



RSM

شركة آر إس إم المحاسبون المتحدون للإستشارات المهنية
RSM Allied Accountants Professional Services Co.

JAZAN ENERGY AND DEVELOPMENT COMPANY (JAZADCO)
(A SAUDI JOINT STOCK COMPANY)
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2023
WITH INDEPENDENT AUDITOR'S REVIEW REPORT

JAZAN ENERGY AND DEVELOPMENT COMPANY (JAZADCO)
(A SAUDI JOINT STOCK COMPANY)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2023

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INDEPENDENT AUDITOR'S LIMITED REVIEW REPORT FOR THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

To: the Shareholders

JAZAN ENERGY AND DEVELOPMENT COMPANY (JAZADCO)

(A Saudi Joint Stock Company)

Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of **JAZAN ENERGY AND DEVELOPMENT COMPANY (JAZADCO)**, a Saudi Joint Stock Company ("the Company"), and its subsidiaries (collectively referred to as the "Group") as at 31 March 2023 and the condensed consolidated interim statements of profit or loss and other comprehensive income, changes in equity and cash flows for the three month period then ended, and other explanatory notes. The management is responsible for the preparation and presentation of these condensed consolidated Interim financial statements in accordance with International Accounting Standard (34), "Interim Financial Reporting" as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements (2410), "Review of condensed interim financial information performed by the independent auditor of the entity", as endorsed in the Kingdom of Saudi Arabia. A review of interim 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, as 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 condensed consolidated interim financial statements as at 31 March 2023, are not prepared, in all material respects, in accordance with International Accounting Standard (34) "Interim Financial Reporting", as endorsed in the Kingdom of Saudi Arabia.

RSM Allied Accountants Professional Services



Mohammed Bin Farhan Bin Nader

License No. 435

Riyadh, Saudi Arabia

30 Shawwal 1444 AH (Corresponding to 20 May 2023).



JAZAN ENERGY AND DEVELOPMENT COMPANY (JAZADCO)
(A SAUDI JOINT STOCK COMPANY)

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION (UNAUDITED)
AS OF 31 MARCH 2023

		31 March 2023	31 December 2022
	Note	SAR (Unaudited)	SAR (Audited)
Assets			
Non-current assets			
Property, plant and equipment, net		221,260,163	221,417,357
Investment properties, net		226,458,195	227,233,700
Investments in associates, net	4	2,243,478	3,548,828
Financial investments at fair value through OCI	5	59,140,000	58,640,000
Intangible assets, net		2,263,776	2,500,808
Right of use asset, net		232,205	253,314
Total non-current assets		511,597,817	513,594,007
Current assets			
Biological assets	6	30,290,033	33,877,511
Inventory, net		34,986,665	30,314,268
Financial investments at fair value through profit & loss	7	20,387,458	23,257,325
Accounts receivable, prepaid expenses and other assets, net		39,741,326	34,774,110
Cash and cash equivalents		4,987,544	2,045,809
Total current assets		130,393,026	124,269,023
Total assets		641,990,843	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 financial investments at fair value through OCI reserve	5	(7,910,000)	(7,910,000)
Foreign currency translation reserve		(2,031,188)	(1,365,674)
Accumulated losses		(27,941,461)	(29,724,136)
Total equity attributable to the company's shareholders		547,527,345	546,410,184
Non-controlling interests		269,944	175,097
Total equity		547,797,289	546,585,281
Liabilities			
Non-current liabilities			
Long-term loans - non-current portion	8	5,025,852	5,662,440
Employees benefit obligations		7,833,121	7,826,008
Lease liabilities - non-current portion		119,078	184,969
Total non-current liabilities		12,978,051	13,673,417
Current liabilities			
Long - term loans - current portion	8	17,803,206	19,081,916
Lease liabilities - current portion		78,969	34,104
Due to a related party		-	15,000
Accrued dividends to shareholders		5,375,190	5,625,183
Commitment against the loan guarantee of an associate	9	14,619,841	14,619,841
Accounts payable, accrued expenses, and other liabilities		28,881,046	24,286,037
Zakat provision	10	14,457,251	13,942,251
Total current liabilities		81,215,503	77,604,332
Total liabilities		94,193,554	91,277,749
Total equity and liabilities		641,990,843	637,863,030

Financial Manager

Ihab Rifai

Chief Executive Officer

Mohammed Abdullah Al-Rasheed

Delegated Board Member

Abdel-Ilah Melhem Al-Mufeez

The accompanying notes from (1) to (15) are an integral part of these condensed consolidated financial statements.

JAZAN ENERGY AND DEVELOPMENT COMPANY (JAZADCO)
(A SAUDI JOINT STOCK COMPANY)

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME (UNAUDITED)**

FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2023

	Note	For the three months period ended 31 March	
		2023 SAR (Unaudited)	2022 SAR (Unaudited)
Profit or loss			
Revenues	12	27,482,109	26,312,946
Cost of revenues	12	(21,641,373)	(17,715,413)
Gain of biological assets revaluation at fair value		3,025,234	-
Gross profit		8,865,970	8,597,533
Selling and marketing expenses		(1,648,663)	(1,887,162)
General and administrative expenses		(5,154,636)	(4,091,841)
Group's share of (loss) / profit of an associate		(639,836)	494,501
Other income		952,616	852,531
Profit from main activities		2,375,451	3,965,562
Finance costs		(196,543)	(210,252)
Unrealized gain on revaluation of investments at fair value through profit or loss	7	213,614	-
Net profit for the period before zakat		2,392,522	3,755,310
Zakat		(515,000)	(415,000)
Net profit for the period		1,877,522	3,340,310
Other comprehensive income			
Items that may be subsequently reclassified to the condensed consolidated statement of profit or loss			
Foreign currency translation differences for an associate	4	(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	4	-	39,440
Total other comprehensive (loss) / income for the period		(665,514)	39,440
Total comprehensive income for the period		1,212,008	3,379,750
Net profit for the period attributable to:			
Shareholders of the parent company		1,782,675	3,563,597
Non-controlling interests		94,847	(223,287)
Net profit for the period		1,877,522	3,340,310
Total comprehensive income for the period attributable to:			
Shareholders of the parent company		1,117,161	3,603,037
Non-controlling interests		94,847	(223,287)
Total comprehensive income for the period		1,212,008	3,379,750
Earnings per share			
Basic and diluted earnings per share		0.04	0.07

Financial Manager

Ihab Rifai

Chief Executive Officer

Mohammed Abdullah Al-Rasheed

Delegated Board Member

Abdel-Ilah Melhem Al-Mufeez

The accompanying notes from (1) to (15) are an integral part of these condensed consolidated interim financial statements.

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2023**

Financial Manager
Ihab Rifai

Delegated Board Member
Abdel-Ilah Melhem Al-Mufeez

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JAZAN ENERGY AND DEVELOPMENT COMPANY (JAZADCO)
(A SAUDI JOINT STOCK COMPANY)

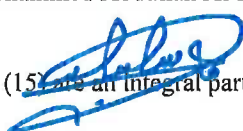
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2023

	For the three months period ended 31 March	
	2023	2022
	SAR	SAR
	(Unaudited)	(Unaudited)
Cash flows from operating activities		
Net profit for the period before zakat	2,392,522	3,755,310
Adjustments to reconcile net profit for the period before zakat:		
Depreciation of property, plant and equipment	2,103,105	2,188,737
Depreciation of investments properties	790,505	790,505
Amortization of intangible assets	237,032	351,671
Group's share of profit / (loss) of an associate	639,836	(494,501)
Provision for employees' benefits obligations	283,497	485,952
Unrealized gain of revaluation of investments at fair value through profit or loss	(213,614)	-
Finance costs	196,543	210,252
Gain of biological assets revaluation at fair value	(3,025,234)	-
	3,404,192	7,287,926
Changes in operating assets and liabilities:		
Inventory	(4,672,397)	(5,828,369)
Biological assets	6,612,712	10,897,887
Accounts receivable, prepaid expenses, and other assets	(4,967,216)	(1,926,520)
Accounts payable, accrued expenses, and other liabilities	4,491,506	(3,250,259)
Due to a related party	(15,000)	(15,000)
Cash generated from operations	4,853,797	7,165,665
Employees' benefits obligations paid	(276,384)	(489,208)
Net cash generated from operating activities	4,577,413	6,676,457
Cash flows from investing activities		
Additions of property, plant and equipment	(615,247)	(402,350)
Additions of project under construction	(1,330,664)	(4,575,079)
Additions of financial investments at fair value through OCI	(500,000)	-
Additions to investment properties	(15,000)	(3,478)
Proceeds of investments at fair value through profit or loss	3,083,481	-
Net cash generated from/ (used in) investing activities	622,570	(4,980,907)
Cash flows from financing activities		
Repayment of long-term loans	(2,008,255)	(1,898,653)
Dividends paid	(249,993)	(2,340)
Net cash used in financing activities	(2,258,248)	(1,900,993)
Net change in cash and cash equivalents	2,941,735	(205,443)
Cash and cash equivalents at the beginning of the period	2,045,809	15,364,149
Cash and cash equivalents at end of the period	4,987,544	15,158,706

Financial Manager


Abdul-Rifa

Chief Executive Officer
Mohammed Abdullah Al-Rasheed



Delegated Board Member
Abdel-Ilah Melhem Al-Mufeez



The accompanying notes from (1) to (15) are an integral part of these condensed consolidated interim financial statements.

JAZAN ENERGY AND DEVELOPMENT COMPANY (JAZADCO)
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2023 (UNAUDITED)

1- ORGANIZATION AND ACTIVITIES

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 17 August 1993). The Share Capital of the Company amounted to SAR 500,000,000 divided into 50,000,000 shares with a nominal value of SAR 10.

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.

Following licenses were obtained to practice the company's 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 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 condensed consolidated interim financial statements as at 31 march 2023 include the following branches of the group::

<u>Branch name</u>	<u>CR No.</u>	<u>City</u>	<u>Activity</u>
Jazadco Real Estate Company	5900011471	Jazan	Buying, selling, and renting land and real estate.
Jazadco Real Estate Company	5900114667	Jazan	Buying, selling, and renting land and real estate.
Jazan Development Company Factory for the 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)	1010889407	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.

Subsidiaries companies:

<u>Name of the subsidiary company</u>	<u>City</u>	<u>CR No.</u>	<u>The main activity of the company</u>	<u>Ownership percentage</u>	
				<u>As at 31 March 2023</u>	<u>As at December 2022</u>
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%

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2023 (UNAUDITED)

2- BASIS OF PREPARATION OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

2-1 STATEMENT OF COMPLIANCE

The condensed consolidated Interim financial statements have been prepared in accordance with International Accounting Standard number "34" "Interim Financial Reporting" that is endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA). These condensed consolidated interim financial statements do not include all information and disclosures required to issue the complete set of financial statements. Also, the results for the period ended 31 March 2023 are not necessarily indicative of the results that can be expected for the year ending 31 December 2023. Also it should be read along with the latest financial statements for the year ended 31 December 2022. However, explanatory notes have been included to explain important events and transactions to understand the changes in the financial position and financial performance of the group since 31 December 2022.

2-2 PREPARATION OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

The condensed consolidated interim financial statements have been prepared on a historical cost convention unless IFRS requires the use of another measurement basis, and in accordance with the accrual principle and going concern.

2-3 FUNCTIONAL AND PRESENTATION CURRENCY

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

2-4 USE OF JUDGMENTS AND ESTIMATES

In preparing these interim condensed financial statements, management has made judgments and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. The significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual Financial Statements.

2-5 BASIS OF CONSOLIDATION

These condensed consolidated interim 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.

Non-controlling interests

Non-controlling interests are measured at their proportionate share of net identifiable assets at the acquisition date.

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 condensed consolidated interim 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.

JAZAN ENERGY AND DEVELOPMENT COMPANY (JAZADCO)
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2023 (UNAUDITED)

3- 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 Group's Condensed Consolidated Interim Financial Statements. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these amended standards.

4- INVESTMENTS IN ASSOCIATE COMPANIES

Investments in associate companies consist of the following:

Company	Country	Ownership percentage	31 March 2023 SAR (Unaudited)	31 December 2022 SAR (Audited)
Rakhaa for Agricultural Investment and Development Company	Egypt	%21.6	2,243,478	3,548,828
Jannat Agricultural Investment Company	KSA	%27.8	-	-
			2,243,478	3,548,828

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(note 9), 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 upto 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 March 31, 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 movement in Rakhaa for Agricultural Investment and Development Company investment is as follows:

	31 March 2023 SAR (Unaudited)	31 December 2022 SAR (Audited)
Begening balance period/ year	3,548,828	-
Reinstating the investment balance in the associate company after recovering from losses	-	3,248,741
Group's share in the associate company's gain/ (loss) results during period/ year	(639,836)	1,663,296
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	2,243,478	3,548,828

Investment in Jannat Agricultural Investment Company

The activity of the jannat agricultural investment company is to establish agricultural projects, animal production and poultry, registered in the commercial register in riyadh no. 1010241588. The partners in the jannat agricultural investment company decided to liquidate the group due to the accumulated losses exceeded more than half of its capital. Accordingly, the jazan energy and development company decided 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 jannat agricultural investment company, as the liquidation procedures are still continuing until the date of the condensed consolidated interim financial position.

JAZAN ENERGY AND DEVELOPMENT COMPANY (JAZADCO)
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2023 (UNAUDITED)

5- FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Financial investments at fair value through other comprehensive income are represented of shares in companies that are not held for trading, for which the Group has irrevocably elected on initial recognition to recognize changes in fair value Through other comprehensive income, the preliminary condensed consolidated statement instead of the statement of profit or loss as that option more convenient. Investments carried at fair value through other comprehensive income are composed as follows:

Reserve for revaluation of financial investments at fair value through other comprehensive income

**Revaluation of financial
vestments at fair value through OCI
reserve**

<u>Group</u>	<u>Ownership percentage</u>	<u>Cost balance as at the beginning of the period SAR</u>	<u>Addition during the period SAR</u>	<u>As at the beginning of the period SAR</u>	<u>Fair value as at the end of the period SAR</u>
Al Reef Sugar Refining Company	%15	45,000,000	500,000	(6,620,000)	38,880,000
Tabuk Fish Company	%10	21,550,000	-	(1,290,000)	20,260,000
		66,550,000	500,000	(7,910,000)	59,140,000

- The investments referred to above are investments in unlisted companies, and the management estimated that there is no material difference between their fair value as on March 31, 2023 and their fair value as on December 31, 2022.

6- BIOLOGICAL ASSETS

	31 March 2023 SAR (Unaudited)	31 December 2022 SAR (Audited)
Biological Assets	24,921,119	28,055,187
Gains of fair value revaluation of biological assets*	3,025,234	4,325,578
	27,946,353	32,380,765
Agricultural crops	2,343,680	1,496,746
	30,290,033	33,877,511

*A measurement was made of the fair value of biological assets for the period ended on March 31, 2023 by an independent and accredited valuer specialized in assessing the quality of biological assets held by the group. The fair value of biological assets as on March 31, 2023 amounted to SAR 27,946,353 (December 31, 2022: SAR 32,380,765).

Below is the data of the valuation expert:

Valuer	Membership No	Valuer's qualifications	Basis for valuation
The Saudi Group for Asset Evaluation and Valuation	1210000272	Accredited valuers registered with Saudi Authority for Accredited Valuers	Market value
The Saudi Group for Asset Evaluation and Valuation	1210000273	Accredited valuers registered with Saudi Authority for Accredited Valuers	Market value

JAZAN ENERGY AND DEVELOPMENT COMPANY (JAZADCO)
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2023 (UNAUDITED)

7- INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

Investments at fair value through profit or loss are represented in an investment portfolio, managed by Yaqeen Capital, which is accounted at fair value through profit or loss. The following is a statement of the movement of these investments:

	31 March 2023	31 December 2022
	SAR	SAR
	(Unaudited)	(Audited)
Begening balance during the period / year	23,257,325	-
Additions during the period/ year	-	25,000,000
Withdrawals during the period/ year	(3,083,481)	(2,000,000)
Unrealized gains on revaluation of investments at fair value through profit or loss	213,614	257,325
Balance at the end of the period/ year	20,387,458	23,257,325

8- 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 Ramadan 9, 1444 AH (corresponding to March 31, 2023). During the first 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 (note 5). 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 (Note 6) 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 balance as of December 31, 2022, amounted to SAR 4,074,975. The loan agreement included conditions regarding the commitment of Jazan Energy and Development Company to some percentages. and financial terms.

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8- LONG TERM LOANS (CONTINUED)

The movement in long-term loans is as follows:

	31 March 2023 (Unaudited) SAR	31 December 2022 (Audited) SAR
Balance at the beginning of the year	27,320,003	30,068,410
Proceed during the period/ year	-	2,678,246
Loans repaid 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 during the period/ year	(390,121)	(514,914)
Less: deferred interest	(517,572)	(485,736)
Early repayment discount from the Agricultural Development Fund	(1,574,997)	(1,574,997)
Balance at the end of the period/ year	<u>22,829,058</u>	<u>24,744,356</u>
Current portion of long-term loans	<u>17,803,206</u>	<u>19,081,916</u>
Non-current portion of long-term loans	<u>5,025,852</u>	<u>5,662,440</u>

9- 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 Rakhaa 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 March 31, 2023 amounted to SAR 14,619,841 (December 31, 2022: SAR 14,619,841) (Note 4).

10- 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 general secretariat of zakat, tax and custom commiss, 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 issued 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%.

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.

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10- ZAKAT PROVISION (CONTINUED)

Zakat status (Continued)

Years 2021, 2022

The company submitted zakat returns for the year 2021, 2022

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.

11- FINANCIAL INSTRUMENTS RISK MANAGEMENT

Liquidity risks

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

To reduce the liquidity risk and associated losses which may affect the business of the Group, the group maintains, wherever possible, sufficient highly liquid current assets in all business conditions. The Group has a highly dynamic cash flow policy and a system by which it can estimate the maturity dates of its liabilities and develop appropriate plans to provide the required funding to meet these liabilities in a timely manner.

The following are the maturities of assets and liabilities as at 31 March 2022, and 31 December 2021:

	3 months or less SAR	More than 3 months to 1 year SAR	More than 1 year up to 10 years SAR	No specific maturity dates SAR	Total SAR
31 March 2023					
Assets					
Accounts receivable	11,070,346	9,313,867	12,070,629	-	32,454,842
Total	11,070,346	9,313,867	12,070,629	-	32,454,842
Liabilities					
Long-term loans	-	17,911,998	5,312,502	-	23,224,500
Employees' benefits obligations	-	-	-	7,833,121	7,833,121
Lease Liabilities	-	78,969	119,078	-	198,047
Accrued dividends to shareholders	5,375,190	-	-	-	5,375,190
A commitment against an associate company's loan guarantee	-	-	14,619,841	-	14,619,841
Accounts payable, accrued expenses, and other liabilities	-	28,881,046	-	-	28,881,046
Zakat provision	-	-	14,457,251	-	14,457,251
Total	5,375,190	46,872,013	34,508,672	7,833,121	94,588,996

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11- FINANCIAL INSTRUMENTS RISK MANAGEMENT (CONTINUED)

Liquidity risks (Continued)

31 December 2022	3 months or less SAR	More than 3 months to 1 year SAR	More than 1 year up to 10 years SAR	No specific maturity dates SAR	Total SAR
Assets					
Accounts receivable	13,482,712	19,584,949	-	-	33,067,661
Total	13,482,712	19,584,949	-	-	33,067,661
Liabilities					
Long-term loans	-	19,329,975	5,902,780	-	25,232,755
Employees' benefits obligations	-	-	-	7,826,008	7,826,008
Lease Liabilities	-	34,104	184,969	-	219,073
Accrued dividends to shareholders	5,625,183	-	-	-	5,625,183
Due to related party	-	15,000	-	-	15,000
A commitment against an associate company's loan guarantee	-	-	14,619,841	-	14,619,841
Accounts payable, accrued expenses, and other liabilities	-	24,286,037	-	-	24,286,037
Zakat provision	-	13,942,251	-	-	13,942,251
Total	5,625,183	57,607,367	20,707,590	7,826,008	91,766,148

12- 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 as at 31 March 2023, (Unaudited) 31 December 2022, (Audited) respectively, according to the nature of the activity:

	Agricultural sector SAR	Commercial sector SAR	Investment properties sector SAR	Total SAR
As at 31 March 2023:				
Total current assets	62,170,395	15,510,309	52,712,322	130,393,026
Total non-current assets	249,290,903	61,538,146	200,768,768	511,597,817
Total assets	311,461,298	77,048,455	253,481,090	641,990,843
Total current liabilities	48,744,500	21,130,861	11,340,142	81,215,503
Total non-current liabilities	9,112,740	1,917,464	1,947,847	12,978,051
Total liabilities	57,857,240	23,048,325	13,287,989	94,193,554

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12- SEGMENT INFORMATION (CONTINUED)

	Agricultural sector SAR	Commercial sector SAR	Investment properties sector SAR	Total SAR
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 SAR	Commercial sector SAR	Investment properties sector SAR	Total SAR
For the period ended as at 31 March 2023 (UNAUDITED)				
Revenue	21,681,312	2,604,502	3,196,295	27,482,109
Revenue cost	(18,271,837)	(2,050,140)	(1,319,396)	(21,641,373)
Gain of biological assets revaluation at fair value	3,025,234	-	-	3,025,234
Gross profit for the period	6,434,709	554,362	1,876,899	8,865,970
Depreciation and amortization expense	1,515,117	712,547	902,978	3,130,642
Finance costs	196,543	-	-	196,543
Net profit for the year	1,913,923	(986,285)	949,884	1,877,522

Revenue recognition:

	Agricultural sector SAR	Commercial sector SAR	Investment properties sector SAR	Total SAR
For the period ended as at 31 March 2023 (UNAUDITED)				
A certain point in time	21,681,312	2,604,502	-	24,285,814
Over time	-	-	3,196,295	3,196,295
Total	21,681,312	2,604,502	3,196,295	27,482,109

	Agricultural sector SAR	Commercial sector SAR	Investment properties sector SAR	Total SAR
For the period ended as at 31 March 2022 (UNAUDITED)				
Revenue	20,033,737	3,135,790	3,143,419	26,312,946
Revenue cost	(12,824,499)	(3,320,767)	(1,570,147)	(17,715,413)
Gross profit for the period	7,209,238	(184,977)	1,573,272	8,597,533
Depreciation and amortization expense	1,588,206	788,492	954,215	3,330,913
Finance costs	210,252	-	-	210,252
Net profit for the year	4156,423	(1,106,809)	290,696	3,340,310

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12- SEGMENT INFORMATION (CONTINUED)

Revenue recognition:

<u>For the period ended as at 31 March 2022</u> <u>(UNAUDITED)</u>	Agricultural sector SAR	Commercial sector SAR	Investment properties sector SAR	Total SAR
A certain point in time	20,033,737	3,135,790	-	23,169,527
Over time	-	-	3,143,419	3,143,419
Total	20,033,737	3,135,790	3,143,419	26,312,946

Geographical distribution of revenue

	<u>For the period ended as at 31 March</u> <u>2023 (UNAUDITED)</u>		<u>For the period ended as at 31 March</u> <u>2022 (UNAUDITED)</u>	
	SAR	%	SAR	%
Kingdom of Saudi Arabia	19,271,329	70	18,840,125	71
Russia	8,210,780	30	1,052,824	4
Egypt	-	-	4,414,918	17
Koria	-	-	2,005,079	8
Total	27,482,109	100	26,312,946	100

13- GENERAL

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

14- SUBSEQUENT EVENTS

In the opinion of the management, there were no other significant events subsequent to 31 March 2023 that are expected to have a significant impact on these condensed consolidated interim financial statements as at 31 March 2023.

15- APPROVAL OF THE FINANCIAL STATEMENTS

These condensed consolidated interim financial statements were approved by the board of directors On 30 Shawwal 1444 AH (Corresponding to 20 May 2023).