initial recognition – financial assets and financial liabilities**  
Financial assets and liabilities are recognized when the entity becomes a party to the contractual of the instrument.

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- **Initial measurement**

On initial measurement, except for trade receivables that do not include a material financing component, the financial asset is measured at fair value through profit or loss. The transaction costs directly attributable to the acquisition of the financial asset are recognized in profit or loss.

If the financial asset is not at fair value through profit or loss, the financial asset is measured at its fair value plus transaction costs directly attributable to the acquisition of the financial asset.

Trade receivables that do not have a material financing component or which are less than 12 months old are measured at the transaction price in accordance with IFRS (15).

- **Classification and subsequent measurement**

The subsequent measurement of non-derivative financial assets depends on their classification into the following measurement categories based on the business model in which the financial assets are managed as well as the contractual terms of cash flows:

**A) Financial assets at fair value through profit or loss:**

Financial assets at fair value through statement of profit or loss are measured at the end of each reporting period without any transaction costs that the Group may incur when selling or disposing of any financial asset in the future.

All financial assets that are not classified as measured at amortized cost or at fair value through other comprehensive income and will be described below are measured at fair value through profit or loss. This includes all other derivative financial assets. On initial recognition, the Group is entitled to finalize financial assets that otherwise meet the measurement requirements at amortized cost or at fair value through other comprehensive income as financial assets at fair value through profit or loss.

If the Group does so, it omits the accounting mismatch that may arise in one way or another or significantly reduces mismatches.

**B) Financial assets at fair value through other comprehensive income:**

They are either (debt instruments at fair value through other comprehensive income) or (equity instruments at fair value through other comprehensive income)

Financial assets at fair value through other comprehensive income are measured at the end of each reporting period and the transaction costs incurred by the Group are derecognized when the asset is disposed of in the future.

Investments in debt instruments are measured at fair value through other comprehensive income if the following two conditions are met and are not measured at fair value through profit or loss:

- ✓ It is maintained within a business model that is verified by collecting contractual cash flows and selling financial assets. And
- ✓ Their contractual periods are established on specific cash flow dates that represent only payments of principal and interest on the principal of the amount outstanding.

Upon derecognition of financial assets, the cumulative gain or loss previously recognized in other comprehensive income is reclassified to the statement of profit or loss. However, the fair value gains or losses are not reclassified to profit or loss in the case of equity instruments.

**C) Financial assets measured at amortized cost:**

The financial asset should be measured at amortized cost using the effective interest method if the following conditions are met:



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- 1) The financial asset is retained within the business model, which is intended to hold financial assets from the collection of contractual cash flows; and
- 2) The contractual terms of the financial asset on specific dates result in cash flows that are principal and interest payments on the principal outstanding.

Financial assets measured at amortized cost include trade and other receivables.

After initial measurement, these financial assets are subsequently measured at amortized cost using the effective interest rate method less impairment (if any). Amortized cost is calculated by taking into consideration any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Effective interest rate amortization is included in financing revenue in profit or loss. Impairment losses are recognized in profit or loss.

**The method of recognizing and presenting the profits or losses resulting from classifying the above categories is as follows:**

Measurement class	Recognizing and presenting the profits or losses
Financial assets at amortized cost	<ul style="list-style-type: none"> <li>– The following items are included in statement of profit or loss: <ul style="list-style-type: none"> <li>▪ Interest income using the effective interest rate method.</li> <li>▪ Expected credit losses (or reversal of losses) (impairment and reversal)</li> <li>▪ Foreign exchange gains or losses</li> </ul> </li> <li>– When the financial asset is derecognized (Derecognition), the resulting gain or loss is recognized in profit or loss.</li> </ul>
Debt instruments at fair value through other comprehensive income	<ul style="list-style-type: none"> <li>– Gains and losses are recognized in other comprehensive income <b><u>except for the following items</u></b> which are recognized in profit or loss in the same manner as for financial assets measured at amortized cost: <ul style="list-style-type: none"> <li>▪ Interest income using the effective interest method.</li> <li>▪ Expected credit losses (or reversal of losses). (Impairment and reversal)</li> <li>▪ Foreign exchange gains or losses</li> </ul> </li> <li>– When the financial asset is de-recognized (Derecognition), the cumulative gain or loss in the other comprehensive income is reclassified to profit or loss</li> </ul>
Investment in equity instruments at fair value through other comprehensive income	<ul style="list-style-type: none"> <li>– Gains or losses are recognized in other comprehensive income</li> <li>– Dividends from these investments must be recognized as income in profit or loss unless they clearly represent the payment of part of the cost of the investment.</li> <li>– The amounts recognized in other comprehensive income are not reclassified to profit or loss under any circumstances.</li> </ul>
Investment at fair value through profit or loss	<ul style="list-style-type: none"> <li>– Gains or losses arising either from subsequent measurement or from de-recognition are recognized in profit or loss.</li> </ul>

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- **Reclassification**

When \_and only when \_ an entity changes its business model in the managing of financial assets, it must reclassify all its affected financial assets in accordance with the above classification requirements.

- **Cancellation of recognition of financial assets**

The de-recognition of a financial asset (or, as appropriate, a part of a financial asset or a part of a group of similar financial assets) (which mean its disposal from the financial position statement) when the cash flow rights commented of the asset is done or when the financial asset is transfer the financial assets or all its risks and benefits to another party. The difference in carrying amount is recognized in the profit or loss.

- **Impairment of financial assets**

At each reporting date, the Group assesses the probability of objective evidence that the financial asset measured at cost or amortized cost may be impaired. Impairment arises when one or more events occur, if the initial recognition of an asset has an impact on the estimated future cash flows of a financial asset or a group of financial assets that can be reliably measured.

IFRS (9) requires the Group to apply a model to measure expected credit losses in respect of impairment of financial assets. Credit event occurrence is not necessary to include credit losses. Instead, using the expected credit loss model, the entity calculates the expected credit losses and changes as of each reporting date.

The expected credit loss should be measured and made a provision to it either in the amount equivalent to:

- (a) 12 months of expected losses or
- (b) Long term expected losses.

- If the credit risk of the financial instrument is not substantially increased from the beginning, then a provision equal to the expected loss of 12 months is created.
- In other cases, provision should be made for long-term credit losses.  
For trade receivables and other receivables, the Group has applied the simplified method in accordance with the Standard and calculates credit losses according to credit loss forecasts over the life of the financial assets where:
- The Group has established a matrix of provisions based on the Group's past experience with respect to credit losses, and adjusted for future factors relating to debtors and the economic environment.
- Impairment losses relating to trade receivables are presented separately in profit or loss.

Except for investments in debt instruments measured through other comprehensive income, the book value of the asset is reduced through the use of the provision account and the amount of the loss is recognized in profit or loss. Interest income continues to be depreciated using the interest rate used to discount future cash flows to measure impairment loss. Loans are written off with the loan-related provision when there is no realistic prospect of future recovery and all guarantees are realized or transferred to the Group.

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- In respect of investments in debt instruments measured through other comprehensive income, the provision for the loss of other comprehensive income accumulated in the investment revaluation reserve is recognized and does not reduce the book value of the financial asset in the statement of financial position.
- In any case, if in a subsequent year, the amount of the impairment loss increased or decreased because of an event occurring after the impairment was recorded, the previously recognized impairment loss is increased or reduced by adjusting the provision account. If a subsequent write-down is reversed, the reversal is recognized in profit or loss.

**Financial liabilities**

The Group's financial liabilities include accounts payables and accruals amount.

• **Initial measurement**

Financial liabilities are initially recognized as financial liabilities at fair value through profit or loss and other comprehensive income and as loans, advances and payables as appropriate.

All financial liabilities are initially measured at fair value and in the case of long-term loans, advances and accounts payable, net of direct costs related to the transaction. (I.e. except for financial liabilities at fair value where transaction costs directly related to the acquisition of financial liabilities are recognized directly in profit or loss).

• **Classification and subsequent measurement**

**A) At amortized cost**

The entity must classify all financial liabilities at amortized cost and subsequently measured, except for:

- 1) Financial liabilities at fair value through profit or loss.
- 2) Financial liabilities that arise when a financial asset that is unqualified for de-recognition is derecognized or when the method of continuing involvement is applied (the continuing correlation method).
- 3) Financial guarantee contracts.
- 4) Obligations or commitments to provide a loan at an interest rate lower than the market price and not measured at fair value through profit or loss.
- 5) The potential price (consideration) recognized by the acquirer in a business combination that is in accordance with IFRS (3). This potential price is subsequently measured at fair value with changes recognized in profit or loss.

All financial liabilities of the Group are subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognized in profit or loss and other comprehensive income when the liability is derecognized through the amortization of the effective interest rate.

Amortized cost is calculated by taking into consideration any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate method. Effective interest rate amortization is included as finance costs in the statement of profit or loss. Gains or losses on financial liabilities measured at fair value (which are not part of the overall hedging relationship) are recognized in profit or loss. Except for gains or losses on certain financial liabilities that are designated at fair value through profit or loss when the Group is

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required to assess the effects of changes in credit risk associated with liabilities in other comprehensive income.

**B) Financial liabilities at fair value through profit or loss**

Financial liabilities included in this category include:

1. Liabilities held for trading.
2. Liabilities derivatives not designated as hedging instruments.
3. Liabilities designated at fair value through profit or loss.

After initial recognition, the Group measures financial liabilities at fair value and recognizes changes in profit or loss.

Usually Gains and losses on financial liabilities designated at fair value are recognized in profit or loss as follows:

1. The amount of the change in the fair value of a financial liability that is attributable to changes in credit risk is recognized in other comprehensive income.
2. The residual value of the change in the fair value of the financial liability is recognized in profit or loss.

**C) Financial liabilities other than financial liabilities at fair value through profit or loss**

Financial liabilities are measured at amortized cost using the effective interest rate.

• **Reclassification**

The Group cannot reclassify any financial liability.

• **Derecognition of financial liabilities**

A financial liability is de-recognized when it is fulfilled, cancelled or terminated. When an existing financial liability is replaced by another from the same lender on substantially different terms or when the terms of an existing obligation are substantially modified, such a replacement or modification is treated as a derecognition of the original financial liability while recognizing the new obligation. The difference between the relevant book values is recognized in profit or loss.

• **Set-off of financial instruments (set-off between financial assets and liabilities).**

Financial assets and financial liabilities are offset and recorded net in the statement of financial position only when the following conditions are met:

- 1- The Group has a statutory legal right to set-off the amounts recognized in assets and liabilities.
- 2- The intention of the Group to settle on a net basis or to recognize the asset and settle the obligation simultaneously.

**3-3-14 Revenues recognition**

- Revenues arising from contracts are recognized and measured in accordance with the requirements of IFRS (15), unless they are within the scope of other standards.
- Revenue is measured on the basis of the compensation specified in the contract with the customer, with the exception of amounts collected on behalf of other parties. The Group recognizes revenue when transferring control over the products or services provided to the customer.
- IFRS 15 is applied either with full retrospective or amended application where:
- Where the Group records revenue from contracts with clients based on the following five steps:

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- a) Determining the contract with the client: A contract is an agreement between two or more parties that results in mandatory rights and obligations and clarifies the criteria that must be met for each contract.
- b) Defining performance obligations in the contract: A performance obligation is a promise to the customer according to the contract in order to transport goods or provide services to the customer.
- c) Determining the transaction price: The transaction price is the price expected from the Group in exchange for the transfer of goods or services agreed upon with the customer, excluding the amounts collected on behalf of third parties.
- d) Distributing the transaction price to the performance obligations in the contract: For a contract that contains more than one performance obligation, the Group distributes the transaction price to each performance obligation by an estimated amount of the price expected to be collected from the goods or services in exchange for the performance of the performance obligation.
- e) Revenue is recognized when (or when) the Group fulfills the performance obligation.
- The Group fulfills the performance obligation and recognizes revenue over the term of the contract if it fulfills any of the following requirements:
  - a) The client obtains the benefits resulting from the performance of the Group and the consumption of those benefits at the same time, or
  - b) The Group's performance leads to the creation or improvement of an asset that is under the customer's control at the time of improvement or creation, or
  - c) The Group's performance of the obligation is not originally for other uses of the Group, and the Group has the right to collect the amount for the completed performance to date that is enforceable.
- For performance obligations where one of the above conditions are not met, revenue is recognized at the time the performance obligation is satisfied.
- When the Group fulfills a performance obligation by providing the promised goods or services, then the Group creates an asset based on the contract in exchange for the price it received as a result of the performance. If the amount of the billed price to the customer exceeds the amount of the listed revenues, this increases the commitment of the contract.
- Revenue is measured at the fair value of the price received or receivable, taking into account the contractual payment terms specified.
- Revenue is included in profit or loss to the extent of the expected flow of economic benefits to the Group, with revenues and costs - where applicable - being able to be measured reliably.
- **The Group's revenue is represented in:**
  - **Revenue from Products Sales:**
    - Revenue resulting from the sale of goods is recognized and an invoice is issued when all of the following conditions are met:
      - ✓ Transferring the significant risks and rewards of ownership of goods to the buyer.
      - ✓ The Group does not retain the right to continuous administrative intervention to the degree that is usually associated with ownership nor with actual control over the sold goods.
      - ✓ The amount of revenue can be measured reliably.
      - ✓ It is probable that the economic benefits associated with the transaction will flow to the Group.



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- ✓ The costs incurred or to be borne by the Group in connection with the transaction can be measured in a reliable manner.
- The Group does not have any loyalty programs under which points are awarded to customers, and therefore no deferred revenue is recognized for the items sold.
- **Rental Income**  
Revenue is recognized in accordance with the above and rental income from operating leases is recognized on a straight line basis over the term of the related lease. The initial direct costs or incentives incurred in negotiating and arranging an operating lease are added and considered as an integral part of the carrying amount of the leased contract and included on a straight line basis over the term of the lease.
- **Elements of financing**  
The Group does not currently have or expects at the present time any contracts with clients for routine sales or products where the period between transferring the promised products or services to the customer and paying the customer exceeds one year. As a result, the Group is not currently making an adjustment to any transaction rates regarding the time value of money. However, if any such situation is identified, the relevant amounts are remeasured in order to adjust the time value of the funds.
- **Warranty obligations**  
The Group provides guarantees regarding the sold goods when certain terms and conditions are applied, and accordingly the Group is subject to the requirements of the International Financial Reporting Standard No. 15 with regard to deferring the recognition of revenues and recording contract obligations.

**3-3-15 Costs Of Revenue**

- All expenditures are recognized on an accrual basis, and operating costs are recognized on the basis of historical cost. Production costs and direct manufacturing expenses are classified as cost of sales. This includes raw materials, direct labor and other related indirect costs. Other costs such as selling costs are recorded as selling and distribution expenses, while all other remaining expenses are shown as general and administrative expenses.

**3-3-16 Expenses**

- Selling and marketing expenses and general and administrative expenses include direct and indirect costs that are not specifically considered part of the cost of revenues .
- Selling and marketing expenses in those expenses arising from the Group's underlying sales and marketing functions .
- All expenses except for financial charges, amortization, depreciation and impairment losses are classified as general and administrative expenses .
- Other joint expenses are allocated between the cost of revenue, selling and marketing costs and general and administrative expenses on a consistent basis where necessary.

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**3-3-17 Income Tax and Zakat**

**Zakat**

- Zakat is calculated in accordance with zakat regulations issued by the General Authority for Zakat and Income in the Kingdom of Saudi Arabia ("the Authority" ).
- Zakat is charged to the profit or loss.
- Any additional obligations and settlement of adjustments resulting from the Zakat, if any, that may become due upon completion of the assessment are recorded in the same fiscal year in which the zakat assessment is recognized.

**Withholding tax**

- The Group deducts taxes on certain transactions with non-resident entities in Saudi Arabia as required in accordance with the applicable tax regulations in the Kingdom of Saudi Arabia. The withholding tax relating to foreign payments is recognized as a liability

**Transaction tax**

- 1- Income, expenses and assets are recognized net of transaction tax (including VAT), except for:
  - Where the transaction tax incurred in the purchase of an asset or service is not recoverable from the tax authority, in which case the transaction tax is recognized as part of the cost of the asset or as part of the expense, where applicable
  - Accounts receivable and payables that have been included with the transaction tax amount.
- 2- The net amount of the transaction tax recoverable from, or payable to, the tax authority is included as part of the receivables or payables in the statement of financial position.

**3-3-18 Foreign currency transactions and balances**

- Foreign currency transactions are translated into Saudi Riyals (functional currency) at the rates of exchange ruling at the date of the financial statements. Gains and losses arising from changes in exchange rates are recognized in profit or loss.
- Non-monetary items that are measured at the historical cost of a foreign currency are retranslated using the exchange rates at the date of the initial transactions and are not subsequently adjusted. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date that the fair value was determined. The gain or loss arising on the translation of non-monetary items measured at fair value is accounted for in accordance with the recognition of profit or loss from changes in the fair value of the related item.

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**3-3-19 Provisions**

- A. Provisions are recognized when the Group has an obligation (legal or constructive) arising from a past event and there is a possibility that the Group will be required to settle this obligation through cash flows from outside the Group that reflect economic benefits and a significant estimate of the amount of the obligation can be made. Where the Group expects to repay some or all of the provision - for example - under an insurance contract, the payment is recognized as an independent asset but only when the payment is actually confirmed. The expense for the provision is presented in to profit or loss after any payment.
- B. If the effect of the time value of money is significant, the provisions is determined by discounting the expected future cash flows at the current discount rate before the tax that reflects current market assessments of the time value of money and the risks related to the obligation. When the discount is used, the excess of the provision is recognized as a result of the passage of time as the cost of financing in the profit or loss.
- C. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If a flow of required external resources with economic benefits to settle the obligation is no longer probable, the provision is reversed.
- D. Cessation of operations costs (assets related to the removal of assets)

A provision to suspend operations is recognized when the Group is responsible for the restoration or rehabilitation of the land. The degree of suspension of the required operations and related costs depends on the requirements of current laws and regulations.

Costs included and included in the provision include all expected cessation liabilities over the life of the assets. The provision for suspending operations is discounted to its present value and capitalized as part of the assets under property, plant and equipment and is amortized over the life of the asset.

Adjustments to the estimated amount and time of cash flows to discontinue operations are normal in light of the significant judgments and estimates involved. These adjustments are recorded as an increase in liabilities offset by an increase in the related assets. Factors affecting these adjustments include:

- Technology development.
- Regulatory requirements and environmental management strategies.
- Changes in the estimated threshold and expected costs of activities, including the effects of inflation.
- Changes in economic sustainability.

**3-3-20 Employee benefits**

**A. Defined Benefit Programs**

- The Group provides a defined benefit plan to its employees in accordance with the Saudi Labor Law. The Group's net liability in respect of defined benefit plans is calculated by estimating and deducting the amount of future benefits acquired by the employee in the current and prior periods. The defined benefit obligations are calculated annually by a qualified actuary by the projected unit credit method, which takes into account the provisions of the Saudi Labor Law and Group policy.

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- The defined benefit obligation is periodically re-measured by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by deducting estimated future cash outflows and due to the lack of a deep market for government bonds / skunk or corporate bonds / skunk in Saudi Arabia, the discount rate is determined by reference to the Dow Jones Skunk Dividend. The net commission cost is calculated by applying the discount rate to the net balance of defined benefit obligation and the fair value of the program assets.
- The defined benefit obligation costs are calculated using actuarially defined retirement costs at the end of the previous year, adjusted for significant market fluctuations and any significant one-time events such as program adjustment, manpower reduction and reimbursement. In the absence of such significant market fluctuations and one-time events, the actuarial liability is extended based on the assumptions at the beginning of the year. If there are significant changes in assumptions or arrangements during the initial period, they are considered for re-measurement of these liabilities and related costs.
- Re-measurement of the net liability of defined benefit schemes consisting of actuarial gains and losses is recognized directly in other comprehensive income. The Group calculates net interest by applying the discount rate used to measure the net defined benefit obligation or asset. Net interest expense and other related expenses are recognized in the profit or loss programs as defined in the profit or loss.
- When the benefits of a program change or when the duration of the program is reduced, the resulting change in benefit relating to the past service, profit or loss from the immediate reduction in profit or loss is recognized.

**B. Short-term employee benefits**

A liability is recognized for benefits to employees relating to wages and salaries including non-monetary benefits, annual leave, sick leave and travel tickets during the period in which the service is provided, as well as the undiscounted amount of the benefits expected to be paid for that service on the basis that the related service may Performed. Recognized liabilities relating to short-term employee benefits are measured at the amount that is not deductible and is expected to be paid for the service rendered.

**C. Employee benefits after end of service**

The Group pays retirement contributions to its Saudi employees to the Social Insurance Institution and represents a specific contribution plan and the payments are considered as expenses when incurred.

**3-3-21 Liabilities and contingent assets**

- A. Contingent liabilities are obligations that are likely to arise from past events and are confirmed to exist only through the occurrence or absence of one or more uncertain future events that are not within the overall control of the Group. or an existing obligation that is not proved because it is unlikely that there will be a need for the flow of resources to settle the obligation. In the event that the amount of the obligation cannot be measured reliably enough, the Group does not demonstrate the contingent liabilities but discloses them in the financial statements.
- B. The potential assets are not recognized in the financial statements but are disclosed when economic benefits are probable.

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**3-3-22 Earnings per Share**

- Basic earnings per share is calculated by dividing the net income attributable to the Group's shareholders by the weighted average number of shares outstanding during the year.
- Reduced earnings per share is calculated by dividing the profit attributable to the group's shareholders (after adjusting for interest on convertible preference shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that will be issued when converting all potential reduced ordinary shares into shares normal.
- Since the Group does not have any convertible shares, the basic earnings per share equals the reduced earnings per share.

**3-3-23 Cash dividends of the Group's Shareholders**

- The Company recognizes the obligations related to the payment of cash dividends to the Company's shareholders when the distribution is approved
- In accordance with the Companies Law in Saudi Arabia, dividends are approved by the shareholders.
- Initial dividends, if any, are recorded upon approval by the Board of Directors. The amount of the consideration is recognized directly in equity.

**3-3-24 Prepaid expenses**

Prepaid long-term expenses (if any) are recognized at cost less any accumulated impairment losses.

**3-3-25 Segments Reports**

- The business segment is a group of assets, operations, or facilities:
    - 1) Conducts its business in commercial activities through which it is possible to generate revenues and incur expenses including revenues and expenses related to transactions with other components of the Group;
    - 2) The results of its operations are analyzed on an ongoing basis by the Chief Operating Officer in order to make decisions related to resource allocation and performance evaluation; and
    - 3) On which accurate information is available separately.
- The geographical segment provides products or services within a specific economic environment that is exposed to risks and returns that differ from operating sectors in other economic environments.

**3-3-26 Government grants**

Government grants are recognized at fair value in the consolidated statement of profit or loss when there is reasonable assurance that the grant will be received and that the group has complied with all the terms of that grant. Grants received when the group has not yet complied with all the conditions attached are recognized as liabilities and such grants are recognized in the consolidated statement of profit or loss when all conditions of that grant are fulfilled.



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**4- SIGNIFICANT JUDGMENTS, ESTIMATES AND ASSUMPTIONS**

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the amounts of revenues, expenses, assets and liabilities disclosed and disclosure of contingent liabilities as at the reporting date. Uncertainty about these assumptions and estimates may result in results that may require a material adjustment to the carrying amount of the assets or liabilities that will be affected in future periods.

These estimates and assumptions are based on experience and other factors that are believed to be reasonable under the circumstances and are used to judge the carrying amounts of assets and liabilities that are difficult to obtain from other sources. Core estimates and assumptions are reviewed on an on-going basis. An audit of the accounting estimates is recorded in the period in which the estimates are revised or in the period of the revision and future periods if the revised estimates affect current and future periods.

Significant accounting judgments, estimates and assumptions have been made which have a material impact on the financial statements as following:

**4-1 Judgments**

**Compliance with performance obligations**

The group must assess each of its contracts with customers to determine whether performance obligations have been met over time or at a specific time in order to determine the appropriate method of income recognition. The group assessed this based on the sales and purchase agreements it had entered into with the customers and the provisions of the relevant laws and regulations .

**Determine transaction prices**

The group shall determine transaction prices in respect of each of its contracts with customers. In making such judgment, the group assesses the impact of any variable price in the contract as a result of discounts or fines, the presence of any material element of the contract and any non-monetary price in the contract.

**Classification of investment properties**

The group determines whether a property qualifies as investment property under IAS 40, investment property. In making such a judgment, the group considers whether the property generates substantial cash flows that are independent of other assets held by the group.

**Operating lease commitments - the group as lessor**

The Group enters into commercial and retail leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the risks and benefits of ownership of these properties and accordingly accounts for them as operating leases.

**Corona pandemic (Covid-19)**

- The Group has reviewed the main sources of uncertainty estimates that have been disclosed in the latest financial statements regarding the Corona pandemic (Covid-19). Management believes that, other than the expected credit losses on a financial assets, the impairment loss on a non-financial asset and all other sources of uncertainty remain similar to those disclosed in the annual financial statements. Management will continue to monitor the situation and any required changes will be reflected in the future reporting year - note (38).

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**4-2 Assumptions and estimates**

**Defined Benefit Programs**

- The cost of the defined benefit programs and the present value of the obligation are determined using actuarial valuations. The actuarial valuation includes many different assumptions that differ from actual developments in the future. This includes the determination of discount rates, future salary increases, mortality rates and the rate of movement of staff. As a result of the complexity and long-term nature of the valuation process, the commitment of specific benefits is highly sensitive to changes in these assumptions. All assumptions are examined at the reporting date. The most commonly used measurement criteria are the discount rate and the future salary increase.

When determining the appropriate discount rate, management relies on market yield on high quality corporate bonds. Future salary increases depend on future inflation rates, seniority, promotion, supply and demand in the employment market. The mortality rate is based on the mortality tables available for specific countries. The extrapolation of mortality tables may change over time in response to population changes.

**Expected credit losses**

Expected credit losses are measured as financial assets measured at amortized cost and requires the use of complex models and significant assumptions about future economic conditions and credit behavior.

There are a number of important provisions required in the application of accounting standards

- 1- Define criteria for substantial increase in credit risk
- 2- Selecting appropriate formats and assumptions to measure expected credit losses
- 3- Determine the number and relative weight of future assumptions for each type of product and market
- 4- Create a pool of potential financial assets to measure air credit losses.

The Group recognizes a provision for expected credit losses on financial instruments that are measured at amortized cost.

The Group measures the loss allowance at an amount equal to the expected credit losses over the useful life of the financial instrument, except for:

- The following financial instruments for which the provision for expected credit losses is measured over a period of 12 months:
- Financial assets with low credit risk at the reporting date and financial instruments where credit risk has not increased significantly since its initial recognition.

**Productive useful life of property, plant and equipment, and intangible assets**

The Group determines the estimated useful lives of property, equipment and investment properties for depreciation. This estimate is determined after taking into account the expected period of use of the asset and the natural damage. The management examines the estimated useful lives and the method of depreciation periodically to ensure that the method and duration of depreciation are consistent with the expected model of the economic benefits of these assets. and changes in depreciation expense are adjusted in current and future periods, if any,

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**Impairment of non-financial assets.**

The Group assesses at each reporting date whether there are indications of impairment of the non-financial assets at each reporting date. Non-financial assets are selected to determine impairment in the event of indications that the carrying amounts cannot be recovered .

When the value in use is calculated, the management estimates the future cash flows of the asset or unit of cash and selects the appropriate discount rate to calculate the present value of these cash flows.

**Going concern**

The management of the Group has assessed its ability to continue on the basis of the going concern and has concluded that it has the resources to continue its activity in the foreseeable future. In addition, management is not aware of any material uncertainty that may cast doubt on the Group's ability to continue in accordance with the going concern. Consequently, the financial statements have been prepared on the basis of the going concern.

**5- BUSINESS COMBINATIONS**

- During the year 2020, the group acquired 80% of the shares of the Fish Day Company for Fish Sale, a Saudi limited liability company. The Fish Day Company for Fish Sale is engaged in the wholesale sale of fish and aquatic organisms, the retail sale of fish and other seafood and its products, and retail through It was agreed that the consideration for acquiring equity stakes would be 300,000 Saudi riyals in cash, and there were no significant tangible assets and liabilities on the date of acquisition. and management has undertaken the process of allocating the purchase price and has resulted in intangible assets identifiable separately amounting to 360,000 Saudi riyals, The company's share in the assets acquired is identical to the purchase consideration paid for the acquisition of the company.

- During the year 2020, the group acquired 65% of the shares of Mango Jazan Trading Company, a Saudi company with limited liability to expand its customer base through the electronic platform. And significant tangible liabilities on the date of acquisition, and management has undertaken the process of allocating the purchase price and has resulted in intangible assets identifiable separately amounting to 3.2 million Saudi riyals, the company's share in the assets acquired matches the purchase consideration paid to acquire the company.

**6-Property, plant and equipment, net**

Description	<u>Lands*</u>	<u>Buildings</u>	Tools &	<u>Vehicles</u>	Furniture,Fixtures	<u>Wells</u>	<u>Computers</u>	<u>Fruitful trees</u>	Projects in	<u>Total</u>
			<u>Equipment</u>		<u>Office Equipments &amp; decorations</u>				<u>progress**</u>	
Balance as at 1/1/2021	17 074 855	213 230 790	109 406 349	10 246 103	5 006 509	977 071	2 944 046	23 486 155	2 780 357	385 152 235
Additions during the year	-	362 980	8 628 772	1 058 155	79 981	-	97 261	-	8 808 617	19 035 766
Disposals during the year	-	-	-	(1 053 565)	-	-	-	-	(1 693 117)	(2 746 682)
<b>Cost as ot 31/12/2021</b>	<b>17 074 855</b>	<b>213 593 770</b>	<b>118 035 121</b>	<b>10 250 693</b>	<b>5 086 490</b>	<b>977 071</b>	<b>3 041 307</b>	<b>23 486 155</b>	<b>9 895 857</b>	<b>401 441 319</b>
Balance as at 1/1/2021	-	77 004 068	69 748 561	7 723 986	4 162 849	757 359	2 249 213	6 572 133	-	168 218 169
Year's depreciation	-	2 749 035	4 252 397	564 990	203 788	28 147	111 077	423 384	-	8 332 818
Accumulated of disposals	-	-	-	(1 026 282)	-	-	-	-	-	(1 026 282)
<b>Accumulated depreciation as at 31/12/2021</b>	<b>-</b>	<b>79 753 103</b>	<b>74 000 958</b>	<b>7 262 694</b>	<b>4 366 637</b>	<b>785 506</b>	<b>2 360 290</b>	<b>6 995 517</b>	<b>-</b>	<b>175 524 705</b>
<b>Net book value as at 31/12/2021</b>	<b>17 074 855</b>	<b>133 840 667</b>	<b>44 034 163</b>	<b>2 987 999</b>	<b>719 853</b>	<b>191 565</b>	<b>681 017</b>	<b>16 490 638</b>	<b>9 895 857</b>	<b>225 916 614</b>
<b>Net book value as at 31/12/2020</b>	<b>17 074 855</b>	<b>136 226 722</b>	<b>39 657 788</b>	<b>2 522 117</b>	<b>843 660</b>	<b>219 712</b>	<b>694 833</b>	<b>16 914 022</b>	<b>2 780 357</b>	<b>216 934 066</b>

\*lands item includes the value of lands that have been marginalized on their title deeds by mortgage for the Agricultural Development Fund due to the loan granted to the company (note 22) , the cost of these lands as on December 31, 2021G SAR 17,074,855 (December 31, 2020G SAR 17,074,855).

\*\* Projects in progress represented in :

	<u>31/10/2021</u>	<u>31/12/2020</u>
Water Factory project (Note31)	-	1 693 116
Shrimp Pond Breeding Project	9 895 857	1 087 241
	<b>9 895 857</b>	<b>2 780 357</b>
Depreciations have been distributed as follow:	<u>31/10/2021</u>	<u>31/12/2020</u>
Cost of revenues	7 614 730	7 475 705
Selling and distribution expenses	499 886	469 043
General and administrative expenses	218 202	26 070
	<b>8 332 818</b>	<b>7 970 818</b>

**6/2-Property, plant and equipment, net**

Description	<u>Lands *</u>	<u>Buildings</u>	<u>Tools &amp; Equipment</u>	<u>Vehicles</u>	<u>Furniture,Fixtures Office Equipments &amp; decorations</u>	<u>Wells</u>	<u>Computers</u>	<u>Fruitful trees</u>	<u>Projects in progress**</u>	<u>Total</u>
Cost as of 01/01/2020	17 074 855	207 914 594	106 927 463	9 784 503	4 752 825	977 071	2 659 506	23 486 155	1 693 116	375 270 088
Additions during the year	-	180 394	2 478 886	461 600	253 684	-	284 540	-	1 087 241	4 746 345
Transferred from Investment properties	-	5 135 802	-	-	-	-	-	-	-	5 135 802
<b>Cost as at 31/12/2020</b>	<b>17 074 855</b>	<b>213 230 790</b>	<b>109 406 349</b>	<b>10 246 103</b>	<b>5 006 509</b>	<b>977 071</b>	<b>2 944 046</b>	<b>23 486 155</b>	<b>2 780 357</b>	<b>385 152 235</b>
Balance as at 1/1/2020	-	74 431 445	65 620 050	7 209 963	3 966 330	728 914	2 141 901	6 148 748	-	160 247 351
Year's depreciation	-	2 572 623	4 128 511	514 023	196 519	28 445	107 312	423 385	-	7 970 818
<b>Accumulated depreciation as at 31/12/2020</b>	<b>-</b>	<b>77 004 068</b>	<b>69 748 561</b>	<b>7 723 986</b>	<b>4 162 849</b>	<b>757 359</b>	<b>2 249 213</b>	<b>6 572 133</b>	<b>-</b>	<b>168 218 169</b>
<b>Net book value as at 31/12/2020</b>	<b>17 074 855</b>	<b>136 226 722</b>	<b>39 657 788</b>	<b>2 522 117</b>	<b>843 660</b>	<b>219 712</b>	<b>694 833</b>	<b>16 914 022</b>	<b>2 780 357</b>	<b>216 934 066</b>
<b>Net book value as at 31/12/2019</b>	<b>17 074 855</b>	<b>133 483 149</b>	<b>41 307 413</b>	<b>2 574 540</b>	<b>786 495</b>	<b>248 157</b>	<b>517 605</b>	<b>17 337 407</b>	<b>1 693 116</b>	<b>215 022 737</b>

\*lands item includes the value of lands that have been marginalized on their title deeds by mortgage for the Agricultural Development Fund due to the loan granted to the company (note 22) , the cost of these lands as on December 31, 2020G SAR 17,074,855 (December 31, 2019G SAR 17,074,855).

\*\* The projects under progress are represented in projects that have been established and are still not ready for the purpose prepared for it, and they are as follows:-

	<u>31/12/2020</u>	<u>31/12/2019</u>
Water Factory project	1 693 116	1 693 116
Shrimp Pond Breeding Project	1 087 241	-
	<b>2 780 357</b>	<b>1 693 116</b>

Depreciations have been distributed as follow:	<u>31/12/2020</u>	<u>31/12/2019</u>
Cost of revenues	7 475 705	7 451 010
Selling and distribution expenses	469 043	408 869
General and administrative expenses	26 070	138 396
	<b>7 970 818</b>	<b>7 998 275</b>



## 7/1-INVESTMENT PROPERTIES

<b>Description</b>	<b><u>Lands *</u></b>	<b><u>Buildings **</u></b>	<b><u>Projects in progress***</u></b>	<b><u>Total</u></b>
Balance as at 1/1/2021	26 515 841	224 020 585	15 249 904	265 786 330
Additions	-	-	230 979	230 979
<b>Cost as at 31/12/2021</b>	<b>26 515 841</b>	<b>224 020 585</b>	<b>15 480 883</b>	<b>266 017 309</b>
Accumulated Depreciation as at 1/1/2021	-	33 251 110	-	33 251 110
Year's depreciation	-	3 162 021	-	3 162 021
<b>Accumulated depreciation as at 31/12/2021</b>	<b>-</b>	<b>36 413 131</b>	<b>0</b>	<b>36 413 131</b>
<b>Net book value as at 31/12/2021</b>	<b>26 515 841</b>	<b>187 607 454</b>	<b>15 480 883</b>	<b>229 604 178</b>
<b>Net book value as at 31/12/2020</b>	<b>26 515 841</b>	<b>190 769 475</b>	<b>15 249 904</b>	<b>232 535 220</b>

\* lands item includes the value of land that have been marginalized on their title deeds by mortgage for the Agricultural Development Fund due to the loan granted to the company (note 22) , the cost of this lands as on December 31, 2021G SAR 800,000 (December 31, 2020G SAR 800,000).

\*Buildings item includes the value of lands that have been marginalized on their title deeds by mortgage for the Al-Rajhi Bank due to the loan granted to the company (note 22) , the cost of these buildings as on December 31, 2021G SAR 160,252,342 (December 31, 2020G SAR 162,931,112).

\*\*\* The projects under progress as on December 31, 2021 represent the infrastructure on the land of the model plan, where the balance amounted to 15,480,883 Saudi riyals (balance on December 31, 2020G 15 249 904 riyals)

The value of investment properties prepared for rent 200 635 884 Saudi riyals

The value of the investment properties held for capital development 13 487 411 Saudi riyals

The company evaluated investment properties, except for projects under progress, at fair value through an independent valuation expert accredited by the Saudi Residents Authority (Taqeem), which is Mumtalakat Real Estate Valuation Group, holder of license number 1210000305. The fair value of investment properties as of December 31, 2021G amounted to SAR 294,574 900 (December 31, 2020G amount of SAR 300 050 000)

## 7/2-INVESTMENT PROPERTIES

Description	<u>Lands *</u>	<u>Buildings **</u>	<u>Projects in progress***</u>	<u>Total</u>
Balance as at 1/1/2020	26 515 841	222 440 216	20 385 706	269 341 763
Additions	-	1 580 370	-	1 580 370
<b>Cost as at 31/12/2020</b>	-	-	(5 135 802)	(5 135 802)
<b>Cost as at 31/12/2020</b>	<b><u>26 515 841</u></b>	<b><u>224 020 586</u></b>	<b><u>15 249 904</u></b>	<b><u>265 786 331</u></b>
Accumulated Depreciation as at 1/1/2020	-	30 109 558	-	30 109 558
Year's depreciation	-	3 141 553	-	3 141 553
<b>Accumulated depreciation as at 31/12/2020</b>	-	<b><u>33 251 111</u></b>	<b><u>0</u></b>	<b><u>33 251 111</u></b>
<b>Net book value as at 31/12/2020</b>	<b><u>26 515 841</u></b>	<b><u>190 769 475</u></b>	<b><u>15 249 904</u></b>	<b><u>232 535 220</u></b>
<b>Net book value as at 31/12/2019</b>	<b><u>26 515 841</u></b>	<b><u>192 330 658</u></b>	<b><u>20 385 706</u></b>	<b><u>239 232 205</u></b>

\* lands item includes the value of land that have been marginalized on their title deeds by mortgage for the Agricultural Development Fund due to the loan granted to the company (note 22) , the cost of this lands as on December 31, 2020G SAR 800,000 (December 31, 2019G SAR 800,000).

\*Buildings item includes the value of lands that have been marginalized on their title deeds by mortgage for the Al-Rajhi Bank due to the loan granted to the company (note 22) , the cost of these buildings as on December 31, 2020G SAR 160,931,112 (December 31, 2019G SAR 165,025,460).

\*\*\* The projects under progress as on December 31, 2020 represent the infrastructure on the land of the model plan, where the balance amounted to 15,249,904 Saudi riyals (balance on December 31, 2019G 20 385 706 riyals)

**8-Intangible assets, net****Description****Cost as at**

	<b><u>Programmes</u></b>	<b><u>Fish Day application</u></b>	<b><u>Mango jazan application</u></b>	<b><u>Trade mark</u></b>	<b><u>Total</u></b>
01/01/2021	2 089 934	-	3 245 269	5 000	5 340 203
Additions during the year	371 076	425 000	-	-	796 076
<b>As at 31/12/2021</b>	<b>2 461 010</b>	<b>425 000</b>	<b>3 245 269</b>	<b>5 000</b>	<b>6 136 279</b>

**Accumulated depreciation**

as at 01/01/2021	52 248	-	897 730	500	950 478
Amortization	212 494	47 416	1 076 668	450	1 337 028
<b>As at 31/12/2021</b>	<b>264 742</b>	<b>47 416</b>	<b>1 974 398</b>	<b>950</b>	<b>2 287 506</b>

**Net book value**

<b>As at 31/12/2021</b>	<b>2 196 268</b>	<b>377 584</b>	<b>1 270 871</b>	<b>4 050</b>	<b>3 848 773</b>
<b>As at 31/12/2020</b>	<b>2 037 686</b>	<b>-</b>	<b>2 347 539</b>	<b>4 500</b>	<b>4 389 725</b>

## **9-Right-of-use assets (Net) & Lease Liabilities**

### **Right-of-use asset (Net)**

<b><u>Description</u></b>	<b><u>Right of use assets</u></b>	<b><u>Total</u></b>
<b><u>Cost</u></b>		
Additions during the year	422 190	422 190
<b>As at 31/12/2021</b>	<b>422 190</b>	<b>422 190</b>
<b><u>Accumult</u></b>		
Depreciation for the period	84 438	84 438
<b>As at 31/12/2021</b>	<b>84 438</b>	<b>84 438</b>
<b><u>Net book value</u></b>		
<b>As at 31/12/2021</b>	<b>337 752</b>	<b>337 752</b>

The group rents an lap in Riyadh. The lease contracts expire on 12/7/1447H corresponding to 01/01/2026G. These contracts are subject to renewal with the approval of both parties.

### **The Lease liabilities at the end of the year as follow:-**

The non-current portion of Lease liabilites	269 073	0
The current portion of Lease liabilities	78 969	0
	<b>348 042</b>	

The total interest expense on lease liabilities recognized during the financial year ending on December 31, 2021G is 25,852 Saudi riyals.

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**10- INVESTMENTS IN SUBSIDIARIES UNCONCILIATED**

Investments in subsidiary companies consist of the following:

Company	Legal entity	Country	Ownership percentage	31 December 2021 SAR	31 December 2020 SAR
Fish Day Company for Selling Fish *	Limited liability company	Saudi Arabia	%80	-	300,000
				-	<b>300,000</b>

\* Fish Day Company has not been consolidated for the comparative year, as the company was acquired during the year 2020G, and according to the company's article of association, the company's first financial statements are prepared as on December 31, 2021G.

**11- INVESTMENTS IN ASSOCIATES, NET**

Investments in associate companies consist of the following:

Company	Country	Ownership percentage	31 December 2021 SAR	31 December 2020 SAR
Tabuk Fish Company *	Saudi Arabia	%20	<b>20,447,907</b>	19,154,139
Jannat Agricultural Investment Company **	Saudi Arabia	%27.8	-	-
Rakhaa Company for Agricultural Investment and Development **	Arab Republic Of Egypt	%21.6	-	-
			<b>20,447,907</b>	<b>19,154,139</b>

- The group assesses and records its share in the results of the associate company (Tabuk Fish) based on the internal financial statements prepared by the management of companies due to the audited financial statements were not issued.

\* Tabuk Fish Company is engaged in the cultivation of fish and other aquatic organisms, fishing, and gathering of fish and marine organisms, marketing of marine products, the manufacture of marine products, the manufacture of fish containers from polystyrene, plastic, etc., the manufacture of fish feed and all industries related to the company's activity, and wholesale and retail trade in the equipment and supplies of fish projects and in foodstuffs and agencies Commercial establishments, restaurants and shops for selling fish are registered in the Commercial Registry of Riyadh City with the number 1010215142.



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The movement on the investments in Tabuk Fish Company is as follows:

	31 December 2021	31 December 2020
	SAR	SAR
Balance at the beginning of the year	21 125 884	20 105 626
Group's share in the profit of the associate	1 270 104	987 579
Group's share in the items of other comprehensive income of the associate	23 664	32 679
	22 419 652	21 125 884
Impairment of the investment in the associate	(1 971 745)	(1 971 745)
<b>Balance at the end of the year</b>	<b>20 447 907</b>	<b>19 154 139</b>

\*\* The activity of Jannat Agricultural Investment Company is represented in establishing agricultural projects, livestock, and poultry production, registered in the commercial register in Riyadh City No. 1010241588. The partners decided to liquidate the company because of the accumulated losses exceeding more than half of its capital, and Accordingly, the Jazan Energy and Development Company decided to close the entire value of the investment in the financial statements during 2018 Whereas, Jannat Agricultural Investment Company owns an investment of 77.73% of the capital of Rakhaa Agricultural Investment Company, a company based in the Arab Republic of Egypt that produces agricultural crops, and due to the stumbling block of Jannat Company and it is being under liquidation, on 2 January 2020, the ownership of 17,288 shares of the shares were transferred. Rakhaa Company for Agricultural Investment and Development to the Jazan Energy and Development Company (JAZADCO). The deficit of shareholders in Rakhaa Agricultural Investment and Development Company, as of 31 December 2019 reached 305.6 million Egyptian pounds, equivalent to its value on the date of the financial position, amounting to SAR 72.7 million. The value of that investment has not been proven due to the existence of that deficit in the rights of the shareholders according to the company's latest audited financial statements. The liquidation procedures of Jannat Agricultural Investment Company are still ongoing until the date of the consolidated financial position.

**12- FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH OCI**

Financial investments at fair value through other comprehensive income represent an investment in Al-Reef Sugar Refining Company at a rate of 15% of its capital, where the company's activity is in the manufacturing industries and its branches according to industrial licenses, wholesale and retail trade with agricultural crops and commercial services, and the purchase and sale of land, ownership, leasing, and investment of real estate and the construction of buildings on it and its investment For the company.

The following is a statement of that investment as follows:

	31 December 2021	31 December 2020
	SAR	SAR
Al-Reef Sugar Refining Company	45,000,000	45,000,000
Reserve for revaluation of financial investments at FVOCI	(2,900,000)	(3,000,000)
	<b>47,900,000</b>	<b>42,000,000</b>

The movement in the reserve for revaluation of financial investments at FVOCI is as follows:

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	<b>31 December 2021</b>	<b>31 December 2020</b>
	<b>SAR</b>	<b>SAR</b>
Balance at the beginning of the year	42,000,000	41,190,000
Change in fair value of investments at fair value through other comprehensive income	5 900 0000	810,000
<b>Balance at the end of the year</b>	<b>47 900 000</b>	<b>42,000,000</b>

### 13- RELATED PARTY TRANSACTIONS

The related parties represented in the shareholders and senior management personnel in the Group and the institutions which own or manage by these actors or individuals as well the institutions which practice on these actors/individuals collectively or individually common control and significant influence.

Transactions with related parties are carried out during the normal business cycle on terms similar to those between other parties through contracts approved by the management.

#### 13-A Due from related party(non current):

	<b>Relationship</b>	<b>The nature of the transactions</b>	<b>01/01/2021G</b>	<b>Total debit transactions</b>	<b>Total credit transactions</b>	<b>31/12/2021G</b>
Fish Day Company for Selling Fish	Subsidiary	Finance	444 313	-	444 313	-
<b>Total</b>			<b>444 313</b>	<b>-</b>	<b>444 313</b>	<b>-</b>

\* Fish Day Company has not been consolidated for the comparative year, as the company was acquired during the year 2020G, and according to the company's article of association, the company's first financial statements are prepared as on December 31, 2021G.

#### 13-B Due to related party:

	<b>Relationship</b>	<b>The nature of the transactions</b>	<b>01/01/2021G</b>	<b>Total debit transactions</b>	<b>Total credit transactions</b>	<b>31/12/2021G</b>
Sarah Allhmedi Rabia Al-Harbi	Partner in Subsidiary	Finance	-	-	15 000	15 000
<b>Total</b>			<b>-</b>	<b>-</b>	<b>15 000</b>	<b>15 000</b>

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**12-C Compensation to key management personnel:**

key persons are those who have the powers and responsibilities to plan and direct the group's operations in a direct and indirect manner.

	<b><u>31 Dec 2021</u></b>	<b><u>31 Dec 2020</u></b>
	<b><u>SAR</u></b>	<b><u>SAR</u></b>
Senior management Staff	1 264 828	2 170 608
Executive Board Members	1 092 000	487 000
Non-Executive Board Members	175 000	236 000
<b>Total</b>	<b>2 531 828</b>	<b>2 893 608</b>

**14- Biological assets**

	<b>31 December 2021</b>	<b>31 December 2020</b>
	<b>SAR</b>	<b>SAR</b>
Agricultural crops	3 371 935	1 510 633
* existing crops (biological assets)	20 810 116	10 572 534
	<b>24 182 051</b>	<b>12 083 167</b>

\*The measurement of the fair value of biological assets as on (31/12/2021G) on (31/12/2021G) was made by (The Saudi Company for Assessment and Valuation of Assets), which is an independent and accredited valuer who specializes in evaluating the quality of biological assets maintained by the company. The advisory data is shown below.

<b>Resident Qualification</b>	<b>Membership No</b>	<b>Assessment Basis</b>
Residents registered with the Saudi Authority for Accredited Residents (Kingdom of Saudi Arabia)	1210000272	According to market value
Residents registered with the Saudi Authority for Accredited Residents (Kingdom of Saudi Arabia)	1210000273	According to market value

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**14.1 The details of the fair value of biological assets at December 31 are as follows:**

	<b>31 December 2021 SAR</b>	<b>31 December 2020 SAR</b>
Fair value of the existing crop (shrimp)	20 810 116	10 572 534
(assessment value of the existing crop)		
net operating expensesnet	(8 073 749)	(4 045 989)
(assessment value of the existing crop)		
<b>Profits of revaluation of the existing crop</b>	<b>12 736 367</b>	<b>6 526 546</b>

**15- INVENTORY, NET**

	<b>31 December 2021 SAR</b>	<b>31 December 2020 (Audited) SAR</b>
Finished goods	13 170 495	15 605 449
Raw materials	5 134 080	5 073 944
Spare parts	2 907 384	2 719 040
production in progress	49 783	-
	<b>21 261 742</b>	<b>23 398 433</b>
(Less): provision for slow-moving goods	(100 000)	(320 000)
	<b>21 161 742</b>	<b>23 078 433</b>

The movement in the provision for slow-moving goods is as follows:

	<b>31 December 2021 SAR</b>	<b>31 December 2020 (Audited) SAR</b>
Balance at the beginning of the year	(320 000)	(320 000)
Dedicated (provision no longer required)	220 000	-
<b>Balance at the end of the year</b>	<b>(100 000)</b>	<b>(320 000)</b>

**16- Accounts receivable – (Net):**

	<b>31 December 2021 SAR</b>	<b>31 December 2020 SAR</b>
Accounts receivable	43 623 028	34 593 511
<b>deduct</b>		
Impairment losses on accounts receivables	(6 247 784)	(6 247 784)
	<b>37 375 244</b>	<b>28 345 727</b>

**16-1** The provision for impairment of trade receivables was calculated according to the expected credit method in accordance with the requirements of IFRS 9.

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**16-2 The movement of impairment losses in accounts receivables is as follows:**

	<b>31 December 2021</b>	<b>31 December 2020</b>
	<b>SAR</b>	<b>SAR</b>
At the beginning of the year	6 247 784	5 448 364
Formed during the year	-	799 420
	<b>6 247 784</b>	<b>6 247 784</b>

**16-3 The aging of accounts receivables as at the date of the financial statements was as follows:**

	<b>31 December 2021</b>	<b>31 December 2020</b>
	<b>SAR</b>	<b>SAR</b>
Not due (30 days)	17 560 030	15 540 961
From 31 days to 60 days	2 973 310	2 211 804
From 61 days to 180 days	8 583 941	5 242 327
From 181 days to 360 days	5 341 782	3 944 236
More than 360 days	9 163 965	7 654 183
	<b>43 623 028</b>	<b>34 593 511</b>

**17- Advance Payments and Other Debits:**

	<b>31 December 2021</b>	<b>31 December 2020</b>
	<b>SAR</b>	<b>SAR</b>
Advance payments to suppliers	7 244 103	11 187 821
Expenses paid in advance	225 717	1 176 605
Receivables staff	841 560	922 554
Shrimp sales subsidy entitlements -Ministry Of Agriculture	-	1 110 018
	<b>8 311 380</b>	<b>14 396 998</b>

**18- Financial investments at fair value through profit or loss**

Financial investments at fair value through profit or loss are represented in the cash available in an investment portfolio with Alistithmar Capital, affiliated to the Saudi Investment Bank, and on July 13, 2021, the portfolio was closed and its value transferred to the banks.

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**19- Cash and cash equivalents:**

	<b>31 December 2021</b>	<b>31 December 2020</b>
	<b>SAR</b>	<b>SAR</b>
Cash at Banks - Current Accounts	15 206 008	6 263 042
Cash	158 141	164 112
	<b>15 364 149</b>	<b>6 427 154</b>

**20- Capital:**

The capital of the company is 500 000 000 SAR (2020: 500 000 000 SAR) 50,000,000 shares of 10 riyals each, fully paid up.

**21- Statutory reserve:**

In accordance with the Group's Articles of Association and the Companies Law in the Kingdom of Saudi Arabia, the Group must annually transfer 10% of its net income to a statutory reserve until this statutory reserve reaches 30% of its capital. This reserve is not distributable to shareholders.

**22- Loans:****First: the current portion of long-term loans**

	<b>31 December 2021</b>	<b>31 December 2020)</b>
	<b>SAR</b>	<b>SAR</b>
Al Rajhi Bank	3 851 653	7 761 559
Agricultural Development Fund	2 099 999	4 199 998
	<b>5 951 652</b>	<b>11 961 557</b>

**Second: long-term loans:**

	<b>31 December 2021</b>	<b>31 December 2020</b>
	<b>SAR</b>	<b>SAR</b>
Al Rajhi Bank	4 074 975	4 074 975
Agricultural Development Fund	17 095 979	-
	<b>21 170 954</b>	<b>4 074 975</b>

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**The loans represent as below:**

- On 22 Dhu al-Qi'dah 1431 AH (31 October 2010), the Jazan Energy And Development Company signed a long-term loan agreement with the Saudi Agricultural Development Fund of SAR 20,999,997 to finance the shrimp breeding project, The loan is secured by marginalizing the title deeds of land within property, plant and equipment, the loan agreement included conditions regarding the Jazan Energy And Development Company commitment to some financial ratios and conditions, the loan is to be repaid in ten installments, the first installment is due on 22 Dhul-Qi'dah 1433 AH (corresponding to 8 October 2012 ) and the last installment on 03 Dhul-Hijah 1443 AH (corresponding to 2 July 2022).
- On 08-08-1442 (March 21, 2021), Jazan Energy and Development Company signed a long-term loan agreement with the Saudi Agricultural Development Fund in the amount of 15,000,000 SAR for the purpose of financing the shrimp breeding project. The loan is secured by mortgaging land titles within Property, machinery, equipment and investment real estate. The loan agreement included conditions regarding the commitment of Jazan Energy and Development Company to some ratios and financial terms. The amount of 15,000 SAR will be paid in one installment on 07-10-1444 (corresponding to March 21, 2023).
- On 08-08-1442 AH (March 21, 2021 AD), Jazan Energy and Development Company signed a long-term loan agreement with the Saudi Agricultural Development Fund in the amount of SAR 5,902 781. An amount of SAR 3,224,525 was received for the purpose of financing the shrimp breeding project, the loan Guaranteed by mortgaging land title deeds within property, machinery, equipment and investment properties. The loan agreement included conditions regarding the commitment of Jazan Energy and Development Company to certain ratios and financial terms. The first installment is to be paid on March 21, 2024.
- On 17 Shawwal 1438 AH (corresponding to 11 July 2017), the Jazan Energy And Development Company signed a loan agreement with Al-Rajhi Bank to be repaid in semi-annual installments of SAR 14,996,712 for Financing Projects for the Jazan Energy and Development Group, the loan is secured by a mortgage on buildings included in real estate investments and assignment of annual rents for the mortgaged buildings, the loan agreement included conditions regarding the Jazan Energy And Development Company commitment to some financial ratios and conditions, the first installment due on 9 Jumada Al-Akhir 1440 AH (corresponding to 14 February 2019) and the last installment on 19 Muharram 1445 AH (corresponding to 16 August 2023).

The movement in long-term loans is as follows:

	<b>31 December 2021</b>	<b>31 December 2020</b>
	<b>SAR</b>	<b>SAR</b>
Balance at the beginning of the year	16 036 532	17 866 894
Additions during the year	19 027 695	-
Paid from loans during the year	(4 995 817)	(1 794 452)
<b>Total</b>	<b>30 068 410</b>	<b>16 072 442</b>
Less of the present value of loan balances	(1 166 848)	(35 910)
Deduction of interest for loans	(728 958)	-
Less of expedited payment from the Agricultural Development Fund	(1 049 998)	-
<b>Balance at the end of the year</b>	<b>27 122 606</b>	<b>16 036 532</b>
Current portion of long-term loans	<b>5 951 652</b>	<b>11 961 557</b>
Non-current portion of long-term loans	<b>21 170 954</b>	<b>4 074 975</b>

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Below are the maturities of the loan:

Year	31 December 2021 SAR	31 December 2020 SAR
2020	-	6 009 905
2021	-	5 951 652
2022	5 951 652	4 074 975
2023	19 329 975	-
2024	590 278	-
2025	590 278	-
2026	590 278	-
2027	590 278	-
2028	590 278	-
2029	590 278	-
2030	231 027	-
<b>Deduct: the present value of the loan balances and the expense provided for loans</b>	(1 931 716)	-
	<b>27 122 606</b>	<b>16 036 532</b>

**23- Employee benefit obligations:**

- The Group operates a defined benefit plan (as defined in IAS 19) that provides a lump-sum bonus when an employee leaves the Group, in line with the current labor law in the Kingdom of Saudi Arabia.

The amount of the benefit is calculated according to the labor laws in the Kingdom, and this is based on the years of service and the salary on the date of departure. The plan and its obligations are therefore more sensitive to changes in future salary increases, future withdrawal rates, and the discount rate used in evaluating the obligations.

- The group is not required to fund the plan, so the group has chosen to honor the payment of benefits when they become due.

- Plan obligations were assessed using the projected unit credit method in accordance with the requirements of IAS 19. Since the amount and timing of accrued benefits in the future is not currently known, assumptions have been made to value obligations related to past service, separately from obligations related to accrual cost. These assumptions have been derived using methodologies that comply with the requirements of IAS 19.

- Any changes in assumptions over time that reflect changes in financial, economic, and demographic conditions. When future experiences do not match the applicable assumptions, that change is recognized in the statement of other comprehensive income in future financial years.



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**Movement in the net defined benefit obligation:**

	<b>31 December 2021</b>	<b>31 December 2020</b>
	<b>SAR</b>	<b>SAR</b>
Balance on January 1	<b>8 544 701</b>	<b>8 307 641</b>
<b>Add: included in the list of profits or losses</b>		
Current service cost	1 104 812	1 107 602
Interest cost	234 900	246 737
	<b>9 884 413</b>	<b>9 661 980</b>
<b>Add: included in the statement of other</b>		
(Profit)/actuarial loss	(562 315)	130 079
<b>Movement in cash:</b>		
Paid benefits	(386 836)	(1 247 358)
<b>Balance at December 31</b>	<b>8 935 262</b>	<b>8 544 701</b>

**23-2 Actuarial Assumptions:**

The assessment of the defined benefit obligations of the employees' end of service benefit plan has been prepared with the assistance of the Group's actuary using the following key assumptions:

	<b>31 December 2021</b>	<b>31 December 2020</b>
Discount rate	%3.20	%2.75
Expected rate of salary increase	%3	%3
Assumed retirement age for males (in years)	60	60
Assumed retirement age for females (in	55	55
Average turnover rate (staff turnover)	average 13%	average 13%
Death rate	80	80

**23-3 Sensitivity Analysis:**

- The sensitivity of the defined benefit obligation to changes in the key weighted assumptions is:

		<b><u>2021</u></b>	<b><u>2020</u></b>
	<b><u>Change in</u></b>	<b><u>percentage change</u></b>	<b><u>percentage change</u></b>
	<b><u>assumptions</u></b>	<b><u>in obligation</u></b>	<b><u>in obligation</u></b>
Discount rate	%1+	8 186 252	7 839 871
	%1-	9 696 729	9 350 453
Salary inflation	%1+	9 736 925	9 339 908
	%1-	8 138 823	7 835 116
death rate	%1+	8 884 473	8 536 468
	%1-	8 885 762	8 538 761
rotation rate	%1+	8 843 879	8 485 756
	%1-	8 929 410	8 593 147

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- The above sensitivity analyzes are based on a change in the assumption with all other assumptions held constant. In practice, this is unlikely, as changes in some assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (the present value of the defined benefit obligation computed using the projected unit credit method at the end of the reporting period) was applied when calculating the defined benefit obligation recognized in the statement of financial position.

**24- Commitment against an associate's loan guarantee**

On October 24, 2016, the Saudi Fund for Development notified Jannat Agricultural Investment Company that as of October 24, 2016 the loan due to the Fund from Rakhaa Agricultural Investment and Development Company (an associate company) was implicitly transferred to the guarantors of the loan with a guarantee of fine and performance and demanding the guarantor partners promptly pay the obligations. The consequences of the partners, as Jazan Energy and Development Company (JAZADCO) is a partner in Jannat Agricultural Investment Company, so a provision has been made in the amount equivalent to the loan guarantee percentage of Jazan Energy and Development Company (JAZADCO), which is 18.85% in the amount of SAR 18,771 396

The movement of the commitment against the loan guarantee of an associate company is as follows:

	<b>31 December 2021</b>	<b>31 December 2020</b>	<b>31 December 2019</b>
	<b>SAR</b>	<b>SAR</b>	<b>SAR</b>
Balance at the beginning of the year	14 619 841	14 619 841	18 771 396
The repayment of the obligation against the balance owed by a related party	-	-	(4 151 555)
Balance at the end of the year	<b>14 619 841</b>	<b>14 619 841</b>	<b>14 619 841</b>

**25- Accrued expenses, and other creditors**

	<b>31 December 2021</b>	<b>31 December 2020</b>
	<b>SAR</b>	<b>SAR</b>
Accrued expenses	882 080	1 066 172
Advance payments from clients	539 329	374 672
Prepaid revenue	1 432 890	1 492 947
Dues of members of the board of directors	743 016	706 766
Dues of executive committees	591 000	537 000
Value added tax	102 246	1 968 769
Underwriting creditors	479 900	479 900
Third party insurances	630 262	506 293
Good execution guarantees	176 252	223 502
Deferred interest income	1 202 758	35 910
	<b>6 779 733</b>	<b>7 391 931</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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<b>26.1 Movement of Zakat Provision:</b>	<b>31 December 2021</b>	<b>31 December 2020</b>
	<b>SAR</b>	<b>SAR</b>
At the beginning of the year	14 408 231	12 692 014
Formed during the year	1 778 239	2 086 217
Provsions used	(3 534 974)	(370 000)
	<b>12 651 496</b>	<b>14 408 231</b>

**26-2 Zakat position:****JAZAN ENERGY AND DEVELOPMENT COMPANY (JAZADCO)****The years from 2006 to 2010:**

The General Authority of Zakat and Income issued the amended zakat and tax assessment by imposing additional zakat in the amount of SAR 11 844 023 and withholding tax (paid in excess) in the amount of SAR 1,134,079, as the company's objection to the amended assessment is still in the objection stage with the authority.

**The years from 2014 to 2018:**

The General Authority for Zakat and Income issued a zakat assessment on the company for those years by imposing an additional zakat in the amount of 4,434 244 Saudi riyals. The zakat differences demanded by the authority in the initial assessment were reduced, and the final additional difference was objected to, and the objection was escalated before the tax chapter committees and a committee decision was issued Separation for the years from 2015 to 2018 by accepting the land discount clause - one of the clauses affecting the differences - and the rest of the clauses have been resumed, and it is expected that the total additional claims will be reduced by more than 50%. As for the year 2014, it is still before the primary dismissal committees. It is expected that the department's decision will be in favor of the company by approximately 50%.

**Years 2019, 2020:**

The Zakat, Tax and Customs Authority issued the zakat assessment by imposing an additional zakat of SAR 1,426,660 for the year 2019, and the amount of SAR 1 920 951 for the year 2020. And awaiting the authority's decision regarding the 2020 objection.

The objections submitted by the company are based on the zakat system and the executive regulations, and it is expected that the total claims of the authority will decrease by 50%.

**- Jazan Mango Company****Year 2020:**

- The company submitted its zakat declaration for the year 2020 and obtained a certificate that expires on 30/04/2022. The company did not respond to any inquiries or assessments in this regard.

**Fish Day Company to sell fish:**

The company has registered with the General Authority for Zakat and Income, and the Zakat return will be submitted for the period from 10/12/2020 to 31/12/2021.

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**27- EARNING PER SHARE**

Basic and diluted earnings per share from net income is calculated by dividing the net income for the year by the weighted average number of shares outstanding at the end of the year amounting to 50,000,000 shares (31 December 2020: 50,000,000 shares)

**28- Activity Revenues:**

	<b><u>2021</u></b>	<b><u>2020</u></b>
Shrimp sales	63 992 953	46 784 537
Water sales	15 465 570	19 795 717
Rental income	11 794 927	11 276 603
Fruit sales	6 188 100	6 964 976
Mountain coffee sales	1 067 668	249 771
	<b><u>98 509 218</u></b>	<b><u>85 071 604</u></b>

**29- Cost of revenue:**

	<b><u>2021</u></b>	<b><u>2020</u></b>
Materials used	27 272 627	22 004 172
Labor wages	13 386 378	12 007 634
Depreciation and amortization	10 604 901	10 199 811
Other operating expenses	14 328 039	13 698 802
Change in Inventory	4 927 576	2 902 922
	<b><u>70 519 521</u></b>	<b><u>60 813 341</u></b>

**30- Selling and distribution expenses:**

	<b><u>2021</u></b>	<b><u>2020</u></b>
Salaries, wages and equivalents	2 934 274	2 910 386
Shipping and transportation expenses	1 143 547	567 619
Depreciation of property, plant and equipment	499 886	469 043
Maintenance and fuel	294 379	319 898
Fees and subscriptions	187 185	151 756
commissions	162 726	142 762
Advertising	514 489	116 915
Insurance	104 976	112 550
Rent	39 000	-
Distribution expenses	158 644	-
Other	308 555	373 273
	<b><u>6 347 661</u></b>	<b><u>5 164 202</u></b>

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	<b><u>2021</u></b>	<b><u>2020</u></b>
Wages, salaries and equivalents	10 046 663	9 284 653
Studies and consultations	1 472 635	1 420 584
Fees, subscriptions and insurance	2 704 304	892 690
Bonuses for Executive Committee	1 190 000	723 000
Bonuses for Executive Committee	435 000	591 000
Repair, maintenance and fuel	337 843	688 876
Electricity, water and cleaning	302 239	184 119
Rents	248 389	124 541
Value added tax	60 000	-
Mail and phone	85 312	88 113
Donations and donations	67 500	-
Hospitality	69 866	31 147
Consumption and amortization	1 479 761	976 548
Stationery and prints	38 424	24 030
Other	2 135 284	1 341 299
Projects in progress closed	1 693 267	-
Zakat differences	35 354	-
Bank commissions	170 254	-
	<b><u>22 572 095</u></b>	<b><u>16 370 600</u></b>

**32- Other income/(expenses):**

	<b><u>2021</u></b>	<b><u>2020</u></b>
Shrimp sales support - Ministry of Agriculture	2 108 796	1 813 015
Lock out insurances for others	-	1 348 717
Good execution guarantees	-	926 029
Provsions no longer required	220 000	-
Deferred grant interest (present value of loans)	300 179	-
Delivery service revenue	76 479	-
Other	59 274	-
	<b><u>2 764 728</u></b>	<b><u>4 087 761</u></b>

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**33-Financing cost:**

	<u>2021</u>	<u>2020</u>
Loan interest	400 041	781 004
Amortization of deferred financing expenses	119 202	-
Benefits of lease liabilities	25 852	-
Interest on the defined benefit obligation	234 900	-
	<u>779 995</u>	<u>781 004</u>

**34-Capital commitments:**

As on December 31, 2021, the capital commitments related to the capital business of the group amounted to SAR 2,473,964 (December 31, 2020: SAR 4,239,300).

**35-SEGMENT INFORMATION**

Segment information relates to the group's activities and business, which the group's management has relied on as a basis for preparing its financial information, in line with internal reporting methods. Transactions between sectors are carried out on the same terms as dealing with other parties.

The sectors 'operating assets, liabilities, and operating activities include items directly related to a specific sector and items that can be distributed among the different sectors on a reasonable basis. Items that cannot be distributed between sectors are classified under the heading of joint assets and liabilities. The group sectors are as follows:

- The agricultural sector, where the group cultivates and reaps shrimp, in addition to the fruit farm.
- The commercial sector, where the group purifies and distributes bottled mineral water.
- Investment properties sector, where the group leases buildings for commercial and residential purposes.

The following is a summary of the financial segments information for the two years ended 31 December 2021 and 31 December 2020, respectively, according to the nature of the activity:

	<b>Agricultural sector SAR</b>	<b>Commercial sector SAR</b>	<b>Investment properties sector SAR</b>	<b>Total SAR</b>
<b>For the year ended 31 December 2021:</b>				
Revenues	71 027 456	15 686 834	11 794 928	98 509 218
Gross profit	<b>32 801 989</b>	<b>2 945 907</b>	<b>4 978 168</b>	<b>40 726 064</b>
<b>For the year ended 31 December 2020:</b>				
For the year ended 31 December 2020:				
Revenues	53 999 284	19 795 717	11 276 603	85 071 604
Gross profit	<b>21 097 726</b>	<b>4 107 696</b>	<b>5 579 387</b>	<b>30 784 809</b>

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The following is a summary of the financial segments information as of 31 December 2021, 31 December 2020, respectively, according to the nature of the activity:

	<b>Agricultural sector SAR</b>	<b>Commercial sector SAR</b>	<b>Investment properties sector SAR</b>	<b>Total SAR</b>
As of 31 December 2021 :				
Total assets	<b>313 501 548</b>	<b>77 767 350</b>	<b>243 180 892</b>	<b>634 449 790</b>
Total liabilities	<b>54 213 017</b>	<b>22 329 387</b>	<b>12 687 778</b>	<b>89 230 182</b>
As of 31 December 2020				
Total assets	<b>285 203 373</b>	<b>75 220 363</b>	<b>240 180 892</b>	<b>600 604 628</b>
Total liabilities	<b>45 926 903</b>	<b>19 614 226</b>	<b>9 687 777</b>	<b>75 228 906</b>

**36-FINANCIAL INSTRUMENTS RISK MANAGEMENT****Liquidity risk**

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments that the group commits to in the interest of others.

To reduce the liquidity risk and associated losses which may affect the business of the Group, the group maintains, wherever possible, sufficient highly liquid current assets in all business conditions. The Group avoids financing long-term capital requirements through short-term borrowing. Long-term projects are currently funded with long-term loans only. The Group has a highly dynamic cash flow policy and a system by which it can estimate the maturity dates of its liabilities and develop appropriate plans to provide the required funding to meet these liabilities in a timely manner.

The following is the maturities of assets and liabilities as of 31 December 2021, and 31 December 2020:

<b><u>31 December 2021</u></b>	<b>3 months or less SAR</b>	<b>More than 3 months to 1 year SAR</b>	<b>More than 1 year up to 10 years SAR</b>	<b>No specific maturity dates SAR</b>	<b>Total SAR</b>
<b>Assets</b>					
Accounts receivable, prepaid expenses and other debtors, net	45 686 624	-	-	-	45 686 624
<b>Total</b>	<b>45 686 624</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>45 686 624</b>
<b>Liabilities</b>	5 951 652	21 170 954	-	-	27 122 606
Long-term loans		15 000	-		15 000
Distributions of shareholders' entitlements	-	-	5 630 528	-	5 630 528
Employees' defined benefit plan obligations		-		8 935 262	8 935 262
A commitment against the loan guarantee of an associate	-	-	-	14 619 841	14 619 841
Accounts payable, accrued expenses and other creditors		19 907 407	-	-	19 907 407
Zakat provision		12 651 496	-	-	12 651 496
<b>Total</b>	<b>5 951 652</b>	<b>54 144 898</b>	<b>5 630 528</b>	<b>23 555 103</b>	<b>88 882 140</b>

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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<b><u>31 December 2020</u></b>	<b>3 months or less SAR</b>	<b>More than 3 months to 1 year SAR</b>	<b>More than 1 year up to 10 years SAR</b>	<b>No specific maturity dates SAR</b>	<b>Total SAR</b>
<b>Assets</b>					
Accounts receivable, prepaid expenses and other debtors, net	29,243,497	13,499,228	-	-	42,742,725
<b>Total</b>	<b>29,243,497</b>	<b>13,499,228</b>	<b>-</b>	<b>-</b>	<b>42,742,725</b>
<b>Liabilities</b>					
Long-term loans		11 961 557	4 074 975		16 036 532
Distributions of shareholders' entitlements	-	5 711 869	-		5 711 869
Employees' defined benefit plan obligations	-	-	-	8 544 701	8 544 701
A commitment against the loan guarantee of an associate	-	-	-	14 619 841	14 619 841
Accounts payable, accrued expenses, and other creditors	1 968 769	13 938 963	-	-	15 907 732
Zakat provision	2 086 217	12 322 014	-	-	14 408 231
<b>Total</b>	<b>4 054 986</b>	<b>43 934 403</b>	<b>4 074 975</b>	<b>23 164 542</b>	<b>75 228 906</b>

**Market price risk**

Market risk is the risk that arises from changes in the fair value of future cash flows of financial instruments due to changes in market prices. Market rates have 3 types: Interest rate risk. Currency risk and other price risks such as Shares price risk and commodity price risk, and includes financial liabilities affected by market price risk on loans, accounts receivables, and payables.

**Interest rate risk**

Interest rate risk is the risk that arises from changes in the fair value of future cash flows of financial instruments because of a change in the interest rate of the market. The group's financial assets and liabilities as of the balance sheet date, except for long-term loans, are not exposed to interest rate risk. Long-term loans carry interest in addition to credit margin based on prevailing market interest rates.

**Credit risk:**

Credit risk is the risk that one party to a financial instrument will not be able to meet its obligations, and this will cause the other party to incur a financial loss. Credit risk is the risk that the Group will incur a financial loss if the customer or counterparty fails to fulfill its contractual obligations. It arises mainly from trade receivables, cash and cash equivalents. The carrying amount of financial assets represents the maximum exposure to credit risk.

<b><u>Financial instruments</u></b>	<b>31 December 2021</b>	<b>31 December 2020</b>
Trade receivables (net)	37 375 244	28 345 727
Cash and Cash equivalent	15 206 008	6 263 042
	<b>52 581 252</b>	<b>34 608 769</b>



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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**Currency risk**

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group's primary transactions are in Saudi riyals and US dollars. Management monitors currency fluctuations.

**Fair value**

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. Fair value definition includes the assumption that the Group will continue its operations where there is no intention or condition to physically limit the volume of its operations or conduct a transaction with negative terms.

Fair values are categorized into different levels in the fair value hierarchy based on the inputs used in the valuation methods as follows:

Level 1: Quoted market prices in active markets for identical assets.

Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

- If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized entirely in the same level of the fair value hierarchy where the lowest level of the input is material to the entire measurement.

The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting year in which the change occurred. During the year ended December 31, 2021G and December 31, 2020, there were no transfers between the Level 1 and Level 2 fair value levels.

Where the Group's financial instruments are grouped on the historical cost basis, except for investments which are carried at fair value and vital assets, differences may arise between carrying value and fair value estimates. Management believes that the fair values of the Group's financial assets and liabilities are not materially different from their book values.

<b>December 31, 2021</b>				
<b>Book value</b>				
	<b><u>Level one</u></b>	<b><u>Level two</u></b>	<b><u>Level three</u></b>	<b><u>Total</u></b>
<b><u>Financial instruments</u></b>				
Investments at fair value through other comprehensive income	-	-	47 900 000	47 900 000
Biological assets Shrimp	-	20 810 116	-	20 810 116
	-	<b>20 810 116</b>	<b>47 900 000</b>	<b>68 710 116</b>

**JAZAN ENERGY AND DEVELOPMENT COMPANY (JAZADCO)**

(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

**31 December 2021**

**Book value**

	<b><u>Financial Assets at fair value</u></b>	<b><u>Financial Assets at amortized cost</u></b>	<b><u>Total</u></b>
<b><u>Financial Assets</u></b>			
Trade Receivables	-	37 375 244	37 375 244
Investments at fair value through OCI	47 900 000	-	47 900 000
Biological assets	20 810 116	-	20 810 116
other debtors	-	8 311 380	8 311 380
Cash and cash equivalents	-	15 364 149	15 364 149
	<b>68 710 116</b>	<b>61 050 773</b>	<b>129 760 889</b>

	<b><u>Financial Liabilities at fair value</u></b>	<b><u>Financial Liabilities at amortized cost</u></b>	<b><u>Total</u></b>
<b><u>Fianacial Liabilities</u></b>			
Loans	-	27 122 606	27 122 606
Lease Liabilities	-	348 042	348 042
Trade payable	-	13 127 674	13 127 674
Commitment against the loan guarantee of	-	14 619 841	14 619 841
Due to shareholders	-	5 630 528	5 630 528
Accrued expenses, and other creditors	-	6 779 733	6 779 733
	<b>-</b>	<b>67 628 424</b>	<b>67 628 424</b>

**December 31, 2020**

**Book value**

	<b><u>Level one</u></b>	<b><u>Level two</u></b>	<b><u>Level three</u></b>	<b><u>Total</u></b>
<b><u>Financial instruments</u></b>				
	-	-	42 000 000	42 000 000
Investments at fair value through other comprehensive income	-	10 572 534	-	10 572 534
Biological assets Shrimp	515 686		-	515 686
	<b>515 686</b>	<b>10 572 534</b>	<b>42 000 000</b>	<b>53 088 220</b>

**JAZAN ENERGY AND DEVELOPMENT COMPANY (JAZADCO)**

(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021****31 December 2020****Book value**

	<b><u>Financial Assets at fair value</u></b>	<b><u>Financial Assets at amortized cost</u></b>	<b><u>Total</u></b>
<b><u>Financial Assets</u></b>			
Trade Receivables	-	28 345 727	28 345 727
Investments at fair value through OCI	42 000 000	-	42 000 000
Investments at fair value through profit and loss	515 686	-	515 686
Biological assets	10 572 534	-	10 572 534
other debtors	-	14 396 998	14 396 998
Cash and cash equivalents	-	6 427 154	6 427 154
	<b>53 088 220</b>	<b>49 169 879</b>	<b>102 258 099</b>

	<b><u>Financial Liabilities at fair value</u></b>	<b><u>Financial Liabilities at amortized cost</u></b>	<b><u>Total</u></b>
<b><u>Financial Liabilities</u></b>			
Loans	-	16 036 532	16 036 532
Trade payable	-	8 515 801	8 515 801
Commitment against the loan guarantee of	-	14 619 841	14 619 841
Due to shareholders	-	5 711 869	5 711 869
Accrued expenses, and other creditors	-	7 391 931	7 391 931
	<b>-</b>	<b>52 275 974</b>	<b>52 275 974</b>

**37-SUBSEQUENT EVENTS:**

Management believes that there have not been any significant subsequent events since the end of the year that would require disclosure or amendment to these consolidated financial statements.

**38-IMPORTANT MATTERS**

The presence of the new coronavirus (Covid19) was confirmed in late 2019G and spread in early 2020 around the world, and is still continuing until 2022G, causing disruptions in commercial activities and economic activity. Group management considers this outbreak a non-adjustable event on the balance sheet. As the situation is volatile and rapidly evolving, however, these events are not expected to have a material impact on the Group's ability to continue as a going concern as the Group has sufficient liquidity available to continue to meet its financial obligations for the foreseeable future as they become due.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

**39-COMPARATIVE FIGURES**

- Some comparative figures have been reclassified for some items of the statement of financial position within the yearly consolidated financial statements as on December 31, 2020, which were presented in those consolidated financial statements and explained as follows:-

<b>A-Description</b>	<b>Property, plant and equipment, net</b>	<b>Investment properties, net</b>
Balance as at 01 January 2021 before adjustment	217 734 066	231 735 220
Reclassification of land on which leased buildings are constructed	(800 000)	800 000
Balance as at 01 January 2021 after adjustment	<b>216 934 066</b>	<b>232 535 220</b>

<b>B-Description</b>	<b>Investment in subsidiaries</b>	<b>Due from related parties (non-current)</b>
Balance as at 01 January 2021 before adjustment	1 000 000	(255 687)
Reclassification of due balance of Related parties	(700 000)	700 000
Balance as at 01 January 2021 after adjustment	<b>300 000</b>	<b>444 313</b>

<b>C-Description</b>	<b>Accumulated lossess</b>	<b>Reserve for revaluation of investments at fair value through OCI</b>
Balance as at 01 January 2021 before adjustment	(58 437 370)	(3 000 000)
Reclassification of due balance of Related parties	(32 679)	32 679
Balance as at 01 January 2021 after adjustment	<b>(58 470 049)</b>	<b>(2 967 321)</b>

**40- GOING CONCERN OF ONE OF THE SUBSIDIARIES:**

Fish Day Company (a limited liability company) (subsidiary company) achieved on December 31, 2021 a net loss of 1,233,011 Saudi riyals, and accumulated losses amounted to 1, 233,011 Saudi riyals, which exceeds the company's capital, with which Article No. 181 of the Companies Law must be applied. call the partners to consider the continuity of the company or its dissolution before the term specified in its contract. The partners have decided that the subsidiary company will continue to carry out its activities and provide it with financial support, and this is being noted in the commercial registry and published in accordance with the requirements of the regulatory.

**41- APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS**

These consolidated financial statements were approved by the board of directors on 14 /08/1443H (corresponding to 17 /03/ 2022 G).