

SAUDI FISHERIES COMPANY
(A Saudi Joint Stock Company)
Financial Statements

For the year ended 31 December 2021

Together with the Independent Auditor's Report

SAUDI FISHERIES COMPANY
(A Saudi Joint Stock Company)
For the year ended 31 December 2021
Together with the Independent Auditor's Report

<u>Table of Contents</u>	<u>Page</u>
Independent Auditor's Report Financial Statements	-
Statement of Financial Position	1
Statement of Comprehensive Income / (Loss)	2
Statement of Changes in Equity	3
Statement of Cash Flows	4
Notes to the Financial Statements	5-38

INDEPENDENT AUDITOR’S REPORT (Continued)

**To The Shareholders of Saudi Fisheries Company
 (A Saudi Joint Stock Company)
 Riyadh, Kingdom of Saudi Arabia**

Report on the Audit of the Financial Statements (Continued)

Biological assets valuations	
<p>As at 31 December 2021, the Company’s biological assets were carried at Saudi Riyals 21,860,518 (Restated 2020: 974,745 Saudi Riyals).</p> <p>Biological assets are carried in accordance with IAS 41 Agriculture. Biological assets are measured at fair value minus cost to sell, unless fair value cannot be reliably measured. Cost to sell includes the additional costs and estimated costs of transporting to the market, if any, but do not include financing costs. Measurement of fair value is in accordance with IFRS 13. ‘Fair value’ refers to the price that would have been achieved on sale of the asset in an orderly transaction between market participants at the measurement date under the prevailing market conditions.</p> <p>We consider this as a key audit matter due to the significant judgments and key assumptions applied by the management in determining the fair value of the biological assets.</p> <p><i>Refer to Note 5 of the financial statements for accounting policy and Note 10 for the related disclosures in the accompanying financial statements.</i></p>	<p>We obtained the Company’s methodology and calculation model for biological assets valuation (the “Model”). We engaged an auditor’s expert and performed the following audit procedures:</p> <p>Reviewed the model by comparing it against the criteria in IAS 41 and IFRS 13.</p> <p>Examined whether the biomass and number of shrimps used in the Company’s Model for calculation of fair value of biological assets corresponds with our physical attendance observation of the ponds and the Model made mathematic calculations as intended. We found no material differences.</p> <p>Having ensured that these basic elements were in place, we assessed whether the assumptions used by the Company in the Model, were reasonable. We did this by discussing the assumptions with the Company and comparing them to among other things, historical data and observable prices. We found the assumptions to be reasonable.</p> <p>We ensured that disclosures in notes was in accordance with the requirements in the accounting standards.</p>

INDEPENDENT AUDITOR'S REPORT

**To The Shareholders of Saudi Fisheries Company
(A Saudi Joint Stock Company)
Riyadh, Kingdom of Saudi Arabia**

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Saudi Fisheries Company (the “Company”), which comprise the statement of financial position as at December 31, 2021, and the statement of comprehensive income/loss, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (‘IFRSs’) that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by the Saudi Organization for Chartered and professional Accountant (‘SOCPA’).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (‘ISAs’) that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with professional code of conduct and ethics, that are endorsed in the Kingdom of Saudi Arabia, that are relevant to our audit of the 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.

Other Matter

The financial statements of the Company for the year ended 31 December 2020 were audited by another auditor who expressed an unmodified opinion on those statements dated 26 Rajab 1442H (corresponding to 10 March 2021).

Key Audit Matters

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

INDEPENDENT AUDITOR’S REPORT (Continued)

**To The Shareholders of Saudi Fisheries Company
 (A Saudi Joint Stock Company)
 Riyadh, Kingdom of Saudi Arabia**

Report on the Audit of the Financial Statements (Continued)

Key Audit Matters	How our audit addressed the key audit matter
<p>Property, plant and equipment (“PP&E”) – Change in useful life</p> <p>The Company conducted a review of the useful life of its PP&E. The Company appointed an external consultant to assist them in assessing the useful life.</p> <p>We have considered this as a key audit matter as the application of accounting standards for PP&E and changes in accounting estimates involves significant scope for estimate by Management, which has a material impact on the financial statements.</p> <p><i>Refer to note 5 to the Financial Statements for PPE policy, and note 6 for details of change in accounting estimate.</i></p>	<p>We obtained the breakup of the assets with cost and NBV and assessed it against the report by the external consultant</p> <ul style="list-style-type: none"> • We have validated the data used by the Company for the purpose of benchmarking with other similar companies. • Obtained management’s working and the report and reviewed the arithmetic accuracy of the management’s calculation of the impact of change in useful life.

INDEPENDENT AUDITOR'S REPORT (Continued)

**To The Shareholders of Saudi Fisheries Company
(A Saudi Joint Stock Company)
Riyadh, Kingdom of Saudi Arabia**

Report on the Audit of the Financial Statements (Continued)

Other information

Other information consists of the information included in the Company's 2021 annual report, other than the financial statements and our auditors' report thereon. Management is responsible for the other information in its annual report.

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

In connection with our audit of the 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 financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company 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 Company's financial reporting process.

INDEPENDENT AUDITOR'S REPORT (Continued)

**To The Shareholders of Saudi Fisheries Company
(A Saudi Joint Stock Company)
Riyadh, Kingdom of Saudi Arabia**

Report on the Audit of the Financial Statements (Continued)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 ISAs that are endorsed in the Kingdom of Saudi Arabia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs 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 financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's 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 Company'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 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

INDEPENDENT AUDITOR'S REPORT (Continued)

**To The Shareholders of Saudi Fisheries Company
(A Saudi Joint Stock Company)
Riyadh, Kingdom of Saudi Arabia**

Report on the Audit of the Financial Statements (Continued)

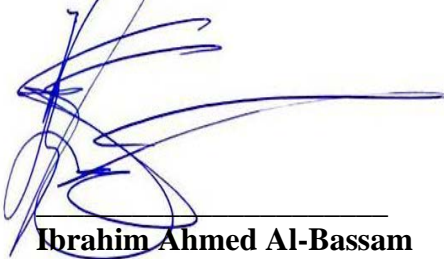
Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

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 financial statements of the current period 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.
Riyadh, Kingdom of Saudi Arabia**



**Ibrahim Ahmed Al-Bassam
Chartered Accountant
License no. 337**

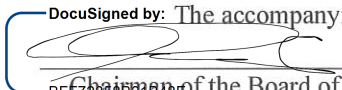


29 March 2022
(26 Sha'ban 1443H)

SAUDI FISHERIES COMPANY
(A SAUDI JOINT STOCK COMPANY)
STATEMENT OF FINANCIAL POSITION
AS OF 31 DECEMBER 2021
(In Saudi Riyals unless otherwise stated)

	Notes	31 December 2021	31 December 2020 Restatement (Note 32)
ASSETS			
Non-current assets			
Property, plant, and equipment	6	105,021,385	101,464,484
Capital work in progress	7	57,228,686	31,805,126
Investment properties	8	7,645,794	7,645,794
Right of use assets	9	7,171,453	8,485,990
Total non-current assets		177,067,318	149,401,394
Current assets			
Inventories	10	22,183,419	10,117,069
Biological assets	11	21,860,518	974,745
Trade receivables	12	5,051,454	3,840,717
Prepayments and other receivables	13	14,768,301	3,880,760
Financial assets carried at FVTPL		33,545	33,545
Financial assets at amortized cost	14	95,000,000	170,000,000
Cash and bank balances	15	5,332,894	20,284,947
Total current assets		164,230,131	209,131,783
TOTAL ASSETS		341,297,449	358,533,177
EQUITY AND LIABILITIES			
EQUITY			
Share capital	1	400,000,000	400,000,000
Accumulated losses		(128,627,297)	(94,442,473)
Remeasurement of employee benefit obligation		(103,627)	(162,069)
TOTAL EQUITY		271,269,076	305,395,458
LIABILITIES			
Non-current liabilities			
Borrowings – non-current portion	16	3,304,320	4,722,800
Provision for employee benefit obligation	17	6,935,471	6,651,909
Lease liabilities – non-current portion	9	4,632,324	6,035,305
Total non-current liabilities		14,872,115	17,410,014
Current liabilities			
Borrowings	16	1,418,480	1,418,480
Governmental grants	16	1,166,987	1,166,987
Trade and other payables	18	28,975,132	10,666,611
Creditor's compensation and subscription to priority rights shares	19	13,424,457	13,479,985
Lease liabilities	9	2,599,184	2,450,684
Provision for zakat	21	7,572,018	6,544,958
Total current liabilities		55,156,258	35,727,704
TOTAL LIABILITIES		70,028,373	53,137,718
TOTAL EQUITY AND LIABILITIES		341,297,449	358,533,177

DocuSigned by: The accompanying notes 1 to 34 form part of these financial statements.


 Chairman of the Board of
 Directors


 Chief Executive Officer


 Chief Financial Officer

SAUDI FISHERIES COMPANY
(A SAUDI JOINT STOCK COMPANY)
STATEMENT OF COMPREHENSIVE INCOME/ (LOSS)
FOR THE YEAR ENDED 31 DECEMBER 2021
(In Saudi Riyals unless otherwise stated)

	Notes	2021	2020 (Restated)
Revenue		47,586,410	40,947,697
Cost of revenue	22	(42,819,741)	(38,594,106)
Gain / (loss) for fair value biological asset	11	12,084,910	374,240
Gross Profit		16,851,579	2,727,831
Selling and distribution expenses	23	(24,667,010)	(20,888,891)
General and administrative expenses	24	(19,420,916)	(17,813,883)
Impairment of capital work in progress	7	(4,429,107)	-
Impairment of financial assets	12,13	(1,952,955)	(368,943)
Other income, net	25	2,780,550	1,994,299
Operating Loss		(30,837,859)	(34,349,587)
Finance cost	26	(400,426)	(3,300,109)
Net Loss before zakat		(31,238,285)	(37,649,696)
Zakat	21	(2,946,539)	(3,000,000)
Net Loss for the year		(34,184,824)	(40,649,696)
Other comprehensive income:			
Items that will not be reclassified subsequently to the statement of profit or loss:			
Actuarial losses employees for employee benefit obligation	17	58,442	(169,019)
Total comprehensive income		(34,126,382)	(40,818,715)
Basic and diluted earnings per share from net loss for the year		(0.85)	(1.40)

The accompanying notes 1 to 34 form part of these financial statements.

DocuSigned by:
 Chairman of the Board of
 Directors

Chief Executive Officer

Chief Financial Officer

SAUDI FISHERIES COMPANY
(A SAUDI JOINT STOCK COMPANY)
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021
(All amounts in Saudi Riyals unless otherwise stated)

	Note	Share capital	Accumulated losses	Re-measurement of the employee benefit obligation	Total
Balance as at 1 January 2020		101,100,000	(49,602,813)	6,950	51,504,137
Restatement	30	-	(4,189,964)	-	(4,189,964)
Capital increase	14	298,900,000	-	-	298,900,000
Net loss for the year (Restated)	1	-	(40,649,696)	-	(40,649,696)
Other comprehensive income		-	-	(169,019)	(169,019)
Balance as at 31 December 2020 (Restated)		400,000,000	(94,442,473)	(162,069)	305,395,458
Net loss for the year		-	(34,184,824)	-	(34,184,824)
Other comprehensive income		-	-	58,442	58,442
Balance as at 31 December 2021		400,000,000	(128,627,297)	(103,627)	271,269,076

DocuSigned by:
BFF72858B21B48E...

Chairman of the Board of
Directors

The accompanying notes 1 to 34 form part of these financial statements.

Chief Executive Officer

Chief Financial Officer

SAUDI FISHERIES COMPANY
(A SAUDI JOINT STOCK COMPANY)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021
(All amounts in Saudi Riyals unless otherwise stated)

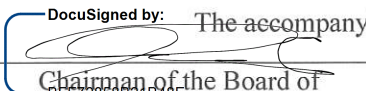
	Note	2021	2020 (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net loss for the year before zakat		(31,238,285)	(37,649,696)
<i>Adjustments to reconcile net income to net cash provided (used) by operating activities:</i>			
Depreciation		7,981,968	9,719,820
Amortization of right to use assets	9	2,716,931	1,131,967
Gain from sale of property, plant and equipment	6	-	(502,498)
Finance cost	26	400,426	3,300,109
Provision for employee's benefits obligation	17	1,398,055	891,989
Impairment of financial assets	12,13	1,952,955	368,943
Write off Impairment of Financial assets	13-1	(1,256,732)	-
Impairment Of project under construction	7	4,429,107	-
Gain / (loss) for fair value biological asset	11	(12,084,910)	(374,270)
Changes in working capital:			
Inventory	10	(12,066,350)	2,366,790
Change in biological assets	11	(8,800,863)	(600,505)
Financial assets carried at FVTPL		-	(17,278)
Financial Assets at amortized Cost		75,000,000	(170,000,000)
Trade receivables	12	(1,934,752)	(1,800,816)
Prepayments and other receivables	13	(10,859,751)	5,275,285
Trade and other payables	18	18,308,521	2,752,352
Cash flow from / (used in) operating activities		33,946,320	(185,137,808)
Zakat paid	21	(1,919,479)	(880,107)
Employees post-employment benefits paid	17	(1,150,240)	(194,256)
Net cash flow from / (used in) operating activities		30,876,601	(186,212,171)
CASH FLOW INVESTING ACTIVITIES:			
(Payments) Property, Plant, and equipment	6	(11,538,869)	
(Payments) projects in progress	7	(29,852,667)	(9,466,334)
Proceeds from the sale of property, plant, and equipment	6	-	502,498
Cash flow used in investing activities		(41,391,536)	(8,963,836)
FINANCING ACTIVITIES			
Share capital increase		-	294,710,040
Change in bank facilities		-	(82,734,223)
an interest free loan		(1,418,480)	(1,066,120)
Government loans, facilities, and grants		-	(136,493)
Lease liabilities paid	9	(2,963,111)	(3,352,080)
Creditors subscribing to equity shares	18	(55,527)	763,912
Cash flows (used in) / generated from financing activities		(4,437,118)	208,185,036
change in cash and cash equivalents during the period			
Cash and cash equivalents at the beginning of the period		20,284,947	7,275,918
Cash and cash equivalents at the end of the period	15	5,332,894	20,284,947

Non-cash transaction:

Addition & modification to right of use asset

1,402,394

DocuSigned by: The accompanying notes 1 to 34 form part of these financial statements.



Chairman of the Board of
Directors



Chief Executive Officer



Chief Financial Officer

**SAUDI FISHERIES COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021
(All amounts in Saudi Riyals unless otherwise stated)**

1. Legal status and operations

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

The head office of the Company is located in the city of Riyadh in the Kingdom of Saudi Arabia.

The Company was registered on 9 Jumada Al-Awal 1401H corresponding to March 14, 1981G in the commercial registration in Dammam under No. 2050010531. The Company financial information includes the following branches office as well:

Branch name	Commercial Registration No	Place of issue	Date
Jizan	5900001712	Jizan	22/12/1401 H
Riyadh	1010042732	Riyadh	22/3/1402 H
Jeddah	4030041385	Jeddah	13/3/1404 H
Rijal Alma'a- Al-Huraidah	5861023704	Abha- Rijal Alma'a	18/3/1424 H

The Company’s capital was increased during the year 2020, after obtaining the approval of the Capital Market Authority on 01/30/2020, as follows: -

The shareholders in the Extraordinary General Assembly meeting held on Ramadan 21 1441 H corresponding to May 14, 2020 G agreed to increase the Company's capital by a value of (298,900,000) Saudi Riyals according to the following:

- A. The capital of the Company before the increase amounted to Saudi Riyals 101,100,000 divided into 10,110,000 ordinary shares
- B. The Company’s capital after the increase amounted to 400,000,000 Saudi Riyals, divided into 40,000,000 ordinary shares
- C. The reason for the restructuring is to finance the rehabilitation and operation of the Al-Huraida project, pay the establishment fees, working capital and repay the borrowings.
- D. The method of increasing the capital of a Company: offering and listing of priority rights shares with (29,890,000) ordinary shares.

Furthermore, On March 25, 2021, the ownership of the Public Investment Fund, which represents 39.99% of the Company's shares, was transferred to the Saudi Company for Agricultural Investment and Animal Production (Salic).

In reference to the events related to the spread of the Covid-19 virus and the consequent impact on business sectors at the global level, the Company has taken many measures and measures necessary to protect the Company and its employees and continue working to improve the Company's performance. Despite these challenges that the Company faced like other companies, the Company's operations are still not significantly affected; This is because the Company implements the policies to face the crisis well and takes advantage of the initiatives and incentives provided by the government, and the Company will present to disclose any fundamental changes in the future if they occur. The management does not believe that there is any factor causing a change in the pandemic conditions that may affect the Company’s operations during the year 2021.

SAUDI FISHERIES COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021
(All amounts in Saudi Riyals unless otherwise stated)

2. Basis of preparation

2-1. Statement of compliance

These financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and professional Accountant (“SOCPA”).

2-2. Measurement basis

These financial statements have been prepared in accordance with the historical cost principle, except where IFRS require other measurement basis as stated in Note 5 of these financial statements

3. New standards and interpretations

Amendments

A number of new amendments to standards, enlisted below, are effective this year but they do not have a material effect on the Company’s Financial Statements, except for were referenced below

Amendments to standard	Description	Effective for annual years beginning on or after	Summary of the amendment
IFRS 9, IAS 39 IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform – Phase 2	January 1, 2021	These amendments modify specific hedge accounting requirements to allow hedge accounting to continue for affected hedges during the period of uncertainty before the hedged items or hedging instruments affected by the current interest rate benchmarks are amended as a result of the on-going interest rate benchmark reforms. The amendments also introduce new disclosure requirements to IFRS 7 for hedging relationships that are subject to the exceptions introduced by the amendments to IFRS 9.
IFRS 16	Amendments to IFRS 16 Leasing - Covid-19 Related Rent Concessions	April 1, 2021	This amendment extend the exemption from assessing whether a COVID-19-related rent concession is a lease modification for payments originally due on or before June 30, 2022 (rather than payment due on or before June 30, 2021).

SAUDI FISHERIES COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021
(All amounts in Saudi Riyals unless otherwise stated)

3. New standards and interpretations (continued)
New standards, amendments, and revised IFRS issued but not yet effective (continued)

The Company has not applied the following new and revised IFRSs 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 37	Onerous Contracts – Cost of Fulfilling a Contract	January 1, 2022	The amendments specify that the ‘cost of fulfilling’ a contract comprises the ‘costs that relate directly to the contract. These amendments apply to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments.
IFRS 16, IFRS 9 IAS 41 and IFRS 1	Annual Improvements to IFRS Standards 2018–2020	January 1, 2022	<p>IFRS 16: The amendment removes the illustration of the reimbursement of leasehold improvements</p> <p>IFRS 9: The amendment clarifies that in applying the ‘10 percent’ test to assess whether to derecognize a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender. The amendment is to be applied prospectively to modifications and exchanges that occur on or after the date the entity first applies the amendment.</p> <p>IAS 41: The amendment removes the requirement in IAS 41 for entities to exclude cash flows for taxation when measuring fair value.</p> <p>IFRS 1: The amendment provides additional relief to a subsidiary which becomes a first-time adopter later than its parent in respect of accounting for cumulative translation difference.</p>
IAS 16	Property, Plant and Equipment: Proceeds before Intended Use	January 1, 2022	The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use. Additionally, the amendments also clarify the meaning of ‘testing whether an asset is functioning properly’.

**SAUDI FISHERIES COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021
(All amounts in Saudi Riyals unless otherwise stated)**

3. New standards and interpretations (continued)

New standards, amendments, and revised IFRS issued but not yet effective (continued)

The Company has not applied the following new and revised IFRSs 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
IFRS 3	Reference to the Conceptual Framework	January 1, 2022	The amendment as a whole updated IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework.
IFRS 17	Insurance Contracts	January 1, 2023	This is 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) that was issued in 2005.
IAS 1	Classification of Liabilities as Current or Non-current	January 1, 2023	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 a liability would not impact its classification.
IAS 1 and IFRS Practice Statement 2	Disclosure of accounting policies	January 1, 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	January 1, 2023	This amendments regarding the definition of accounting estimates to help entities to distinguish between accounting policies and accounting estimates.
IAS 12	Income taxes	January 1, 2023	This amendment deals with clarification regarding accounting of deferred tax on transactions such as leases and decommissioning obligations
Amendment to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	N/A	The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary.

**SAUDI FISHERIES COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021
(All amounts in Saudi Riyals unless otherwise stated)**

4. Significant accounting estimates and judgments

In preparing these financial statements, management has used judgments, if any, and estimates that affect the application of accounting policies and the reported amounts of assets, 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 the carrying amounts of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

Important estimates in applying the Company's accounting policies

The following are the estimations described below made by management in the process of applying the Company's accounting policies that have a material effect on the amounts recognized in the financial statements.

Determine the discount rate to calculate the present value

Discount rates represent the current market assessment of the risks involved in scheduling cash flows, taking into account the time value of money and the individual risks of the underlying assets that have not been included in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Company. The related estimates and assumptions if any, are disclosed in Note 9 to these financial statements

Actuarial valuation of employees' end of service benefits

The cost of employee end-of-service benefits ("employee benefits") under the defined benefit program is determined using the projected unit credit method. The actuarial valuation involves making various assumptions that may differ from actual developments in the future. These assumptions include determining the discount rate, future salary increases, mortality and employee turnover. Given the complexity of the evaluation and its long-term nature; The defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are adjusted on an annual basis, or more frequently, if necessary. The related estimates and assumptions if any, are disclosed in Note 17 to these financial statements.

Fair value measurement and valuation process

Certain assets and liabilities of the Company have been measured at fair value for financial reporting purposes. The Company's management is responsible for determining appropriate valuation inputs and methods for measuring fair value.

In estimating the fair value of an asset or a liability, the Company uses market observable data to the extent available. In the event that Level 1 inputs are not available, the Company will hire accredited third-party evaluators to conduct the assessment. Company management works closely with approved external evaluators to determine appropriate inputs and valuation techniques in the model. The related estimates and assumptions if any, are disclosed in Notes 7, 8 and 11 to these financial statements.

Useful lives of property, plant and equipment

The Company estimates the useful lives of its property, plant and equipment at the end of each annual reporting period. These estimates are determined after considering the expected usage of the assets or depreciation arising from physical use. Management reviews the residual value and useful lives annually and future depreciation charges will be adjusted as management believes that the useful lives differ from previous estimates. The related estimates and assumptions if any, are disclosed in Note 6 to these financial statements.

**SAUDI FISHERIES COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021
(All amounts in Saudi Riyals unless otherwise stated)**

4. Significant accounting estimates and judgments (continued)

Zakat provision

The management has evaluated the zakat position taking into consideration the local zakat legislations, the resolutions issued periodically and the agreements. The interpretation of legislative decrees and agreements is not always clear and requires completion of the assessment by the Zakat, Tax and Customs Authority (“ZATCA”). The related estimates and assumptions if any, are disclosed in Note 21 to these financial statements.

Fair value of shrimps

The Company uses a discount rate to present value future cash flows. Significant judgement is required in determining the appropriate rate to be used, which is based on the incremental borrowing rate for short term loans since the harvesting period is less than 12 months. Estimates are also involved in determining the fair value of shrimps relating to market prices, average weight, tails of shrimps, quality of the shrimps and mortality rates. There is no effective market for shrimps, so market price is derived from observable market prices (when available), contracted sales prices or estimated future prices based on historical data. Weight of the shrimps is determined based on the estimated number of shrimps at the period end less expected mortality rate multiplied by the estimated average weight of the shrimps. The shrimps grow at different rates and there can be a considerable spread in the quality and weight of the shrimps that affects the price achieved. The related estimates and assumptions if any, are disclosed in Note 11 to these financial statements.

SAUDI FISHERIES COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021
(All amounts in Saudi Riyals unless otherwise stated)

5. Significant accounting policies

Property, plant and equipment

Property, plant and equipment are recognized in principle at the cost of acquisition, including any costs directly attributable to returning the assets to the site and the condition necessary to enable them to operate in the manner intended by the Company management. These assets are subsequently measured at cost less accumulated depreciation and any accumulated impairment losses, if any.

When the major components of items property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Depreciation is charged on statement of profit or loss and other comprehensive income and calculated on a straight-line basis over the estimated useful lives of each item of property, plant and equipment. As follows the estimated depreciation rates of assets that will be depreciated:

<u>Description</u>	<u>Years</u>
Buildings and paved roads	30 Y
Factory, equipment and facility	5-20 Y
Boats and shrimps ing equipment	20 Y
Vehicles	4-10 Y
Furnitures and Fixtures	5-10 Y
Telecommunications	10 Y

If there is an indication that there has been a significant change in the useful life or residual value of an item, future depreciation is revised to reflect the new estimates.

An item of property, plant and equipment and any significant part that is recognized initially is derecognized when it has been disposed of or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss.

Items such as spare parts, auxiliary equipment and servicing equipment, if any, are recognized in accordance with this IFRS when they meet the definition of property, plant and equipment. Otherwise, these items are classified as inventory.

Capital work in progress

Capital work in progress represents cost directly relating to new projects in progress and are capitalized when completed however the depreciation commences when the asset becomes available for intended use.

Inventory

Inventory includes finished goods, work in process, raw materials, warehouse supplies and spare parts, and it is stated at cost or net realizable value whichever is lower. Cost includes the cost of materials and all expenditures directly related to the manufacturing process as well as the appropriate amount of other costs, based on normal operating capacity. The cost of finished goods includes the cost of raw materials, labour and appropriate general production overheads. The cost of inventory is determined using the weighted average method.

The net realizable value consists of the estimated selling price during the normal course of business after deducting additional production costs for completion and selling and marketing expenses.

The Company reviews the carrying value of the inventory regularly, and when needed, the stock is reduced to the net realizable value or provision for obsolete items is created if there is any change in the pattern of use and or the physical shape of the related stock.

Cash and cash equivalents

Cash and cash equivalents include cash in banks and bank deposits with original maturity of three months or less. It also includes bank overdrafts that are an integral part of the Company's cash management and are likely to fluctuate from overdraft to positive balances.

**SAUDI FISHERIES COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021
(All amounts in Saudi Riyals unless otherwise stated)**

5. Significant accounting policies (continued)

Impairment of non-financial assets

At each reporting date, the non-financial assets are reviewed to determine whether there is an indication that those assets have incurred an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset (or group of similar assets), is estimated and compared to its carrying amount. If the estimated recoverable amount is less than the carrying amount, the carrying amount is reduced to its estimated recoverable amount, and the impairment loss is recognized immediately in the statement of profit or loss.

Impairment occurs when the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, which is greater than its fair value less costs of disposal and value in use.

The recoverable amount is sensitive to the discount rate used for the (discounted cash flow) model as well as expected future cash flows and the growth rate used for extrapolation purposes.

Similarly at each reporting date, inventory is assessed for any impairment by comparing the carrying amount of each inventory asset (or group of similar assets) to its selling price less costs to complete and sell. If there is a decrease on one of the inventory assets (or group of similar assets), its carrying amount is reduced to the selling price less the costs necessary to complete and sell, and the impairment loss is recognized immediately in the statement of profit or loss.

When the impairment loss entry is subsequently reversed, the carrying amount of the assets (or group of related assets) is increased to the revised estimate of its recoverable amount (selling price less costs to complete and sell, in the case of inventory), provided that the carrying amount does not increase in excess of the carrying amount that would have been determined had no impairment loss been recognized for those assets for the previous year. The reversal of the impairment loss is recognized immediately in the statement of comprehensive income or comprehensive loss.

Equity reserves

The share capital represents the nominal (nominal) value of the shares that have been issued. Accumulated losses include all current and prior period losses. All transactions with the owners of the Company are recorded separately within equity.

Statutory reserves

In accordance with the Company's articles of association and the Company's law in the Kingdom of Saudi Arabia, 10% of the net profit for the year is transferred to the statutory reserve after absorption of all accumulated losses until the reserve reaches 30% of the capital. This reserve is not distributable to shareholders. However, it can be used to raise capital after obtaining shareholder approval.

Provisions

A provision is recognized if, as a result of past events, it appears that the Company has a present legal or contractual obligation whose amount can be estimated reliably and that it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are reviewed at each statement of financial position date and adjusted to reflect the current best estimate.

Contingent liabilities

All possible obligations arising from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events that are not under the full control of the Company, or all current obligations arising from past events but not established for the following reasons: (1) there is no possibility that an outflow of resources embedded in the economic benefits will be required to settle the obligation, or (2) the obligation amount cannot be measured sufficiently reliably; they all must be evaluated at each statement of financial position and disclosed in the Company financial statements as possible liabilities.

**SAUDI FISHERIES COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021
(All amounts in Saudi Riyals unless otherwise stated)**

5. Significant accounting policies (continued)

Borrowings

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in profit or loss and other comprehensive income over the period of the borrowings using the effective interest method.

Assumptions are removed from the statement of financial position when the obligation specified in the contract is discharged, canceled or expires. Borrowings are classified as a current liability when the remaining maturity date is less than 12 months.

Zakat

According to ZATCA terms the Company is subject to zakat. Zakat provision of the Company is recognized and charged in the statement of profit or loss and other comprehensive income. Additional zakat liabilities are calculated, if any, which relate to assessments of previous years by the ZATCA and income in the period in which the final assessments are issued.

Employee benefits

Short-term obligations

The obligations related to wages and salaries, including non-cash benefits, accumulated vacations, travel tickets, children's education and furniture expected to be paid in full within 12 months after the end of the period in which employees provide related services, they are recognized in relation to employee services until the end of the reporting period and measured at the amounts expected to be paid when the obligations are settled. Current employee benefit obligations are shown in the statement of financial position.

Employee end of employment benefits

The obligation or asset recognized in the statement of financial position in connection with a defined end-of-service benefit plan is the present value of the defined benefit obligation at the end of the reporting period. The defined benefit obligation is calculated by independent actuaries using the projected unit credit method.

The present value of the receivable obligation is determined by discounting the estimated future cash flows using interest rates of high-quality corporate bonds that are determined in the currency in which the benefits will be paid, and that have terms that approximate the terms of the relevant obligation.

Defined benefit costs are categorized as:

Service cost

Service costs include current service and past service is recognized in profit of loss immediately.

Changes in the present value of defined benefit obligations resulting from program adjustments or labor reductions are recognized directly in the statement of profit or loss and other comprehensive income as past service costs.

Interest cost

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

Remeasurement of gains or losses

Remeasurement of gains or losses arising from experience adjustment and changes in actuarial assumptions in the period in which they occur are recognized in the statement of comprehensive income.

**SAUDI FISHERIES COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021
(All amounts in Saudi Riyals unless otherwise stated)**

5. Significant accounting policies (continued)

Finance cost

Borrowing costs directly attributable to acquisition, construction or production of qualifying assets are capitalized over a period of time necessary to complete and prepare the asset for its intended use or sale. Other finance costs are expensed in the period in which they are incurred and are recorded as 'finance expenses'. Finance costs consist of interest and other costs that the Company incurs in connection with the borrowing of funds.

Revenue recognition

Revenue is recognized when the Company fulfils its obligations in contracts with customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. Specifically, the standard provides a five-step approach for revenue recognition:

Step one: identify the contract(s) with customers.

Step two: identify the performance obligations in the contract.

Step three: Determine the transaction price.

Step four: Allocate the transaction price to each performance obligation in the contract.

Step five: Recognize revenue when a performance obligation are satisfied.

Revenue is recognized upon satisfying the performance of contractual obligations, when control over the goods or services is transferred to the customer to be able to use them for the intended purpose and without restrictions or to benefit from the services rendered under the contract.

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

In case there is a difference in price, between the selling price of the product at the delivery site at the Company's location and the selling price of the same product at the customer's location, the resulting difference will be treated as transport income and inserting the related cost in the cost of revenue.

Discounts

Additional discounts if any, are granted to customers according to the market and competitive conditions. Revenue is recognized based on the price specified in the contract or agreed upon with the customer after deducting the specific discounts for each customer. Revenue is recognized only to the extent that it is highly probable that a significant reversal will not occur, the contractual obligation is recognized for the expected discounts in the volume of payable amounts to customers in respect of sales made up to the end of the reporting period.

Finance component

The Company does not expect the existence of any contracts that exceeds the period between the delivery of the products agreed to be sold to the customer and the payment by the customer over one year. Accordingly, no adjustment is required in the transaction prices for the time value of money.

Effective interest method

The effective interest method is a method of calculating the amortized cost of a financial asset and liability and of allocating interest income and expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees 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 applicable, the period shorter to net book value on initial recognition.

**SAUDI FISHERIES COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021
(All amounts in Saudi Riyals unless otherwise stated)**

5. Significant accounting policies (continued)

Biological assets

The Company's biological assets comprise of Shrimps at all stages of the life cycle. Categorized into immature and mature shrimps representing preharvest and ready to harvest phases, respectively.

Biological assets are carried in accordance with IAS 41 Agriculture. Biological assets are measured at fair value minus cost to sell, unless fair value cannot be reliably measured. Measurement of fair value is in accordance with IFRS 13. 'Fair value' refers to the price that would have been achieved on sale of the asset in an orderly transaction between market participants at the measurement date under the prevailing market conditions.

For preharvest phase (immature) the historical cost is deemed a reasonable approach to fair value, as there is little biological transformation. This assessment is based on the fact that when larvae are placed in the ponds their weight are still relatively low. At the same time, this phase comprises a limited share of the Company's biological assets measured in terms of both volume and value.

The cost is measured based on monthly weighted average cost formula, and includes cost of purchase plus transportation charges (if any), feed and medication, direct labour cost and an appropriate proportion of farm operating overheads accumulated on a project basis.

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

The Company uses a discount rate to present value future cash flows. Significant judgement is required in determining the appropriate rate to be used, which is based on incremental borrowing rate of the Company.

Estimates are also involved in determining the fair value of shrimps relating to market prices, average weight and size, number of larvae, and mortality rates.

There is no effective market for shrimps, so market price is derived from observable market prices (when available), contracted sales prices or estimated future prices based on historical data. Weight of the shrimps is determined based on the estimated number of shrimps at the period end less expected mortality rate multiplied by the estimated average weight of the shrimps. The shrimps grow at different rates and there can be a considerable spread in the quality and weight of the shrimps that affects the price achieved.

Estimated biomass (volume) is based on the actual number of individuals in the pond on the statement of position date, adjusted to cover projected mortality up to harvest date and multiplied by the estimated weight per individual at the time of harvest.

The measurement unit is the individual Shrimps. Changes to estimated fair value for biological assets, are recorded through statement of comprehensive income/(loss) and presented on the line for fair value adjustments related to biological assets.

**SAUDI FISHERIES COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021
(All amounts in Saudi Riyals unless otherwise stated)**

5. Significant accounting policies (continued)

General and administrative expenses

Selling, distribution, general and administrative expenses include direct and indirect costs that are not specifically part of cost of sales. Allocation between cost of sales and selling, distribution, general and administrative expenses, when required, is made on a consistent basis. The Company recognizes marketing support from sellers in selling and distribution expenses on an accrual basis.

Earnings per share

The Company displays basic and diluted earnings per share (if any) per ordinary share. Basic earnings are calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year, adjusted by the number of ordinary shares repurchased or issued during the year. Diluted earnings per share are adjusted for profit or loss attributable to the Company's ordinary shareholders and the weighted average number of shares outstanding during the year with the effect of all potentially issued ordinary stock.

Value added tax

Revenues, expenses and assets are recognized after deducting VAT, except for:

When the VAT incurred in connection with the purchase of assets or services is non-refundable from ZATCA, in this case, the transaction tax is recognized as part of the cost of purchasing the asset or as part of the expense's items, where applicable; and Receivables and payables that are included with the transaction tax amount.

The net amount of VAT recoverable from, or payable to, ZATCA as part of purchase asset or expenses items in statement of financial position.

Transactions and balances in foreign currencies

Transactions in foreign currencies are converted into Saudi Riyals using the exchange rate prevailing on the date of the transactions. Foreign exchange profits and losses resulting from the settlement of these transactions and from remeasurement of monetary items denominated in foreign currency at the rates prevailing at the end of the year are recognized in the statement of profit or loss and other comprehensive income. Non-monetary items are not retranslated at the end of the year and are measured at historical cost (they are translated using the exchange rates on the date of the transaction), except for non-monetary items at fair value, which are translated using the exchange rates at the date on which the fair value was determined.

Financial instruments

Financial assets

Classification of financial assets

On initial recognition, the financial assets are classified as measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss. However, the Company as at the reporting date only held financial assets carried at amortized cost and fair value through profit or loss.

a) Financial assets at amortized cost.

A financial asset is measured at amortized cost if it meets the following two conditions and is not designated at fair value through profit or loss:

- Holds assets in a business model whose objective is to hold assets to collect contractual cash flows.
- The contractual terms of the financial assets perform on specified dates to cash flows that are only payments of principal and dividends on the principal amount receivable.

**SAUDI FISHERIES COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021
(All amounts in Saudi Riyals unless otherwise stated)**

5. Significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

b) Financial assets at fair value through other comprehensive income

Equity instrument

On initial recognition, for an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes at fair value through other comprehensive income, and this choice is made based on the investment for the investment.

c) Financial assets at fair value through profit or loss

All other financial assets are classified as measured at fair value through profit or loss, for example (held-for-trading equity and debt securities not classified as not at amortized cost or at fair value through other comprehensive income).

In addition, on initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized value, at fair value through other comprehensive income or at fair value through profit or loss if that eliminates or significantly reduces the accounting mismatches that might otherwise arise.

Derecognition of financial assets

A financial asset or part of a financial assets is derecognized when:

- 1) The right to receive cash flows from the asset has expired, or
- 2) The Company has transferred its right to receive cash flows from the asset or assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement: and either:
- 4) The Company has transferred substantially all the risks and advantages of the asset.
- 5) The Company neither transfer nor retains substantially all the risks and advantages of the asset nor retains control of the financial asset.

Impairment of financial asset

The Company assesses on a forward-looking basis the expected credit loss over the life of its financial assets carried at amortized cost. However, minimal impact is expected since the assets are all expected to be matured within 12 months.

The Company applies the simplified approach as permitted by IFRS 9, which requires recognition of expected losses over the life of initial recognition of receivables.

The Company uses a provision matrix on calculating ECL on receivables to estimate lifetime ECL, with certain provision rates applied to contractual obsolescence sets that are past due. The provision matrix has been developed taking into consideration the probability of default and loss in the event of default which has been derived from the historical statement of the Company and has been adjusted to reflect the expected future outcome and which includes macroeconomic factors.

Other instruments are considered low risk and the Company uses a temporary matrix in expected ECL.

A financial asset is written off only when:

- 1) It is past due, and
- 2) There is no reasonable expectation of recovery

**SAUDI FISHERIES COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021
(All amounts in Saudi Riyals unless otherwise stated)**

5. Significant accounting policies (continued)

If financial assets are written off, the Company continues to engage in enforcement activities to attempt to recover outstanding receivables. When receivables are made, after write-off, they are recognized in the statement of profit or loss.

Financial liabilities

Initial recognition

Financial liabilities are initially recognized at fair value and in the case of loans and facilities, the fair value of the consideration received less directly attributable transaction costs.

Subsequent measurement

After initial recognition, the financial liability is subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognized in the statement of profit or loss when the liabilities are derecognized, as well as through the amortization process.

Financial liabilities (continued)

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the obligation is discharged, canceled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability, and the difference in the related carrying amounts is recognized in the profit or loss list.

Offsetting financial instruments

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

Fair value hierarchy of financial instruments

The Company classifies the fair value of its financial instruments in the following hierarchy based on the inputs used in its valuation:

Level one

The fair value of financial instruments listed in active markets is based on the closing price quoted at the statement of financial position date. Examples include commodity derivatives and other financial assets such as equity investment and debt securities.

Level two

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques using observable market data. These valuation methods include discounted cash flows, standard valuation models based on market standards for interest rates, yield curves or foreign exchange rates, dealer rates for similar instruments, and the use of comparable business transactions.

Level three

The fair value of financial instruments that are measured based on the entity's own valuations using inputs not based on observable market data (unobservable inputs).

**SAUDI FISHERIES COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021
(All amounts in Saudi Riyals unless otherwise stated)**

5. Significant accounting policies (continued)

Segment reports

a) Operational segment

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

b) Geographical segment

The Company has no geographical sectors, as all revenues from the Company's activities are made within the Kingdom of Saudi Arabia, and therefore there are no geographical sectors to be disclosed.

Distributions of cash dividends and non-dividends to shareholders

Dividends in cash or other than cash to shareholders are recognized as liabilities when the distribution is approved. According to the Companies Law in the Kingdom of Saudi Arabia, dividends are approved upon approval by the partners. The amount distributed is deducted directly from the equity of the partners and recognized as a liability.

SAUDI FISHERIES COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021
(All amounts in Saudi Riyals unless otherwise stated)

6. Property, plant and equipment

	31 December 2021						31 December 2020	
	Buildings and paved roads	Factory, equipment and facility	Boats and fishing equipment	Vehicles	Furniture and Fixtures	Telecommunications	Total	Total
<u>Cost</u>								
Cost at 1 January 2021	181,767,593	136,908,165	28,393,921	10,088,794	7,808,774	1,160,707	366,127,954	357,434,486
Additions during the year	1,186,854	6,333,823	1,960,800	1,087,309	968,321	1,762	11,538,869	-
Disposals during the year	-	-	-	-	--	-	-	(4,326,642)
Transfers during the year	-	-	-	-	-	-	-	13,020,110
Balance end of the year	182,954,447	143,241,988	30,354,721	11,176,103	8,777,095	1,162,469	377,666,823	366,127,954
<u>Accumulated depreciation</u>								
Accumulated depreciation at 1 January	124,778,135	114,155,103	10,956,302	8,090,287	6,569,266	114,377	264,663,470	259,270,292
Depreciation for the year	4,280,178	1,327,765	1,007,580	771,776	478,571	116,098	7,981,968	9,719,820
Depreciation of disposals for the year	-	-	-	-	-	-	-	(4,326,642)
Balance end of the year	129,058,313	115,482,868	11,963,882	8,862,063	7,047,837	230,475	272,645,438	264,663,470
<u>Net book value in</u>								
31 December 2021	53,896,134	27,759,120	18,390,839	2,314,040	1,729,258	931,994	105,021,385	
31 December 2020	56,989,458	22,753,062	17,437,619	1,998,507	1,239,508	1,046,330		101,464,484

<u>Depreciation allocation as follows:</u>	31 December	31 December 2020
Cost of revenue (Note 22)	5,609,615	6,520,167
Selling and marketing expenses (Note 23)	1,071,255	2,353,637
General and administrative expenses (Note 24)	1,301,098	846,016
	7,981,968	9,719,820

- The Company's Buildings, Factory and facilities are constructed on land which are leased from the government of Kingdom of Saudi Arabia.

SAUDI FISHERIES COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021
(All amounts in Saudi Riyals unless otherwise stated)

6. Property, plant and equipment (Continued)

During the year ended 2021 the Company's management in accordance with IAS 8 revised the useful life of its property, plant and equipment. The reassessment of useful life was performed by Binary Integrated Technology Solutions an Accredited Valuers (TAQEEM) in the Kingdom of Saudi Arabia. The revision in useful life per asset class is disclosed as follows:

<u>Description</u>	<u>Old years</u>	<u>New years</u>
Buildings and paved roads	4-22	30
Factory, equipment and facility	7-20	5-20
Boats and fishing equipment	4-25	20
Vehicles	3-4	4-10
Furnitures and Fixtures	5-10	5-10
Telecommunications	10	10
Depreciation expenses	9,719,820	7,981,968

7. Capital in work in progress

	<u>31 December 2021</u>	<u>31 December 2020</u>
<u>Cost</u>		
Cost at 1 January 2021	31,805,126	35,358,902
Additions	29,852,667	9,466,334
Transfer to property, plant and equipment	-	(13,020,110)
Balance at end of the year 2021	61,657,793	31,805,126
Impairments	(4,429,107)	-
Balance at end of the year	57,228,686	31,805,126

Measurement data of fair value according to IFRS 13 as at 31 December 2021 is as follows:

<u>Properties</u>	<u>Valuation methodology</u>	<u>Purpose</u>	<u>Key inputs</u>	<u>Carrying value at 31 December 2021</u>	<u>Fair value as at 31 December 2021</u>	<u>Impairment at 31 December 2021</u>
Building and equipment - Al-Huraida Farm	Market approach	Impairment assessment	Recent transactions	25,817,000	21,387,893	4,429,107

The name and qualifications of the valuer performed evaluation of the investment properties are as follows:

Name of valuer	Raqeem Office
Valuer's qualifications	Licensed (TAQEEM).

Taking into considering the valuation technique and key inputs utilized by the valuator, the valuation is categorized at Level 2 of the fair value hierarchy of IFRS 13.

SAUDI FISHERIES COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021
(All amounts in Saudi Riyals unless otherwise stated)

8. Investment Properties

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

The Company excluded the land from its records and all the required documents were submitted to the General Organization of Railways and a cheque for 24,381,455 Saudi riyals was received by the Company after deducting the accumulated dues of the General Authority for Zakat and Income of 11,322,322 Saudi riyals in addition to deducting the amount of 165,000 Saudi riyals for warehouse rent. Subsequently, the Company submitted the documents required to recover the remaining amount of 3,377,204 Saudi riyals. The impairment of other receivables includes a provision for the full value of the recovery due purchase of land. Also, see Note 13.

The lands include two plots of land in Khobar and Qatif, with a book value of 3,100,000 Saudi riyals as of December 31, 2021 and December 31, 2020 and were mortgaged to the Saudi Agricultural Development Fund against the borrowings granted to finance the shrimp cultivation and breeding project (Note 16)

The carrying and fair values of the land as of December 31 2021 is presented below :-

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

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

SAUDI FISHERIES COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021
(All amounts in Saudi Riyals unless otherwise stated)

9. Right of use assets

<u>Cost</u>	<u>31 December 2021</u>	31 December 2020
As of 1 January	11,308,306	11,651,039
Additions for the year	346,586	
Disposals for the year	-	(342,733)
Modifications for the year	1,055,808	-
As of 31 December,	<u>12,710,700</u>	<u>11,308,306</u>
<u>Accumulated depreciation</u>		
As of 1 January,	2,822,316	1,690,349
Charge for the year	2,716,931	1,131,967
As of 31 December	<u>5,539,247</u>	<u>2,822,316</u>
Netbook value as at 31 December	<u>7,171,453</u>	
Netbook value as at 31 December		<u>8,485,990</u>

Amounts recognised in profit and loss:

	<u>31 December 2021</u>	31 December 2020
Depreciation expense	2,716,931	1,131,967
Interest expense	306,236	565,886

Lease liabilities on right-of-use assets

	<u>31 December 2021</u>	31 December 2020
Lease liabilities as at the beginning of the year	8,485,989	12,180,802
Additions during the year	346,586	-
Modifications for the year	1,055,808	-
Disposal for the year	-	(543,631)
Interest charged during the year	306,236	565,886
Paid during the year	(2,963,111)	(3,717,068)
	<u>7,231,508</u>	<u>8,485,989</u>

SAUDI FISHERIES COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021
(All amounts in Saudi Riyals unless otherwise stated)

9. Right of use assets (continued)

Lease liabilities on right-of-use assets (continued)

	<u>31 December 2021</u>	31 December 2020
Non-current	4,632,324	6,035,305
Current	2,599,184	2,450,684
	7,231,508	8,485,989
	31 December 2021	31 December 2020
Less than one year	2,599,184	2,450,684
1-5 years	3,807,937	4,337,392
More than 5 years	824,387	1,697,913
	7,231,508	8,485,989

10. Inventory

	<u>31 December 2021</u>	31 December 2020
Finished Goods	8,124,945	4,748,800
Raw materials	6,401,753	421,552
Packaging materials and consumables	3,619,271	1,457,493
Goods in transit	2,277,751	1,489,227
Spare parts	1,759,699	1,999,997
	22,183,419	10,117,069

11. Biological assets

	<u>31 December 2021</u>	31 December 2020
		Restated
Carrying amount at 1 January	974,745	-
Cost of producing new Shrimp animals	9,775,608	600,505
Sales or decrease in quantity and/or quality	(974,745)	-
Change in quantity and/or quality attributable to price changes	12,084,910	374,240
Carrying amount at 31 December	21,860,518	974,745

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

SAUDI FISHERIES COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021
(All amounts in Saudi Riyals unless otherwise stated)

12. Trade receivables:

	31 December 2021	31 December 2020
Trade receivable	7,856,506	5,921,754
Expected Credit loss allowance	(2,805,052)	(2,081,037)
	5,051,454	3,840,717

The Company records an allowance for expected credit losses based on the aging of overdue receivables, and this provision increases when the receivables become more delayed and where historical experience indicates that the possibility of an increase in non-recoverable amounts with the increase in the age of receivables.

Movement in the provision for credit losses expected as follows:

	31 December 2021	31 December 2020
Balance at the beginning of the year	2,081,037	1,712,094
Charge for the year	724,015	368,943
Balance at the end of the year	2,805,052	2,081,037

31 December 2021	0-30	31-60	61-90	91-180	181-< 2 years	Total
Gross Trade	1,422,205	1,396,911	1,547,239	1,737,722	1,752,429	7,856,506
% of credit loss	5%	5%	5%	50%	100%	
Total Expected	(37,592)	(66,567)	(79,603)	(868,861)	(1,752,429)	(2,805,052)
Trade receivable, net	1,384,613	1,330,344	1,467,636	868,861	-	5,051,454

31 December 2020	0-30	31-60	61-90	91-180	181-< 2 years	Total
Gross Trade	1,091,352	1,483,620	198,422	1,185,581	1,962,779	5,921,754
% of credit loss	0%	0%	0%	10%	100%	-
Total Expected credit	-	-	-	(118,258)	(1,962,779)	(2,081,037)
Trade receivable, net	1,091,352	1,483,620	198,422	1,067,323	-	3,840,717

13. Prepayments and other receivables

	31 December 2021	31 December 2020
VAT receivables	5,256,443	-
Prepaid expenses (Medical, Insurance and utilities)	4,123,219	1,311,451
Due from the recovery of the purchase of land	3,377,204	3,377,204
Advance payments to suppliers	2,516,578	-
Accrued rental income	1,784,983	1,424,480
Letter of guarantee	1,125,916	473,250
Receivables staff	761,121	100,000
Accrued interest	84,892	244,337
Fishers' receivables	75,406	1,256,732
Others	268,683	327,242
	19,374,445	8,514,696
Impairment of receivables and other debit balances	(4,606,144)	(4,633,936)
	14,768,301	3,880,760

SAUDI FISHERIES COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021
(All amounts in Saudi Riyals unless otherwise stated)

13. Prepayments and other receivables (Continued)

13-1 Provision impairment in prepayment and other receivable Movement

	31 December 2021	31 December 2020
Balance at the beginning of the year	4,633,936	4,633,936
Charged during year	1,228,940	-
Written off during year	(1,256,732)	-
Balance at the end of the year	4,606,144	4,633,936

Board of directors on 14 July 2021 approved a write off amounting to 1,256,732 Saudi Riyals against the Fishers' receivables

14. Financial assets carried at amortized cost

	31 December 2021	31 December 2020
Balance at the beginning of the year	170,000,000	--
Placements during the year	95,000,000	170,000,000
Matured during the year	(170,000,000)	--
Balance at the end of the year	95,000,000	170,000,000

The financial assets carried at amortized cost represents, time deposit placements with local strong credit rated financial institution. The average yield on the placements range from 0.8-1.8% (2020: 0.8-1.9%). The placements include Saudi Riyals 15,000,000 (2020:20,000,000) deposits with original maturity of less than three months and are accordingly classified under cash and cash equivalents, see Note 15.

The remaining placement amounting to Saudi Riyals 80,000,000 (2020:150,000,000) are with original maturity of more than three months and mature within 12 months. The management of the Company has assessed the impact of credit loss on these placements, whereby considering the short maturity combined with the credit rating of the financial institution the impact of credit loss was not material to be recorded in these financial statements.

15. Cash and bank balances

	31 December 2021	31 December 2020
Cash in hand	2,800,452	102,061
Cash at bank	2,532,442	20,182,886
	5,332,894	20,284,947

Cash and cash equivalents for Statement of Cashflow purposes

	31 December 2021	31 December 2020
Cash in hand	2,800,452	102,061
Cash at bank	2,532,442	20,182,886
Time deposits with original maturity of less than three months	15,000,000	20,000,000
	20,332,894	40,284,947

SAUDI FISHERIES COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021
(All amounts in Saudi Riyals unless otherwise stated)

16. Borrowings

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

	<u>31 December 2021</u>	<u>31 December 2020</u>
Agricultural Development Fund loan		
Current	1,418,480	1,418,480
Non-current	3,304,320	4,722,800
	<u>4,722,800</u>	<u>6,141,280</u>

	<u>31 December 2021</u>	<u>31 December 2020</u>
As 1 January	6,141,280	7,207,400
Charge during the year	-	-
Payment during the year	(1,418,480)	(1,066,120)
As 31 December	<u>4,722,800</u>	<u>6,141,280</u>

	<u>31 December 2021</u>	<u>31 December 2020</u>
Governmental grants	1,166,987	1,166,987

Government grants represent the difference between the loan value as at December 31, 2021 and the fair value that was calculated based on the market interest rate, and this amount will be amortized over the life of the loan.

17. Employee benefits and end of service provision

General description

The valuation was performed as of 31 December 2021 and 2020 by an independent actuary, using the Projected Unit Credit Method.

17-1 Key actuarial assumptions

	<u>31 December 2021</u>	<u>31 December 2020</u>
Estimated rate of increase in employee salaries	1.85%	1.55%
Discount rate	1.85%	1.55%

17-2 The movement in the present value of defined benefit obligations

	<u>31 December 2021</u>	<u>31 December 2020</u>
Present value at the beginning of the year	6,651,909	5,785,157
Interest and Service Cost	1,398,055	742,504
Interest charged for the year	94,190	156,435
Payments during the year	(1,150,240)	(194,256)
Actuarial losses through OCI	(58,443)	162,069
	<u>6,935,471</u>	<u>6,651,909</u>

SAUDI FISHERIES COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021
(All amounts in Saudi Riyals unless otherwise stated)

17. Employee benefits and end of service provision (Continued)

	<u>31 December 2021</u>	<u>31 December 2020</u>
Less than a year	787,986	624,976
1-5 years	4,761,277	4,940,503
More than 5 years	2,022,755	1,086,430
	<u>7,572,018</u>	<u>6,651,909</u>

17-3 The sensitivity of the defined benefit obligation to changes in the weighted average of the key assumptions is:

	<u>Assumption 31 December 2021</u>	<u>31 December 2021</u>	<u>Assumption 31 December 2020</u>	<u>31 December 2020</u>
Discount rate	1+%	6,652,180	+0.5%	6,466,526
	1-%	7,248,479	-0.5%	6,847,674
Long-term salaries	1+%	7,280,760	+0.5%	6,829,893
	1-%	6,616,782	-0.5%	6,481,610

18. Trade and other payables

	<u>31 December 2021</u>	<u>31 December 2020</u>
Trade payables	14,493,421	1,985,526
Accrued salaries and wages	5,654,443	3,224,336
Dividends payable	2,859,659	2,863,179
Remuneration of board members	1,499,000	1,525,000
Advance from customers	1,177,654	-
Accrued Rents	836,971	126,667
VAT Payable	-	135,963
Other	2,453,984	805,940
	<u>28,975,132</u>	<u>10,666,611</u>

19. Compensation of Subscription Creditors in Rights Issues

The Company announced the subscription of new shares for the existing shareholders after completing the legal procedures related to the capital increase. However, some of the existing shareholders did not want to benefit from these granted rights and did not subscribe to these new shares.

The Company compensated the owners who did not exercise their right to subscribe to priority rights shares related to the increase in the Company's capital in 2011, through the difference between the nominal value and the market value of the share, so that every shareholder who did not subscribe to an amount of 11.74 Saudi riyals per share. The total value of that compensation amounted to 31,744,095 Saudi riyals, of which an amount of 13,479,984 Saudi riyals remains unpaid as on December 31, 2020 (December 31, 2019: 12,716,072 Saudi riyals) for the first increase.

SAUDI FISHERIES COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021
(All amounts in Saudi Riyals unless otherwise stated)

19. Compensation of Subscription Creditors in Rights Issues (Continued)

The Company also compensated the owners who did not exercise their right to subscribe to the priority rights shares for the Company's capital increase in May 2020 by an amount of 25,165,180 Saudi Riyals, and an amount of 24,369,701 Saudi Riyals was paid, so the amount owed becomes 13,479.984 Saudi Riyals.

20. Related Parties' Transaction and Balances

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

	31 December 2021		31 December 2020	
	<u>BOD members and committees</u>	<u>Executive Management</u>	<u>BOD members and committees</u>	<u>Executive Management</u>
Salaries, wages and equivalents, board attendance allowances, and board members' bonuses.	2,530,141	--	1,525,000	--

21. Zakat

The Company submitted the zakat declarations until 2020 and paid the zakat due based on the submitted declaration and obtained a registered certificate valid until 09/18/1441 corresponding to 04/30/2021, and since the Company was not able to pay some of the amounts owed by it to the General Authority for Zakat and Income, the Foundation The General Railways Authority, during the year 2018, paid 11,322,322 Saudi riyals to the General Authority of Zakat and Income in favor of the Company (Note 8)

The Company also obtained the zakat assessment for the years from 2011 until 2016, and the zakat differences were objected according to the final assessment in the amount of 8.1 million Saudi riyals, and the Company established a precautionary provision to meet these differences.

The settlement of the differences for the years from 2011 to 2016 was discussed with the Committee for Settlement of Zakat and Tax Disputes in a hearing on 01/15/2020 where the committee refused the Company's offer to pay a settlement amount of 4.5 million riyals and the committee offered to pay an amount of 7.9 million riyals, accordingly the Company appealed The lawsuit is with the General Secretariat of Tax Committees, and the administration believes that the component provision is sufficient until the disputed zakat differences are decided.

The Company obtained the zakat assessment for the years 2017 and 2018 with zakat differences amounting to 2.4 million riyals, and those differences were objected to the General Authority for Zakat and Income.

SAUDI FISHERIES COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021
(All amounts in Saudi Riyals unless otherwise stated)

21. Zakat (Continued)

The movement in the provision was as follows:

	<u>2021</u>	<u>2020</u>
Balance at the beginning of the year	6,544,958	4,425,065
Charged during the year	2,946,539	3,000,000
Paid during the year	(1,919,479)	(880,107)
Balance at the end of the year	<u>7,572,018</u>	<u>6,544,958</u>

22. Cost of sales

	<u>2021</u>	<u>2020 Restated</u>
Raw material	23,355,950	23,514,641
Salaries and wages	7,719,385	6,211,048
Depreciation of property, plant and equipment (Note 6)	5,609,615	6,520,167
Electricity cost and other services	2,637,557	1,311,179
Repair & maintenance	1,324,897	88,514
Equipment rent	942,423	227,198
Amortization of the right to use assets (Note 9)	770,100	401,845
Others	459,814	319,514
	<u>42,819,741</u>	<u>38,594,106</u>

23. Selling and distribution expenses:

	<u>2021</u>	<u>2020</u>
Salaries and wages	13,717,868	11,353,364
Utilities	2,908,073	1,923,602
Advertising expenses	2,389,584	398,642
Amortization of the right to use the asset (Note 9)	1,946,831	730,122
Applications	1,778,004	1,347,705
Depreciation of property, plant and equipment (Note 6)	1,071,255	2,353,637
Transportation fees	420,372	651,059
Sales incentives	193,316	221,850
Others	241,707	1,908,910
	<u>24,667,010</u>	<u>20,888,891</u>

24. General and Administrative Expenses:

	<u>2021</u>	<u>2020</u>
Salaries and wages	11,931,001	12,112,327
Remuneration of board members	2,530,141	1,525,000
Utilities	1,529,223	307,758
Depreciation of property, plant and equipment	1,301,098	846,016
Professional services	875,627	2,576,164
Subscriptions	441,806	255,069
Other	812,020	191,549
	<u>19,420,916</u>	<u>17,813,883</u>

SAUDI FISHERIES COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021
(All amounts in Saudi Riyals unless otherwise stated)

25. Other income

	<u>2021</u>	<u>2020</u>
Land rental income	1,344,159	1,081,239
Income from time deposits	1,064,538	244,337
Gain from sale of property and equipment	-	301,600
Modification gains on right to use of asset	-	200,898
Other	371,853	166,225
	<u>2,780,550</u>	<u>1,994,299</u>

26. Finance cost

	<u>2021</u>	<u>2020</u>
Finance cost from borrowings	-	2,577,788
Finance cost from right to use of asset	306,236	565,886
Finance cost from employee benefit obligation	94,190	156,435
	<u>400,426</u>	<u>3,300,109</u>

27. Basic and diluted losses per share

	<u>2021</u>	<u>2020</u>
Loss of a year	(34,156,384)	(40,818,715)
Weighted average number of shares outstanding during the year	40,000,000	40,000,000
	<u>(0.85)</u>	<u>(1.02)</u>

28. Contingent liabilities and capital commitments:

There are financial commitments against contingent liabilities as follows

	<u>2021</u>	<u>2020</u>
Letter of Guarantee	-	473,250
Letter of Credit	735,711	-
Total	<u>735,711</u>	<u>473,250</u>

The Capital Commitments at 31 December 2021 amounted to Saudi Riyals 4,910,705 (2020:-30,849,979)

SAUDI FISHERIES COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021
(All amounts in Saudi Riyals unless otherwise stated)

29. Segment information

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

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

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

31 December 2021	Whole Sales	Retail	Others	Total
Revenue	12,950,825	32,696,821	1,938,764	47,586,410
Cost of revenue	(11,653,555)	(29,421,625)	(1,744,561)	(42,819,741)
Gain / (loss) for fair value Biological Asset	3,288,954	8,303,593	492,363	12,084,910
GROSS PROFIT	4,586,224	11,578,789	686,566	16,851,579
Selling and Distribution expenses	(6,713,220)	(16,948,807)	(1,004,983)	(24,667,010)
General and Administrative expenses	(5,285,473)	(13,344,196)	(791,247)	(19,420,916)
Impairment of capital work in progress	(1,205,398)	(3,043,258)	(180,451)	(4,429,107)
Impairment of financial assets	(531,504)	(1,341,884)	(79,567)	(1,952,955)
Other income, net	756,737	1,910,528	113,285	2,780,550
OPERATING LOSS	(8,392,634)	(21,188,828)	(1,256,397)	(30,837,859)
Finance cost	(108,978)	(275,134)	(16,314)	(400,426)
NET LOSS BEFORE ZAKAT	(8,501,612)	(21,463,962)	(1,272,711)	(31,238,285)
Zakat	(801,912)	(2,024,579)	(120,048)	(2,946,539)
NET LOSS FOR THE PERIOD	(9,303,524)	(23,488,541)	(1,392,759)	(34,184,824)
<u>Other comprehensive income:</u>				
	Items that will not be reclassified subsequently to the statement of profit or loss:			
Actuarial losses employees for post-employment benefits	15,905	40,156	2,381	58,442
Total comprehensive income	(9,287,619)	(23,448,385)	(1,390,378)	(34,126,382)
Total Assets	92,885,391	234,506,927	13,905,131	341,297,449
Total Liabilities	19,058,486	48,116,793	2,853,094	70,028,373

SAUDI FISHERIES COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021
(All amounts in Saudi Riyals unless otherwise stated)

29. Segment information (Continued)

31 December 2020	Whole Sales	Retail	Others	Total
Revenue	9,892,153	28,791,634	2,263,910	40,947,697
Cost of revenue	(9,323,572)	(27,136,749)	(2,133,785)	(38,594,106)
Gain / (loss) for fair value Biological Asset	90,409	263,140	20,691	374,240
GROSS PROFIT	658,990	1,918,025	150,816	2,727,831
Selling and Distribution expenses	(5,046,342)	(14,687,647)	(1,154,902)	(20,888,891)
General and Administrative expenses	(4,303,480)	(12,525,512)	(984,891)	(17,813,883)
Impairment of capital work in progress	-	-	-	-
Impairment of financial assets	(89,129)	(259,416)	(20,398)	(368,943)
Other income, net	481,784	1,402,255	110,260	1,994,299
OPERATING LOSS	(8,298,177)	(24,152,295)	(1,899,115)	(34,349,587)
Finance cost	(797,241)	(2,320,412)	(182,456)	(3,300,109)
NET LOSS BEFORE ZAKAT	(9,095,418)	(26,472,707)	(2,081,571)	(37,649,696)
Zakat	(724,740)	(2,109,396)	(165,864)	(3,000,000)
NET LOSS FOR THE PERIOD	(9,820,158)	(28,582,103)	(2,247,434)	(40,649,696)
<u>Other comprehensive income:</u>				
Items that will not be reclassified subsequently to the statement of profit or loss:				
Actuarial losses employees for post-employment benefits	(40,832)	(118,843)	(9,345)	(169,019)
Total comprehensive income	(9,820,162)	(28,582,101)	(2,247,434)	(40,818,715)
Total Assets	86,614,518	252,096,132	19,822,527	358,533,177
Total Liabilities	12,837,021	37,362,827	2,937,870	53,137,718

30. Financial instruments and risk management

30-1 Currency risk

Foreign currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates, foreign currency risk arises when future commercial transactions, assets and liabilities are recognized in a currency other than the Saudi Riyals. In Saudi Riyals. Management monitors the risks of fluctuations in exchange rates closely and on an ongoing basis, and based on its experience and market reactions, management does not believe that it is necessary to hedge against foreign exchange risks as most of the foreign exchange risks are relatively limited in the medium term.

30-2 Credit risk

It is the risk that one party will not be able to fulfill its obligations, causing financial losses to the other party. The Company does not have significant concentration of credit risk. Cash and cash equivalents are deposited with local banks with high credit ratings. Trade and other receivables are mainly due from customers in the local market and are shown at their estimated collectible value. The Company has policies in place to reduce its exposure to credit risk. The book value of the financial assets represents the maximum credit risk.

SAUDI FISHERIES COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021
(All amounts in Saudi Riyals unless otherwise stated)

30. Financial instruments and risk management (Continued)

The following is the credit rating of the banks that the Company deals with and their balance as on 31 December

<u>Credit rating</u>	<u>2021</u>	<u>2020</u>
A1	2,532,442	20,182,886

30-3 Liquidity risk

It is the risk that the Company will encounter difficulties in obtaining the necessary financing to meet obligations associated with financial instruments. Liquidity risk may arise when the inability to sell a financial asset quickly at a value close to its fair value. Liquidity risk is managed through regular monitoring of the adequacy of liquidity available to meet the Company's financial obligations. The Company's approach to managing liquidity is to ensure that it has sufficient liquidity to meet its liabilities when due, under normal and established conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The following table summarizes the Company's financial liabilities in the related maturity companies based on the remaining period at the balance sheet date and up to the contractual maturity date. The amounts shown in the table are the contractual undiscounted cash flows

31 December 2021	Carrying amount	Less than a year	years 5-1	More than years 5
Borrowings	4,722,800	1,418,480	3,304,320	-
Governmental grants	1,166,987	1,166,987	-	-
Trade and other payables	28,975,132	28,975,132	-	-
Creditor's compensation and subscription to	13,424,457	-	13,424,457	-
Lease liabilities	7,231,508	2,599,184	5,691,905	824,387
Provision for zakat	7,572,018	7,572,018	2,946,539	4,625,479
	<u>63,092,902</u>	<u>41,731,801</u>	<u>25,367,221</u>	<u>5,449,866</u>
	Carrying	Less than a	years 5-1	More than
31 December 2020	amount	year	years 5-1	years 5
Interest-free loan	6,141,280	1,418,480	4,722,800	-
Governmental grants	1,166,987	1,166,987	-	-
Trade and other payables	10,666,611	10,666,611	-	-
Creditor's compensation and subscription to	13,479,984	-	13,479,984	-
priority rights shares				
Lease liabilities	8,485,989	2,450,684	7,661,600	1,697,913
Provision for zakat	6,544,958	6,544,958	--	--
	<u>46,485,809</u>	<u>22,247,720</u>	<u>25,864,384</u>	<u>1,697,913</u>

**SAUDI FISHERIES COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021
(All amounts in Saudi Riyals unless otherwise stated)**

30. Financial instruments and risk management (continued)

30-4 Fair value

The financial assets and liabilities that are not measured at fair value and are carried at amortized cost have short-term maturity, whereby, its book value approximates its fair value and therefore it does not include fair value information for these financial instruments.

The Company's principal financial liabilities include trade and other payables and borrowings. The Company's principal financial assets consist of cash and cash equivalent, trade receivables, prepayments and other receivables, and time deposits. The main financial risks arising from the Company's financial instruments are market risk, credit risk, liquidity risk, currency risk and concentration risk. Management reviews and conforms to policies to manage these risks.

30-5 Market risk

It is the risk of fluctuation in a financial instrument due to changes in prices prevailing in the market, such as foreign exchange rates and interest rates, which affects the Company's income or the value of its financial instruments. Market risk management aims to manage and control exposure to market risk within acceptable limits while maximizing returns. There has been no change in the Company's exposure to market risks or the way in which these risks are managed and how they are measured.

30-6 Interest rate risk

Interest rate risk is the exposure to various risks associated with the effect of fluctuations in the prevailing interest rates on the group's financial position and cash flows. The Company is exposed to interest rate risk on its interest-bearing assets and liabilities, which mainly consist of time deposits and borrowings, measured at fixed rate and interest free, respectively. Thus, the Company is not exposed to fair value interest rate risk

SAUDI FISHERIES COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021
(All amounts in Saudi Riyals unless otherwise stated)

31. RESTATEMENTS

STATEMENT OF COMPREHENSIVE INCOME/ (LOSS)

	Note	31 December 2020	Reclassification	Remeasurement	31 December 2020 Restated
Revenue		40,947,697	-	-	40,947,697
Cost of revenue	A	(23,514,646)	(15,079,460)	-	(38,594,106)
Gain / (loss) for fair value Biological Asset	B			374,240	374,240
Gross income		17,433,051	(15,079,460)	374,240	2,727,831
Other revenue, net		1,994,299	-	-	1,994,299
Farms expenses		(10,327,986)	10,327,986	-	-
Manufacturing expenses		(2,237,583)	2,237,583	-	-
Boats expenses		(2,531,170)	2,531,170	-	-
Selling and marketing expenses		(21,257,834)	368,943	-	(20,888,891)
Impairment of financial assets		-	(368,943)	-	(368,943)
General and administrative expenses		(17,970,320)	156,437	-	(17,813,883)
Loss from operations		(34,897,543)	173,716	374,240	(34,349,587)
Finance cost		(3,300,109)	-	-	(3,300,109)
Capital increase expense, priority right	C	(4,189,960)	4,189,960	-	-
Net loss / profit from operations before zakat		(42,231,177)	4,363,676	374,240	(37,649,696)
Zakat		(3,000,000)	-	-	(3,000,000)
Net loss for the period		(45,387,612)	4,363,676	374,240	(40,649,696)
Other comprehensive income for the period		(169,019)	-	-	(169,019)
Total comprehensive loss / comprehensive income for the period	⊠	(45,556,631)	4,363,676	374,240	(40,818,715)
Losses per share		(1.19)	-	-	(0.65)

STATEMENT OF FINANCIAL POSITIONS

	Note	31 December 2020	Reclassification	Remeasurement	31 December 2020 Restated
Biological assets		600,505	--	374,240	974,745
Cash and Cash Equivalent	D	190,284,947	--	(170,000,000)	20,284,947
Financial assets at amortized Cost		--	--	170,000,000	170,000,000
Property, plant, and equipment		133,269,610	(31,805,126)	--	101,464,484
Capital work in progress		--	31,805,126	--	31,805,126

SAUDI FISHERIES COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021
(All amounts in Saudi Riyals unless otherwise stated)

31. RESTATEMENTS (Continued)

A - The management during the year ended 31 December 2021, reassessed the allocation of expenses between operating and cost of revenues. Accordingly, expenses representing farms, manufacturing and boats cumulatively amounting to Saudi Riyals 15,079,460 have been charged to cost of revenue.

B - The management during the year ended 31 December 2021 had remeasured the biological assets at fair value. During the re-measurement a fair value change amounting to Saudi Riyals 374,240 was identified that was inadvertently netted-off with farm expenses during the year ended 31 December 2020. Accordingly, the comparative statements of comprehensive income/losses and financial position for the year ended as and of 31 December 2020 have been restated to present the amount as a Gain / (loss) for fair value Biological Asset.

C - The management during 2020 inadvertently charged the expenses related to the capital increase amounting to 4,189,960 Saudi Riyals to the statement of comprehensive income.

Per the requirements of international accounting standard 32 – Financial Instruments: Disclosure and Presentation (“IAS 32”), such expenses should be charged to the retained earnings as part of the capital restructuring transaction cost within the statement of changes in equity. Accordingly, the comparative statements of comprehensive income/loss and changes in equity for the year ended 31 December 2020 have been restated to conform with the requirements of IAS 32.

D –The management of the Company, while reconciling the time deposits, identified placements with an original maturity of more than three months amounting to Saudi Riyals 150,000,000 inadvertently classified as cash and cash equivalents in the financial statements for the year ended 31 December 2020. Such placements should be presented separately as financial assets carried at amortized costs. Accordingly, the comparative statements of financial position and cash flows as of and for the year ended 31 December 2020 have been restated to conform with the requirements of IFRS 9 and IAS 7.

Statement Of Cash flows

	Note	2020	Reclassifications and Remeasurements	2020
Cash Flow used in Operating Activities		(22,935,456)	163,276,715	(186,212,171)
Cash flow used in investing activities		(12,516,814)	(3,552,978)	(8,963,836)
Cash flows (used in) / generated from financing activities		218,461,299	10,276,263	208,185,036
Net change in cash and cash equivalents during the period		183,009,029	170,000,000	13,009,029
Cash and cash equivalents at the beginning of the period		7,275,918	-	7,275,918
Cash and cash equivalents at the end of the period	15	190,284,947	170,000,000	20,284,947

E-The management of the Company, while reconciling the time deposits, identified placements with an original maturity of more than three months amounting to Saudi Riyals 150,000,000 inadvertently classified as cash and cash equivalents in the financial statements for the year ended 31 December 2020. Such placements should be presented separately as financial assets carried at amortized costs. Accordingly, the comparative statements of financial position and cash flows as of and for the year ended 31 December 2020 have been restated to conform with the requirements of IFRS 9 and IAS 7.

31. Classification

Certain figures for the year ended 31 December 2020 have been reclassified to conform to the current year's presentation.

**SAUDI FISHERIES COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021
(All amounts in Saudi Riyals unless otherwise stated)**

32. Subsequent Events

There are no events subsequent the year-end and no additional disclosure or adjustments require in the financial statements.

33. Approval of the financial statements

The financial statements for the year ended on December 31, 2021 were approved by the Company's Board of Directors on Shaaban 19, 1443H corresponding to March 22 2022.