

JAZAN DEVELOPMENT AND INVESTMENT COMPANY -
FORMERLY: JAZAN ENERGY AND DEVELOPMENT COMPANY (JAZADCO)
(A SAUDI JOINT STOCK COMPANY)
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023
WITH THE INDEPENDENT AUDITOR'S REPORT

JAZAN DEVELOPMENT AND INVESTMENT COMPANY
(FORMERLY: JAZAN ENERGY AND DEVELOPMENT COMPANY (JAZADCO))
(A Saudi Joint Stock Company)
Consolidated Financial Statements For The Year Ended 31 December 2023

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Ibrahim Ahmed Al-Bassam
& Co. Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

**TO THE SHAREHOLDERS OF JAZAN DEVELOPMENT AND INVESTMENT COMPANY [FORMERLY:
JAZAN ENERGY AND DEVELOPMENT COMPANY (JAZADCO)]
A SAUDI JOINT STOCK COMPANY
RIYADH, KINGDOM OF SAUDI ARABIA**

(1/6)

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

OPINION

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Jazan Development and Investment Company [Formerly: Jazan Energy and Development Company (JAZADCO)] a Saudi joint stock Company (the "Company") and its subsidiary companies (They are collectively referred to as the "Group.") as at 31 December 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by Saudi Organization for Chartered and Professional Accountants (SOCPA).

We have audited the consolidated financial statements of the Group, which comprise of the following:

- The consolidated statement of financial position as at 31 December 2023;
- The consolidated statements of profit or loss and other comprehensive income for the year then ended;
- The consolidated statement of changes in equity for the year then ended;
- The consolidated statement of cash flows for the year then ended; and
- The notes to the consolidated financial statements, comprising material accounting policies and other explanatory information.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the "*Auditor's Responsibilities for the Audit of the Consolidated Financial Statements*" section of our report. We are independent from 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 opinion.

INDEPENDENT AUDITOR'S REPORT

**TO THE SHAREHOLDERS OF JAZAN DEVELOPMENT AND INVESTMENT COMPANY [FORMERLY:
JAZAN ENERGY AND DEVELOPMENT COMPANY (JAZADCO)]
A SAUDI JOINT STOCK COMPANY
RIYADH, KINGDOM OF SAUDI ARABIA**

(2/6)

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

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.

Key Audit Matters	How our audit addressed the key audit matter
<p><u>Revenues</u></p> <p>The Groups' recognized revenues for the year ended 31 December 2023 amounted to SAR 84,3 million (2022: SAR 77.9 million).</p> <p>The Group recognizes revenue mainly when the control of the goods is transferred and accepted by the customer, in accordance with the requirements of IFRS 15.</p> <p>Revenue recognition has been identified as a key audit matter given the significant volume of sales transactions involved and the factors associated with the revenue recognition and the risk that management may override controls in order to misstate revenue transactions, either by recognizing Fictitious sales or inappropriate assessments of returns and rejections</p> <p>The accounting policy for revenues is explained in Note No.4.</p>	<p>Our audit procedures included the followings:</p> <ul style="list-style-type: none"> ➤ Assessing the appropriateness of revenue recognition accounting policies of the Group. ➤ Inspecting revenue and sales return transactions taking place at either side of year-end to assess whether revenue was recognized in the correct period. ➤ Performing substantive tests of details to validate the revenue recognition. ➤ Assessing the completeness and sufficiency of disclosures relating to revenue in the consolidated financial statements.



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INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF JAZAN DEVELOPMENT AND INVESTMENT COMPANY [FORMERLY:
JAZAN ENERGY AND DEVELOPMENT COMPANY (JAZADCO)]

A SAUDI JOINT STOCK COMPANY
RIYADH, KINGDOM OF SAUDI ARABIA

(3/6)

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

KEY AUDIT MATTER (CONTINUED)

<p>Biological assets "Shrimp"</p> <p>As at 31 December 2023 the Group's Biological assets included biological assets of shrimps having a fair value of SR 48.2 million (31 December 2022: SR 32.4 million).</p> <p>IAS 41 "Agriculture" requires biological assets to be measured at fair value less costs to sell, unless fair value cannot be measured reliably. For shrimp, it is measured at fair value less cost to sell.</p> <p>We consider this as a key audit matter because of the significant judgments and key assumptions that management applies in determining the fair value of biological assets.</p> <p>The accounting policy for biological assets is explained in Note No. 4</p>	<p>We obtained the Company's methodology and fair valuation calculation report for biological assets (the "Report") and engaged an auditor's expert. We have performed the following procedures:</p> <ul style="list-style-type: none">➤ Evaluated the competencies, qualifications and objectivity of the expert appointed by the management to conduct the valuation.➤ Attended and observed the physical count to obtain an understanding of the count procedures and to validate internal assumptions used by management to estimate total quantities based on selected sample weights.➤ Obtained valuation report and validated the Key inputs for biomass, survival ratio and Average market price.➤ Validated the assumptions used by management and involved our expert for the same.➤ Verified the accuracy and appropriateness of the calculations contained in the report.➤ Ensured the adequacy of disclosures as required by International Financial Reporting Standards.
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INDEPENDENT AUDITOR'S REPORT

**TO THE SHAREHOLDERS OF JAZAN DEVELOPMENT AND INVESTMENT COMPANY [FORMERLY:
JAZAN ENERGY AND DEVELOPMENT COMPANY (JAZADCO)]**

A SAUDI JOINT STOCK COMPANY

RIYADH, KINGDOM OF SAUDI ARABIA

(4/6)

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

OTHER MATTER

The consolidated financial statements for the year ended 31 December 2022 were audited by another auditor, who expressed an unmodified opinion on his report dated 6 Ramadan 1444H, Corresponding to 28 March 2023.

OTHER INFORMATION

Management is responsible for the other information. The other information comprises the information included in the Annual Report of the Group but does not include the consolidated financial statements and our auditor's report thereon, which is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we do 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 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 of the Group, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance. We have nothing to report in this regard.

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 that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the SOCPA and Regulations for Companies and the Company's Bylaws, and for such internal control 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 the management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, i.e. the Board of Directors, are responsible for overseeing the Group's financial reporting process.



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INDEPENDENT AUDITOR'S REPORT

**TO THE SHAREHOLDERS OF JAZAN DEVELOPMENT AND INVESTMENT COMPANY [FORMERLY:
JAZAN ENERGY AND DEVELOPMENT COMPANY (JAZADCO)]**

A SAUDI JOINT STOCK COMPANY

RIYADH, KINGDOM OF SAUDI ARABIA

(5/6)

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

AUDITOR'S 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 auditor's report that includes our opinion. 'Reasonable assurance' is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing 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 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 the International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the 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 controls 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 internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the 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 auditor's 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 auditor's report. However, future events or conditions may cause the Group's to cease to continue as a going concern.



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Ibrahim Ahmed Al-Bassam
& Co. Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF JAZAN DEVELOPMENT AND INVESTMENT COMPANY [FORMERLY:
JAZAN ENERGY AND DEVELOPMENT COMPANY (JAZADCO)]
A SAUDI JOINT STOCK COMPANY
RIYADH, KINGDOM OF SAUDI ARABIA (6/6)
REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

- 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.
- 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 to 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 year and are therefore the key audit matters. We describe these matters in our auditor's 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.

For Al-Bassam & Co.

Ibrahim A. Al Bassam
Certified Public Accountant
License No. 337

Riyadh: 5 Shawwal 1445H
Corresponding to: 14 April 2024



JAZAN DEVELOPMENT AND INVESTMENT COMPANY
(FORMERLY: JAZAN ENERGY AND DEVELOPMENT COMPANY(JAZADCO)
(A Saudi Joint Stock Company)
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2023
(All amounts are in Saudi Riyals unless otherwise stated)

	Notes	31 December 2023	31 December 2022 (Restated Note 37)	1 January 2022 (Restated Note 37)
ASSETS				
Non-Current Assets				
Property, plant, and equipment, net	6	224,688,071	224,072,972	227,313,146
Investment properties, net	7	224,024,932	225,860,809	228,207,646
Investment in associate	8	12,892,662	3,548,828	18,824,848
Investments carried at fair value through OCI	9	27,812,758	29,582,774	8,395,714
Intangible assets, net	10	2,023,328	2,500,808	3,848,773
Right of use assets, net	11	409,135	253,314	337,752
Total Non-Current Assets		491,850,886	485,819,505	486,927,879
Current Assets				
Due from related party	21	-	5,541,555	5,541,555
Biological assets	12	49,381,317	32,594,787	24,182,051
Inventory, net	13	38,589,590	30,314,268	21,161,742
Investments carried at fair value through P&L	14	-	23,257,325	-
Accounts receivables, net	15	14,250,519	19,581,042	37,375,244
Prepayment and other receivables	16	7,532,500	8,513,627	8,311,380
Cash and cash equivalents	17	16,774,263	2,045,809	15,364,149
Total Current Assets		126,528,189	121,848,413	111,936,121
TOTAL ASSETS		618,379,075	607,667,918	598,864,000
EQUITY AND LIABILITIES				
EQUITY				
Share capital	1	500,000,000	500,000,000	500,000,000
Statutory reserve	18	-	85,409,994	85,409,994
Fair value reserve	9	(43,512,242)	(37,017,226)	(36,604,286)
Foreign currency translation reserve		(2,138,662)	(1,365,674)	-
Retained earnings / (Accumulated losses)		53,522,814	(33,794,775)	(43,168,257)
Total equity attributable to shareholders of the group		507,871,910	513,232,319	505,637,451
Non-controlling interests	34	(63,447)	175,097	1,013,613
TOTAL EQUITY		507,808,463	513,407,416	506,651,064
LIABILITIES				
Non-Current Liabilities				
Long-term loans	19	40,066,746	5,662,440	21,170,954
Employees benefit obligations	20	8,224,242	7,826,008	8,935,262
Lease liabilities	11	155,919	184,969	269,073
Total Non-Current Liabilities		48,446,907	13,673,417	30,375,289
Current Liabilities				
Long-term loans – current portion	19	690,629	19,081,916	5,951,652
Lease liabilities – current portion	11	246,800	34,104	78,969
Due to related parties	21	24,234	25,315	15,000
Unclaimed dividends		5,363,363	5,625,183	5,630,528
Commitment against the loan guarantee of an associate	22	17,602,594	17,602,594	17,602,594
Trade payables, accrued expenses, and other liabilities	23	23,406,234	24,275,722	19,907,408
Zakat provision	24	14,789,851	13,942,251	12,651,496
Total Current Liabilities		62,123,705	80,587,085	61,837,647
TOTAL LIABILITIES		110,570,612	94,260,502	92,212,936
TOTAL EQUITY AND LIABILITIES		618,379,075	607,667,918	598,864,000

Notes 1 to 39 form an integral part of these consolidated financial statements.

Chief Financial Officer
Ehab Refaei Abd Elsalam

Chief Executive Officer
Mohammed Bin Abdullah Al-Rasheed

Delegated Board Member
Abdulelah Mulhem Al-Mufeez





JAZAN DEVELOPMENT AND INVESTMENT COMPANY
(FORMERLY: 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 2023

(All amounts are in Saudi Riyals unless otherwise stated)

	Note	31 December 2023	31 December 2022 (Restated Note 37)
Revenue, net	25	84,331,249	77,893,693
Cost of revenue	26	(73,979,148)	(66,427,892)
Gain on fair valuation of biological assets	27	11,915,372	4,325,578
Gross profit		22,267,473	15,791,379
General and administrative expenses	28	(21,997,564)	(20,424,454)
Selling and marketing expenses	29	(7,001,862)	(7,486,957)
Reversal / (charged) provision for expected credit losses	15	1,465,082	(7,223,017)
Reversal / (charged) provision for advance to suppliers	16	291,984	(2,990,677)
Other income, net	30	3,872,162	3,368,117
Profit / (loss) from operating activities		(1,102,725)	(18,965,609)
Finance costs	31	(1,407,529)	(1,348,283)
Group's share of the result of an associate	8	5,442,346	2,157,797
Gain on revaluation of Investments carried at fair value though P&L	14	213,644	257,325
Recognizing the investment balance in the associate Company after closing the losses	8	-	3,248,741
Gains of fair value difference for converting investment in an associate into investments at fair value through OCI	8	-	2,191,211
Income from government grants	19	1,735,650	-
(Losses) / Gains from the sale of property, plant and equipment, net		(85,365)	25,396,769
Net profit for the year before zakat		4,796,021	12,937,951
Zakat	24	(3,272,354)	(3,069,879)
Net profit for the year		1,523,667	9,868,072
Other Comprehensive Income			
<u>Items that may be subsequently reclassified to the consolidated statement of profit or loss</u>			
Company 's share in the foreign currency translation differences of an associate	8	(772,988)	(1,365,674)
<u>Items that will not be subsequently reclassified to the consolidated statement of profit or loss</u>			
Actuarial gain / (loss) on remeasurement of employee benefit obligations	20	149,253	(1,375,011)
Company 's share of other comprehensive income of the associates	8	(3,869)	41,905
Revaluation losses on investments carried at fair value through OCI	9	(6,495,016)	(412,940)
Other comprehensive loss for the year		(7,122,620)	(3,111,720)
Total comprehensive (loss) / income for the year		(5,598,953)	6,756,352
Net profit for the year attributable to:			
Shareholders of the Company		1,759,734	10,711,721
Non-controlling interests	34	(236,067)	(843,649)
Net profit for the year		1,523,667	9,868,072
Total comprehensive (loss)/ income for the year attributable to:			
Shareholders of the Company		(5,360,409)	7,594,868
Non-controlling interests	34	(238,544)	(838,516)
Total comprehensive (loss) / income for the year		(5,598,953)	6,756,352
Earnings per share			
Basic and diluted earnings per share in net profit for the period	33	0.04	0.21

Notes 1 to 39 form an integral part of these condensed consolidated financial statements

Chief Financial Officer
Ehab Refaei Abd Elsalam

Chief Executive Officer
Mohammed Bin Abdullah Al-Rasheed

Delegated Board Memeber
Abdulelah Mulhem Al-Mufeez





JAZAN DEVELOPMENT AND INVESTMENT COMPANY
(FORMERLY: JAZAN ENERGY AND DEVELOPMENT COMPANY (JAZADCO)
(A Saudi Joint Stock Company)
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023
(All amounts are in Saudi Riyals unless otherwise stated)

	Share Capital	Statutory reserve	Fair value reserve	Foreign currency translation reserve	Retained earnings / (Accumulated losses)	Total equity attributable to the group's shareholders	Non-controlling interests	Total equity
Balance as at 1 January 2022 (Before restatement)	500,000,000	85,409,994	2,900,000	-	(45,727,059)	542,582,935	1,013,613	543,596,548
Prior years restatement (Note 37)	-	-	(39,504,286)	-	2,558,802	(36,945,484)	-	(36,945,484)
Balance as at 1 January 2022 (Restated)	500,000,000	85,409,994	(36,604,286)	-	(43,168,257)	505,637,451	1,013,613	506,651,064
Net profit for the year	-	-	-	-	10,711,721	10,711,721	(843,649)	9,868,072
Other comprehensive loss	-	-	(412,940)	(1,365,674)	(1,338,239)	(3,116,853)	5,133	(3,111,720)
Total comprehensive income	-	-	(412,940)	(1,365,674)	9,373,482	7,594,868	(838,516)	6,756,352
Balance as at 31 December 2022 (Restated Note 37)	500,000,000	85,409,994	(37,017,226)	(1,365,674)	(33,794,775)	513,232,319	175,097	513,407,416
Balance as at 1 January 2023 (Before restatement)	500,000,000	85,409,994	(7,910,000)	(1,365,674)	(29,724,136)	546,410,184	175,097	546,585,281
(Restatement Note 37)	-	-	(29,107,226)	-	(4,070,639)	(33,177,865)	-	(33,177,865)
Balance as at 1 January 2023 (restatement)	500,000,000	85,409,994	(37,017,226)	(1,365,674)	(33,794,775)	513,232,319	175,097	513,407,416
Net income for the year	-	-	-	-	1,759,734	1,759,734	(236,067)	1,523,667
Other comprehensive loss	-	-	(6,495,016)	(772,988)	147,861	(7,120,143)	(2,477)	(7,122,620)
Total comprehensive loss for the year	-	-	(6,495,016)	(772,988)	1,907,595	(5,360,409)	(238,544)	(5,598,953)
Transferring the statutory reserve to retained earnings (Note 18)	-	(85,409,994)	-	-	85,409,994	-	-	-
Balance as at 31 December 2023	500,000,000	-	(43,512,242)	(2,138,662)	53,522,814	507,871,910	(63,447)	507,808,463

Notes 1 to 39 form an integral part of these consolidated financial statements.

Chief Financial Officer Ehab Refaei Abd Elsalam	Chief Executive Officer Mohammed Bin Abdullah Al-Rasheed	Delegated Board Memeber Abdulelah Mulhem Al-Mufeez
		

JAZAN DEVELOPMENT AND INVESTMENT COMPANY
(FORMERLY: JAZAN ENERGY AND DEVELOPMENT COMPANY (JAZADCO)
(A Saudi Joint Stock Company)
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2023
(All amounts are in Saudi Riyals unless otherwise stated)

	31 December 2023	31 December 2022 (Restated Note 37)
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the year before zakat	4,796,021	12,937,951
Adjustments to reconcile net income for the year before zakat:		
Depreciation of property, plant and equipment	8,751,952	8,677,760
Depreciation of investment properties	3,138,380	3,138,380
Amortization of intangible assets	477,480	1,373,090
Depreciation of right-of-use assets	213,704	84,438
The group's share in the results of the associate Company's operations	(5,442,346)	(2,157,797)
Gains of fair value difference for converting investment in an associate into investments at fair value through OCI	-	(2,191,211)
Recognizing the investment balance in the associate	-	(3,248,741)
Reversal / (charged) provision for expected credit losses	(1,465,082)	7,223,017
Reversal / (charged) provision for advance to suppliers	(291,984)	2,990,677
Provision for Slow moving inventory	-	1,300,000
Impairment of finished goods inventory at net realizable value	1,651,566	-
Revaluation gain on investments at fair value through P&L	(213,644)	(257,325)
Losses / (gains) on disposal of property, plant and equipment	85,365	(25,413,776)
Losses from Terminating lease contracts	34,241	-
Gains from valuation of biological assets "shrimp" at fair value	(11,915,372)	(4,325,578)
Employee benefit obligations charged	1,119,608	1,144,476
Early payment discount from the Agricultural Development Fund	-	(524,999)
Amortization of deferred loan income	(550,815)	-
Income from government grants	(1,735,650)	-
Finance costs	1,407,529	1,348,283
	60,953	2,098,645
Changes in operating assets and liabilities:		
Due from a related party	863,210	-
Biological assets	(4,871,158)	(5,369,882)
Inventories	(9,926,888)	(10,452,526)
Accounts receivable	6,795,605	10,571,185
Prepayment, and other receivables	1,273,110	(3,242,926)
Due to related parties	(1,081)	-
Trade payables, accrued expenses, and other liabilities	(318,673)	5,273,792
	(6,124,922)	(1,121,712)
Employee benefits obligation paid	(950,600)	(3,852,940)
Zakat paid	(2,424,754)	(1,779,124)
Finance costs paid	(176,125)	(1,103,054)
Net cash used in operating activities	(9,676,401)	(7,856,830)
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions and adjustments on property, plant, and equipment	(9,574,684)	(12,131,423)
Additions to investments at fair value through OCI	(4,725,000)	-
Additions to investments properties	(1,302,503)	(791,543)
Additions to intangible assets	-	(25,125)
Proceeds from selling investments at fair value through P&L	23,470,969	2,000,000
Additions financial investments through P&L	-	(25,000,000)
Proceeds from disposal of property and equipment	122,268	33,390,333
Net cash generated from / (used in) investing activities	7,991,050	(2,557,758)

Notes 1 to 39 form an integral part of these consolidated financial statements.

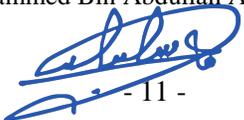
To be Continued,,,

JAZAN DEVELOPMENT AND INVESTMENT COMPANY
(FORMERLY: JAZAN ENERGY AND DEVELOPMENT COMPANY (JAZADCO))
 (A Saudi Joint Stock Company)
CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2023
 (All amounts are in Saudi Riyals unless otherwise stated)

	31 December 2023	31 December 2022 (Restated Note 37)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long-term loans	21,000,000	2,678,246
long-term loans paid	(4,074,975)	(5,426,653)
Lease liabilities paid	(249,400)	(150,000)
Dividends payable Paid	(261,820)	(5,345)
Net Cash flows generated from / (used in) financing activities	16,413,805	(2,903,752)
Net change in cash and cash equivalents	14,728,454	(13,318,340)
Cash and cash equivalents at the beginning of the year	2,045,809	15,364,149
Cash and cash equivalents at the end of the year	16,774,263	2,045,809

Non-cash transactions note no.17.1

Notes 1 to 39 form an integral part of these consolidated financial statements.

Chief Financial Officer	Chief Executive Officer	Delegated Board Memeber
Ehab Refaei Abd Elsalam	Mohammed Bin Abdullah Al-Rasheed	Abdulelah Mulhem Al-Mufeez
		

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1. ORGANIZATION AND ACTIVITY

Jazan Development and Investment Company (Formerly: Jazan Energy and Development Company (JAZADCO)) was registered as a Saudi joint-stock Company with commercial registration number 5900005403 issued in Jazan City on 29 Safar 1414H (corresponding to 17 August 1993). The share capital of the Company amounted to SAR 500,000,000 divided into 50,000,000 shares with a value of 10 Saudi Riyal per share.

The activities of the group 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.

Licenses obtained by the group to practice its activities as follows:

<u>License number</u>	<u>Date</u>	<u>City</u>	<u>Purpose</u>
2852 / p	30 Dhu al-Qidah 1428 AH	Jazan	Producing healthy drinking water
5/3/6524	1 Safar 1425 AH	Jazan	Shrimp farming
21/10/032101/001	1 Safar 1425 AH	Jazan	Shrimp farming
431105114869	22 Safar 1433 AH	Sabya	Producing healthy drinking water
2210	13 Rajab 1438 AH	Samtah	Frozen shrimp production

The new Companies Law issued by Royal Decree M/132 dated 1 Thul-Hijjah 1443 AH (corresponding to 30 June, 2022) (hereinafter referred to as the "Regulation") entered into force on Jumada al-Thani 26, 1444 AH (corresponding to 19 January, 2023), with respect to some provisions of the Law. Full compliance is expected no later than two years, starting from 26 Jumada al-Thani, 1444 AH (corresponding to 19 January, 2023). Management has assessed the impact of the new companies law and has amended its by-laws to make any changes to bring it into line with the provisions of the new companies regime.

The consolidated financial statements as of 31 December, 2023 include the assets, liabilities, results of the group and the following branches:

Subsidiary Records of the Parent Company

<u>Branch name for parent Co</u>	<u>CR No.</u>	<u>City</u>	<u>Activity`</u>
Branch of Jazadco Real Estate Company	5900011471	Jazan	Buying, selling, and renting land and real estate.
Branch of Jazan Development Company Factory for the healthy drinking water production	5906016169	Sabya	Bottled drinking water in closed containers.
Jazan Aquaculture Company	5900016170	Jazan	Establishing fish farms and practicing fishing
Branch of Jazan Development Company (JAZADCO)	5900016168	Jazan	Mango cultivation and fruit seedlings.
Branch of Jazan Development Company (JAZADCO) for preparing, freezing, and packing shrimp	5907035800	Samtah	Preserving fish and importing feed.
Branch of Jazan Development Company (JAZADCO)	5906036052	Sabya	Refrigerated food stores.
Branch of Jazan Development Company (JAZADCO)	5906336121	Sabya	Transportation of goods.
Branch of Jazan Development Company (JAZADCO)	5906333517	Sabya	Cutting, packing and wrapping fruits and vegetables.

Sub-commercial registers written off during the year:

Branch of Jazadco Real Estate Company	5900114667	Jazan	Buying, selling, and renting land and real estate.
Branch of Jazan Development Company (JAZADCO)	1010689407	Riyadh	Main office activities (supervision and management of other units in the Company or organization).

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1. ORGANIZATION AND ACTIVITY (CONTINUED)

On January 23, 2024, Jazan Development and Investment Company announced the issuance of the Ministry of Commerce's approval regarding the publication of the decision of the partners of the advanced aquaculture Company to liquidate the Company and to cancel the commercial register, due to the Company not having carried out any activity since its foundation and the lack of the purpose of its establishment.

1-1 Group structure:

The consolidated financial statements as at 31 December 2023 include the financial information of the parent Company and the following subsidiaries (collectively referred to as the "Group"):

Name of the subsidiary Company	Ownership percentage	
	As at 31 December 2023	As at 31 December 2022
Fish Day Company for fish selling (Limited liability Co)	80%	80%
Mango Jazan Trading Company (Limited liability Co)	65%	65%

The Company's head office address is in Jazan, Corniche Road, P.O. Box 127, Kingdom of Saudi Arabia.

2. BASIS OF PREPARATION

2.1 Statement of Compliance

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

2.2 Basis of Measurement

The consolidated financial statements are prepared under the historical cost method, except where International Financial Reporting Standards require another basis for measurement. This was also disclosed in the accounting policies in Note No. (4) to the consolidated financial statements.

2.3 Presentation and Functional Currency

Items included in the Group's consolidated financial statements are measured using the functional currency of the economic environment in which the Group operates (the "functional currency"). These consolidated financial statements are presented in Saudi Riyals, which is the Group's functional and presentation currency, and all values are rounded to the nearest Saudi Riyal, unless otherwise stated.

2.4 Basis of consolidation

The consolidated financial statements include Jazan Development and Investment Company (formerly: Jazan Energy and Development Company (Jazadco)) and its subsidiaries ("the Group") as detailed in Note No. (1).

Control is achieved when the group has:

- The ability to control the investee entity,
- The Company's right to variable returns arises as a result of its association with the investee,
- The ability to use its power to influence investment returns.

The Group reassesses whether or not it controls any investee, and whether facts and circumstances indicate that there have been changes to one or more of the elements of control referred to above.

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2. BASIS OF PREPARATION (CONTINUED)

2.4 Basis of consolidation (continued)

When the Group's voting rights in an investee are less than a majority of the voting rights therein, the Company has control over that investee when the voting rights are sufficient to give it practical ability to direct the relevant activities of the investee individually. The Company considers all relevant facts and circumstances when assessing whether the Company has voting rights in an investee to give it control. These facts and circumstances include:

- The size of the voting rights owned by the holding Company in relation to the size and extent of ownership of other voting rights holders.
- Potential voting rights held by the Company, other voting rights holders and other parties.
- Rights arising from other contractual arrangements, and
- Any additional facts and circumstances that may indicate that the Company has, or does not have, the current ability to direct relevant activities when decisions need to be made, including how to vote at prior shareholder meetings.

The process of consolidating a subsidiary begins when the Company gains control over that subsidiary, while the process stops when the Company loses control of the subsidiary. In particular, the income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date it loses control of the subsidiary.

The consolidated statement of profit or loss and each component of other comprehensive income are distributed to the Company's shareholders.

Non-controlling interests

Non-controlling interests are measured by their proportionate share of net identifiable assets at the acquisition date. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as an equity transaction.

Loss of control

When the group loses control over subsidiaries, assets, liabilities, non-controlling interests and other components of equity are eliminated, and any gains or losses are recognized in the consolidated statement of profit or loss, and any retained interests are recognized at fair value when control is lost.

Eliminated transactions when consolidating the financial statements

Unrealized balances, transactions, expenses and revenues resulting from transactions between parties in the group are eliminated. Unrealized losses are eliminated in the same way as unrealized gains, but only if there is no indication of impairment.

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3. NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS

3-1 New and amended IFRS standards issued and effective in the year 2023

The following amendments to the Company's relevant standards are effective for annual periods beginning on or after 1 January 2023 (unless otherwise stated). The Company has adopted these standards and/or amendments, but they do not have a material impact on the consolidated financial statements:

Amendments to standard	Description	Effective for annual years beginning on or after	Summary of the amendment
IFRS 9 (Amendments to IFRS 4)	Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4)	1 January, 2023	The amendment changes the fixed expiry date for the temporary exemption in IFRS 4 Insurance Contracts from applying IFRS 9 Financial Instruments, so that entities would be required to apply IFRS 9 for annual periods beginning on or after 1 January 2023.
IFRS 17	Insurance Contracts and its amendments	1 January, 2023	This is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation, and disclosure. Once effective, IFRS 17 (along with its subsequent amendments) will replace IFRS 4 Insurance Contracts (IFRS 4) which was issued in 2005.
IAS 1 and IFRS Practice Statement 2	Disclosure of accounting policies	1 January, 2023	This amendment deals with assisting entities to decide which accounting policies to disclose in their financial statements..
IAS 8	Amendment to definition of accounting estimate	1 January, 2023	This amendments regarding the definition of accounting estimates to help entities to distinguish between accounting policies and accounting estimates.
IAS 12	Deferred tax related to assets and liabilities arising from a single transaction	1 January, 2023	These amendments require companies to recognize deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences.
IAS 12	International tax reform (pillar two model rules)	1 January, 2023	These amendments give companies temporary relief from accounting for deferred taxes arising from the Organization for Economic Co-operation and Development's (OECD) international tax reform. The amendments also introduce targeted disclosure requirements for affected companies.

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3. NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS (CONTINUED)

3-2 New standards and amendments IFRS issued but not yet effective

The Company has not applied the following new IFRS Standards and amendments to IFRS that have been issued but are not yet effective:

Amendments to standard	Description	Effective for annual years beginning on or after	Summary of the amendment
IAS 1	Classification of liabilities as current or non-current	1 January, 2024	The amendment has clarified what is meant by a right to defer settlement, that a right to defer must exist at the end of the reporting period, that classification is unaffected by the likelihood that an entity will exercise its deferral right, and that only if an embedded derivative in a convertible liability is itself an equity instrument the terms of liability would not impact its classification.
IFRS 16	Leases on sale and leaseback	1 January, 2024	These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.
IAS 7 and IFRS 7	Supplier finance arrangements	1 January, 2024	These amendments require to add disclosure requirements to enhance transparency of supplier finance arrangements, and ‘signposts’ within existing disclosure requirements, that ask entities to provide qualitative and quantitative information about supplier finance arrangements.
IAS 21	Lack of Exchangeability	1 January, 2024	The amendments contain guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not.

Management anticipates that these new standards, interpretations and amendments will be adopted in the Company’s consolidated financial statements as and when they are applicable and adoption of these interpretations and amendments may have no material impact on the Company’s consolidated financial statements in the initial application period.

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4. SUMMARY OF MATERIAL ACCOUNTING POLICIES

The following is a summary of the most important accounting policies followed by the group:

4-1 Property, plant and equipment

Property and equipment are stated at cost less accumulated depreciation and any impairment losses, if any, except for land and capital work in progress. Cost includes expenses directly attributable to the acquisition of assets. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment. Repair and maintenance expenses are considered revenue expenses and improvement expenses are considered capital expenses. Depreciation is calculated based on their estimated useful lives using the straight line method. An asset sold or disposed of and its accumulated depreciation are removed from the accounts on the date of sale or disposal.

The estimated useful lives of the main items of these assets are:

<u>Description</u>	<u>Depreciation percentage</u>
Buildings	3%
Fish ponds	1.5%
Machines and equipments	5% - 15%
Cars	10%
Furnitures	10% - 20%
Wells	5%
computers	10%
Fruitful trees	2.5% - 3.85%

The useful life and depreciation method are reviewed periodically to ensure that the depreciation method and period are suitable with the economic benefits expected from property, plant and equipment.

Annual review of salvage values and useful lives

An asset's salvage value is the current estimated amount that the Group would receive when the asset is disposed after deducting the estimated costs of disposal if the asset had already reached the expected age and condition at the end of its useful life.

The salvage values and useful lives of assets are reviewed and adjusted, where necessary, at the end of each financial reporting period. If forecasts differ from previous estimates, the change is accounted for as a change in accounting estimates.

Impairment of property, equipment and other non-current assets

The carrying values of property and equipment are reviewed for the purpose of determining whether there is a decline in their value, in the event of events or changes in circumstances indicating that the carrying value may not be recoverable. When that indicator exists, and when the book value of the asset exceeds its recoverable value, the value of the assets is reduced to its recoverable value, which represents the fair value of the asset after deducting the costs of selling or its value in use.

A cash-generating unit for which impairment is measured is defined as the smallest identifiable group of assets that generates cash flows that are largely independent of cash flows from other assets or groups of assets. The carrying amount of an asset is reduced directly to its recoverable amount if the carrying amount of the asset is greater than its estimated recoverable amount.

Capitalization of costs within property, plant and equipment

The cost of an item of property, plant and equipment consists of the following:

- Purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates.
- Any costs directly associated with the asset arriving at the site and in the condition necessary to operate it in the manner deemed by management.

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4. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

4-1 Property, plant and equipment (continued)

Capitalization of costs within property, plant and equipment (continued)

• The initial estimate of the costs of dismantling and transporting the item and returning the site on which it is located to its normal condition, and the liability incurred either as a result of purchasing this asset or as a result of its use during a certain period for purposes other than the production of inventory during that year.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as the case may be, only when it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying value of an installed part is derecognized as a separate asset when it is replaced.

Borrowing costs relating to qualifying assets are capitalized as part of the cost of the qualifying assets until the commencement of commercial production.

All other repair and maintenance expenses are charged to the consolidated statement of profit or loss and other comprehensive income during the financial reporting year in which they are incurred. Regular maintenance and repair expenses that do not extend the estimated useful life of the asset or production outputs are charged to the consolidated statement of profit or loss when incurred.

Capital work in progress represents the accumulated costs incurred by the Group in connection with the construction of its buildings and structures in the development phase. The cost incurred is initially charged to capital work in progress and these costs are then transferred to property and equipment upon completion of construction of these facilities. Financing costs incurred on borrowings to finance the construction of qualifying assets are capitalized over the period of time necessary to complete and prepare the asset for its intended use.

4-2 Investment properties

Investment properties are held either to generate rental income or for capital appreciation or both, as are those held for indefinite future use but not for sale in the ordinary course of business, or for use in the production or supply of goods or services or for administrative purposes. Investment properties are measured at cost less accumulated depreciation and impairment loss, if any. Investment properties are depreciated on a straight-line basis over the estimated useful life of the underlying assets. Depreciation is not calculated on land and capital work in progress.

Investment properties are derecognized either when they are sold or when their use is permanently discontinued and no future economic benefits are expected from their disposal. Differences between the net disposal proceeds and the book value of the asset are recognized in the consolidated statement of profit or loss and other comprehensive income in the disposal period.

Expenses incurred to replace components of investment properties, which are accounted for separately are capitalized, and the carrying value of the replaced components is written off. Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the related investment property. All other expenses are recognized in the consolidated statement of profit or loss and other comprehensive income when incurred.

The useful lives and depreciation method are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from these assets.

The Group determines at each financial reporting date whether there is any objective evidence of a decline in the value of investment properties. When the carrying value of investment properties exceeds the recoverable amount, impairment losses are recognized in the consolidated statement of profit or loss and other comprehensive income. The recoverable value is the higher of the fair value of investment properties less costs to sell and value in use.

Reversal of impairment losses already recognized in prior years is recognized when there is an indication that the impairment losses recognized for investment properties no longer exist or have reduced.

Investment properties are accounted for using a cost model consistent with the property and equipment accounting method. Buildings and their components are depreciated on a straight-line basis over the estimated useful lives of 33 to 66 years.

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4. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

4-2 Investment properties (Continued)

Lease contract income from investment properties is recognized as income on a straight-line basis over the term of the lease contracts. The rental incentives granted are recognized as part of the total rental income over the contract period. The annual depreciation rate for the main item of these investment properties is:

<u>Description</u>	<u>Depreciation rate</u>
Buildings	1.5% - 3%

4-3 Right-of-use assets

The Group recognizes right-of-use assets on the initial date of the lease (i.e. the date on which the underlying asset becomes available for use). Right-of-use assets are measured at cost less any accumulated depreciation and any impairment losses, adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred and lease payments made at or before the initiation of the lease, less any lease incentives received and costs of restoring the asset. Unless the Group is reasonably certain that it will obtain ownership of the leased asset at the end of the lease term, recognized right-of-use assets are depreciated on a straight-line basis over their estimated useful life or the term of the lease, whichever is shorter. If the Group is reasonably certain that the call option will be exercised, the right-of-use asset is depreciated over the useful life of the underlying asset and the right-of-use asset is subject to impairment.

4-4 Intangible assets

Intangible assets are recorded at cost less accumulated amortization and any accumulated impairment losses, if any. It is amortized over its estimated useful lives using the straight-line method. If there is an indication that there will be a significant change in the useful life or residual value of that intangible asset, the amortization is adjusted prospectively to reflect the new expectations.

The estimated useful lives of these assets are:

<u>Description</u>	<u>Amortization percentage</u>
Softwares	10%
Application	3% - 10%
Trademark	10%

4-5 Investments in associated companies

Associates are those over which the Group has significant influence but not control, and are often associated with ownership interests ranging from 20% to 50% of voting rights. If an entity holds, directly or indirectly, less than 20% of the voting power of an investee, then the entity is presumed to have no significant influence over the investee, unless the existence of such influence can be clearly verified. It is usually assumed that there is significant influence on the entity in one or more of the following ways:

- Representation on the board of directors or equivalent governing bodies of the investee;
- participate in policy-making processes, including participation in decisions regarding dividends or other distributions;
- the existence of material transactions between the entity and the investee;
- Exchange of administrative staff; or
- Provide basic technical information

Associates are accounted for using the equity method. According to the equity method, the investment is initially recognized at cost and then the investment is increased or decreased by the group's share in the Company's profits or losses based on the latest available financial statements.

If the ownership interest in the associate is reduced while significant influence is maintained, the amounts previously recognized in other comprehensive income are not reclassified to the consolidated statement of profit or loss except to the extent of the proportionate share when necessary. The Group's share of post-acquisition profits or losses is recognized in the consolidated statement of profit or loss. The group's share of post-acquisition transactions in other comprehensive income is recognized in comprehensive income with a corresponding adjustment to the book value of the investment. When the Group's share of an associate's losses equals or exceeds its interest in the same associate, including any other unsecured receivables, the Group does not recognize any additional losses, unless it is legally or implicitly obligated to make payments on behalf of the associate. Dividends received or payable from associates are recognized as a reduction in the carrying value of the investment.

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4. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

4-5 Investments in associated companies (Continued)

The Group determines at each financial reporting date whether there is any objective evidence of impairment of the investment in associates. If such evidence exists, the Group calculates the amount of impairment based on the difference between the recoverable value of the associate and its book value and then recognizes that amount separately in the consolidated statement of profit or loss and other comprehensive income.

Gains and losses resulting from upward and downward transactions between the group and its associate companies are recognized in the group's consolidated financial statements only to the extent of the unrelated investor's share in the associated Company, and unrealized losses are excluded unless the transaction provides evidence of a decrease in the value of the transferred asset. The accounting policies of the associate are amended, when necessary, to ensure consistency with the policies applied by the Group. Diluted gains and losses arising from the investment in the associate are recognized in the consolidated statement of profit or loss and other comprehensive income.

4-6 Biological assets and agricultural production

Biological assets are represented by shrimp and fruits that are still in the growth stage. Biological assets "shrimp" are measured at fair value less the cost of sale 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 biological assets, in that case the biological assets are measured at cost, and when the stage of being ready for sale is reached, such measurement is the cost on that date when applying International Accounting Standard No. (2) "Inventory".

Selling costs include additional selling costs and estimated costs of taking them to market but do not include financing costs. Farming costs, such as water expenses, labor costs and fertilizer costs, are expensed when measuring biological assets at fair value.

Fruit trees are seed-bearing plants and are therefore represented and accounted for as property, plant and equipment. However, the fruits that grow on these trees are accounted for as biological assets until the date they are harvested. Harvested fruits are transferred to inventory at cost.

However, if there are no prices from an active market for the fruits and the fair value cannot be determined in a clear and reliable manner, then in such a case the biological asset must be measured at cost.

4-7 Impairment of assets

At each reporting date, tangible assets and intangible assets are reviewed to determine whether there is any indicator that those assets may be at risk of an impairment loss, and if there is any indication of potential impairment, the recoverable amount of any affected asset (or related group of assets) is estimated.) and compare it to the book value, and if the estimated recoverable amount is less, the book value is reduced to the estimated recoverable value, and the impairment loss is recorded directly in the consolidated statement of profit or loss.

If an impairment loss on a non-financial asset other than goodwill reverses, the carrying amount of the asset (or related group of assets) is increased to the revised estimate of its recoverable amount, but not more than the amount that would have been determined had the impairment loss not been recognized. For an asset (or related group of assets) in prior years, the reversal of an impairment loss is recognized directly in the consolidated statement of profit or loss.

4-8 Financial instruments

4.8 (A) Classification of financial assets and financial liabilities

Financial assets

The Group has a three principal classification categories for financial assets: measured at amortized cost (AC), fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The Group classifies its financial assets generally based on the business model in which a financial asset is managed and its contractual cash flows.

(i) Financial assets at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and

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4. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

4-8 Financial instruments (CONTINUED)

4.8 (A) Classification of financial assets and financial liabilities (CONTINUED)

Financial assets at amortized cost (CONTINUED)

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and profit on the principal amount outstanding.

The Group initially measures its trade receivables at the transaction price given that it does not include any financing component.

Business model assessment

The Group assesses the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- The stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual revenue, maintaining a particular profit rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realizing cash flows through the sale of the assets;
- How the performance of the portfolio is evaluated and reported to the Group's management;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- How managers of the business are compensated- e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- The frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Group's stated objective for managing the financial assets is achieved and how cash flows are realized.

The assessment of whether contractual cash flows on debt instruments are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realized in a way that is different from the Group original expectations, the Group does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

(i) Financial assets at fair value through OCI (FVOCI)

Debt Instruments

A debt instrument is measured at FVOCI only if it meets both of the following conditions and it is not designated as at FVTPL:

- The asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principle and the interest on the principle amount outstanding.

Equity instruments

On the initial recognition, for an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment by investment basis.

(ii) Financial assets at fair value through profit or loss (FVTPL)

All other financial assets are classified as measured at FVTPL.

In addition, on initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

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4. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

4-8 Financial instruments (CONTINUED)

Equity instruments (CONTINUED)

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Group changes its business model for managing financial assets.

Financial assets that are held for trading, if any, and whose performance is evaluated on a fair value basis are measured at fair value through profit or loss (FVTPL) because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

De-recognition

Financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On de-recognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognized) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognized in OCI is recognized in consolidated statement of profit or loss.

Impairment

The Company assesses on a forward-looking basis the lifetime expected credit losses associated with its financial assets carried at amortized cost. For receivables, the Company applies the simplified approach as permitted by IFRS 9, which requires expected lifetime losses to be recognized from the initial recognition of account receivables. The Company uses a provision matrix in the calculation of the expected credit losses on receivables to estimate the lifetime expected credit losses, applying certain provision rates to respective contractual past due aging buckets. To measure the expected credit losses, receivables have been grouped based on shared credit risk characteristics and the days past due. The provision matrix was developed considering the probability of default and loss given default which was derived from historical data of the Company is adjusted to reflect the expected future outcome which includes macro-economic factors.

Other financial assets such as employees' receivables, bank balances have low credit risk. The Company considers a financial asset to have low credit risk when the asset has external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there are no past due amounts and the impact of applying ECL is immaterial.

(i) Definition of default

The Company considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- When there is a breach of financial covenants by the debtor
- Information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Company, in full (without taking-into-account any collateral held by the Company) Irrespective of the above analysis, the Company considers that default has occurred when a financial asset is more than 360 days past due unless the Company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(ii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- Significant financial difficulty of the issuer or the borrower
- A breach of contract, such as a default or past due event (see (i) above)
- The lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganization
- The disappearance of an active market for that financial asset because of financial difficulties

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4. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

4-8 Financial instruments (CONTINUED)

Presentation of allowance for ECL in the statement of financial position

Loss allowances for ECL, for financial assets measured at amortized cost, are presented in the statement of financial position as a deduction from the gross carrying amount of the assets.

Write-off

Financial assets are written off only when:

- (i) there is no reasonable expectation of recovery, and
- (ii) write off is approved by the board of directors.

Where financial assets are written off, the Company continues to engage in enforcement activities to attempt to recover the receivable due. Where recoveries are made, after write-off, are recognized as other income in the statement of profit or loss.

Financial liabilities

The Group classifies its financial liabilities, other than financial guarantees and loan commitments, as measured at amortized cost. Amortized cost is calculated by taking into account any discount or premium on issue funds, and costs that are an integral part of the Effective Interest Rate (EIR).

4.11 (B) Impairment of financial assets

The impairment model applies to financial assets measured at amortized cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. The impairment methodology is generally dependent on whether there has been a significant increase in credit risk. For trade receivables, the Group applies the simplified approach as required by IFRS 9.

At each reporting date, the Group assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Impairment allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

The Group considers a financial asset in default when contractual payment are 360 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparty.

Effective interest rate method

The effective interest rate (EIR) method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

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4. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

4-9 Inventory

Inventories are stated at the lower of cost or net realizable value. Cost is determined using the weighted average method. The cost of inventory includes all purchase costs and other costs incurred in transporting the inventory to its present location and condition. Any write-off is recognized in the net realizable value (as an expense)/revenue on the consolidated statement of profit or loss and other comprehensive income in the year in which the write-off is created or reversed.

Net realizable value and estimate of allowance for slow moving inventories

Net realizable value is the estimated selling price in the ordinary course of business less estimated costs of completion and selling. Net realizable value is usually measured individually for inventory write-offs, when items related to the same product line (and have the same purpose and end use) are produced and marketed in the same geographic region.

Writing off inventory below cost to arrive at net realizable value is consistent with IFRS, where assets should not be recognized for more than the amounts expected to be realized from their sale.

An allowance is made against slow-moving, obsolete and damaged inventory. Damaged inventory is identified and written off when the inventory is taken. The allowance for slow moving and obsolete inventory for each category of inventory is assessed as part of current financial reporting. Obsolescence is assessed based on comparing inventory level to expected future sales.

4-10 Lease contracts

Leases are recognized as right-of-use assets and as corresponding liabilities on the date the leased asset is made available for use by the Group. The assets and liabilities arising from a lease are initially measured on the basis of present value.

1) Lease obligations

Lease liabilities are initially measured at the present value of the lease payments not made at the initial date, discounted using the rate implicit in the lease. If this rate cannot be easily determined, then the Group uses an incremental borrowing rate.

Lease payments included in the measurement of lease liabilities consist of the following:

- Fixed lease payments (principally including fixed payments) less any lease incentives.
- Variable lease payments that depend on an index or rate and are initially measured using the index or rate as at the initial date.
- Amounts expected to be paid by the lessee under residual value guarantees.
- The exercise price of purchase options if the lessee is reasonably certain to exercise such options, and
- Penalty payments for terminating a lease, if the lease term reflects the exercise of an option to terminate the lease.

The Group remeasures lease liabilities (and adjusts the corresponding right-of-use assets) when:

The lease term changes or there is a change in the evaluation of the exercise of the purchase option, in which case the lease liability is remeasured by discounting the adjusted lease payments using a modified discount rate.

Lease payments change because of changes in an index or rate or a change in expected payments under a guaranteed residual value, in which case the lease liabilities are remeasured by discounting the adjusted lease payments using the initial discount rate (unless the lease payments change because of a change in the floating interest rate, in this case, the modified discount rate is used).

The lease is modified, and the lease modification is not accounted for as a separate lease. In this case, the lease liabilities are remeasured by deducting the modified lease payments using discount rates.

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4. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

4-10 Lease contracts (CONTINUED)

1) Lease obligations (CONTINUED)

Restoration costs.

The security payment refund is not included in the initial measurement of right-of-use assets. However, the difference between the nominal value of the refunded security payment and its fair value at the beginning of the lease represents an additional lease payment made in advance and is therefore added to the initial carrying value of the right-of-use assets and is added to the consolidated statement of profit or loss and other comprehensive income over the lease term as part of depreciation.

Right-of-use assets are depreciated over the useful life of the asset or the lease term on a straight-line basis, whichever is less. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of lease liabilities.

Right-of-use assets are presented as a separate item in the consolidated statement of financial position.

Lease term

In determining the lease term, management takes into account all facts and circumstances that would constitute an economic incentive to exercise the extension option, or not exercise the termination option. Options to extend the lease term are only available if the lease is fairly certain (or not terminated). The lease term assessment is reviewed if a material event occurs or a material change in circumstances affects that assessment and is within the lessee's control.

Short-term, low-value leases

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in the consolidated statement of profit or loss and other comprehensive income. Short-term leases are leases with a lease term of 12 months or less. Low-value assets include IT equipment and small items of office equipment and furniture.

4-11 Cash and its equivalent

Cash and cash equivalents include cash on hand, bank balances, bank Murhaba and other short-term, highly liquid investments that are convertible into known amounts of cash, with maturities of three months or less from the date of purchase, that are available to the Company without restrictions and that are subject to an insignificant risk of changes in value.

4-12 Employee benefit obligations

The defined benefit obligation is calculated annually by independent actuaries using the project unit credit method. The liability recognized in the consolidated statement of financial position in relation to employee benefits is the present value of the defined benefit liability as of the end of the financial reporting year.

The present value of the defined benefit obligation is determined by discounting estimated future cash outflows using interest rates on high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and whose terms are close to the terms of the related obligation.

Defined benefit costs are classified as follows:

Service cost

Service costs include current service costs and past service costs, which are recognized directly in the consolidated statement of profit or loss and other comprehensive income.

Changes in the present value of defined benefit obligations resulting from plan modifications or reductions are recognized directly in the consolidated statement of profit or loss and other comprehensive income as prior service costs.

Interest cost

Net interest cost is calculated by applying the discount rate to the net defined benefit obligation balance. This cost is included in employee benefits expense in the consolidated statement of profit or loss.

Remeasurement gains or losses

Remeasurement gains or losses arising from adjustments or changes in actuarial assumptions in the year in which they occur are recognized directly in other comprehensive income.

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4. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

4-13 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 conditions of that grant. Grants that are received when the group has not yet complied with all the attached conditions are recognized as liabilities (and included in deferred revenues within accounts payable, accrued expenses and other creditors), and those grants are recognized in the consolidated statement of profit or loss and other comprehensive income when all conditions of that grant are met.

4-14 Zakat provision

Estimated zakat is an obligation on the group and is recovered in the consolidated financial statements by charging it to the consolidated statement of profit or loss and comprehensive income in accordance with the zakat standard and the opinion issued by the Saudi Organization for Certified Public Accountants, where it is calculated for the period estimated in accordance with the accrual principle.

Zakat is calculated on the basis of adjusted net income or the zakat base, whichever is greater, in accordance with the regulations of the General Authority of Zakat and Tax in the Kingdom of Saudi Arabia.

Differences between the provision and the final assessment are addressed in the period in which the assessment is received.

4-15 Value added Tax - VAT

Expenses and assets are stated net of value added tax, except for the following:

- When the value-added tax paid to purchase assets or services is not recovered from the Authority, then the value-added tax is recognized as part of the cost of acquiring the asset or within expenses, as the case may be.
- When receivables and payables are recorded at the value of the VAT included; The net value of value added tax recovered from, or due to the tax authority, is included as part of the receivables or payables in the consolidated statement of financial position.

The net value-added taxes that can be recovered from or paid to the competent tax authority are included among other receivables or other payables in the consolidated statement of financial position.

4-16 Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the obligation will be settled and the amount of the obligation can be estimated reliably. The amount recognized as a provision is calculated according to the best expectations of the consideration required to settle the obligation as of the end of the reporting period after taking into account the risks and uncertainties surrounding the obligation. When the value of a provision is measured using the cash flows estimated to settle the present obligation, it's carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When part or all of the economic benefits required to pay the provision are expected to be recovered from a third party, the receivable is recognized as an asset if the receipt and replacement of the amount is certain and can be measured reliably.

Provisions are measured according to the best estimates of the consideration required to meet the obligation as of the consolidated statement of financial position date, after taking into account the risks and uncertainties surrounding the obligation. The provision is also measured using the estimated cash flows to pay the current obligation.

The receivable is recognized as an asset if the receipt and replacement of the amount is certain and the amount can be measured reliably.

4-17 Revenues

Revenue is recognized when the Group fulfills its obligations in contracts with customers in an amount that reflects the financial compensation that the Group expects in exchange for the goods or services. Specifically, the standard provides a five-step approach for revenue recognition:

First step: Determine the contract or contracts with customers.

Step Two: Identify the performance obligations in the contract.

Step Three: Determine the transaction price.

Step Four: Allocate the transaction price to the performance obligations in the contract.

Step Five: Recognize revenue when the group meets performance requirements.

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4. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

4-17 Revenues (Continued)

Revenue is recognized when contractual obligations are performed, that is, when control of the goods or services entrusted with the performance of a specific obligation is transferred to the customer, enabling him to use them for the purpose for which they were purchased without restrictions or to benefit from the services provided to him under the contract.

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

If the group makes a difference between the selling price of the product at the delivery location at its headquarters and the selling price of the same product delivered to the customer's location, the resulting difference will be treated as transportation revenue and the corresponding cost will be included in revenue costs.

Revenue from selling goods sales

Sales revenue is recognized in the consolidated statement of profit or loss when risks are transferred to the customer. Revenue is recognized to the extent that it is highly probable that a material reversal would not occur in the amount of cumulative revenue recognized.

Rental income

The Group leases properties under operating lease contracts. Rental income is recognized on a straight-line basis over the term of the lease. Rental returns are recognized as an integral part of gross rental income over the term of the lease.

Other revenues

Other income is recognized when earned.

Variable compensation

The amount of variable consideration is estimated at either its expected value or the most likely amount and is included in revenue to the extent that it is highly probable that revenue will not reverse.

An important financing component of the contract

The Group assesses the financing component as significant, if the period between the customer's payment and the transfer of goods/services (both advance payments and delayed payments) is more than one year. The Group adjusts the amount promised to be paid against the time value of money using an appropriate interest rate that reflects the credit.

4-18 Loans

The loans are initially recognized by the fair value (as received proceeds). In the net after deducting the costs of the transaction, if any. Later on, the initial recognition, long -term loans are measured by the extinguished cost using the effective interest rate method. Any difference is recognized between the proceeds (in net after deduction of the costs of the transaction) and the amount of recovery in the profit or loss list and the other unified comprehensive income over the loan period using the effective interest rate method. The fees for loan facilities are recognized within the costs of loan transactions to the extent that it is possible to withdraw some or all facilities. In this case, the fees are postponed until the facilities are withdrawn, and the fees are drawn within the payments in advance of liquidity services to the extent that there is no evidence of the possibility of withdrawing a part or all the facilitation, and it is extinguished over the period of related facilitation.

Loans are derecognized in the consolidated statement of financial position when the obligation is settled, canceled or expires. The difference between the carrying value of financial liabilities that have been extinguished or transferred to another party and the material consideration paid, including non-cash assets transferred or liabilities assumed, is recognized in the consolidated statement of profit or loss under other income or financing costs.

The cost of general and specific loans directly attributable to the acquisition, construction or production of assets eligible for capitalization is capitalized over the time period required to complete and prepare the asset for its intended use or sale, as appropriate. Qualifying assets are assets that necessarily take a significant period of time to become ready for their intended use or sale. Investment income earned on the temporary investment of specific loans until spent on qualifying assets is deducted from borrowing costs eligible for capitalization.

Other borrowing costs are recognized as expenses in the year in which they are incurred in the consolidated statement of profit or loss and other comprehensive income.

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4. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

4-19 General and administrative expenses

General and administrative expenses include indirect costs that do not specifically form part of the cost of revenue as required under IFRS. Allocation between marketing expenses, general and administrative expenses and cost of sales, when needed, is made on a fixed basis.

4-20 Selling and marketing expenses

Selling and marketing expenses are those that arise from the group's efforts behind the sales and marketing functions.

4-21 Financing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a significant period of time to prepare for its intended use or sale are capitalized as part of the cost of the asset. All other borrowing costs are included as expenses in the period in which they are incurred. Borrowing costs consist of interest costs and other costs incurred by the Group when borrowing money.

4-22 Contingent liabilities and assets

Contingent liabilities are not recognized and disclosed in the consolidated financial statements, and are not disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. The contingent asset is not recognized in the consolidated financial statements. Rather, it is disclosed when it is probable that inflow of economic benefits will flow.

4-23 Segment reporting

Segment reporting

An operating segment is a group of assets, operations or entities that:

- 1- It engages in business activities that may generate revenues and incur expenses, including revenues and expenses related to transactions with any of the group's components.
- 2- The group's controller constantly analyzes the results of its operations in order to make decisions related to resource allocation and performance evaluation.
- 3- It also has financial information available separately.

Segment results reported to the chief operating decision maker include items directly attributable to the segment as well as those that can be allocated on a reasonable basis. Details of the Group's segments are presented in Note No. 36 to these consolidated financial statements.

Earning per share

Basic and diluted earning per share are calculated using the weighted average number of shares outstanding at the end of the year by dividing the net profit for the year attributable to shareholders of the parent Company.

Foreign currency conversion

Foreign currency transactions are converted into Saudi Riyals at the exchange rates prevailing at the time of the transaction. Monetary assets and liabilities denominated in foreign currencies as of the date of the consolidated statement of financial position are converted into Saudi riyals at the rates prevailing at the end of the period. Gains and losses resulting from payments or transfers of foreign currencies are included in the consolidated statement of profit or loss.

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. When estimating the fair value of an asset or liability, the Group takes into account the characteristics of the asset or liability if market participants took those characteristics into account when pricing the asset or liability at the measurement date. Fair value is determined for purposes of measurement and/or disclosure in these consolidated financial statements on this basis, except for lease transactions that fall within the scope of IFRS 16 "Leases" and measurements that have some similarity to fair value but are not fair value. Fair, such as net realizable value in IAS 2 Inventories or value in use in IAS 36 Impairment of Assets, where appropriate.

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4. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

Fair valuation techniques

When measuring the fair value of assets or liabilities, the Group uses observable market data to the extent possible. Fair values are classified into different levels in the fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1	Quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2	Inputs other than prices included in Level 1 that are observable for the asset or liability either directly (e.g., prices) or indirectly (e.g., derived from prices).
Level 3	Inputs for assets and liabilities that are not based on observable market data (unobservable inputs)

5 KEY JUDGMENTS AND SOURCES OF UNCERTAINTY ESTIMATES

Preparing consolidated financial statements requires management to make certain judgments, estimates and assumptions that have an impact on the application of accounting policies and the reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from these estimates.

5.1 Material Judgements in applying accounting policies

The following are the material judgments that have the most material impact on the amounts recorded in the consolidated financial statements.

Significant influence on the associate

An associate is a Company over which the Group has significant influence. Significant influence is the ability to participate in the financial and operating policy decisions of an investee, but not control or joint control over those policies.

Going concern

The group's management has conducted an assessment of the group's ability to continue as a going concern, as it believes that the group has the necessary resources to continue operating in the foreseeable future. Furthermore, management is not aware of any material uncertainties that may raise doubts about the Group's ability to continue as a going concern. The Company also has the sufficient liquidity in place, please refer liquidity risk note 35.2.2.

Therefore, the group's consolidated financial statements continued to be prepared on the going concern basis.

5.2 Key sources of uncertainty estimates

The following are the key assumptions regarding the future and other key sources of estimation uncertainty at the end of the financial reporting period that may involve a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

Useful lives of property and equipment and investment properties

Management estimates the useful lives of property and equipment and investment properties for the purpose of calculating depreciation and amortization, respectively. These estimates are determined after considering the expected usage of the asset or physical depreciation over its useful life. Management reviews the residual value and useful lives annually and changes in depreciation charges, if any, are adjusted in the current and future periods. (Note No. 6 & 7).

Provision for slow moving of inventory

Management creates an allowance for slow-moving and obsolete inventory. Estimates of the net realizable value of inventories are based on the most reliable evidence at the time the estimates are used. These estimates take into account fluctuations in prices or costs directly related to events occurring after the date of the consolidated statement of financial position to the extent that confirms that the circumstances of these events exist as of the end of the year.

Impairment of non-financial assets

The value of a non-financial asset decreases when the carrying value of the asset or cash-generating unit exceeds the recoverable amount of that asset or that cash-generating unit, which represents the fair value of the asset less costs to sell or its value in use, whichever is greater. The fair value of the asset is estimated through sales operations that take place on a purely commercial basis for identical assets or observable market prices for similar assets, minus the additional costs of selling the asset. The value in use is calculated based on the present value of the expected cash flows of the asset during the next five years. These expected cash flows do not include restructuring activities that the group is not yet committed to, or significant future investments that would enhance the asset performance of the cash-generating unit under test. The

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recoverable amount is most sensitive to the discount rate used to calculate cash flows as well as the expected future cash flows and the growth rate used for estimation purposes of value in use.

5 KEY JUDGMENTS AND SOURCES OF UNCERTAINTY ESTIMATES (CONTINUED)

Impairment of financial assets

The Group recognizes loss rates based on the expected credit loss model on financial assets measured at amortized cost, such as trade receivables. The Group evaluates future credit losses according to the expected credit loss model for financial assets carried at amortized cost. For trade receivables, the Group applies the simplified approach, which requires that expected life losses on trade receivables be recognized from the date of initial recognition of the trade receivables. To measure expected credit losses, receivables are grouped based on common credit risk characteristics and aging of receivables. Expected loss rates have been calculated from the Company's historical information and have been adjusted to reflect the expected future outcome which also includes forward-looking information for macroeconomic factors such as inflation and GDP growth rate. Other financial assets such as employee receivables and bank balances have low credit risk and application of the expected credit loss model is considered insignificant.

Measuring the fair value of financial instruments, including derivative financial instruments

When the fair value of financial assets and liabilities recorded in the consolidated statement of financial position cannot be measured on the basis of quoted prices in the active market, and where international standards require that those assets or liabilities be evaluated at their fair value, their fair value is determined using valuation methods, including the use of the present value of expected cash flows of those assets or using other methods as stipulated in IFRS 13. The inputs for these methods are taken from active markets wherever possible, but if this is not possible, a degree of estimation is needed to determine the fair value, and these estimates are taken in Consider liquidity risk, credit risk and volatility. Changes in assumptions related to these factors could affect the carrying fair value of financial instruments.

Employee benefit obligations

The cost of employee defined benefit obligations and the present value of the obligation are determined using actuarial valuations. An actuarial evaluation involves making multiple assumptions that may differ from actual developments in the future. These factors include determining the discount rate and future salary increases. Given the complexity of the valuation and underlying assumptions and their long-term nature, the defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each financial reporting date. (Note 20).

Lease discount rates

The Group cannot easily determine the interest rate implicit in the lease, and therefore, it uses a notional borrowing rate to measure its lease liabilities. The notional borrowing rate is the interest rate that the Group must pay in order to borrow the necessary financing over a similar period and with the same collateral to obtain an asset with the same value as the "right-of-use" asset in a similar economic environment. The notional borrowing rate therefore reflects what the Group "has to pay" which requires estimation when observable rates are not available or need to be amended to reflect the terms and conditions of the lease. The Group estimates the notional borrowing rate using observable inputs (such as market interest rates) when available, which requires making some of its own estimates (note 11).

Impairment of financial assets, including trade receivables

The Group uses a specific provision matrix to calculate the expected credit loss allowance for receivables. Provision ratios are based on days since maturity for groups of different customer segments with similar loss patterns (i.e. by type of customer or coverage by guarantees and other forms of credit insurance).

The provision matrix is initially based on the Group's historical default rates, and the calculation of the provision reflects probability weights related to outcomes, the time value of money, and reasonable information at the financial reporting date about past events and future economic conditions. At each financial reporting date, the default rates are updated and changes in future estimates are analyzed.

The relationship between observed historical default rates, expected economic conditions and expected credit losses is a significant estimate. Expected credit losses are sensitive to changes in economic conditions and expectations. The Group's historical credit loss experience and its expectations of economic conditions may also not reflect actual customer defaults in the future. Information about expected credit losses on receivables was disclosed in (notes 15,16, 35)

Contingent liability

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By their nature, contingent liabilities will only be settled upon the occurrence or non-occurrence of a future event or events. Evaluating such potential engagements essentially involves exercising significant judgment and estimates of future events. (Note 32)

4. KEY JUDGMENTS AND SOURCES OF UNCERTAINTY ESTIMATES (CONTINUED)
5.2 Key sources of uncertainty estimate (CONTINUED)

Zakat

The Group's current zakat due of 14.8 million Saudi Riyals relates to management's assessment of the amount of zakat due on the non-final zakat assessments as the Group still has to agree with the Zakat, Tax and Customs Authority on the final obligation amounts. Due to the uncertainty associated with these zakat items, the final result is likely to differ significantly when the final zakat assessments are issued by the Zakat, Tax and Customs Authority in future periods. The status of zakat assessments was disclosed in (Note 24) .

Classification of assets and liabilities from “current” to “non-current”

The Group presents assets and liabilities in the consolidated statement of financial position on a current/non-current basis. Assets are considered current as follows:

- When it is expected to be realized or intended to be sold or exhausted during the normal operations cycle.
- If acquired primarily for trading purposes.
- When expected to be achieved within twelve months after the fiscal year, or
- When it is in cash or cash equivalents, unless there are restrictions on exchanging it or using it to pay any liabilities for a period of not less than twelve months after the financial year.

Impairment of investment properties

The fair value assessment of investment properties is performed at each reporting date by an external valuation firm that has recognized and relevant professional qualifications and has recent experience in the location and class of the asset being valued. To determine the valuation, the valuer used a market valuation methodology and a discounted cash flow methodology that is based on significant assumptions and estimates (Note 7).

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6. PROPERTY, PLANT AND EQUIPMENT, NET

	Lands	Buildings and Fish ponds (Note 6-3)	Machinery and equipment	Vehicles	Furniture and Fixtures	Wells	Computers	Fruitful trees	leasehold improvements	Capital work in progress (CWIP) (Note 6-4)	Total
31 December 2023											
Cost											
At 1 January 2023 (Before restatement)	15,110,855	226,865,621	103,882,277	10,511,780	5,079,827	957,232	3,095,150	29,024,129	216,791	-	394,743,662
Prior years Restatement (Note 37)	112,064	1,915,990	16,748,203	-	46,673	19,839	1,650	-	-	1,282,724	20,127,143
At 1 January 2023 (Restated)	15,222,919	228,781,611	120,630,480	10,511,780	5,126,500	977,071	3,096,800	29,024,129	216,791	1,282,724	414,870,805
Additions during the year	-	408,714	3,791,180	294,978	50,394	20,800	78,212	-	831,842	4,098,564	9,574,684
Disposals during the year	-	-	(35,078)	-	-	-	-	-	(216,791)	-	(251,869)
Transferred from CWIP(Note 6-2)	-	647,697	-	-	-	-	-	-	-	(647,697)	-
Balance as at 31 December 2023	15,222,919	229,838,022	124,386,582	10,806,758	5,176,894	997,871	3,175,012	29,024,129	831,842	4,733,591	424,193,620
Accumulated depreciation											
At 1 January 2023 (Before restatement)	-	82,444,936	67,846,984	7,816,484	4,489,270	800,044	2,471,019	7,418,902	38,666	-	173,326,305
Restatement (Note 37)	-	655,163	10,783,704	-	46,669	12,978	450	-	-	-	11,498,964
At 1 January 2023 (Restated)	-	83,100,099	78,630,688	7,816,484	4,535,939	813,022	2,471,469	7,418,902	38,666	-	184,825,269
Charge for the year	-	3,025,623	4,053,668	492,656	117,844	27,779	110,096	636,956	287,330	-	8,751,952
Disposals during the year	-	-	(5,570)	-	-	-	-	-	(38,666)	-	(44,236)
At 31 December 2023	-	86,125,722	82,678,786	8,309,140	4,653,783	840,801	2,581,565	8,055,858	287,330	-	193,532,985
Accumulated impairment											
At 1 January 2023	-	-	5,964,499	-	7	6,862	1,196	-	-	-	5,972,564
At 31 December 2023	-	-	5,964,499	-	7	6,862	1,196	-	-	-	5,972,564
Net book value											
At 31 December 2023	15,222,919	143,712,300	35,743,297	2,497,618	523,104	150,208	592,251	20,968,271	544,512	4,733,591	224,688,071

6. PROPERTY, PLANT AND EQUIPMENT, NET(CONTINUED)

	Lands	Buildings and Fish ponds	Machinery and equipment	Vehicles	Furniture and Fixtures	Wells	Computers	Fruitful trees	leasehold improvements	Capital work in progress (CWIP)	Total
31 December 2022											

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Cost											
At 1 January 2022 (Before restatement)	17,074,855	213,376,978	118,035,469	10,250,693	5,086,489	977,071	3,040,961	23,486,155	216,791	9,895,857	401,441,319
Prior years restatement (Note 37)	112,064	1,915,990	-	-	-	-	-	-	-	-	2,028,054
At 1 January 2022 (Restated)	17,186,919	215,292,968	118,035,469	10,250,693	5,086,489	977,071	3,040,961	23,486,155	216,791	9,895,857	403,469,373
Additions during the year	-	193,221	2,603,694	288,087	53,039	-	55,839	-	-	8,937,539	12,131,419
Disposals during the year (restated note 6-6)	(1,964,000)	-	(8,683)	(27,000)	(13,028)	-	-	-	-	-	(2,012,711)
Transferred from Biological assets (restated note 37)	-	-	-	-	-	-	-	-	-	1,282,724	1,282,724
Transferred from CWIP	-	13,295,422	-	-	-	-	-	5,537,974	-	(18,833,396)	-
At 31 December 2022 (Restated)	15,222,919	228,781,611	120,630,480	10,511,780	5,126,500	977,071	3,096,800	29,024,129	216,791	1,282,724	414,870,805
Accumulated depreciation											
At 1 January 2022 (Before restatement)	-	79,721,057	74,000,957	7,262,694	4,366,638	785,506	2,360,290	6,995,517	32,046	-	175,524,705
Prior years restatement (Note 37)	-	631,522	-	-	-	-	-	-	-	-	631,522
As at 1 January (Restated)	-	80,352,579	74,000,957	7,262,694	4,366,638	785,506	2,360,290	6,995,517	32,046	-	176,156,227
Charge for the year	-	2,747,520	4,631,120	558,965	171,451	27,516	111,183	423,385	6,620	-	8,677,760
Disposals during the year (restated note 6-6)	-	-	(1,389)	(5,175)	(2,150)	-	-	-	-	-	(8,714)
Adjustments	-	-	-	-	-	-	(4)	-	-	-	(4)
At 31 December 2022 (restated)	-	83,100,099	78,630,688	7,816,484	4,535,939	813,022	2,471,469	7,418,902	38,666	-	184,825,269
Accumulated impairment (Note 6-6)											
At 1 January 2022	-	-	-	-	-	-	-	-	-	-	-
Charge for the year (restated 6-6)	-	-	5,964,499	-	7	6,862	1,196	-	-	-	5,972,564
At 31 December 2022	-	-	5,964,499	-	7	6,862	1,196	-	-	-	5,972,564
Net book value											
At 31 December 2022 (Restated) Note (37)	15,222,919	145,681,512	36,035,293	2,695,296	590,554	157,187	624,135	21,605,227	178,125	1,282,724	224,072,972

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6. PROPERTY AND EQUIPMENT, NET (CONTINUED)

6.1 The group has collateral on property, machinery and equipment in favor of the loan of Agricultural Development Fund, represented in the following:

6. Contract No. 2320161880400 Mortgage on included project assets (equipment and machinery) in accordance with Document/Instrument No. 372004007387 issued on 4/17/1445 AH corresponding to 1 November, 2023, with a guarantee value SR of 21,714,000.

B. Contract No. 0903800175 Mortgage on included project assets (equipment and machinery) in accordance with Document/Instrument No. 372009003213 issued on 6/18/1442, corresponding to 31 January, 2021 AD, with a guarantee value SR 113,192,525.

C. Contract No. 0903500176 Mortgage on included project assets (equipment and machinery) in accordance with Document/Instrument No. 372009003213 issued on 6/18/1442, corresponding to 31 January, 2021 AD. The value of the guarantee has been renewed to become SR 16,155,000.

6.5 The amounts transferred from projects under construction represent the work carried out by the Group during the year for the purposes of developing the mango store building, amounting to SR 647,698 , which mainly represents self expenses incurred for the development of the store .

6.3 The Group has buildings and shrimp farming ponds built on rented lands. One of the lease contracts for these lands expired during the year and it is under renewal, Management is confident of its ability to renew the contract.

6.4 CWIP include a project to plant fruit trees worth of SR 4.7 million.

6.5 On 29 December , 2022, the Board of Directors decided to permanently stop the operation of the second production line of the 12 liters mineral water bottling plant, due to the decrease in demand for the product, which led to an increase in production costs and its economic infeasibility. As a result, the value of the line was impaired by an amount of SR 5,972,564. During the year 2022, the Group had erroneously recorded the impairment in value as disposals from cost by an amount of SR 16,816,368 and against accumulated depreciation amounting to SR10,843,804. The Group's management decided to adjust comparative figures by recording this transaction as impairment instead of disposals.

6.6 The depreciation charged for the year was allocated as follows:

	Note	31 December 2023	31 December 2022
Cost of production for biological assets – shrimp	12	3,668,474	4,771,892
Cost of production for biological assets - agricultural crops	12	1,040,564	821,138
Cost of production for commercial products – water bottling	13	2,589,040	2,402,824
Direct cost of revenues	26	282,056	-
General and administrative expenses	28	942,908	299,786
Selling and Marketing expenses	29	228,910	382,120
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7. INVESTMENTS PROPERTIES, NET

<u>31 December 2023</u>	Lands	Buildings	Capital work in progress (CWIP)	Total
<u>COST</u>				
At 1 January 2023 (Before restatement)	26,515,841	224,020,585	16,272,426	266,808,852
Prior years restatement (Note 37)	(112,062)	(1,915,989)	-	(2,028,051)
At 1 January 2023 (Restated)	26,403,779	222,104,596	16,272,426	264,780,801
Additions during the year	-	-	1,302,503	1,302,503
At 31 December 2023	26,403,779	222,104,596	17,574,929	266,083,304
<u>Accumulated depreciation</u>				
At 1 January 2023 (Before restatement)	-	39,575,152	-	39,575,152
Prior years restatement (Note 37)	-	(655,160)	-	(655,160)
At 1 January 2023 (Restated)	-	38,919,992	-	38,919,992
Charge for the year	-	3,138,380	-	3,138,380
At 31 December 2023	-	42,058,372	-	42,058,372
<u>Net book value</u>				
At 31 December 2023	26,403,779	180,046,224	17,574,929	224,024,932
<u>31 December 2022</u>	Lands	Buildings	Capital work in progress (CWIP)	Total
<u>COST</u>				
At 1 January 2022 (Before restatement)	26,515,841	224,020,585	15,480,883	266,017,309
Prior years restatement (Note 37)	(112,062)	(1,915,989)	-	(2,028,051)
At 1 January 2022 (Restated)	26,403,779	222,104,596	15,480,883	263,989,258
Additions during the year	-	-	791,543	791,543
At 31 December 2022	26,403,779	222,104,596	16,272,426	264,780,801
<u>Accumulated depreciation</u>				
At 1 January 2022 (Before restatement)	-	36,413,131	-	36,413,131
Prior years restatement (Note 37)	-	(631,519)	-	(631,519)
At 1 January 2022 (Restated)	-	35,781,612	-	35,781,612
Charge for the year	-	3,138,380	-	3,138,380
Balance as at 31 December 2022	-	38,919,992	-	38,919,992
<u>Net book value</u>				
At 31 December 2022 (Restated)	26,403,779	183,184,604	16,272,426	225,860,809

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7. INVESTMENTS PROPERTIES, NET (CONTINUED)

7.1 The following is the measurement data for the Fair value in accordance with IFRS 13 as shown below:

Property	Fair valuation method	Significant Inputs and valuation assumptions	Fair value as at 31 December 2023	Fair value as at 31 December 2022
Lands and buildings	Market approach	Recent transactions	286,283,958	300,735,400

- The valuation techniques used are classified as level (2).
- The real estate valuation mechanism applied in evaluating investment real estate is compatible with the International Valuation Standards Council and with the directives of the Saudi Authority for Accredited Valuers "Taqeem".
- The value of these investments was recorded according to the cost model. The Company evaluated its investment properties, with a net book value amounted to SR 206,450,003 , at fair value by an independent valuation expert. (31 December, 2022: SR 209,588,383)
- The fair value referred to above did not include projects under constructions.
 - The following are the data of the evaluators who conducted the evaluation at the investment properties from "Mumtlkaty" Real Estate Valuation Group:

Valuer	Membership NO	Valuer's qualifications
Ahmed Mohammed Al-Babtain	1210000305	Licensed by the Saudi Authority for Certified Valuers (Taqeem)
Abdullah Ali Al-Shuwair	1210000540	Licensed by the Saudi Authority for Certified Valuers (Taqeem)

7.2 CWIP as of 31 December, 2023 represents infrastructure constructions on registered land having a book value amounting to SR 17,574,929 (31 December, 2022: SR 16,272,426).

7.3 Depreciation expense for the year ended 31 December, 2023, has been allocated to cost of sales by an amount of SR 3,110,350 and to general and administrative expenses by an amount of SR 28,030 (31 December,2022:cost of sales amount of SR 3,138,380)

7.4 Investment properties include lands and buildings of projects under construction held for the purpose of value appreciation amounting to SR 31,062,340 (2022: SR 29,759,837) and for rental purposes by an amount of SR 192,962,592 (2022: SR 196,100,972).

7.5 The Group recorded rental income from these investment properties during the year 2023 amounting to SR 12,580,004 (2022: SR 12,783,578 SAR).

8. INVESTMENT IN ASSOCIATE

Investment in associate consist of the following:

Company	Country	Ownership percentage	31 December 2023	31 December 2022
Rakhaa for Agricultural Investment and Development Company	Egypt	21.6%	12,892,662	3,548,828
Jannat Agricultural Investment Company	KSA	27.8%	-	-
Tabuk Fish Company	KSA	20%	-	-
			12,892,662	3,548,828

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8. INVESTMENT IN ASSOCIATE (CONTINUED)

8-1 Investment in Rakhaa for Agricultural Investment and Development Company

Janat Agricultural Investment Company (a Saudi limited liability Company) owned an investment by 77.73% of the share capital of Rakhaa Agricultural Investment and Development Company, which is a Company based in the Arab Republic of Egypt (an Egyptian joint stock Company) that produces agricultural crops. Given Janat Company was having financial difficulties and being under liquidation, On 19 February, 2020, number of 17,288 shares of Rakhaa Agricultural Investment and Development Company was transferred to Jazan Development and Investment Company, which represents 21.61% of the total number of shares of the investee Company. The shareholders' deficit in Rakhaa Agricultural Investment and Development Company reached as of 31 December, 2021 an amount of EGP 259.6 million, equivalent to SR 61.7 Million at the date of the financial position, and the investment was recorded at zero value due to the existence of that deficit in shareholders' equity, according to the Company's latest audited financial statements. On 10 February, 2022, the General Assembly of Rakhaa Agricultural Investment Company approved the decision of the Board of Directors, held on 18 July, 2022, to transfer the loan of Saudi Fund for Development amounting to EGP 327 million from a loan due to Saudi Fund for Development to interest free due to the partners of the investee company (note 22), and on 15 August 2023 the Company's Board of Directors unanimously decided to use an amount of EGP 207,401,325 to increase the Company's capital, which has been classified as under the capital increase by an amount of EGP 10,902,266 and the financing from shareholders amounting to EGP 196,499,059. An extraordinary general assembly will be called to increase the Company's capital by this amount. As a result of the changes referred to above, the investment was re-established during the year 2022 at a value of SR 3,248,741.

Based on the decision of the Executive and Investment Committee during the year 2023 by recommending to the board to approve the transfer of current account of the Jazan Development and Investment Company in the books of Rakhaa Agricultural Investment Company, that balance was transferred in the group's books to the investment account in the Rakhaa Agricultural Investment and Development Company (an Egyptian joint stock Company) during the year 2023 with an amount SR 4,678,345, till the completion of procedures related to the capital increase, which still under process by Rakhaa Agricultural Investment and Development Company (an Egyptian joint stock Company) with the regulatory authorities in the Arab Republic of Egypt.

Below is a summary of the audited financial statements of Rakhaa Agricultural Investment and Development Company for the years ending on 31 December, 2023 and 31 December, 2022:

A- Summary of the statement of financial position:

	31 December 2023	31 December 2022
	Egyptian pounds	
Current Assets	419,277,860	216,880,137
Non-current Assets	260,696,680	198,600,529
Current liabilities	172,070,999	294,985,881
Non-current liabilities	16,059,924	12,021,436
Equity	491,843,617	108,473,349
The Company's share in equity – 21.61%	21.61%	21.61%
Net investment in an associate	106,287,406	23,441,091
The exchange rate of the EGP against the SR	8.24	6.61
Net investment in the associate in SR	12,892,662	3,548,828

B- Summary of the statement of profit or loss and other comprehensive income:

	31 December 2023	31 December 2022
	Egyptian pounds	
Revenues for the year	641,752,974	344,875,110
Net income for the year	187,004,139	41,039,002
Other comprehensive income for the year	(132,930)	61,173
The Company's share in equity	21.61%	21.61%
Average exchange rate of the pound against the Saudi riyal	7.43	5.33
The group's relative share in net income	5,442,346	1,663,296

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8. INVESTMENT IN ASSOCIATE (CONTINUED)

8-2 Investment in Jannat Agricultural Investment Company

The activity of Janat Agricultural Investment Company is the establishment of agricultural projects and animal and poultry production. The Company is registered under commercial registration No.1010241588 in the city of Riyadh. The partners in Janat Agricultural Investment Company decided to liquidate the Company due to the accumulated losses exceeding more than half of its capital. Accordingly, the Group decided to close the entire investment value during the year 2018. With regard to the procedures related to the liquidation of Janat Agricultural Investment Company, it is still under progress till the date of the consolidated statement of financial position.

8-3 Investment in Tabuk Fish Company

Tabuk Fish Company's activities include farming fish and other aquatic organisms, catching and collecting marine fish, marketing marine products, manufacturing marine products, manufacturing fish containers from polystyrene, plastic, etc., manufacturing fish feed, and all industries related to the Company's activity, wholesale and retail trade in fish project equipment and supplies, in foodstuffs, commercial agencies, and establishment of restaurants and shops selling fish. The Company registered under commercial registration No. 1010215142 in the city of Riyadh.

During the period ended 30 September, 2022, the share capital of Tabuk Fish Company was amended to be SR 200,000,000, and in accordance with the capital certificate issued by Tabuk Fish Company on 20 April, 2022 and the amended articles of association dated 25 July, 2022, the ownership share of Jazan Development and Investment Company (formerly: Jazan Energy and Development Company (Jazadco)) adjusted from 20% to 10% of the capital of the investee Company, and starting from that date and based on the requirements of International Accounting Standard No. 28 "Investments in Associates", the Group stopped using the equity method and classified its share in that investment to financial investments at fair value through other comprehensive income. The Group evaluated the investment in Tabuk Fish Company at fair value through a valuation expert accredited by the Saudi Authority for Certified Valuers (Taqeem), which is the Alpha Consulting Group "Economic Establishment Evaluation" holding license No. 39120000019 and No. 44120000068. As of 30 April, 2022, the fair value of the group's share amounted to SR 21,550,000. The evaluation process resulted in profits from the difference in the fair value of the group's share in the investment in the associate Company amounting to SR 2,191,211. The fair value was determined using the market models which considered as level (2).

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8. INVESTMENT IN ASSOCIATE (CONTINUED)

8-4 The movement on investments in associated companies is as follows:

31 December 2023

	Ownership percentage	Balance as At the beginning of the year	Group's share of the result of an associate	Transfer of current account to investment	The group's share in foreign currency translation differences	Group's share of other comprehensive income of the associate	At the end of the year
Rakhaa for Agricultural Investment and Development Company	21.61%	3,548,828	5,442,346	4,678,345	(772,988)	(3,869)	12,892,662
Jannat Agricultural Investment Company	27.8%	-	-	-	-	-	-
Tabuk Fish Company	10%	-	-	-	-	-	-
		<u>3,548,828</u>	<u>5,442,346</u>	<u>4,678,345</u>	<u>(772,988)</u>	<u>(3,869)</u>	<u>12,892,662</u>

31 December 2022

	Ownership percentage	Balance as At the beginning of the year	Re-recognizing of the investment the associate after the loss elimination	Group's share of the result of an associate	The group's share in foreign currency translation differences	Group's share of other comprehensive income of the associate	Profit of fair value difference	Transferred to financial investments at fair value through other comprehensive income	At the end of the year
Rakhaa for Agricultural Investment and Development Company	21.61%	-	3,248,741	1,663,296	(1,365,674)	2,465	-	-	3,548,828
Jannat Agricultural Investment Company	27.8%	-	-	-	-	-	-	-	-
Tabuk Fish Company	10%	18,824,848	-	494,501	-	39,440	2,191,211	(21,550,000)	-
		<u>18,824,848</u>	<u>3,248,741</u>	<u>2,157,797</u>	<u>(1,365,674)</u>	<u>41,905</u>	<u>2,191,211</u>	<u>(21,550,000)</u>	<u>3,548,828</u>

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9. Investments carried at fair value through OCI

Financial investments at fair value through other comprehensive income represent shares in companies that are not held for trading, and the Group has irrevocably elected upon initial recognition to recognize changes in fair value through other comprehensive income instead of profit or loss, considering this a more appropriate option. Investments carried at fair value through other comprehensive income consist of the following:

As of 31 December , 2023

Company	Ownership percentage	Cost			Revaluation reserve						Net fair value as at the end of the year.	
		At the beginning of the year (before restatement)	Restatement	As At the beginning of the year (Restated)	Capital increase	At the end of the year	At the beginning of the year (before restatement)	Restatement (Note37)	At the beginning of the year (Restated)	Revaluation (loss) gain during the year		At the end of the year
Al Reef Sugar Refining Company	15%	45,000,000	-	45,000,000	4,725,000	49,725,000	(6,620,000)	(29,107,226)	(35,727,226)	(6,545,016)	(42,272,242)	7,452,758
Tabuk Fish Company	10%	21,550,000	-	21,550,000	-	21,550,000	(1,290,000)	-	(1,290,000)	50,000	(1,240,000)	20,310,000
Red Sea farms Cooperative Society	10%	-	50,000	50,000	-	50,000	-	-	-	-	-	50,000
		<u>66,550,000</u>	<u>50,000</u>	<u>66,600,000</u>	<u>4,725,000</u>	<u>71,325,000</u>	<u>(7,910,000)</u>	<u>(29,107,226)</u>	<u>(37,017,226)</u>	<u>(6,495,016)</u>	<u>(43,512,242)</u>	<u>27,812,758</u>

As of 31 December , 2022

Company	Ownership percentage	Cost			Revaluation reserve						Net fair value as At the end of the year (Restated)	
		At the beginning of the year	Transferred from investment in the associate (Note8)	Additions (Restated)	At the end of the year (Restated)	At the beginning of the year (before restatement)	Restatement (Note 37)	At the beginning of the year (Restated)	Revaluation gain (loss) during the year (Restated)	At the end of the year (Restated)		Net Fair Value at the beginning of the year (Restated)
Al Reef Sugar Refining Company	15%	45,000,000	-	-	45,000,000	2,900,000	(39,504,286)	(36,604,286)	877,060	(35,727,226)	8,395,714	9,272,774
Tabuk Fish Company	10%	-	21,550,000	-	21,550,000	-	-	-	(1,290,000)	(1,290,000)	-	20,260,000
Red Sea farms Cooperative Society	10%	-	-	50,000	50,000	-	-	-	-	-	-	50,000
		<u>45,000,000</u>	<u>21,550,000</u>	<u>50,000</u>	<u>66,600,000</u>	<u>2,900,000</u>	<u>(39,504,286)</u>	<u>(36,604,286)</u>	<u>(412,940)</u>	<u>(37,017,226)</u>	<u>8,395,714</u>	<u>29,582,774</u>

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9. Investments carried at fair value through OCI (CONTINUED)

Al-Reef Sugar Refining Company

The group evaluated the investment in Al-Reef Sugar Refining Company at fair value by an independent valuation expert accredited by the Saudi Residents Authority (Evaluation), which is the Alpha Consulting Group "Economic Enterprises Evaluation" holding licenses No. 3912000019 and No. 4412000068, where the fair value of the Company's share value as 31 December, 2023, amounted to SR 37,080,000. The revaluation of investments at fair value through other comprehensive income resulted in losses amounting to SR 6,025,000, which arose from the use of book value market multiple of similar companies. The Group's management decided to amend the fair value calculated by the evaluator method, in order to reflect some other risks inherent in this investment in addition to use book value multiples of companies that are more similar to the activity of the investee Company. In addition, the Group's management decided to make some other adjustments that are consistent with the size of borrowings of the investee Company. Accordingly, the management adjusted the fair value of the investee Company for all the presented years and corrected the investment values in these years (Note 37 - Prior years restatements), where the value of the investment as of 31 December, 2023 amounted to SR 7,452,758 (31 December, 2022: SR 9,272,774, 1 January, 2022 SR 8,395,714). The method used to derive the fair value is considered within Level No. (2).

Tabuk Fish Company

The group evaluated the investment in Tabuk Fish Company at fair value through an independent valuation expert accredited by the Saudi Residents Authority (Evaluation), which is the Alpha Consulting Group "Economic Establishments Evaluation" holding license No. 3912000019 and No. 4412000068, where the fair value of the Company's share was on 31 December 2023 amounted SR 20,310,000 (31 December, 2022: SR 20,260,000). The evaluation process resulted in gains from revaluing investments at fair value through other comprehensive income in the amount of SR 50,000. The fair value was determined using the price to net income before interest and tax market multiples. The method used to derive the fair value is considered within Level No. (2).

Red Sea Farms Cooperative Society

On 6 October, 2022, the group contributed to the establishment of the Red Sea Farms Cooperative Society (Tamala) with 50 shares worth SR 50,000.

10. INTANGIBLE ASSETS, NET

<u>31 December 2023</u>	<u>Programs</u>	<u>Applications</u>	<u>Trade mark</u>	<u>Total</u>
<u>Cost</u>				
At the beginning of the year	2,461,010	3,695,394	5,000	6,161,404
Balance at the end of the year	2,461,010	3,695,394	5,000	6,161,404
<u>Accumulated amortizations</u>				
At the beginning of the year	515,744	3,143,452	1,400	3,660,596
Charge for the year	251,002	226,028	450	477,480
At the end of the year	766,746	3,369,480	1,850	4,138,076
Net book value	1,694,264	325,914	3,150	2,023,328

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10. INTANGIBLE ASSETS, NET (CONTINUED)

<u>31 December 2022</u>	Programs	Applications	Trade mark	Total
<u>Cost</u>				
At the beginning of the year	2,461,010	3,670,269	5,000	6,136,279
Additions during the year	-	25,125	-	25,125
At the end of the year	2,461,010	3,695,394	5,000	6,161,404
<u>Accumulated amortizations</u>				
At the beginning of the year	264,742	2,021,814	950	2,287,506
Charge for the year	251,002	1,121,638	450	1,373,090
At the end of the year	515,744	3,143,452	1,400	3,660,596
Net book value	1,945,266	551,942	3,600	2,500,808

The amortization expense for the year has been charged to general and administrative expenses in the amount of SR 477,480 (2022: SR 1,373,090 million).

11. RIGHT OF USE ASSETS AND LEASE LIABILITIES

a) Movement on right to use assets:

	Note	31 December 2023	31 December 2022
<u>Cost</u>			
At the beginning of the year		422,190	422,190
Additions during the year		622,839	-
Disposals during the year		(422,190)	-
At the end of the year		622,839	422,190
<u>Accumulated Depreciation</u>			
At the beginning of the year		168,876	84,438
Charge for the year	28	213,704	84,438
Disposals during the year		(168,876)	-
At the end of the year		213,704	168,876
Net book Value at the end of the year		409,135	253,314

B) Lease liabilities:

	Note	31 December 2023	31 December 2022
At the beginning of the year		219,073	348,042
Additions during the year		622,839	-
Interest charged during the year	31	29,280	21,031
Disposals during the year		(219,073)	-
Paid during the year		(249,400)	(150,000)
At the end of the year		402,719	219,073
Non-current portion		155,919	184,969
Current portion		246,800	34,104
Total		402,719	219,073

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11. RIGHT OF USE ASSETS AND LEASE LIABILITIES (CONTINUED)

The payment schedule for lease is as follows:

	<u>31 December 2023</u>	<u>31 December 2022</u>
During 1 Year	249,400	50,000
During 2 Year	185,400	200,000
	434,800	250,000

12. BIOLOGICAL ASSETS

	<u>31 December 2023</u>			<u>31 December 2022</u>		
	Biological assets "shrimps" (at fair value)	Agricultural crops (Cost)	Total	Biological assets "shrimps" (at fair value)	Agricultural Crops (Cost)	Total
Balance at beginning of the year (Before Restatement)	32,380,765	1,496,746	33,877,511	20,810,116	3,371,935	24,182,051
Restatement (Note 37)	-	(1,282,724)	(1,282,724)	-	-	-
Balance at beginning of the year (Restated)	32,380,765	214,022	32,594,787	20,810,116	3,371,935	24,182,051
Costs incurred during the year	59,770,515	3,419,565	63,190,080	56,456,682	959,067	57,415,749
Transfer to inventory	(55,855,324)	(2,463,598)	(58,318,922)	(49,211,611)	(2,834,256)	(52,045,867)
Transfer to fruitful Trees Restated (Note 12-1)	-	-	-	-	(1,282,724)	(1,282,724)
The gain resulting from changes in fair value (Note 12-4)	11,915,372	-	11,915,372	4,325,578	-	4,325,578
Balance as of 31 December	48,211,328	1,169,989	49,381,317	32,380,765	214,022	32,594,787

12-1 The expenses transferred to CWIP in property, plant and Equipment for planting fruitful trees amounted SR 1.2 million, mainly represents the expenses of fertilizer, seeds and salaries of the workers responsible for the process of planting these trees, which are charged based on the rates of loading working hours according to management estimates.

The group's management did not charge these expenses to projects under construction in the consolidated financial statements for the year 2022, and therefore this was corrected in the comparative figures of 2023 the consolidated financial statements (Restatement - Note 37).

12-2 All biological assets are classified as current assets because the harvesting process takes place during one operational cycle and within a year and they are also harvested for sale through the group's operational activities.

12-3 Depreciation of property, plant and equipment amounting to SR 3,668,474 was charged to the biological assets of shrimp and amount of SR 1,040,564 was charged to agricultural crops (2022: SR 4,771,892 and SR 821,138 , respectively).

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12- BIOLOGICAL ASSETS (Continued)

12-4 Fair value measurement of the biological assets “shrimp” was conducted for the financial year ended on 31 December , 2023 by a certified appraiser specialized in evaluating the biological assets “shrimp” held by the group. The shrimp evaluation process includes checking the reasonableness of the quantities of the shrimps in the ponds as well as determining the selling prices for the shrimps. Determining shrimps quantities requires making estimated and systematic calculations and converting them into measurements to determine pond weights, which depend mainly on survival rates. Management performs Stock taking to match estimated quantities with calculated quantities. The appraiser relied on the Company 's records, ensured their reasonableness, and took samples of them to ensure their conformity, then he calculated the market selling prices for all sizes of the biological assets, "shrimps," and then the total fair value of the "shrimps." The fair value, according to the appraiser’s estimates, amounted to SR 65,179,100. Management reviewed the prices used by the appraiser and decided to amend it in order to be consistent with the future selling prices expected by management. Accordingly, the fair value according to management’s estimates amounted to SR 48,211,328 (2022: SR 32,380,765), which resulted in valuation gains for the biological assets “shrimp” by an amount of SR 11,915,372 (2022: SR 4,325,578). Biological assets related to agricultural crops amounting to SR 1,169,989 (2022: SR 214,022) are stated at cost. Due to the inability to evaluate them at fair value due to the absence of an active market for agricultural crops for farms in Saudi Arabia, and the inability to quantify the quantities cultivated, as well as the lack of observable market data due to significant differences in location, environment, associated costs, average return for each agricultural crop, as well as the inability to apply the discounted cash flows evaluation method due to the nature and seasonality of those crops.

Below are the details of the certified evaluator appointed by the group’s management for the valuation of the biological assets “ shrimps “ :

Valuer	Membership NO	Valuer’s qualifications	Basis for valuation
White Cubes Professional Consulting Company	1210000474	Accredited Valuers registered with Saudi Authority for Accredited Valuers	Market value

12-5 Risk management of biological assets

The Group is exposed to the following risks related to its agricultural activities:

A) Failure to secure feed in the long term

Some challenges occur as a result of geopolitical circumstances that may affect the global maritime transport of imported feed and are on a short-term basis. Locally-made feeds are used as a suitable alternative if the crisis worsens for supply feeds in the full quantities required.

b) Widespread loss of Biological assets due to diseases/epidemic outbreaks

The management monitors the health of the shrimps through laboratory examination and daily follow-ups, as well as in cooperation with the Ministry of Agriculture by withdrawing periodic samples from the farm. When a disease outbreak occurs, extent of risk is notified to the farm and proposals and recommendations are presented based on consultations with the Ministry. If an infection occurs on the farm, the Ministry is notified, the extent of its seriousness is determined, the infected spot is identified to isolate it from the rest, and treatment and control are carried out according to the Ministry’s protocols.

c) Severe operational risks

The management constantly seeks to find alternative solutions and plans to confront all operational risks in the project. The Company also has the last solution, which is harvesting, since the Company has a capacity of more than 22 tons of fresh shrimps.

13. INVENTORY

	Note	31 December 2023	31 December 2022
Finished goods	13-1	30,801,398	24,956,915
Raw materials		5,644,568	3,652,911
Spare parts		3,058,322	3,104,442
		39,504,288	31,714,268
(Less): Provision for Slow moving inventory spare parts	13-2	(914,698)	(1,400,000)
		38,589,590	30,314,268

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13. INVENTORY (Continued)

13-1 There are finish goods on consignment in the warehouses of an external party, “Shar Food Solutions Company ,” which are stored for the benefit of the group and their value amounted to SR 12,154,397 (2022 : SR 8,460,556)

13-2 The following table shows the movement in the provision for Slow Moving Inventory for spare parts inventory:

	<u>31 December 2023</u>	<u>31 December 2022</u>
Balance at the beginning of the year	1,400,000	100,000
Provision during the year	-	1,300,000
Inventory written off during the year	(485,302)	-
Balance at the end of the year	914,698	1,400,000

13-3 The cost of inventory issued and charged to cost of sales amounted to SR 67,971,791 (2022: SR 60,925,343).(Note 26).

13-4 The costs of producing finished goods inventory of biological assets included amounts transferred from biological assets amounting to SR 58,318,922 (2022: SR 52,045,867).

13-5 The costs of producing commercial water bottling products also included depreciation of property, plant and equipment amounted to SR 2,589,040 (2022: SR 2,402,824) (Note 6-8).

13-6 Management measured the net realizable value of the inventory as of 31 December , 2023, which resulted in a decrease in the value of the finished goods inventory by an amount SR 1,651,566 , which was directly reduced from the value of the finished goods inventory and charged to the cost of sales (31December , 2022: nil).

14. INVESTMENTS CARRIED AT FAIR VALUE THROUGH P&L

Investments at fair value through profit or loss are represented in an investment portfolio, managed by Yaqeen Capital, which is accounted for at fair value through profit or loss , which was fully disposed off in year 2023. The following is a of the movement of those investments:

	<u>31 December 2023</u>	<u>31 December 2022</u>
Balance at the beginning of the year	23,257,325	-
Additions during the year	-	25,000,000
Revaluation gain of investments at fair value through profit or loss	213,644	257,325
Disposals during the year	(23,470,969)	(2,000,000)
Balance at the end of the year	-	23,257,325

15. ACCOUNTS RECEIVABLE, NET

	<u>Note</u>	<u>31 December 2023</u>	<u>31 December 2022</u> (Restated note 37)
Accounts receivable		26,256,238	33,051,843
less: provision for ECL	15-1	(12,005,719)	(13,470,801)
		14,250,519	19,581,042

15-1 The movement on the allowance for expected credit losses is as follows:

	<u>31 December 2023</u>	<u>31 December 2022</u> (Restated note 37)
Balance at the beginning of the year (Before restatement)	9,332,037	6,247,784
Prior year restatement	4,138,764	-
Balance at the beginning of the year (Restated)	13,470,801	6,247,784
(Reversal) / provision for the year	(1,465,082)	7,223,017
Balance at the end of the year	12,005,719	13,470,801

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15. ACCOUNTS RECEIVABLE, NET (Continued)

The aging of the accounts receivable is as follows :

	1-90 day	91-180 day	181-270 day	271-365 day	More than 365 day	Total
31 December, 2023						
Accounts receivable - Gross	5,095,683	4,150,462	2,248,794	2,997,138	11,764,161	26,256,238
Less: ECL allowance	(731,845)	(522,532)	(957,435)	(1,592,655)	(8,201,252)	(12,005,719)
Net accounts receivables	4,363,838	3,627,930	1,291,359	1,404,483	3,562,909	14,250,519
Average loss rates (%)	(%14)	(%13)	(%43)	(%53)	(%70)	(%46)
31 December, 2022						
Accounts receivable - Gross	9,769,828	4,468,512	3,710,436	2,285,707	12,817,360	33,051,843
Less: ECL allowance	(1,914,029)	(1,337,688)	(1,323,338)	(1,016,739)	7,879,007	(13,470,801)
Net accounts receivables	7,855,799	3,130,824	2,387,098	1,268,968	4,938,353	19,581,042
Average loss rates (%)	(%20)	(%30)	(%36)	(%44)	(%61)	(%41)

16. PREPAYMENT AND OTHER RECEIVABLES, NET

	Note	31 December 2023	31 December 2022
Advances to suppliers		5,895,647	6,372,697
less: provision for advance payments to suppliers	16-2	(2,698,693)	(2,990,677)
		3,196,954	3,382,020
Deposits with others	16-1	2,024,540	2,076,133
Receivables of Support of Shrimp Sales – Ministry of Agriculture		700,144	811,977
Employee Receivables		607,794	569,655
VAT		522,669	839,370
Prepaid expenses		469,931	447,641
Other receivables		10,468	386,831
		7,532,500	8,513,627

16-1 Deposits with other includes an amount of SR 2,000,000 paid as deposit to Qatuf Daniyah Company , in order to conduct a study to acquire part of Qatuf Daniyah Company until the deciding of the investment. The amount is guaranteed by a promissory note in accordance with the Board of Directors' decision dated 29 November 2022. During the year 2023, a decision was made not to continue in this investment, and therefore it was agreed with Qatuf Dania Company to reschedule this value in addition to its accounts receivable balance amounting to SR 1,976,687.

16-2 The movement on the provision for advances to suppliers is as follows:

	31 December 2023	31 December 2022
		(Restated Note 37)
Balance at the beginning of the year (Befor restatement)	500,000	-
Restatement (Note 37)	2,490,677	-
Balance at the beginning of the year (restated)	2,990,677	-
(Reversal) / Provision for the year	(291,984)	2,990,677
Balance at the end of the year	2,698,693	2,990,677

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17. CASH AND CASH EQUIVALENT

	<u>31 December 2023</u>	<u>31 December 2022</u>
Cash at Banks	16,626,921	1,728,172
Cash on hand	147,342	317,637
	<u>16,774,263</u>	<u>2,045,809</u>

17.1 Non-cash transactions:

	<u>31 December 2023</u>	<u>31 December 2022</u>
Transferring the statutory reserve to retained earnings	(85,409,994)	-
Transferred from CWIP to property, plant and equipment	647,697	18,833,396
Transfer from biological assets to inventory	58,318,922	52,045,867
Write off the provision for slow moving inventory	(485,302)	-
Transfer of the current account of the associate to the investment	4,678,345	-
Additions of right-of-use assets against lease liabilities	622,839	-
Revaluation losses of investments at fair value through OCI	(6,495,016)	(412,940)
Transfer from prepaid expenses and other receivables, to financial investments at fair value through OCI.	-	50,000
The Company 's share in the other comprehensive income of the associate	(3,869)	41,905
Foreign currency translation differences losses of the associate Company	(772,988)	(1,365,674)
Transfer from investments in associates to financial investments at fair value through OCI	-	21,550,000
Actuarial gain/(loss) on remeasurement of employee benefit obligations	149,253	(1,375,011)

18. STATUTORY RESERVE

Previously, in accordance with bylaws, the group was transferring 10% of the net profit to the statutor reserve, but the extraordinary General Assembly (second meeting), which was held on 26, December, 2023, decided to approve the Board of Directors' recommendation to use part of the statutory reserve amounting to SR 85,409,994 to settle all of the Company 's accumulated losses and transfer the balance to retained earnings .

19. LONG TERM LOANS

Term loans are classified as follows:

	<u>Note</u>	<u>31 December 2023</u>	<u>31 December 2022</u>
Al Rajhi Bank loan	19-1	-	4,074,975
Agricultural Development Fund Loan (1)	19-2	15,602,735	15,092,791
Agricultural Development Fund Loan (2)	19-3	5,793,963	5,576,590
Agricultural Development Fund Loan (3)	19-4	19,360,677	-
		<u>40,757,375</u>	<u>24,744,356</u>

Term loans are classified and presented as follows:

Less: term loans - current portion	<u>690,629</u>	<u>19,081,916</u>
Term loans - non-current portion	<u>40,066,746</u>	<u>5,662,440</u>

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19. LONG TERM LOANS(CONTINUED)

Long-term loans represent as below:

19-1 Al Rajhi Bank loan

- On 17 Shawwal, 1438 (corresponding to 11 July, 2017), Jazan Development and Investment Company signed a facility agreement with Al-Rajhi Bank and the value of those facilities amounted to SAR 40,000,000. An amount of SR 14,996,712 was received for the purpose of financing the group's projects secured by mortgaging buildings in investments properties and the assignment of annual rents for the mortgaged buildings, in addition to promissory notes and performance guarantee signed by the main shareholders of the group. The loan agreement included some financial covenants.

Al Rajhi Bank loan was repaid on the date of 29 Muharram 1445 (corresponding to 16 August 2023) and accordingly the mortgage has been released.

19-2 Agricultural Development Fund loan

- On 8 Shaban 1442 AH (21 March, 2021), Jazan Development and Investment Company signed a long-term loan agreement with the Saudi Agricultural Development Fund for an amount of SR 15,000,000 for the purpose of financing the operating costs of shrimp farming. The loan is secured by mortgaging ownership deeds of the included project assets (equipment and machinery). The agreement included a commitment by Jazan Development and Investment Company not to dispose of the areas that exist on the land on which the loan was granted, or in which work stops. The farm or project may be disposed of in any way, whether these areas were previously lent or not, except after written approval from the Fund along with some other conditions and pledges contained in the contract. During the first quarter of 2023, the Company obtained final approval to postpone the payment of the loan installment for two years, provided that total loan amount is paid in one installment on Shawwal 1, 1446 (corresponding to 31 March, 2025).

19-3 On 8 Shaban 1442 (21 March, 2021), Jazan Development and Investment Company signed a long-term loan agreement with the Saudi Agricultural Development Fund by an amount of SR 5,902,781 for the purpose of contributing to a shrimp breeding project. The loan is secured by pledging title deeds to mortgage the included project assets (equipment and machinery). The agreement included a commitment by Jazan Development and Investment Company not to dispose off the areas that exist on the land on which the loan was granted or on which it depends. On the work of the farm or the project on it in any form of disposal, whether these areas were previously lent or not, except after written approval from the Fund along with some other conditions and pledges contained in the contract, loan is to be paid on equal annual installments, an amounting SR 590,278 each. The first installment is due on 21 March, 2024.

19-4 On 21 Jumada Al-Awwal 1445 (16 November, 2023), Jazan Development and Investment Company signed a long-term loan agreement with the Saudi Agricultural Development Fund by an amount of SR 21,000,000, where the full loan amount was received in December, 2023, for the purpose of contributing to an operational loan for a shrimp farming project. The loan is guaranteed by mortgaging the included project assets (equipment and machinery). The agreement included a commitment by Jazan Development and Investment Company not to dispose off areas on which the loan was granted or on which the operation of the farm or project depends in any form of disposal, whether these areas were previously lent or not, except after written approval from the Fund along with some other conditions and pledges contained in the contract. The loan will be paid is repaid in one installment. On 25 Jumada al-Ula 1447 AH (corresponding to 16 November 2025). The loan was discounted on the basis of the average interest rates prevailing in the market for loans of a similar nature, so that its present value amounts to SR 19,264,350. The difference between the loan received and its present value was recognized as a government grant in the amount of SR 1,735,650 included in the Consolidated statement of profit or loss and other comprehensive income.

The repayment schedule for term loans is as follows:

	31 December 2023	31 December 2022
Due within one year	690,629	19,329,975
Due in 2-5 years	40,676,500	2,361,112
Due more than 5 years	3,453,130	3,541,668
Total amount due	44,820,259	25,232,755
Less: present value of loans balances	(4,062,884)	(488,399)
	40,757,375	24,744,356

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20. EMPLOYEE BENEFIT OBLIGATIONS

The Group determines the present value of employee benefit obligations by performing an actuarial valuation using the expected unit addition method. The following are the set of assumptions used to determine the present value according to the actuarial valuation:

	<u>31 December 2023</u>	<u>31 December 2022</u>
Discount rate per year	5.05%	5.15%
Salary increase rate “annually” - for the year	5%	5%
Salary increase rate “annually” – beyond that	5%	5%
Death rate	0.09%	0.09%
Employee turnover (withdrawal) rate	<u>14%</u>	<u>14%</u>

20-1 The movement in employees benefit Obligation is as follows:

	<u>31 December 2023</u>	<u>31 December 2022</u>
Opening balance of employees benefits plan obligations	7,826,008	8,935,262
<u>Charged to the consolidated Statement of profit or loss(P&L)</u>		
Current service cost	1,119,608	1,144,476
Interest cost (Note 31)	378,479	224,199
<u>Charged to the consolidated statement of other comprehensive income</u>		
(Losses) profit on re-measurement of employee benefit obligations	(149,253)	1,375,011
Paid during the year	<u>(950,600)</u>	<u>(3,852,940)</u>
Employees benefits obligations balance at end of year	<u>8,224,242</u>	<u>7,826,008</u>

20-2 The amount charged to the consolidated statement of profit or loss:

	<u>31 December 2023</u>	<u>31 December 2022</u>
Service cost	1,119,608	1,144,476
Financing cost on the net benefit obligation	378,479	224,199
The total amounts charged to the consolidated statement of profit or loss	<u>1,498,087</u>	<u>1,368,675</u>

20-3 The amount charged to the consolidated statement of comprehensive income:

	<u>31 December 2023</u>	<u>31 December 2022</u>
Actuarial gains resulting from a change in demographic assumptions	-	-
Actuarial losses resulting from changes in financial assumptions	68,544	93,363
Actuarial losses due to experience adjustments	(217,797)	1,281,648
Return on program assets	-	-
The amount charged to other comprehensive income	<u>(149,253)</u>	<u>1,375,011</u>

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20. EMPLOYEE BENEFIT OBLIGATIONS(CONTINUED)

20-4 The sensitivity of end-of-service benefits to changes in the basic weighted assumptions is:

Basic assumptions	Change in assumptions	Increase/(decrease) in the present value of <u>employee benefit obligations</u>	
		31 December 2023	31 December 2022
Discount rate	-1%	7,558,713	7,192,747
Discount rate	+1%	8,997,468	8,538,328
Salary increase rate	-1%	9,031,454	8,572,715
Salary increase rate	+10%	7,517,754	7,151,985
death rate	-10%	8,223,197	7,814,805
death rate	+10%	8,225,290	7,816,290
Staff turnover rate	-10%	8,168,391	7,772,433
Staff turnover rate	+1%	8,284,592	7,861,948

The above sensitivity analysis was determined according to a method whereby the impact on employees' end-of-service benefits is expected from reasonable changes in the basic assumptions determined at the end of the financial reporting period. The sensitivity analysis is based on a change in important assumptions, with all other assumptions remaining constant. The sensitivity analysis may not be indicative of an actual change in the defined benefit obligation, as it is unlikely that changes in the assumptions will occur independently of each other.

20-5 Maturity

	31 December 2023	31 December 2022
First year	1,050,906	960,087
Second Year	904,520	644,944
Third Year	517,127	896,630
the fourth year	494,661	508,877
Fifth year and beyond	10,806,306	10,362,993
Total undiscounted liabilities	13,773,520	13,373,531
Less: financing cost	(5,549,278)	(5,547,523)
	8,224,242	7,826,008

Employee benefits obligations include an amount of SR 489,318 (2022: SR 2,283,519). related to executive management in the amount

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21. RELATED-PARTY TRANSACTIONS AND BALANCES

The Group has transactions with each other and with other related parties. The relevant parties in senior management are the members of the Board of Directors and senior management employees of the group, where senior management employees are considered the persons who exercise authority and responsibility in planning, managing and monitoring the activities of the group directly or indirectly, including managers. Prices and payment terms are approved and authorized by the group's management. All material transactions between the entities of the group have been settled in these consolidated financial statements.

A) The most important transactions with related parties are as follows:

Related parties	Nature of relationship	Nature of transactions	Volume of transactions during the year			
			31 December 2023		31 December 2022	
			Debit	Credit	Debit	Credit
Mrs. Sarah Al-Humaidi Rabie Al-Harbi	Partner in a subsidiary Company	payments on due balances	15,000	-	-	-
Mr. Suleiman bin Ahmed Al-Ismail	Executive Director of a subsidiary company	Paying expenses on behalf of the Group	130,927	144,846	94,263	104,578
Rakhaa Agricultural Investment Company	Associate Company	Collections	-	863,210	-	-
		Increase of capital through the current	-	4,678,345	-	-

b) The balances due from a related party are as follows:

	31 December 2023	31 December 2022 (Restated) note 37	1 January 2022 (Restated) note 37
Rakhaa Agricultural Investment Company	-	5,541,555	5,541,555
	<u>-</u>	<u>5,541,555</u>	<u>5,541,555</u>

As at 31 December 2022, the Group believes that the balance due from related parties will be paid upon demand. As a result, these balances are classified as current assets. These balances bear no interest and there is no set repayment schedule. Balances due from related parties are not secured, but management believes that all related parties are in good financial position and have sufficient funds to settle the balances upon demand.

C) The balances due to related parties are as follows:

	31 December 2023	31 December 2022	1 January 2022
Mrs. Sarah Al-Humaidi Rabie Al-Harbi	-	15,000	15,000
Mr. Suleiman bin Ahmed Al-Ismail	24,234	10,315	-
	<u>24,234</u>	<u>25,315</u>	<u>15,000</u>

As at 31 December, 2023 and 2022, the Group believes that related party balances will be settled upon demand. As a result, these balances are classified as current liabilities.

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21. RELATED-PARTY TRANSACTIONS AND BALANCES (CONTINUED)

D) The remuneration of members of the Board of Directors and key management personnel is as follows:

	Nature of transaction	31 December 2023	31 December 2022
Senior management staff	Salaries, allowances and incentives	3,226,738	5,975,856
Independent directors	bonuses and allowances	850,000	1,106,304
Executive Board Members	bonuses and allowances	272,000	153,000
		4,348,738	7,235,160

22. COMMITMENT AGAINST THE LOAN GUARANTEE OF AN ASSOCIATE

During the year 2009, Rakhaa for Agricultural Investment and Development Company (an Egyptian joint stock Company) (an associate Company) obtained a loan for an amount of SR 100 million from Saudi Fund for Development, with guarantees provided by the partners in Janat Agricultural Investment Company. Due to the deficit in the financial statements and the inability of Rakhaa Agricultural Investment and Development Company to pay, the Saudi Fund for Development notified Jannat Agricultural Investment Company (an associated Company) that as of 24 October, 2016, the loan due to the Fund from Rakhaa Agricultural Investment and Development Company (an Egyptian joint stock Company) has been implicitly transferred to the guarantors of the loan and the requested of the guarantor partners to quickly pay the loan, Although, Jazan Development and Investment Company is a partner in Janat Agricultural Investment Company therefore, amount equivalent to the loan guarantee percentage of 21.61% amounting SR 20,194,853 to Jazan Development and Investment Company (Jazadco),. It was agreed on 31 July, 2019 to reschedule the loan to be repaid in equal semi-annual installments ending on 30 April, 2027. The agreement stipulated that the Saudi Development Fund was entitled to demand immediate payment in the event that the guarantor companies did not comply with the payment and given the non-compliance of the payment to pay the due installments, the full amount of loan has been classified to current liabilities. The balance of the liability against the associate's loan as of 31 December, 2023 amounted to SR 17,602,594 (31 December, 2022 (restated): SR 17,602,594) (1 January, 2022 : SR 17,602,594).

During the year, the shareholders of Rakhaa Agricultural Investment and Development Company (an Egyptian joint stock Company) agreed to transfer the balance of the loan recorded in the books of Rakhaa Agricultural Investment and Development Company to become a free of interest loan from shareholder in the Egyptian pound, and then transferred this amount to settle the Company's accumulated losses for the purpose of supporting the company. The general assembly of Rakhaa for Agriculture Investment and Development Company (an Egyptian joint stock Company) held on 18 July, 2022 approved this transactions.

23. TRADE PAYABLES, ACCRUED EXPENSES, AND OTHER LIABILITIES

	31 December 2023	31 December 2022
Accounts payable	15,196,876	15,992,157
Employees' Accruals	3,518,330	2,905,132
Unearned rent revenue	1,134,971	1,258,549
Due to board of directors members (Note 21)	819,016	179,016
Rental deposits	719,344	681,350
Underwriting creditors	479,900	479,900
Accrued expenses	457,786	240,205
Due to executive committees (Note 21)	369,000	425,636
Advances from customers	328,620	1,386,710
Guarantees from contractors	176,252	176,252
Deferred loan income	-	550,815
Others	206,139	-
	23,406,234	24,275,722

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24. ZAKAT PROVISION

a) Components of Zakat base

	<u>31 December 2023</u>	<u>31 December 2022</u>
Equity at the beginning of the year	513,232,319	505,637,451
Provisions and non-current liabilities – at beginning of the year	13,673,417	72,064,548
Non-current assets	(491,850,886)	(485,819,505)
Profit for the year before zakat	<u>4,796,021</u>	<u>(12,937,951)</u>

Some amounts have been adjusted to arrive at the Zakat payable for the year.

Zakat is due at the rate of 2.5% of the approximate zakat base and net income, whichever is higher.

b) The movement in Zakat provision for the year

	<u>31 December 2023</u>	<u>31 December 2022</u>
Balance at the beginning of the year	13,942,251	12,651,496
charged during the year	3,272,354	3,069,879
Paid during the year	(2,424,754)	(1,779,124)
Balance at the end of the year	<u><u>14,789,851</u></u>	<u><u>13,942,251</u></u>

c) Zakat Status for the holding company :

Years from 2006 until 2010:

The Zakat, Tax and Customs Authority has issued the amended zakat and tax assessment by imposing additional zakat amounting to SR 11,844,023, and a withholding tax (paid in excess) of SR 1,134,079. The dispute was requested to be settled by Authority of the Tax and Zakat Dispute Settlement Committee, but no satisfactory result for the Company was reached. Claim have been registered in the zakat and tax settlement committees.

Years from 2014 until 2018:

The Zakat, Tax and Customs Authority issued a zakat assessment on the company for those years by imposing additional zakat in amounting to SR 4,434,244, and the zakat differences claimed 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 adjudication committees, and the decision of the adjudication committee was issued for the years from 2015 to 2018, with the acceptance of the land deduction clause - which is one of the significant differences - and the rest of the items has been appealed. The year 2014, it is still under the Preliminary committees.

Years 2019 and 2020:

The Zakat, Tax and Customs Authority issued the zakat assessment by imposing additional zakat in the amounting to SR 1,426,660 for the year 2019, and SR 1,920,951 for the year 2020, and an objection was submitted for these amounts, and a decision was issued by the Authority to reject 2019 objection, and the objection was escalated to the tax adjudication committees, and awaiting the authority's decision regarding the 2020 objection.

The objections submitted by the company are based on the zakat law and its executive regulations.

Years 2021 and 2022:

The Company has submitted zakat returns for the years 2021 and 2022.

d) Zakat Status for Subsidiaries

Fish Day Company (Subsidiary):

The Company has submitted zakat returns for the year ended on 31 December , 2022, and the Company did not obtain any zakat assessment from the Zakat, Tax and Customs Authority.

Mango Jazan Company (subsidiary):

The Company submitted zakat returns for the year ended on 31 December , 2022, and the Company did not obtain any zakat assessment from the Zakat, Tax and Customs Authority.

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25. REVENUES, NET

<u>Sales of Goods</u>	<u>31 December 2023</u>	<u>31 December 2022</u>
Shrimps and fishes *	48,893,675	36,305,830
Water Bottles	14,176,503	19,875,138
Agriculture crops	8,681,067	8,929,147
<u>Rendering of services</u>		
Rental income	12,580,004	12,783,578
	<u>84,331,249</u>	<u>77,893,693</u>

* Shrimp sales includes external sales “export” to Russia amounting to SR 7,112,322 (2022: SR 1,084,247)

Timing of revenue recognition:

	<u>31 December 2023</u>	<u>31 December 2022</u>
At a point in time	71,751,245	65,110,115
over a period of time	12,580,004	12,783,578
	<u>84,331,249</u>	<u>77,893,693</u>

26. COST OF REVENUES

	<u>31 December 2023</u>	<u>31 December 2022</u>
Consumed inventory of biological asset - shrimps and fishes	51,180,304	37,541,388
Consumed inventory of biological asset - agricultural products	5,083,039	4,655,905
Consumed inventory product inventory – water bottles	11,683,993	18,671,200
Damaged stock	24,455	56,850
Total inventory consumed (Note 13-3)	<u>67,971,791</u>	<u>60,925,343</u>
Packaging expenses	483,871	160,493
Wages and salaries	1,255,578	1,271,910
Depreciation of property , plant and equipment (Note 6-8)	282,056	-
Depreciation of investment properties (Note 7-3)	3,110,350	3,138,380
Other	875,502	931,766
	<u>73,979,148</u>	<u>66,427,892</u>

27. Gain on Fair value valuation of biological assets

The amount represents the value of the gains arising upon initial recognition of the biological assets “shrimps” resulting from the change in the fair value of the biological assets “shrimp” less cost of sell ,which amounted during the year ending 31 December, 2023 to SR 11,915,372 (31 December, 2022: SR 4,325,578).

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28. GENERAL AND ADMINISTRATIVE EXPENSES

	31 December 2023	31 December 2022
		(Restated Note 37)
Salaries and wages expenses	12,261,449	11,462,564
Fees, subscriptions and insurance	2,921,997	868,343
Studies and consultations	1,250,849	793,022
Depreciation of property, plant and equipments (note 6)	942,908	299,786
Repair, maintenance and fuel	853,008	196,375
Electricity, water and cleaning	836,422	215,594
Amortization of intangible asset (Note 10)	477,480	1,373,090
Board members and Executive committee allowances and rewards	1,122,000	1,259,304
Depreciation Right Of Use Assets (Note 11)	213,704	84,438
Hospitality	176,121	109,986
Phone and post	112,001	67,075
Board members allowances and remuneration	0	0
Bank charges	65,355	23,139
Depreciation investment property (note 7-3)	28,030	-
Rents	26,925	363,174
Stationery and prints	18,469	27,975
Other general expenses	690,846	3,280,589
	21,997,564	20,424,454

29. SELLING AND MARKETING EXPENSES

	31 December 2023	31 December 2022
Salaries and wages expenses	2,723,898	3,355,404
Transportation and shipping expenses	1,345,557	1,573,236
Rentals	778,634	78,978
Advertising	645,106	493,055
Maintenance and fuel	424,695	347,208
Fees and subscriptions	304,775	306,875
Commissions	262,234	100,393
Depreciation of property, plant and equipments (Note 6)	228,910	382,120
Insurance	121,600	104,138
Other marketing expenses	166,453	745,550
	7,001,862	7,486,957

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30. OTHER INCOME ,NET

	<u>31 December 2023</u>	<u>31 December 2022</u>
Shrimp sales support - Ministry of agriculture	3,137,835	3,110,146
Amortization of deferred loan income	550,815	-
Losses on cancellation of lease contracts	(34,241)	-
Others	217,753	257,971
	<u>3,872,162</u>	<u>3,368,117</u>

31. FINANCE COSTS

	<u>Note</u>	<u>31 December 2023</u>	<u>31 December 2022</u>
Loans interest		999,770	1,103,053
Amortization of interest of employees benefits obligations	20	378,479	224,199
Amortization of interest on the lease liabilities	11	29,280	21,031
		<u>1,407,529</u>	<u>1,348,283</u>

32. Commitments

	<u>Note</u>	<u>31 December 2023</u>	<u>31 December 2022</u>
Planned sanitation works		780,567	-
lighting works for the project		224,250	-
Road works contract		1,276,721	-
		-	-

33. EARNINGS PER SHARE

Earnings per share for the years ending on 31 December, 2023 and 2022 are calculated by dividing the net profit for the year attributable to the shareholders of the Holding Company by the weighted average number of shares outstanding for those years, which is 50,000,000 shares.

	<u>31 December 2023</u>	<u>31 December 2022</u>
Net profit for the year attributable to the group's shareholders	1,759,734	10,711,721
Weighted average number of shares outstanding	50,000,000	50,000,000
Earnings per share	<u>0.04</u>	<u>0.21</u>

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34. NON-CONTROLLING INTERESTS

Summarized financial information of the Group's subsidiaries that have non-controlling interests is set out below. The summarized financial information below represents the amounts before inter company eliminations.

	<u>31 December 2023</u>	<u>31 December 2022</u>
Non-current assets	901,006	1,162,676
Current assets	3,678,148	2,542,386
Non-current liabilities	127,194	267,603
Current liabilities	6,291,588	4,050,048
Ownership rights attributable to the Company 's shareholders	(1,776,181)	(787,686)
Non-controlling interests	(63,447)	175,097
Revenues for the year	10,296,359	7,516,152
Net loss for the year	(1,219,765)	(3,134,036)
Other comprehensive((Loss)/ /Income	(7,275)	17,666
Net loss attributable to:		
Shareholders of the Group	(983,698)	(2,290,387)
Non-controlling interests	(236,067)	(843,649)
Total comprehensive loss attributable to:		
Shareholders of the Group	(988,496)	(2,277,854)
Non-controlling interests	(238,544)	(838,516)

35. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Group's activities expose it to the following financial risks through its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk (including interest rate risk and foreign exchange risk)
- Capital risk management

The Group's risk management program generally focuses on the unpredictability of financial markets and therefore seeks to minimize potential negative impacts on the Group's financial performance.

35-1 Financial instruments by category:

	<u>As at 31 December 2023</u>	<u>As at 31 December 2022 (Restated)</u>	<u>As at 1 January 2022 (Restated)</u>
Financial assets at amortized cost:			
Cash and cash equivalent	16,774,263	2,045,809	15,364,149
Due from a related party	-	5,541,555	5,541,555
Accounts receivable, net	14,250,519	19,581,042	37,375,244
Other receivables,net	3,342,946	3,844,596	841,560
Total financial assets at amortized cost	34,367,728	31,013,002	59,122,508
Financial assets at fair value:			
Investments carried at fair value through P&L	-	23,257,325	-
Investments carried at fair value through OCI	27,812,758	29,582,774	8,395,714
Total financial assets at fair value	27,812,758	52,840,099	8,395,714
Total financial assets	62,180,486	83,853,101	67,518,222

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35. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)
35-1 Financial instruments by category (CONTINUED)

	As at 31 December 2023	As at 31 December 2022 (Restated)	As at 1 January 2022 (Restated)
Financial liabilities at amortized cost:			
Trade payables, accrued expenses and other liabilities	21,942,644	21,079,648	16,666,094
Due to related parties	24,234	25,315	15,000
Unclaimed dividends	5,363,363	5,625,183	5,630,528
Commitment against guarantee an associate	17,602,594	17,602,594	17,602,594
Lease liabilities	402,719	219,073	348,042
Long-term loans	40,757,375	24,744,356	27,122,606
Total financial liabilities	86,092,929	69,296,169	67,384,864

The Group does not have any financial liabilities at fair value through profit or loss.

35-2 Financial instruments and related disclosures
35-2-1 Credit risk

Credit risk is the failure of one party to a financial instrument contract to fulfill its contractual obligations, which leads to the group incurring financial losses. The group is exposed to credit risk on cash balances with banks required from related parties as follows:

	As at 31 December 2023	As at 31 December 2022 (Restated)	As at 1 January 2022 (Restated)
Cash and cash equivalent	16,774,263	2,045,809	15,364,149
Due from a related party	-	5,541,555	5,541,555
Accounts Receivable	14,250,519	19,581,042	37,375,244
Prepaid expenses and other receivables, net	3,342,946	3,844,596	841,560
	34,367,728	31,013,002	59,122,508

The carrying value of financial assets represents the maximum credit risk.

Accounts Receivable

The Group seeks to limit credit risk in respect of receivables through grouping based on common credit risk characteristics.

The Group measures the loss allowance for receivables by setting credit limits for individual customers and monitoring outstanding balances on an ongoing basis. Clients classified as "high risk" are placed on a separate list, and future credit sales are made only with the approval of key managers.

The Group assesses the recoverable amount of its receivables to ensure adequate provision for impairment is made by applying a simplified approach to measuring expected credit loss. Historical loss rates are adjusted to reflect current and future information about macroeconomic factors that affect customers' ability to settle receivables. The Group has identified GDP and inflation rate as the most relevant factors and has therefore adjusted historical loss rates based on expected changes in these factors. For aging of receivables, See note 15.

Cash and cash equivalent

Credit risk from balances with banks and financial institutions is managed by the Group Treasury Department in accordance with the Group's policy. The credit risk on bank balances is low given that the Group has outstanding loan balances and credit facilities with various banks, in the Kingdom of Saudi Arabia, with good credit ratings (in the range of A+ to BBB+) similar to external credit rating companies such as Moody's and Finch, therefore Concentration risk is also low.

Due from a related party

The group estimates that the balances with related parties are fully collectible and recoverable and that the financial position of the related companies is good.

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FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

35-2 Financial instruments and related disclosures (CONTINUED)

35-2-2 Liquidity risk

Liquidity risk is the risk facing the Group and the difficulty in providing funds to meet obligations related to financial liabilities. Liquidity risk may result from the inability to sell a financial asset quickly at an amount close to its fair value. The table below summarizes the dates of the Group's financial liabilities based on undiscounted contractual cash payments:

Financial liabilities

31 December 2023	Book value	Contractual cash payments	Less than one year	1-5 Years	More than 5 Years
Trade payables, accrued expenses and other creditors	21,942,644	21,942,644	21,942,644	-	-
Due to related parties	24,234	24,234	24,234	-	-
Unclaimed Dividends	5,363,363	5,363,363	5,363,363	-	-
A commitment to guarantee an associate's loan	17,602,594	17,602,594	17,602,594	-	-
Lease liabilities	402,719	434,800	249,400	185,400	-
Long-term loans	40,757,375	44,820,254	690,629	40,676,500	3,453,125
	86,092,929	90,187,489	45,872,864	40,861,900	3,453,125

31 December 2022 (restated)	Book value	Contractual cash payments	Less than one year	1-5 Years	More than 5 Years
Trade payable, accrued expenses and other creditors	21,089,649	21,089,649	21,089,649	-	-
Due to related parties	25,315	25,315	25,315	-	-
Unclaimed dividends	5,625,183	5,625,183	5,625,183	-	-
A commitment to guarantee an associate's loan	17,602,594	17,602,594	17,602,594	-	-
Lease liabilities	219,073	250,000	50,000	200,000	-
Long-term loans	24,744,356	25,232,755	19,329,975	2,361,112	3,541,668
	69,306,170	69,825,496	63,722,716	2,561,112	3,541,668

1 January 2022 (restated)	Book value	Contractual cash payments	Less than one year	1-5 Years	More than 5 Years
Trade payable, accrued expenses and other creditors	15,268,204	15,268,204	15,268,204	-	-
Due to related parties	15,000	15,000	15,000	-	-
Unclaimed dividends	5,630,528	5,630,528	5,630,528	-	-
A commitment to guarantee an associate's loan	17,602,594	17,602,594	17,602,594	-	-
Lease liabilities	348,042	400,000	150,000	250,000	-
Long-term loans	27,122,606	29,084,408	3,851,653	21,100,809	4,131,946
	65,986,974	68,000,734	42,517,979	21,350,809	4,131,946

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35. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

35-2 Financial instruments and related disclosures (CONTINUED)

35-2-2 Liquidity risk (CONTINUED)

Liquidity risk is managed through periodic monitoring of the availability of sufficient funds and credit facilities to meet the Group's future obligations.

35-2-3 Market risk

Market price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, such as foreign exchange rates and interest rates, and will affect the Group's profit or the value of its financial instruments. The goal of market risk management is to manage and control market risk exposure within acceptable parameters, while optimizing return.

A- Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future business transactions and recognized assets and liabilities are denominated in a currency that is not the Group's currency. The Group's exposure to foreign currency risk is primarily limited to transactions in US dollars and Egyptian pounds. The Group's management believes that their exposure to currency risk linked to the US dollar is limited because the Group's currency is linked to the US dollar. Fluctuations in exchange rates against EGP are monitored on an ongoing basis and it has been floated in the subsequent period (Note38).

B- Interest rate risk

Interest rate risk is the exposure associated with the effect of fluctuations in prevailing interest rates on the Group's financial position and cash flows. The Group's exposure to interest rate risk is primarily on short and medium-term borrowings and lease liabilities. Management monitors changes in interest rates and manages their impact on the consolidated financial statements accordingly.

35-2-4 Fair values

For the purposes of financial reporting, the Group used the fair value hierarchy classified at levels 1, 2, and 3 based on the degree of consideration of inputs in measuring fair value, the significance of these inputs in measuring fair value as shown below:

- Level 1: Market prices disclosed in active markets for similar assets or liabilities that can be acquired on the valuation date.
- Level 2: Inputs other than the market prices shown in the first level, which can be observed directly (similar prices) or indirectly from the market.
- Level 3: inputs for assets and liabilities that do not depend on observable market information and that cannot be observed directly or indirectly from the market.

Investments in equity instruments in the Saudi stock market are evaluated according to the market closing prices on the date of the consolidated financial statements, and these instruments are classified under Level 1.

Investments in funds that are not listed in the Saudi market are evaluated according to the closing price provided by the fund manager on the date of the consolidated financial statements, and these instruments are classified under Level 2.

Investments in unlisted equity instruments are evaluated based on approved valuation methods that rely on the mixture between income approach and market approach, and these instruments are classified under Level 2.

	Fair value		
	Level 1	Level 2	Level 3
31 December 2023			
Financial investments carried at fair value through OCI	-	27,762,758	50,000
Total	-	27,762,758	50,000
31 December 2022			
Financial investments carried at fair value through OCI	-	29,532,774	50,000
Financial investments carried at fair value through P&L	-	23,257,325	-
Total	-	52,790,099	50,000

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35 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Fair values (continued)

The valuation models used for the main investment in Level 2 (Al-Reef Sugar Refining Company and Tabuk Fish Company) are the “market multiples adjusted” method which was based on the market multiples of the quoted prices of companies similar to the investee Company, which has been adjusted for the effect of the unmarketability of the investee's securities. The method used depends largely on observable market inputs. None of the investments listed in Level 2 have moved to either Level 1 or Level 3 during the year ending 31 December , 2023 .Investments listed in level 3 are at cost.

35-2-5 Capital risk management

The Company 's goals in capital management are to maintain the Company 's ability to continue operating according to the concept of continuity, and thus it can continue to provide returns to shareholders and benefits to other stakeholders and maintain the optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure.

In line with other companies in the same sector, the Company manages capital risks by monitoring its debt and liquid asset levels and maintaining future investment requirements and shareholders' expectations. Debt is calculated as the sum of long-term financing and short-term borrowings. Total capital consists of shareholders' equity as shown in the consolidated statement of financial position under "Capital and Reserves" and net debt (net cash and cash equivalents).

Key information relating to the Group's capital risk management as at 31 December 2023 and 31 December 2022, 1 January 2022 is as follows:

	31 December 2023	31 December 2022 (Restated)	1 January 2022 (Restated)
Total debt	40,757,375	24,744,356	27,122,606
Less: cash and bank balances	(16,774,263)	(2,045,809)	(15,364,149)
Net debt	23,983,112	22,698,547	11,758,457
Total equity	507,808,463	513,407,416	506,651,064
Total working capital	531,791,575	536,105,963	518,409,521
Debt ratio	5%	4%	2%

36. SEGMENT REPORTING

Segment reporting 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 allocated assets and liabilities.

The group segments are as follows:

- **The agricultural segment:** where the group cultivates of agricultre corps.
- **The commercial segment:** Where the group purifies and distributes bottled mineral water, and sells coffee and mangoes.
- **Shrimp Farming Segment :** Where the group farming its main product “ Shrimp”
- **Investment properties segment:** where the group leases buildings for commercial and residential purposes.

The following is a summary of the financial segment information in Saudi riyals, according to the nature of the activity:

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35. SEGMENTS REPORTING

Consolidated statement of financial position

The financial information as of 31 December, 2023 and 31 December, 2022 are summarized according to each sector as follow

	Investment properties	Water bottling Segment	Agricultural Segment	Shrimp Farming Segment	Elimination	Total Segments	Un-allocated	Total
As at 31 December 2023								
Total current assets	3,180,661	7,407,297	5,012,699	86,813,182	7,292,069	109,705,908	16,822,281	126,528,189
Total non-current assets	200,443,211	38,128,765	40,872,966	136,393,402	-	415,838,344	76,012,542	491,850,886
Total assets	203,623,872	45,536,062	45,885,665	223,206,584	7,292,069	525,544,252	92,834,823	618,379,075
Total current liabilities	2,149,192	7,214,485	1,402,729	6,269,399	7,292,069	24,327,874	37,795,831	62,123,705
Total non-current liabilities	537,934	1,357,365	348,433	43,541,850	-	45,785,582	2,661,325	48,446,907
Total liabilities	2,687,126	8,571,850	1,751,162	49,811,249	7,292,069	70,113,456	40,457,156	110,570,612
	Investment properties	Water bottling Segment	Agricultural Segment	Shrimp Farming Segment	Elimination	Un-allocated	Real state Segment	Total
As at 31 December 2022								
Total current assets	4,897,130	6,955,050	5,163,643	72,592,143	6,765,503	96,373,469	25,474,944	121,848,413
Total non-current assets	207,807,272	33,924,956	41,830,706	138,779,478	(27,824,505)	394,517,907	91,301,598	485,819,505
Total assets	212,704,402	40,880,006	46,994,349	211,371,621	(21,059,002)	490,891,376	116,776,542	607,667,918
Total current liabilities	2,743,847	7,837,511	1,312,518	5,411,411	11,870,809	29,176,096	51,410,989	80,587,085
Total non-current liabilities	495,499	1,525,145	340,319	3,545,662	248,058	6,154,683	7,518,734	13,673,417
Total liabilities	3,239,346	9,362,656	1,652,837	8,957,073	12,118,867	35,330,779	58,929,723	94,260,502

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36. SEGMENTS REPORTING (CONTINUED)

Consolidated statement of profit or loss and other comprehensive income

For the year ended 31 December 2023	Investment properties	Water bottling Segment	Agricultural Segment	Shrimp Farming Segment	Total
Revenue	12,580,004	14,176,503	8,681,067	48,893,675	84,331,249
Cost of revenue	(5,537,413)	(11,307,405)	(5,685,088)	(51,449,242)	(73,979,148)
Gain on biological assets Fair value valuation	-	-	-	11,915,372	11,915,372
Gross profit for the year	7,042,591	2,869,098	2,995,979	9,359,805	22,267,473
Finance costs	-	-	-	(1,407,529)	(1,407,529)
Depreciation and amortization expense	(282,056)	(2,589,040)	(1,040,564)	(3,668,474)	(7,580,134)

For the year ended 31 December 2022	Investment properties	Water bottling Segment	Agricultural Segment	Shrimp Farming Segment	Total
Revenue	12,783,578	19,875,138	8,929,147	36,305,830	77,893,693
Cost of revenue	(4,948,014)	(18,671,200)	(5,174,657)	(37,634,021)	(66,427,892)
Gain on Fair valuation of biological assets	-	-	-	4,325,578	4,325,578
Gross profit for the year	7,835,564	1,203,938	3,754,490	2,997,387	15,791,379
Finance costs	-	-	-	(1,348,283)	(1,348,283)
Depreciation and amortization expense	-	(2,402,824)	(821,138)	(4,771,892)	(7,995,854)

Geographical distribution of revenues

	31 December 2023	31 December 2022
Kingdom of Saudi Arabia	77,218,927	70,544,877
Russia	7,112,322	1,084,247
Egypt	-	4,259,490
Korea	-	2,005,079
	-	-

Transactions with major clients

Revenue from one major customer amounted to 8% of total revenue for the year.

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37. PRIOR YEARS RESTATEMENTS

Management has done amendments to the consolidated financial statements for the year 2022 and before, which resulted from the existence of accounting errors, accordingly comparative figures for the year ending on 31 December, 2022 and before, has been restated in order to correct those errors that were discovered by the management which impacted the consolidated financial statements for the years 2022 and before:

a. Impact of the restatements on the consolidated statement of financial position as of 1 January, 2022:

	Note	1 January 2022			Restated balance
		Before Restatement	Restatements	Reclassification	
ASSETS					
Non-Current Assets					
Property, plant, and equipment, net	37-1	225,916,614	-	1,396,532	227,313,146
Investment properties, net	37-1-1	229,604,178	-	(1,396,532)	228,207,646
Investment in associate		18,824,848	-	-	18,824,848
Investments carried at fair value through OCI	37-2	47,900,000	(39,504,286)	-	8,395,714
Intangible assets, net		3,848,773	-	-	3,848,773
Right of use assets, net		337,752	-	-	337,752
Total Non-Current Assets		526,432,165	(39,504,286)	-	486,927,879
Current Assets					
Due from related party	37-3	-	5,541,555	-	5,541,555
Biological assets		24,182,051	-	-	24,182,051
Inventory		21,161,742	-	-	21,161,742
Investments carried at fair value through P&L		-	-	-	-
Accounts receivable, net		37,375,244	-	-	37,375,244
Prepayment and other receivables, net		8,311,380	-	-	8,311,380
Cash and cash equivalents		15,364,149	-	-	15,364,149
Total Current Assets		106,394,566	5,541,555	-	111,936,121
TOTAL ASSETS		632,826,731	(33,962,731)	-	598,864,000
EQUITY AND LIABILITIES					
EQUITY					
Share capital		500,000,000	-	-	500,000,000
Statutory reserve		85,409,994	-	-	85,409,994
Fair value reserve		2,900,000	(39,504,286)	-	(36,604,286)
Foreign currency translation Reserve		-	-	-	-
Retained earnings /(Accumulated losses)		(45,727,059)	2,558,802	-	(43,168,257)
Total equity attributable to the Company's shareholders	37-7	542,582,935	(36,945,484)	-	505,637,451
Non-controlling interests		1,013,613	-	-	1,013,613
Total EQUITY		543,596,548	(36,945,484)	-	506,651,064
LIABILITIES					
Non-Current Liabilities					
Long-term loans		21,170,954	-	-	21,170,954
Employees benefit obligations		8,935,262	-	-	8,935,262
Lease liabilities		269,073	-	-	269,073
Total Non-Current Liabilities		30,375,289	-	-	30,375,289
Current Liabilities					
Long-term loans – current portion		5,951,652	-	-	5,951,652
Lease liabilities – current portion		78,969	-	-	78,969
Due to related parties		15,000	-	-	15,000
Unclaimed dividends		5,630,528	-	-	5,630,528
Commitment against the loan guarantee of an associate	37-4	14,619,841	2,982,753	-	17,602,594
Trade payable, accrued expenses, and other liabilities		19,907,408	-	-	19,907,408
Zakat provision		12,651,496	-	-	12,651,496
Total Current Liabilities		58,854,894	2,982,753	-	61,837,647
TOTAL LIABILITIES		89,230,183	2,982,753	-	92,212,936
TOTAL EQUITY AND LIABILITIES		632,826,731	(33,962,731)	-	598,864,000

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37. PRIOR YEARS RESTATEMENTS (CONTINUED)

B. Impact of the restatement on the consolidated statement of financial position as of 31 December, 2022:

		31 December 2022			Restated balance
	Note	Before Restatement	Restatements	Reclassifications	
ASSETS					
Non-Current Assets					
Property, plant, and equipment, net	37-1	221,417,357	-	2,655,615	224,072,972
Investment properties, net	37-1-1	227,233,700	-	(1,372,891)	225,860,809
Investment in associate		3,548,828	-	-	3,548,828
Investments carried at fair value through OCI	37-2-1	58,640,000	(29,107,226)	50,000	29,582,774
Intangible assets, net		2,500,808	-	-	2,500,808
Right of use asset, net		253,314	-	-	253,314
Total Non-Current Assets		513,594,007	(29,107,226)	1,332,724	485,819,505
Current Assets					
Due from related party	37-3	-	5,541,555	-	5,541,555
Biological assets	37-1-2	33,877,511	-	(1,282,724)	32,594,787
Inventory		30,314,268	-	-	30,314,268
Investments carried at fair value through P&L		23,257,325	-	-	23,257,325
Accounts receivable, net	37-5	23,735,624	(4,138,764)	(15,818)	19,581,042
Prepayment and other receivables, net	37-6	11,038,486	(2,490,677)	(34,182)	8,513,627
Cash and cash equivalents		2,045,809	-	-	2,045,809
Total Current Assets		124,269,023	(1,087,886)	(1,332,724)	121,848,413
TOTAL ASSETS		637,863,030	(30,195,112)	-	607,667,918
EQUITY AND LIABILITIES					
EQUITY					
Share capital		500,000,000	-	-	500,000,000
Statutory reserve		85,409,994	-	-	85,409,994
Fair value reserve		(7,910,000)	(29,107,226)	-	(37,017,226)
Foreign currency translation Reserve		(1,365,674)	-	-	(1,365,674)
Retained earnings /(Accumulated losses)		(29,724,136)	(4,070,639)	-	(33,794,775)
Total equity attributable to the Company's shareholders		546,410,184	(33,177,865)	-	513,232,319
Non-controlling interests		175,097	-	-	175,097
Total EQUITY	37-D	546,585,281	(33,177,865)	-	513,407,416
LIABILITIES					
Non-Current Liabilities					
Long-term loans		5,662,440	-	-	5,662,440
Employees benefit obligations		7,826,008	-	-	7,826,008
Lease liabilities		184,969	-	-	184,969
Total Non-Current Liabilities		13,673,417	-	-	13,673,417
Current Liabilities					
Long-term loans – current portion		19,081,916	-	-	19,081,916
Lease liabilities – current portion	7-37	34,104	-	-	34,104
Due to related parties		15,000	-	10,315	25,315
Unclaimed dividends	4-37	5,625,183	-	-	5,625,183
Commitment against the loan guarantee of an associate	7-37	14,619,841	2,982,753	-	17,602,594
Trade payable, accrued expenses, and other liabilities		24,286,037	-	(10,315)	24,275,722
Zakat provision		13,942,251	-	-	13,942,251
Total Current Liabilities		77,604,332	2,982,753	-	80,587,085
TOTAL LIABILITIES		91,277,749	2,982,753	-	94,260,502
TOTAL EQUITY AND LIABILITIES		637,863,030	(30,195,112)	-	607,667,918

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37. PRIOR YEARS RESTATEMENTS (CONTINUED)

C. Impact of the restatements on the consolidated statement of profit or loss and other comprehensive income for the financial year ending 31 December, 2022:

		31 December 2022			
		Balance before			Balance after
	Note	restatements	Restatements	Reclassification	restatementr
Revenues, net		77,893,693	-	-	77,893,693
Cost of revenues		(66,427,892)	-	-	(66,427,892)
Gain on Fair valuation of biological assets		4,325,578	-	-	4,325,578
Gross profit		15,791,379	-	-	15,791,379
General and administrative expenses	8-37	(24,008,707)	-	3,584,253	(20,424,454)
Selling and Marketing expenses		(7,486,957)	-	-	(7,486,957)
Reversal of expected credit losses provision	37-8,5	-	(4,138,764)	(3,084,253)	(7,223,017)
Provision for advance to suppliers	37-8,6	-	(2,490,677)	(500,000)	(2,990,677)
Other income		3,368,117	-	-	3,368,117
Profit/ (loss) from main activities		(12,336,168)	(6,629,441)	-	(18,965,609)
Finance costs		(1,348,283)	-	-	(1,348,283)
Group's share of the result of an associate		2,157,797	-	-	2,157,797
Unrealized gain on revaluation of investments at fair value through P&L		257,325	-	-	257,325
Re-recognizing the investment balance in the associate Company after closing the losses		3,248,741	-	-	3,248,741
Profits on the difference in the fair value of the group's share in the investment in the associate		2,191,211	-	-	2,191,211
Gain from the sale of property, plant and equipment		25,396,769	-	-	25,396,769
Net profit/ (loss) for the year before zakat		19,567,392	(6,629,441)	-	12,937,951
Zakat		(3,069,879)	-	-	(3,069,879)
Net profit/ (loss) for the year after zakat		16,497,513	(6,629,441)	-	9,868,072
Comprehensive (loss) / income					
Items that may be subsequently reclassified to the consolidated statement of profit or loss					
Foreign currency translation for an associate		(1,365,674)	-	-	(1,365,674)
Items that will not be subsequently reclassified to the consolidated statement of profit or loss					
Actuarial gain/(loss) on remeasurement of employee benefit obligations		(1,375,011)	-	-	(1,375,011)
Group's share of other comprehensive income of the associate		41,905	-	-	41,905
Revaluation losses on investments at fair value through OCI	37-2-1	(10,810,000)	10,397,060	-	(412,940)
Other comprehensive loss for the year		(13,508,780)	10,397,060	-	(3,111,720)
Total comprehensive loss for the year		2,988,733	3,767,619	-	6,756,352
Net profit/(loss) for the period attributable to:					
Shareholders of the parent Company		17,341,162	(6,629,441)	-	10,711,721
Non-controlling interests		(843,649)	-	-	(843,649)
Net profit for the year		16,497,513	(6,629,441)	-	9,868,072
Total comprehensive income / (loss) for the period attributable to:					
Shareholders of the parent Company		3,827,249	3,767,619	-	7,594,868
Non-controlling interests		(838,516)	-	-	(838,516)
Total comprehensive income / (loss) for the period		2,988,733	3,767,619	-	6,756,352
Earnings per share					
Basic and diluted earnings per share in net profit for the period		0.33			0.21

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37. PRIOR YEARS RESTATEMENTS (CONTINUED)

D. The impact of the adjustment on total equity as of 31 December , 2022 and 1 January , 2022:

	Note	31 December 2022	1 January 2022
Balance Before Restatement		546,585,281	543,596,548
The impact of the Adjustments on retained earnings/(accumulated losses)			
The effect of re-recognizing the balance due to the group in Rakhaa Agricultural Investment Company (an associated Company)	37-3	5,541,555	5,541,555
The effect of adjusting the balance of commitment against loan guarantee of an associate	37-4	(2,982,753)	(2,982,753)
The effect of the increase in the allowance for expected credit losses for accounts receivable	37-5-1	(4,138,764)	-
The effect of the increase in the provision for advances to suppliers	37-6-1	(2,490,677)	-
The impact on retained earnings/(accumulated losses)		(4,070,639)	2,558,802
The impact of the restatement on the revaluation reserve for financial investments at fair value through other comprehensive income			
The impact on the revaluation reserve for financial investments at fair value through other comprehensive income	37-2-1	(29,107,226)	(39,504,286)
The total effect on total of owners' equity		(33,177,865)	(36,945,484)
Balance After Restatement		513,407,416	506,651,064

E. The impact of the restatements on the consolidated statement of cash flows

	31 December 2022		
	Consolidated financial statements before restatements	Restatements	Restated Consolidated financial statements
Net profit for the year before zakat	19,567,392	(6,629,441)	12,937,951
Cash flows from operating activities	(30,856,834)	23,000,004	(7,856,830)
Cash flows from investing activities	20,442,246	(23,000,004)	(2,557,758)
Cash and cash equivalents at the end of the year	2,045,809	-	2,045,809

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37. PRIOR YEARS RESTATEMENTS (CONTINUED)

37.1 PROPERTY, PLANT AND EQUIPMENT, NET

	<u>Note</u>	<u>31 December 2022</u>	<u>1 January 2022</u>
Balance Before Restatement		221,417,357	225,916,614
<u>Reclassifications</u>			
Effect of reclassification on lands and buildings from investment properties.		1,396,532	1,396,532
Effect of reclassification on accumulated depreciation		(23,641)	-
	37-1-1	1,372,891	1,396,532
The effect of reclassifying capitalized expenses from Biological assets	37-2-1	1,282,724	-
Balance After Restatement		224,072,972	227,313,146

37-1-1 The group had not previously separated the part of the building used in the Company's administration activities investments properties to property, plant and equipment. During the current year, management corrected and reclassified the used part of the administration building, based on its proportional share of the total area of investment properties, to comply with the accounting standards adopted within the Kingdom of Saudi Arabia.

37-1-2 The management discovered that there was a balance amounting to SR 1,282,724 that had previously been erroneously classified in biological assets during the year 2022, this has been corrected by transferring it to CWIP in property, plant and equipment for mango trees.

37-1-3 In addition to the restatement of the property, plant and equipment referred above, during the year 2022, the Group recognized an impairment of the water bottling line amounting to a net value of SR 5,972,564 as disposals instead of recognizing it as an impairment. The Group's management decided to amend the presentation of comparative figures to demonstrate This was an impairment rather than recognizing it as a disposal and this adjustment had no effect on net property, plant and equipment.

37.2 INVESTMENTS CARRIED AT FAIR VALUE THROUGH OCI

	<u>Note</u>	<u>31 December 2022</u>	<u>1 January 2022</u>
Balance Before Restatement		58,640,000	47,900,000
<u>Restatements</u>			
The impact of re-evaluating the fair value of the group's share in Al-Reef Sugar Refining Company for previous years		(39,504,286)	(39,504,286)
The impact of reassessing the fair value of the Group's share in Al-Reef Sugar Refining Company on 31 December, 2022		10,397,060	-
Total Impact of re-evaluating the fair value - Al- Reef Sugar Refining Co	1-2-37	(29,107,226)	(39,504,286)
<u>Reclassification</u>			
The impact of reclassifying contributions to the Red Sea Farmers Cooperative Society	2-2-37	50,000	-
Balance After Restatement		29,582,774	8,395,714

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36. PRIOR YEARS RESTATEMENTS (CONTINUED)

37.2 INVESTMENTS CARRIED AT FAIR VALUE THROUGH OCI (continued)

37-2-1 During the current year, management reconsidered the fair value assessments for all of its financial investments, and after the review of the reports of those assessments, management decided to amend the fair value of its investment in Al- Reef Sugar Refining Company to reflect the risks inherent in this investment, in addition to using multiples for companies that have similar activities of the investee Company, while making some other adjustments to align the results of the investment evaluation with the size of borrowing in the investee Company . This resulted in a reduction in the value of investments at fair value through other comprehensive income as of 1 January, 2022 and 31 December , 2022, by an amount of SR 39,504,286 and an amount of SR 29,107,226 , respectively. Accordingly, the losses on revaluation of investments at fair value through comprehensive income for year 2022 were reduced by an amount SR 10,397,060 .

37-2-2 The management has reclassified the group's investment in the Red Sea Farms Cooperative Society, amounting to SR 50,000 , as an investment at fair value through other comprehensive income, instead of classifying it in the year 2022 as prepaid expenses and other receivables.

37.3 DUE FROM A RELATED PARTY

	Note	31 December 2022	1 January 2022
Balance Before Restatement			-
<u>Restatement</u>			
Effect of re-establishing the balance due to the group in Rakhaa Agricultural Investment Company	37-3-1	5,541,555	5,541,555
Balance After Restatement		5,541,555	5,541,555

37-3-1 During the years before 2022, the Group written off all the balances of its investment in Rakhaa Agricultural Investment Company (an associated Company), including the investment balance and the balances due from the associated Company . When the financial conditions and business results of the associate Company improved in previous years, the Group re-recognized the balance of the investment in the associate Company without recognizing the balance due from the associate Company , amounted to SR 5,541,555 as of 1 January , 2022. Accordingly, the group's management restated the balance by the same value as of 1 January, 2022 and 31 December , 2023.

37.4 COMMITMENT AGAINST THE LOAN GUARANTEE OF AN ASSOCIATE

	Note	31 December 2022	1 January 2022
Balance Before Restatement		14,619,841	14,619,841
<u>Restatement</u>			
The effect of adjusting the balance is a commitment against the loan of an associate Company	37-4-1	2,982,753	2,982,753
Balance After Restatement		17,602,594	17,602,594

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37. PRIOR YEARS RESTATEMENTS (CONTINUED)

37.4 COMMITMENT AGAINST THE LOAN GUARANTEE OF AN ASSOCIATE (CONTINUED)

37-4-1 On 24 October , 2016, the Saudi Fund for Development notified Jannat Agricultural Investment Company that, as of that date, the loan owed to Rakhaa Agricultural Investment and Development Company (an associated Company) was deemed to have been implicitly transferred to the guarantors guaranteeing the loan with a fine, performance and it claimed guarantee. The guarantor partners expedited the payment of obligations and since the Company did not record the difference in the previous years, and accordingly, the difference amounting to SR 2,982,753 has been adjusted as of 1 January , 2022 and 31 December, 2022,

37.5 ACCOUNTS RECEIVABLE, NET

	<u>Note</u>	<u>2022</u>
Balance Before Restatement		23,735,624
<u>Restatement</u>		
The effect of recalculating the allowance for expected credit losses	37-5-1	(4,138,764)
<u>Reclassification</u>		
ECL		(15,818)
Balance After Restatement		<u>19,581,042</u>

37-5-1 During the current year 2023, the group's management has re-studied the allowance for credit losses for previous years for receivables, and it has noticed that there were some errors in the inputs and assumptions of the models for the allowance for credit losses for previous years, and therefore it has recalculated the allowance for expected credit losses for the accounts receivable .The recalculated ECL provision as of 31 December, 2022 amounted to SR 13,470,801, and thus this led to the recognition of an additional provision for expected credit losses for the year 2022 by an amount of SR 4,138,764 as an additional expense charged to the consolidated statement of profit or loss for the year ended on 31 December, 2022.

37.6 PREPAYMENT AND OTHER RECEIVABLES

	<u>Note</u>	<u>2022</u>
Balance Before Restatement		11,038,486
<u>Restatement</u>		
The effect of provision for advance to suppliers	1-6-37	(2,490,677)
<u>Reclassification</u>		
ECL		15,818
Red Sea Farmers Cooperative Society	2-2-37	(50,000)
Balance After Restatement		<u>8,513,627</u>

37-6-1 Additional provision for advance to suppliers amounted to SR 2,490,677 has been provided for the year 2022. Accordingly, the increase in the provision adjusted retained earnings / (accumulated losses) in equity of the year ending on 31 December , 2022 by the same value.

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37. PRIOR YEARS RESTATEMENTS (CONTINUED)

37.7 DUE TO A RELATED PARTY

A balance due from a related party, which was previously classified under accounts payable, accrued expenses and other creditors, has been reclassified.

37.8 GENERAL AND ADMINISTRATIVE EXPENSES

	Note	<u>31 December 2022</u>
Balance Before Restatement		(24,008,707)
<u>Reclassification</u>		
ECL		(3,084,253)
Provision for advance payments to suppliers		(500,000)
Balance After Restatement		<u>(20,424,454)</u>

37. SUBSEQUENT EVENTS

On 11 Rajab, 1445 , corresponding to 7 January, 2024 , Jazan Energy and Development Company announced official change of the Company 's name from (Jazan Energy and Development Company) to (Jazan Development and Investment Company). This is after the completion of all legal procedures to amend the Company 's name, articles of association, and commercial registration, in accordance with the decision of the extraordinary general assembly meeting held on 26 December 2023 .

In addition, subsequent to the date of the consolidated financial statements, the currency rates of the Egyptian pound against the Saudi riyal changed significantly, which may result in an impairment of the investment in associates by an approximate value of SR 4.5 million .

In the opinion of management, there have been no further significant subsequent events, which may have a material impact on the consolidated financial position of the Group presented as in these consolidated financial statements.

38. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

These consolidated financial statements have been approved by the Board of Directors on 21 Ramadan 1445 H (Corresponding to 30 March 2024).