

JAZAN ENERGY AND DEVELOPMENT COMPANY (JAZADCO)
(A Saudi Joint Stock Company)
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2023
AND
INDEPENDENT AUDITOR'S REVIEW REPORT

JAZAN ENERGY AND DEVELOPMENT COMPANY (JAZADCO)
(A Saudi Joint Stock Company)
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2023
AND INDEPENDENT AUDITOR'S REVIEW REPORT

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**PKF**Ibrahim Ahmed Al-Bassam
& Co. Certified Public Accountants

INDEPENDENT AUDITOR'S REVIEW REPORT ON THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF JAZAN ENERGY AND DEVELOPMENT COMPANY (JAZADCO)

INTRODUCTION

We have reviewed the accompanying interim consolidated statement of financial position of Jazan Energy and Development Company (JAZADCO) ("the Company") and its subsidiaries (collectively referred to as the "Group") As of 30 June, 2023, and the interim consolidated statements of profit or loss and other comprehensive income for the three-month and six-month periods then ended, and the interim consolidated statements of changes in equity and the interim consolidated statements of cash flows for the six month then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of these interim consolidated financial statements in accordance with International Accounting Standard 34 - "Interim Financial Reporting" ("IAS 34") that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim consolidated financial statements based on our review.

SCOPE OF REVIEW

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

CONCLUSION

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

OTHER MATTER

The consolidated financial statements of the Company for the year ended 31 December 2022 were audited by another auditor who expressed an unmodified opinion on those consolidated financial statements on 28 March 2023. Further, the interim consolidated financial statements of the Company for the six-month period ended 30 June 2022 were reviewed by another auditor who expressed an unmodified review conclusion on those interim consolidated financial statements on 22 August 2022.

For Al Bassam & Co.

Ibrahim Ahmed Al Bassam
Certified Public Accountant
License No.: 337

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Corresponding to: 20 August 2023



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JAZAN ENERGY AND DEVELOPMENT COMPANY (JAZADCO)
(A Saudi Joint Stock Company)
INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023
(All amounts in Saudi Riyals unless otherwise stated)

	Note	30 June 2023 (Unaudited)	31 December 2022 (Audited)
ASSETS			
Non-current assets			
Property, plant, and equipment		223,264,906	221,417,357
Investment properties	5	225,862,690	227,233,700
Right of use asset		-	253,314
Intangible assets		2,172,506	2,500,808
Investment in associate	6	11,684,948	3,548,828
Investments carried at fair value through OCI		61,865,000	58,640,000
Total non-current assets		524,850,050	513,594,007
Current assets			
Biological assets	7	30,484,441	33,877,511
Inventory		38,828,734	30,314,268
Trade receivables, net		25,987,891	23,735,624
Prepayment and other receivables		19,457,938	11,038,486
Investments carried at fair value through P&L		1,977	23,257,325
Cash and cash equivalents		11,997,586	2,045,809
Total current assets		126,758,567	124,269,023
TOTAL ASSETS		651,608,617	637,863,030
EQUITY AND LIABILITIES			
EQUITY			
Share capital	1	500,000,000	500,000,000
Statutory reserve		85,409,994	85,409,994
Revaluation of Investments carried at fair value through OCI reserve		(7,910,000)	(7,910,000)
Foreign currency translation reserve		(2,031,188)	(1,365,674)
Accumulated losses		(16,542,527)	(29,724,136)
Total equity attributable to the company's shareholders		558,926,279	546,410,184
Non-controlling interests		315,218	175,097
Total equity		559,241,497	546,585,281
LIABILITIES			
Non-current liabilities			
Long-term loans	9	21,476,505	5,662,440
Employees benefit obligations		8,048,900	7,826,008
Lease liabilities		-	184,969
Total non-current liabilities		29,525,405	13,673,417
Current liabilities			
Long-term loans – current portion	9	1,562,805	19,081,916
Lease liabilities – current portion		-	34,104
Due to related party		-	15,000
Dividends and shareholders payable		5,371,338	5,625,183
Commitment against the loan guarantee of an associate	10	16,825,085	14,619,841
Trade payable, accrued expenses, and other liabilities		24,158,355	24,286,037
Zakat provision	11	14,924,132	13,942,251
Total current liabilities		62,841,715	77,604,332
TOTAL LIABILITIES		92,367,120	91,277,749
TOTAL EQUITY AND LIABILITIES		651,608,617	637,863,030

Chief Financial Officer

Ehan Refaei Abd Elsalam

Chief Executive Officer

Mohammed bin Abdullah Al-Rasheed

Delegated Board Member

Abdullah Melhem Al-Mufeez

The accompanying notes 1 to 18 form part of these interim condensed financial statements.

JAZAN ENERGY AND DEVELOPMENT COMPANY (JAZADCO)
(A Saudi Joint Stock Company)
INTERIM CONSOLIDATED STATEMENT OF PROFIT AND LOSS
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2023
(All amounts in Saudi Riyals unless otherwise stated)

	Note	For the Three-month period ended		For the Six-month period ended	
		30 June 2023	30 June 2022	30 June 2023	30 June 2022
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenues	13	27,450,084	17,844,503	54,932,193	44,157,449
Cost of revenues	13	(18,251,980)	(14,217,643)	(39,893,353)	(31,933,056)
Gain of biological assets revaluation at fair value		-	-	3,025,234	-
Gross profit		9,198,104	3,626,860	18,064,074	12,224,393
General and administrative expenses		(5,448,204)	(7,874,990)	(10,602,840)	(12,009,051)
Marketing expenses		(2,177,951)	(2,370,800)	(3,826,614)	(4,257,962)
Other revenues		1,164,571	478,693	2,117,187	1,491,918
Group's share of result of an associate		9,441,470	-	8,801,634	494,501
Profit/ (loss) from main activities		12,177,990	(6,140,237)	14,553,441	(2,056,201)
Finance costs	13	(218,782)	(296,056)	(415,325)	(506,308)
Gain from the sale of property, plant and equipment		-	31,369,333	-	31,369,333
Unrealized gain on revaluation of investments at fair value through profit or loss		-	-	213,614	-
Net profit for the period before zakat		11,959,208	24,933,040	14,351,730	28,806,824
Zakat		(515,000)	(415,000)	(1,030,000)	(830,000)
Net profit for the period after zakat		11,444,208	24,518,040	13,321,730	27,976,824
Net profit for the period attributable to:					
Shareholders of the parent company		11,398,934	24,648,453	13,181,609	28,330,524
Non-controlling interests		45,274	(130,413)	140,121	(353,700)
Net profit for the period		11,444,208	24,518,040	13,321,730	27,976,824
Earnings per share					
Basic and diluted earnings per share in net profit for the period	12	0.23	0.49	0.27	0.57

Chief Financial Officer

Ehab Refael Abd Elsalam

Chief Executive Officer

Mohammed bin Abdullah Al-Rasheed

Delegated Board Member

Abdullellah Melhem Al-Mufeez

The accompanying notes 1 to 18 form part of these interim condensed financial statements.

JAZAN ENERGY AND DEVELOPMENT COMPANY (JAZADCO)
(A Saudi Joint Stock Company)
INTERIM CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2023
(All amounts in Saudi Riyals unless otherwise stated)

	For the Three-month period ended		For the Six-month period ended	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Net profit for the period	11,444,208	24,518,040	13,321,730	27,976,824
Other comprehensive income				
Items that may be subsequently reclassified to the consolidated statement of profit or loss				
Foreign currency translation for an associate	-	-	(665,514)	-
Items that will not be subsequently reclassified to the consolidated statement of profit or loss				
Group's share of other comprehensive income of the associate	-	-	-	39,440
Total other comprehensive (loss) / income for the period	-	-	(665,514)	39,440
Total comprehensive income for the period	11,444,208	24,518,040	12,656,216	28,016,264
Total comprehensive income for the period attributable to:				
Shareholders of the parent company	11,398,934	24,648,453	12,516,095	28,369,964
Non-controlling interests	45,274	(130,413)	140,121	(353,700)
Total comprehensive income for the period	11,444,208	24,518,040	12,656,216	28,016,264

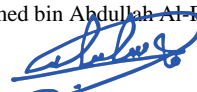
Chief Financial Officer

Ehab Refael Abd Elsalam



Chief Executive Officer

Mohammed bin Abdullah Al-Rasheed



Delegated Board Member

Abdullellah Melhem Al-Mufeez



The accompanying notes 1 to 18 form part of these interim condensed financial statements.

JAZAN ENERGY AND DEVELOPMENT COMPANY (JAZADCO)
(A Saudi Joint Stock Company)
INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023 (Unaudited)
(All amounts in Saudi Riyals unless otherwise stated)

	Share capital	Statutory reserve	Revaluation of Investments carried at fair value through OCI reserve	Foreign currency translation reserve	Accumulated losses	Total equity attributable to the company's shareholders	Non-controlling interests	Total equity
Balance as at 1 January 2022 (Audited)	500,000,000	85,409,994	2,900,000	-	(45,727,059)	542,582,935	1,013,613	543,596,548
Net profit for the period	-	-	-	-	28,330,524	28,330,524	(353,700)	27,976,824
Other comprehensive income for the period	-	-	-	-	39,440	39,440	-	39,440
Total comprehensive income for the period	-	-	-	-	28,369,964	28,369,964	(353,700)	28,016,264
Balance as at 30 June 2022 (Unaudited)	500,000,000	85,409,994	2,900,000	-	(17,357,095)	570,952,899	659,913	571,612,812
Balance as at 1 January 2023 (Audited)	500,000,000	85,409,994	(7,910,000)	(1,365,674)	(29,724,136)	546,410,184	175,097	546,585,281
Net profit for the period	-	-	-	-	13,181,609	13,181,609	140,121	13,321,730
Other comprehensive loss for the period	-	-	-	(665,514)	-	(665,514)	-	(665,514)
Total comprehensive income for the period	-	-	-	(665,514)	13,181,609	12,516,095	140,121	12,656,216
Balance as at 30 June 2023 (Unaudited)	500,000,000	85,409,994	(7,910,000)	(2,031,188)	(16,542,527)	558,926,279	315,218	559,241,497

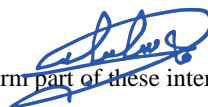
Chief Financial Officer

Ehab Refaei Abd Elsalam



Chief Executive Officer

Mohammed bin Abdullah Al-Rasheed



Delegated Board Member

Abdullellah Melhem Al-Mufeez



The accompanying notes 1 to 18 form part of these interim condensed financial statements.

JAZAN ENERGY AND DEVELOPMENT COMPANY (JAZADCO)
(A Saudi Joint Stock Company)
INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023
(All amounts in Saudi Riyals unless otherwise stated)

	For the Six-month period ended	
	30 June 2023 (Unaudited)	30 June 2022 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net profit before zakat	14,351,730	28,806,824
Adjustments		
Depreciation of property, plant and equipment	4,223,407	4,371,717
Depreciation of investments properties	1,581,011	1,581,011
Amortization of intangible assets	328,302	665,629
Depreciation of right-of-use assets	-	42,218
Unrealized gains of investments at fair value through profit or loss	(213,614)	-
A commitment against an associate company's loan guarantee	2,205,244	-
Gain from the sale of property and equipment		(31,369,333)
Gain on revaluation of biological asset	(3,025,234)	-
Provision for Slow moving Items	-	600,000
Group's share in the associate's business results	(8,801,634)	(494,501)
Employees benefit obligations	571,068	792,801
Finance costs	419,300	506,308
Changes in operating assets and liabilities	-	
Inventories	(8,514,466)	1,072,501
Biological assets	6,418,304	4,906,574
Trade receivables, net	(2,252,267)	4,848,104
Prepayment and other receivables	(8,419,452)	(7,855,366)
Trade payable, accrued expenses, and other liabilities	(209,532)	(3,786,276)
Due to related party	(15,000)	-
Cash (used in) / Generated from operating activities	(1,352,833)	4,688,211
Employees post-employment benefits paid	(348,176)	(2,403,881)
Finance costs paid	-	(40,814,)
Zakat paid	(48,119)	(56,047)
Net cash flow (used in) / Generated from operating activities	(1,749,128)	2,187,469
CASH FLOW FROM INVESTING ACTIVITIES		
Additional on Property, plant and equipment	(6,070,956)	(7,334,701)
Additional on Investments properties	(210,001)	(70,598)
Proceeds from disposal property, plant and equipment	-	33,333,333
Proceeds from selling investments through income and loss	23,468,962	-
Additional from investments at fair value through OCI	(3,225,000)	-
Net Cash flow generated from investing activities	13,963,005	25,928,034
CASH FLOW FROM FINANCING ACTIVITIES		
long-term loans paid	(2,008,255)	(1,898,653)
Lease liabilities paid	-	(57,500)
Dividends and shareholders payable	(253,845)	(4,499)
Net Cash flows used in financing activities	(2,262,100)	(1,960,652)
Net change in cash and cash equivalents	9,951,777	26,154,851
Cash and cash equivalents at the beginning of the period	2,045,809	15,364,149
Cash and cash equivalents at the end of the period	11,997,586	41,519,000
Non- cash transactions		
Discount the present value of loan balances	-	961,977
Financing costs	-	465,494

Chief Financial Officer

Ehab Kefaei Abd Elsalam

Chief Executive Officer

Mohammed bin Abdullah Al-Rasheed

Delegated Board Member

Abdullah Mufeez

The accompanying notes 1 to 18 form part of these interim condensed financial statements.

JAZAN ENERGY AND DEVELOPMENT COMPANY (JAZADCO)
(A Saudi Joint Stock Company)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE-MONTH AND SIX-MONTH PERIOD ENDED 30 JUNE 2023
(All amounts in Saudi Riyals unless otherwise stated)

1-LEGAL STATUS AND OPERATIONS

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 1414 H (corresponding to 18 August 1993). The Share Capital of the Company amounted to SAR 500,000,000 divided into 50,000,000 shares with a value of Saudi Riyal 10.

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

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

The group practice license was obtained 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 breeding
21/10/032101/001	1 Safar 1425 AH	Jazan	Shrimp breeding
431105114869	22 Safar 1433 AH	Sabya	Producing healthy drinking water
2210	13 Rajab 1438 AH	Samtah	Frozen shrimp production

The accompanying interim condensed consolidated financial statements include the assets, liabilities and business results of the parent company, its branches and the following subsidiaries:

Subsidiary Records of the Parent Company

<u>Branch name</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 Jazadco Real Estate Company	5900114667	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.
Branch of Jazan Development Company (JAZADCO)	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)	1010689407	Riyadh	Main office activities (supervision and management of other units in the company or organization).
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.

JAZAN ENERGY AND DEVELOPMENT COMPANY (JAZADCO)
(A Saudi Joint Stock Company)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE-MONTH AND SIX-MONTH PERIOD ENDED 30 JUNE 2023
(All amounts in Saudi Riyals unless otherwise stated)

1- LEGAL STATUS AND OPERATIONS (CONTINUED)

Subsidiaries companies:

Name of the subsidiary company	Country	CR No.	The main activity of the company	Ownership percentage	
				As at 30 June 2023	As at 31 December 2022
Fish Day Company	KSA	1010894462	Wholesale of aquatic fish, retail sale of fish and other seafood and its products, online retail, transportation of refrigerated and frozen goods.	80%	80%
Mango Jazan Trading Company	KSA	5900022171	Retail via the Internet.	65%	65%

2- BASIS OF PREPARATION

2-1 Statement of compliance

These interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard IAS 34 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA"). These interim condensed consolidated financial statements do not include all the information and explanations required for the Group. Complete from the annual consolidated financial statements, and the results for the period ending on June 30, 2023 are not necessarily indicative of the results that can be expected for the year ending on December 31, 2023. It should also be read in conjunction with the latest consolidated financial statements for the year ending on December 31, 2022. However, selected explanatory notes have been included to explain important events and transactions in order to understand the changes in the financial position and financial performance of the company since December 31, 2022.

2-2 Basis of measurement

These interim condensed consolidated financial statements have been prepared in accordance with the historical cost basis Except for the following items:

- Investments at fair value through other comprehensive income are measured at fair value.
- Investments at fair value through profit or loss are measured at fair value.
- Biological assets are measured reliably at fair value.

2-3 Functional and presentation currency

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

2-4 Use of judgments and estimates

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

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

The significant estimates made by management in applying the company's accounting policies and the significant sources of estimation uncertainty were similar to those disclosed in the most recent annual financial statements.

JAZAN ENERGY AND DEVELOPMENT COMPANY (JAZADCO)
(A Saudi Joint Stock Company)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE-MONTH AND SIX-MONTH PERIOD ENDED 30 JUNE 2023
(All amounts in Saudi Riyals unless otherwise stated)

2- BASIS OF PREPARATION (CONTINUED)

2-5 BASIS OF CONSOLIDATION

These interim condensed consolidated financial statements include the interim condensed consolidated statement of financial position, the interim condensed statement of profit or loss and other comprehensive income, the condensed consolidated interim statement of changes in equity and the condensed consolidated statement of cash flows, as well as the notes to the condensed consolidated financial statements of the group, as they include The assets, liabilities and business results of the Group and its subsidiaries are as indicated in Note No. (1). Subsidiaries are companies controlled by the Group. The group controls the company when it has the right to various revenues as a result of its participation in the group and its ability to influence these revenues through its control over the group. Subsidiaries are consolidated from the date the Group gains control over the subsidiaries until the date that control ceases. The Group uses the purchase method to account for business combinations when control is transferred to the Group. The cost of acquisition is measured at the fair value of the assets acquired. The excess of the cost of acquisition plus the fair value of the non-controlling interest over the identifiable net assets acquired is recorded as goodwill in the interim condensed consolidated statement of financial position. Non-controlling interest is measured by its share of the net assets of the controlled group at the date of acquisition. The share of profit or loss and net assets not owned by the Group are presented and presented as a separate line item in the interim condensed consolidated statement of profit or loss and other comprehensive income and within equity in the interim condensed consolidated statement of other comprehensive income. Transactions as well as balances and unrealized gains and losses resulting from intra-group transactions are eliminated. Accounting policies of subsidiaries are changed when necessary to ensure consistency with the policies adopted by the Group. The Group and its subsidiaries prepare their financial statements for the same reporting periods.

Loss of control

If the Group loses control over a subsidiary, it derecognizes the related assets, liabilities, non-controlling interest, and other components of equity, while any resultant gain or loss is recognized in the condensed consolidated Interim statement of profit or loss. Any investment retained is recognized at fair value when control is lost.

Transactions are eliminated when consolidating the interim condensed consolidated financial statements

Balances, transactions, unrealized expenses, and returns arising from transactions between Group companies are eliminated. Unrealized losses are eliminated in the same way as unrealized gains, but only if there is no indication of impairment.

3- SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Company's annual financial statements as at 31 December 2022.

4- NEW STANDARDS, AMENDMENTS TO STANDARDS, AND INTERPRETATIONS

There are no new standards issued, however, there are number of amendments to standards which are effective from 1 January 2023 and has been explained in group annual consolidated financial statements, but they do not have a material effect on the interim condensed consolidated financial statements. There is no significant effect on interim condensed consolidated financial statements.

JAZAN ENERGY AND DEVELOPMENT COMPANY (JAZADCO)
(A Saudi Joint Stock Company)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE-MONTH AND SIX-MONTH PERIOD ENDED 30 JUNE 2023
(All amounts in Saudi Riyals unless otherwise stated)

5- INVESTMENTS PROPERTY

	Lands	Building	Projects under construction	Total
COST				
Balance as at 01 January 2023	26,515,841	224,020,585	16,272,426	266,808,852
Additions during the period	-	-	210,001	210,001
Balance as at 30 June 2023	26,515,841	224,020,585	16,482,427	267,018,853
Accumulated depreciation				
Balance as at 01 January 2023	-	39,575,152	-	39,575,152
Depreciation during the period	-	1,581,011	-	1,581,011
Balance as at 30 June 2023	-	41,156,163	-	41,156,163
Net book value as at 31 December 2022	26,515,841	184,445,433	16,272,426	227,233,700
Net book value as at 30 June 2023	26,515,841	182,864,422	16,482,427	225,862,690

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

	Evaluation method	Significant Inputs and valuation assumptions	Fair value as at 31 December 2022
Lands and buildings	Market approach	Recent transactions	303,093,000

The valuation techniques used are classified as level 2 fair value

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 investment real estate item includes the value of lands that were mortgaged in favor of Al-Rajhi Bank in return for the loan granted to the company. And the net book value of those lands and buildings as on June 30, 2023 amounted to 209,380,263 SR (December 31, 2022: 163,380,403 SR).

The value of those investments was recorded according to the cost model. The group evaluated its investment properties as of December 31, 2022 by an independent expert valuator.

6- INVESTMENT IN ASSOCIATE

Investment in associate consist of the following:

Company	Country	Ownership percentage	30 June 2023	31 December 2022
Rakhaa for Agricultural Investment and Development Company	Egypt	21.6%	11,684,948	3,548,828
Jannat Agricultural Investment Company	KSA	27.8%	-	-
			11,684,948	3,548,828

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6- INVESTMENTS IN ASSOCIATE COMPANIES (CONTINUED)

Investment in Rakhaa for Agricultural Investment and Development Company

Jannat Agricultural Investment Company (a Saudi limited liability company) owns an investment of 77.73% of the capital of Rakhaa for 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. Due to the failure of Jannat Company and being under liquidation, on January 2, 2020, the ownership of 17,288 shares of Rakhaa for Agricultural Investment and Development Company was transferred to Jazan Energy and Development Company (JAZADCO), which represents 21.61% of the total shares number of shares of the company. Net assets of Rakhaa for Agricultural Investment and Development company, as at December 31, 2021, amounted to deficit of 259.6 million Egyptian pounds, which is equivalent to 61.7 million Saudi riyals, and the value of that investment was not recorded due to the existence of that deficit in shareholders' equity according to the company's latest audited financial statements, a provision for impairment of the investment has been fully charged.

On July 18, 2022, the General Assembly of Rakhaa for Agricultural Investment and Development Company approved the decision of the Board of Directors dated March 20, 2022 to transfer the Saudi Fund for Development loan amounting to 327 million Egyptian pounds from a loan in favor of the Saudi Fund for Development loan to a loan in favor of the partners without any interest, in addition to transferred the entire loan to the owners equity to close the accumulated losses shown in the changes equity statement by amount 316 million Egyptian pounds, in addition to increase the capital up to the legal limit by amount 10.9 million Egyptian Pound, where it transferred the due amount for Saudi fund to owners equity of Rakhaa for agricultural investment and development company under name "Capital increases" for capital increasing (additional capital). Because of these changes during 2022, reinstating the investment by amounting SAR 3,548,828.

No financial statements were issued for the period ended on June 30, 2023 for the associate company, as the group recorded and estimated its share in the associate company's business results based on administrative financial statements for the same period.

*The following is the summary statement of financial position of Rakhaa Agricultural Investment Company:

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Current Assets	35,472,967	32,849,438
Non-current Assets	27,801,556	30,080,744
Current liabilities	(7,696,024)	(44,679,612)
Non-current liabilities	(1,506,551)	(1,820,810)
equity	54,071,948	16,429,760
The company's share in equity – 21.61%	11,684,948	3,548,828
The book value of the company's investment in Rakhaa Company	11,684,948	3,548,828

The following is the summary statement of income of Rakhaa Agricultural Investment Company:

	30 June 2023 SAR (Unaudited)	31 December 2022 SAR (Audited)
Net profit for the period	13,224,846	6,215,912
The company's share in income vat – 21.61%	2,857,889	1,342,637
Other comprehensive for the year	-	9,265
The company's share in other comprehensive for the year – 21.61%	-	2,001

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6- INVESTMENTS IN ASSOCIATE COMPANIES (CONTINUED)

The movement in Rakhaa for Agricultural Investment and Development Company investment is as follows:

	For period ended 30 June 2023 (Unaudited)	For year ended 31 December 2022 (Audited)
Beginning balance period / year	3,548,828	3,248,741
Group's share in the associate's profit during the period/year	2,857,889	1,663,296
The group's share of payments under the capital increase during the period/year	5,541,555	-
Other adjustments	402,190	-
Group's share in foreign currency translation differences during period/ year	(665,514)	(1,365,674)
Group's share in the associate's other comprehensive income during period/ year	-	2,465
Balance at the end of the year	11,684,948	3,548,828

Investment in Jannat Agricultural Investment Company

The activity of Jannat Agricultural Investment Company is to establish agricultural projects, animal production and poultry, registered in the Commercial Register in Riyadh No. 1010241588, on Jumada al-Akhir 18 1439 H corresponding to March 6, 2018. The partners in Jannat Agricultural Investment Company decided to liquidate the company because the accumulated losses exceeded more than half of its capital. Accordingly, Jazan Energy and Development Company decided to close the entire value of the investment in the financial statements during the year 2018, with regard to the procedures related to the liquidation of the Jannat Agricultural Investment Company. The liquidation procedures are still continuing until the date of approving the the interim condensed consolidated financial statements.

7- BIOLOGICAL ASSETS

	30 June 2023 SAR (Unaudited)	31 December 2022 SAR (Audited)
Biological Assets	29,625,810	32,380,765
Agricultural crops	858,631	1,496,746
	30,484,441	33,877,511

8- TRANSACTIONS WITH RELATED PARTIES

The Group, through its normal activities, deals with related parties, and these transactions include mainly a key management benefit. Transactions with related parties for the period ended June 30 are as follows:

Key management benefits	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Executives benefits	1,483,820	2,270,332
Benefits of the board of directors and committees	99,000	195,000

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9- LONG TERM LOANS

Long-term loans represent as below:

Agricultural Development Fund loan

- On Shaaban 8, 1442 AH (March 21, 2021), Jazan Energy and Development Company signed a long-term loan agreement with the Saudi Agricultural Development Fund in the amount of 15,000,000 Saudi riyals for the purpose of financing the shrimp breeding project. The loan is secured by mortgaging land title deeds within property, machinery and equipment, the loan agreement included conditions regarding Jazan Energy and Development Company's commitment to certain financial ratios and conditions. The amount of 15,000,000 SAR is to be paid in one installment on Shawwal 1, 1446 AH (corresponding to March 31, 2025). During the quarter of the year 2023, the company obtained an initial approval to postpone the payment of the loan installment for a period of two years, and work is under process to amend the agreement with the Agricultural Development Fund, and the amendment to the agreement is still under process.

- On Shaaban 8, 1442 AH (March 21, 2021), Jazan Energy and Development Company signed a long-term loan agreement with the Saudi Agricultural Development Fund in the amount of SAR 5,902,781. An amount of SAR 3,224,525 was received for the purpose of financing the shrimp breeding project. The loan is secured by mortgaging title deeds. Lands within property, machinery and equipment the loan agreement included conditions regarding Jazan Energy and Development Company's commitment to certain financial ratios and conditions. An amount of SAR 3,224,525 is to be paid in annual installments, the value of one installment is 590,278, provided that the first installment is paid on March 21, 2024.

Al Rajhi Bank loan

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

The movement in long-term loans is as follows:

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Balance at the beginning of the period /year	27,320,003	30,068,410
Proceed during the period/ year	-	2,678,246
Loans payment during the period/ year	(2,008,255)	(5,426,653)
Balance at the end of the period/ year	25,311,748	27,320,003
Less: present value of loan balances	(229,427)	(514,914)
Less: deferred interest	(468,014)	(485,736)
Early repayment discount from the Agricultural Development Fund	(1,574,997)	(1,574,997)
Balance at the end of the period/ year	23,039,310	24,744,356
Current portion of long-term loans	1,562,805	19,081,916
Non-current portion of long-term loans	21,476,505	5,662,440

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10- COMMITMENT AGAINST THE LOAN GUARANTEE OF AN ASSOCIATE

On October 24, 2016, the Saudi Fund for Development notified the Jannat Agricultural Investment Company that as at October 24, 2016, the loan due to the Fund from Rakhah for Agricultural Investment and Development (an associate company) has been implicitly transferred to the guarantors of the loan with a guarantee of fines, performance, and the request of the guarantor partners to quickly pay the obligations on the partners, as Jazan Energy and Development Company (Jazadco) is a partner in the Jannat Agricultural Investment Company, so a provision has been made with a value equivalent to the loan guarantee percentage of Jazan Energy and Development Company (Jazadco), which is 21.61%, the balance of the commitment against the loan of the associate group as at June 30, 2023 amounted to SAR 16,825,085 (December 31, 2022: SAR 14,619,841).

11- ZAKAT PROVISION

Zakat status

Jazan Energy and Development Company (JAZADCO)

Years from 2006 until 2010:

The Zakat, Tax and Customs Authority has issued the amended zakat and tax assessment by imposing additional zakat of SAR 11,844,023, and a withholding tax (paid in excess) of SAR 1,134,079. The dispute was requested to be settled before the Tax Zakat Dispute Settlement Committee of the Authority, but no satisfactory result was reached for the company, and lawsuits were registered in of zakat, tax and custom Authority, and it is expected that the amount of claims will be reduced to 50%.

Years from 2014 until 2018:

The Zakat, Tax and Customs Authority issued a zakat assessment on the group for those years by imposing additional zakat in the amount of SAR 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 issue for the years from 2015 to 2018, with the acceptance of the land deduction clause - which is one of the items affecting the differences - and the rest of the items were appealed, and it is expected that the total additional claims will be reduced by more than 50%. As for the year 2014, it is still under the Preliminary committees. It is expected that the decision of the department will be in favor of the group by nearly 50% provision.

Years 2019, 2020

The Zakat, Tax and Customs Authority issued the zakat assessment by imposing additional zakat in the amount of SAR 1,426,660 for the year 2019, and the amount of SAR 1,920,951 for the year 2020, and an objection was submitted to the additional amounts, and a decision was issued by the Authority to reject the 2019 objection, and the objection was escalated before the tax adjudication committees, and awaiting the authority's decision regarding the 2020 objection. The objections submitted by the group are based on the zakat law and the executive regulations, and it is expected that the total of the authority's claims will decrease by 50%, according to management estimates.

Fish Day Company (Subsidiary)

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

Mango Jazan Company (subsidiary)

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

- The movement in zakat provision is as follows:

	For period ended 30 June 2023 (Unaudited)	For year ended 31 December 2022 (Audited)
At the beginning of the period/year	13,942,251	12,651,496
Charged during the period/year	1,030,000	3,069,879
Paid during the period/year	(48,119)	(1,779,124)
At end of the period/year	14,924,132	13,942,251

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12- EARNINGS PER SHARE

The basic and diluted income per share is calculated by dividing the net profit for the period attributable to the shareholders of the company by the weighted average number of ordinary shares outstanding at the end of the period, amounting to 50,000,000 shares (June 30, 2022: 50,000,000 shares).

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Net profit for the period attributable to the shareholders of the company	13,181,609	28,330,524
The weighted average number of shares outstanding	50,000,000	50,000,000
Basic and diluted earnings per share	0.26	0.57

13- SEGMENT INFORMATION

Segment information relates to the group's activities and business, which the group's management has relied on as a basis for preparing its financial information, in line with internal reporting methods. Transactions between sectors are carried out on the same terms as dealing with other parties. The sectors' operating assets, liabilities, and operating activities include items directly related to a specific sector and items that can be distributed among the different sectors on a reasonable basis. Items that cannot be distributed between sectors are classified under the heading of joint assets and liabilities. The group sectors are as follows:

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

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

	Agricultural sector	Commercial sector	Investment properties sector	Total
As at 30 June 2023:				
Total current assets	74,839,194	33,107,413	18,811,960	126,758,567
Total non-current assets	321,054,530	129,954,240	73,841,280	524,850,050
Total assets	395,893,724	163,061,653	92,653,240	651,608,617
Total current liabilities	31,052,064	7,702,790	24,086,862	62,841,715
Total non-current liabilities	14,589,429	3,619,061	11,316,915	29,525,405
Total liabilities	45,641,493	11,321,851	35,403,777	92,367,120

	Agricultural sector	Commercial sector	Investment properties sector	Total
As at 31 December 2022:				
Total current assets	61,008,824	14,382,108	48,878,091	124,269,023
Total non-current assets	250,933,786	61,621,033	201,039,188	513,594,007
Total assets	311,942,610	76,003,141	249,917,279	637,863,030
Total current liabilities	47,937,658	19,305,913	10,360,761	77,604,332
Total non-current liabilities	9,569,268	2,035,944	2,068,205	13,673,417
Total liabilities	57,506,926	21,341,857	12,428,966	91,277,749

	Agricultural sector	Commercial sector	Investment properties sector	Total
For the Six-month period ended 30 June 2023 (UNAUDITED)				
Revenue	42,156,410	6,328,688	6,447,095	54,932,193
Cost of revenue	(29,491,125)	(4,753,947)	(2,623,047)	(36,868,119)
Gross profit for the period	12,665,285	1,574,741	3,824,048	18,064,074
Depreciation and amortization expense	(2,889,995)	(1,420,404)	(1,798,351)	(6,108,750)
Finance costs	(415,325)	-	-	(415,325)
Net profit for the period	9,453,181	44,392	3,824,157	13,321,730

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13- SEGMENT INFORMATION (CONTINUED)

<u>For the Six-month period ended 30 June 2022 (UNAUDITED)</u>	Agricultural sector	Commercial sector	Investment properties sector	Total
Revenue	25,368,580	12,348,372	6,404,497	44,157,449
Cost of revenue	(18,474,364)	(10,285,750)	(3,172,942)	(31,933,056)
Gross profit for the period	6,894,216	2,098,622	3,231,555	12,224,393
Depreciation and amortization expense	(3,183,938)	(1,562,408)	(1,914,229)	(6,660,575)
Finance costs	(422,207)	(31,538)	(52,563)	(506,308)
Net profit for the year	20,102,574	3,385,473	4,488,777	27,976,824

<u>For the Three-month period ended 30 June 2023 (UNAUDITED)</u>	Agricultural sector	Commercial sector	Investment properties sector	Total
Revenue	20,475,098	3,724,186	3,250,800	27,450,084
Cost of revenue	(14,244,522)	(2,703,807)	(1,303,651)	(18,251,980)
Gross profit for the period	6,230,576	1,020,379	1,947,149	9,198,104
Depreciation and amortization expense	(1,374,878)	(707,857)	(895,373)	(2,978,108)
Finance costs	(218,782)	-	-	(218,782)
Net profit for the year	7,539,258	1,030,677	2,874,273	11,444,208

<u>For the Three-month period ended 30 June 2022 (UNAUDITED)</u>	Agricultural sector	Commercial sector	Investment properties sector	Total
Revenue	5,334,843	9,248,582	3,261,078	17,844,503
Cost of revenue	(5,649,865)	(6,964,983)	(1,602,795)	(14,217,643)
Gross profit for the period	(315,022)	2,283,599	1,658,283	3,626,860
Depreciation and amortization expense	(1,595,732)	(773,916)	(960,014)	(3,329,662)
Finance costs	(211,955)	(31,538)	(52,563)	(296,056)
Net profit for the year	15,827,677	4,492,282	4,198,081	24,518,040

Geographical distribution of revenue

	<u>For the period ended as at 30 June 2023 (UNAUDITED)</u>		<u>For the period ended as at 30 June 2022 (UNAUDITED)</u>	
		%		%
Kingdom of Saudi Arabia	47,819,871	87%	37,892,280	86%
Russia	7,112,322	13%	-	-
Egypt	-	-	4,259,490	10%
Korea	-	-	2,005,079	4%
Total	54,932,193	100%	44,157,449	100%

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14- FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date. The definition of fair value is based on the presumption that the Group is a going concern and has no intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms. A financial instrument is considered to be listed in an active market if quoted prices are readily and regularly available from an exchange dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

When measuring fair value, the Group uses observable market data as far as possible. Fair values are categorized 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 and liabilities.

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

Level 3: Asset, liability or liability inputs that are not based on observable market data (unobservable inputs).

The Group's financial assets consist of cash and bank balances, investment and restricted cash deposits and other receivables, and its financial liabilities consist of trade payables, financial facilities and other liabilities. The Group's management determines policies and procedures for both repeated and one-off fair value measurements.

All financial assets and liabilities are measured at amortized cost except for investments at fair value through other comprehensive income and derivative financial instruments at fair value through profit or loss. The carrying amounts of all other financial assets and liabilities measured at amortized cost approximate their fair values.

The classification methodology used in this disclosure is in line with the company's annual consolidated financial statements. There were no transfers between Level 1, Level 2 or Level 3 for the six-month period ended June 30, 2023.

15- GENERAL

The amounts in these interim condensed consolidated financial statements are rounded to the nearest Saudi Riyal.

16- Reclassification

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

17- SUBSEQUENT EVENTS

On August 8, 2023, the company announced the cancellation of a partnership and development agreement with Salman bin Saedan Real Estate Group to develop its residential model scheme in Jazan, with a net area of 98,000 square meters. In the opinion of management, there are no other subsequent events that require disclosure in the interim condensed consolidated financial statements.

18- APPROVAL OF THE FINANCIAL STATEMENTS

These interim condensed consolidated financial statements were approved by the board of directors 10 August 2023 Corresponding to 23 Muharram 1445 H.