SAUDI FISHERIES COMPANY
A SAUDI JOINT STOCK COMPANY
FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT
FOR THE ENDED FISCAL YEAR
ON DECEMBER 31, 2020

Contents

Certified Accountants and Auditors
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Independent Auditor's Report

To the **Shareholders of Saudi Fisheries Company**
(A Saudi Joint Stock Company)

Report on the Audit of the Financial Statements

Opinion:

We have audited the financial statements of **Saudi Fisheries Company** - A Saudi Joint Stock Company- (the Company), which comprise the statement of financial position as at December 31, 2020, and the statement of profit or loss and other comprehensive income, statement of changes in shareholders' equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by Saudi Organization for Certified Public Accountants (SOCPA).

Basis for Opinion:

We conducted our audit in accordance with International Standards on Auditing (ISAs) 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 the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Saudi Arabia, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 year. 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. For each key audit matter, a description of how our audit addressed the matter is set out below:

Key audit matters	How the matter was addressed in our audit
Revenue recognition: During the year ended 31 December 2020, Company's revenue amounted to SAR 40,947,697 million (2019: SAR 25,330,413 million). The company continues to be under pressure to meet goals and expectations which may lead to misstatements in revenue. Revenue recognition is a key audit matter because there is a risk that management may override controls to misrepresent revenue transactions	We have performed the following procedures regarding revenue recognition: • Evaluating the appropriateness of the accounting policies related to the revenue recognition of the Company by taking into consideration the requirements of IFRS 15 "Revenue from Contracts with Clients". • Evaluating the design, implementation and testing of the operational effectiveness of the Company's control procedures, including the control procedures to prevent fraud when recognizing revenue in accordance with the Company's policy. • Testing sales transactions, on a sample basis, and perform cut-off tests of revenue made at the beginning or end of the year to assess whether the revenue has been recognized in the correct period

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Report on the Audit of the Financial Statements (continued)

Key audit matters (continued)	How the matter was addressed in our audit
Revenue recognition: (continued)	• Testing revenue transactions, on a sample basis, and verify supporting documents, which included receipt notices signed by clients, to ensure the accuracy and validity of revenue recognition.
Property, Plant, equipment and projects under construction: The property, plant and equipment and projects under construction balances are considered of the high relative importance, as the value of property, plant and equipment amounted to SAR 101,464,483 million (2019: SAR 98,164,194 million) and capital work in progress amounted to SAR 31,805,126million (2019: SAR 35,358,902 million) as at 31 December 2020. There are also matters that require management to use some important estimates and assumptions that affect its balances by determining the productive ages and periodically reviewing those ages and the consequent assessment of depreciation periods and the impact of that on the result of the activity. Likewise, for the capital work in progress, which is mostly the costs of setting up the feed plant.	We have performed the following procedures regarding existence and valuation of property, plant and equipment and capital work in progress balances: • Evaluating the design and effectiveness of internal control procedures over the accounting cycle for property, plant and equipment and capital work in progress. We assessed the adequacy of the capitalization policies and undertook sample-based verification procedures and verified the depreciation policy for the year. We discussed with the management their professional judgment about the nature of items that have been capitalized and the appropriateness of useful lives and related policies in this regard. • Property, plant and equipment, and capital work in progress were disclosed in notes no. (6) respectively in the financial statements, and the accounting policy for property, plant and equipment of the Company and capital work in progress were disclosed in note no. (4) in the financial statements.
Inventory: As of December 31, 2020, the Company's inventory balance amounted to SAR 10,117,069 million (2019: SAR 12,483,859 million), when the measurement and evaluation of inventory requires estimates that directly affect its evaluation at the end of the financial periods and the material impact on the outcome of the company's activity, which requires the implementation of special procedures upon examination, so it was considered important.	We have performed the following procedures regarding existence and valuation of inventory balance: • Attending the physical inventory count held by the Company • Obtaining the stock inventory report submitted by the company regarding the stock. • Evaluating the design and effectiveness of internal control procedures for the inventory accounting cycle. • Evaluating the appropriateness and adequacy of disclosures related to inventory in the financial statements. • Testing the validity of inventory measurement at cost or net realizable value, whichever is lower.

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Report on the Audit of the Financial Statements (continued)

Other information included in the Company's annual report for the year ended 31 December 2020

Management is responsible for the other information and the other information consists of the information included in the company's annual report for the year ending on December 31, 2020. other than the financial statements and the auditors' report thereon. We obtained the board of directors' report that forms part of the annual report on the date of the independent auditor's report. Our opinion on the financial statements does not cover the other information, and we do not and will not express any form of assurance thereon. With regard to our review of the financial statements, it is our responsibility to read the information described above, and when doing so, we take into account whether the other information is not materially consistent with the financial statements or information we obtained during the audit process, or otherwise appears to contain a material misstatement.

Responsibilities of Management and those charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation for the financial statements in accordance with IFRSs, 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 are responsible for overseeing the Company's financial reporting process.

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 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, we exercise professional judgment and maintain professional skepticism throughout the audit. We are 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 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.

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- 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.
- Obtaining sufficient and appropriate audit evidence regarding the financial information or business activities within the company to express an opinion on the financial statements. We are responsible for directing, supervising and carrying out the review process, and we remain solely responsible for our opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the 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.

Report on Other Legal and Regulatory Requirements
Based on the information that was available to us, we were not drawn to our attention when implementing our audit procedures, which makes us believe that the company is not committed to the requirements of the Companies Law in the Kingdom of Saudi Arabia and the Articles of Association of the company regarding the preparation and presentation of the financial statements.

For Al-Kharashi Co.

الخراشي وشركاه
محاسبون ومراجعون قانونيون
ترخيص : ٥٣٦ Lic.: 536
Certified Accountants & Auditors
AL-Kharashi Co.

Sulaiman A. Al-Kharashi
License No. (91)

Riyadh:
Rajab 26,1442H
March 11, 2021G

Saudi Fisheries Company
Saudi Joint Stock Company
Statement Of Financial Position
For The Year Ended December 31, 2020
(Expressed In Saudi Riyals)

	Note	2020	2019
ASSETS			
Non-current assets			
Property, plant and equipment, Net	6	133,269,610	133,523,096
Investment lands	7	7,645,794	7,645,794
Right to use assets,	8	8,485,990	9,960,690
Total non-current assets		**149,401,394**	**151,129,580**
Current assets			
Inventory	9	10,117,069	12,483,859
Biological Assets		600,505	-
Trade receivables	10	3,840,717	2,974,700
receivable and other debt balance	11	7,257,964	12,533,249
Financial assets at fair value through profit or loss	12	33,545	16,267
Cash and cash equivalents	13	190,284,947	7,275,918
Total current assets		**212,134,747**	**35,283,993**
Total Assets		**361,536,141**	**186,413,573**
EQUITY:			
Share capital	1	400,000,000	101,100,000
Accumulated losses		(94,816,712)	(49,602,813)
(Loss) profit re-measurement of the employee benefit plan		(162,069)	6,950
Total Shareholders' Equity		**305,021,219**	**51,504,137**
EQUITY AND LIABILITIES			
Non-current liabilities			
Banking facilities	14	-	80,000,000
The non-current portion of an interest-free loan	15	4,722,800	5,788,920
Provision for employee benefit obligation	16	6,651,909	5,785,157
Lease liability	8	6,035,305	8,626,706
Total non-current liabilities		**17,410,014**	**100,200,783**
Current Liabilities:			
The current portion of an interest-free loan	15	1,418,480	1,418,480
Governmental grants	15	1,166,987	1,303,480
Accrued expenses and other credit balances	17	14,043,815	11,291,460
Creditor's compensation and subscription to priority rights shares	18	13,479,984	12,716,072
Lease Liability	8	2,450,684	3,554,096
Zakat provision	19	6,544,958	4,425,065
Total current liabilities		**39,104,908**	**34,708,653**
Total Liabilities		**56,514,922**	**134,909,436**
Total Liabilities & Shareholder's Equity		**361,536,141**	**186,413,573**

Chairman of Board of Directors	Chief Executive Officer	Chief Financial Officer

The accompanying notes are an integral part of these financial statements

Saudi Fisheries Company
Saudi Joint Stock Company
Statement Of profit or loss and other comprehensive income
For The Year Ended December 31, 2020
(Expressed In Saudi Riyals)

	Note	2020	2019
Revenue		40,947,697	25,330,413
Cost of revenue		(23,514,646)	(18,421,906)
Gross profit		**17,433,051**	**6,908,507**
Expenses and charges:			
Farms expenses		(10,327,986)	(6,236,301)
Manufacturing expenses		(2,237,583)	(2,248,371)
Fishing boats expenses		(2,531,170)	(1,013,702)
Selling and distribution expenses	20	(21,257,834)	(17,258,501)
General and administrative expenses	21	(17,970,320)	(12,365,430)
Net loss from operating operations		(36,891,842)	(32,213,798)
Finance expenses		(3,143,674)	(4,604,516)
Expenses related to raising the capital		(4,189,960)	-
Gains (losses) to revaluation financial assets at fair value through the statement of profit or loss		17,278	(7,433)
Refund of zakat provision		-	3,000,000
Other income	22	1,994,299	796,288
The net (losses) of the year before zakat		**(42,213,899)**	**(33,029,459)**
Deduct:			
Zakat	19	(3,000,000)	-
The net (losses) of the year after zakat		**(45,213,899)**	**(33,029,459)**
OTHER COMPREHENSIVE INCOME:			
Items that will not be reclassified later for profit or loss (Loss) gain from re-measuring the end-of-service benefit obligation		(169,019)	6,950
Total comprehensive loss for the year		**(45,382,918)**	**(33,022,509)**
(Loss) the basic stock	23	**(1.56)**	**(1,13)**

Chairman of Board of Directors	Chief Executive Officer	Chief Financial Officer

The accompanying notes are an integral part of these financial statements

Saudi Fisheries Company
Saudi Joint Stock Company
Statement Of Changes In Shareholders' Equity
For The Year Ended December 31, 2020
(Expressed In Saudi Riyals)

	Share capital	Accumulated losses	Profit (loss) re-measurement of the employee benefit plan	Total
Balance at 1 January 2019	101,100,000	(15,858,384)	500,568	85,742,184
The effect of applying the International Financial Reporting Standard No. 16	-	(714,970)	-	(714,970)
Net loss for the year	-	(33,029,459)	-	(33,029,459)
Other comprehensive income items	-	-	(493,618)	(493,618)
Balance at 31 December 2019	**101,100,000**	**(49,602,813)**	**6,950**	**51,504,137**
Balance at 1 January 2020	**101,100,000**	**(49,602,813)**	**6,950**	**51,504,137**
Capital increase	298,900,000	-	-	298,900,000
The effect of applying the International Financial Reporting Standard No. 16	-	-	-	-
Net loss for the year	-	(45,213,899)	-	(45,213,899)
Other comprehensive income	-	-	(169,019)	(169,019)
Balance at 31 December 2020	**400,000,000**	**(94,816,712)**	**(162,069)**	**305,021,219**

Chairman of Board of Directors

Chief Executive Officer

Chief Financial Officer

The accompanying notes are an integral part of these financial statements

Saudi Fisheries Company
Saudi Joint Stock Company
Statement Of Cash Flows
For The Year Ended December 31, 2020
(Expressed In Saudi Riyals)

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net (loss) for the year before zakat	(42,213,899)	(33,029,459)
Adjustments to reconcile net income to net cash provided (used) by operating activities:		
Depreciation	9,719,820	8,448,975
Amortization of right to use assets	1,131,967	1,690,349
Gain from sale of property, plant and equipment	(301,600)	-
Refund of Inventory provision	-	(2,013,909)
Refund of zakat provision	-	(3,000,000)
Provision for end of service	891,989	2,088,926
Finance expenses	-	5,144,329
Inventory	2,366,790	(7,829,831)
Change in biological assets	(600,505)	-
Financial assets at fair value through statement of profit or loss	(17,278)	7,433
Trade receivables	(866,017)	(2,545,058)
Other debit balances	5,275,285	21,705,789
Payables and other credit balances	2,752,355	(1,921,199)
paid end of service	(194,256)	(4,210,566)
Zakat paid	(880,107)	-
Net Cash Flow (used in) Operating Activities:	**(22,935,456)**	**(15,464,221)**
INVESTING ACTIVITIES		
(Payments) Projects in progress	(9,466,334)	(10,695,039)
(Payments) Right to use asset - net	(3,352,080)	-
Proceeds from the sale of property, plant and equipment	301,600	-
Net cash from / (used in) investing activities	**(12,516,814)**	**(10,695,039)**
FINANCING ACTIVITIES		
Change in bank facilities	(80,000,000)	(5,499,433)
Capital increase	298,900,000	-
An interest-free loan	(1,066,120)	(125,711)
Government loans, facilities and grants	(136,493)	(374,289)
Creditors subscribing to equity shares	763,912	(66,162)
Cash flows (used in) financing activities	**218,461,299**	**(6,065,595)**
The net change in cash and cash equivalents during the year	**183,009,029**	**(32,224,855)**
The net change in cash and cash equivalents at the beginning of the year	7,275,918	**39,500,773**
Net change in cash and cash equivalents at the end of the year	**190,284,947**	**7,275,918**

Chairman of Board of Directors	Chief Executive Officer	Chief Financial Officer

The accompanying notes are an integral part of these financial statements

(Expressed In Saudi Riyals)

1. The company and the nature of its business:

The Saudi Fisheries Company (a Saudi joint stock 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 40% 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.

Company Head Office:

The head office of the company is located in the city of Riyadh in the Kingdom of Saudi Arabia, after the company's headquarters was in Dammam, which was transferred to Riyadh based on the decision of the Extraordinary General Assembly on December 26, 2018 AD corresponding to Rabi Thani 19, 1440 AH. By a decision of the extraordinary general assembly, the head office may be transferred to any other city in the Kingdom of Saudi Arabia with the approval of the competent authority, and the company may establish branches or agencies for it inside or outside the Kingdom by a decision of the Board of Directors and after the approval of the competent authorities.

Commercial Register:

The company was registered on 9 Jumada Al-Awal 1401H corresponding to March 14,1981G in the commercial register in Dammam under No. 2050010531. The company also obtained the following subsidiary records:

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

Duration Of The Company:

The duration of the company is (99) ninety-nine Hijri years starting from the date of issuance of the Minister of Commerce's decision announcing its incorporation. This period may be extended more than once by a decision issued by the extraordinary general assembly of the company at least two years before the end of its term.

Authorized Capital:

The Company's subscribed and fully paid-up capital is 101,100,000 Saudi riyals divided into 10,110,000 shares, each share value of 10 Saudi riyals as of December 31, 2019.

The company's capital has been reduced during 2018 as follows:

2018 AD:

The Board of Directors, in its meeting held on May 24, 2018, agreed to submit to the Capital Market Authority a request to reduce the company's capital from 200,000,000 Saudi riyals to 98,993,467 Saudi riyals. Later, on October 24, 2018, the recommendation of the Board of Directors was amended to request to reduce the company's capital from 200,000. 000 to 101.100,000 Saudi riyals by canceling 9,890,000 shares, as the accumulated losses as on September 30, 2018 amounted to 98,993,467 Saudi riyals, representing about 49.49% of the company's capital, and therefore the company's capital was reduced by 98,900,000 Saudi riyals would result in the amortization of the accumulated losses at the same value. Based on this, a financial and legal advisor and an auditor has been appointed to undertake the tasks of capital reduction procedures.

The company's capital was increased during the year 2020, after taking the legal procedures and obtaining the approval of the Capital Market Authority on 01/30/2020 on the request submitted by the company to increase its capital as follows: -

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

A. The capital of the company before the increase is SAR 101,100,000 divided into 10,110,000 ordinary shares
B. The company's capital after the increase is 400,000,000 riyals, divided into 40,000,000 ordinary shares
C. The reason for the capital of the company is to finance the rehabilitation and operation of the AlHurada project, pay the establishment fees, working capital and repay the loan.
E- The method of increasing the capital of a company: offering and listing of priority rights shares with (29,890,000) ordinary shares.
F- Eligibility Date: Eligibility for all shareholders of the company registered in the company's records with the Center will deposit securities (Deposit Center) at the end of the second trading day following the convening of the extraordinary general assembly in which the capital increase was decided.

Company Purposes:

The company performs the following purposes:

- Fishing for marine life in international waters.
- Fish farming in the seas.
- Shrimp farming in the sea.
- Other activities for preparing and preserving fish and aquatic organisms.
- Shops for grilling fish and seafood.

Taking into account that the above activities require obtaining a license from the relevant authorities such as the Ministry of Environment, Water and Agriculture and the Ministry of Energy, Industry and Mineral Resources.

2. Basis of preparation:

Statement of commitment

These financial statements have been prepared in accordance with international financial reporting standards approved in the Kingdom of Saudi Arabia and other standards and publications approved by the Saudi Organization for Certified Public Accountants.

The accounting policies applied in preparing the financial statements are consistent with those used in preparing the annual financial statements of the company for the year ending December 31, 2020.

The Capital Market Authority issued a decision of the Board of Commissioners on October 16, 2016 AD (Muharram 15, 1438 AH) requiring listed entities to apply the cost model when measuring property assets, factories, equipment, investment properties and intangible assets when IFRSs are issued for a period of three years starting from the date of Adopting international financial reporting standards, while continuing to adhere to the disclosure requirements of the International Financial Reporting Standards adopted in the Kingdom of Saudi Arabia, which require or urge the disclosure of fair value within the section of notes to the financial statements. The company has complied with the requirements set out in these financial statements.

Preparing financial statements

The financial statements have been prepared according to the historical cost principle and using the accrual basis and the concept of continuity of activity, except for the following important items included in the balance sheet:

- Derivative financial instruments are measured at fair value.
- Investment in equity instruments is measured at FVOCI at fair value.
- Receivables for defined benefit obligations are recognized at the present value of future liabilities using the projected unit credit method.

Presentation and activity currency

The financial statements are prepared in Saudi riyals, which is the presentation and activity currency for the company. All figures have been rounded to the nearest Saudi riyal except for earnings per share.

3. The application of the new and amended International Financial Reporting Standards:

Actual lease payments are recognized as divided between the interest on the lease (recognized as financing costs) and the reduction of the finance lease liability. In the case of operating leases, the company is not capitalizing the leased asset, but the lease payments are recognized as a rental expense in profit and loss on a straight-line basis and over the lease term. The rent paid in advance and the rent payable are recognized as prepaid expenses, trade and other payables, respectively.

In applying IFRS 16, the company uses a standardized method for recognizing and measuring all leases, with the exception of short-term leases and leases for low-value assets. The standard introduces specific application requirements and practical solutions that the company has used when applying the standard.

- **Lease contracts, which were previously recognized as finance leases:**
  When applying the standard, the company did not change the carrying value of the assets and liabilities related to leases that were previously recognized as finance leases (i.e., the right to use the asset).
- **Lease contracts, which were previously recognized as operating leases**
  The Company recognized right-of-use assets and operating lease liabilities for leases that were previously classified as operating leases, excluding short-term and low-value asset leases. The rights-to-use assets of most of the lease contracts are recognized based on the carrying amount as if the standard had been in place since the inception of the contract, regardless of the use of the borrowing rate at the date of application. The company recognized the right-of-use asset for some of the lease contracts using the lease liability value after adjusting for the value of the lease payments made and the related and previously recognized rentals payable value. The lease liability was recognized based on the present value of the remaining lease payments discounted using the borrowing rate at the date of application.

The company has also used practical solutions available according to the standard, whereby:

- A single discount rate was used for any group of lease contracts with similar characteristics.
- The company relied on its previous evaluation prior to the date of implementation regarding lease contracts that will result in a loss.
- The company used exemptions for short-term lease contracts for contracts that expire within 12 months from the date of implementation.
- The company excluded the initial direct costs when measuring the right to use the asset at the date of application.
- The company used subsequent information when determining the term of the lease contract for contracts that contain options to extend or terminate the lease contract.

a. Below are the Company's new accounting policies that were applied from the date of applying IFRS 16:

Right to use assets:

The company recognizes right-of-use assets on the lease commencement date (i.e., the date on which the asset is usable).

The right-of-use asset is recognized at cost, minus accumulated depreciation and impairment losses, and the value is adjusted upon reassessment of the lease liability.

The right-of-use asset cost includes the value of the recognized lease liability, in addition to the initial direct costs incurred and lease payments made on or before the contract commencement date, less any incentives received related to the lease. In the event that the company is not certain of obtaining ownership of the leased asset at the end of the contract period, the value of the right to use the recognized asset is depreciated on a straight-line basis over the useful life of the asset or the lease term, whichever is less. Right-of-use assets are subject to an impairment test.

Lease contract obligations
On the commencement date of the lease, the company recognizes the lease obligations at the present value of the lease payments to be made during the term of the lease. Rent payments include fixed payments (which include payments whose content are considered fixed lease payments) minus rent incentives payable and variable lease payments that depend on agreed indicators or rates according to the terms of the contract, and the amounts expected to be collected under the residual value guarantees. The lease payments also include the value owed upon exercising the purchase option that the company is certain to exercise and the value of the fines for terminating the lease contract, if the company intends to exercise the termination option in accordance with the terms of the contract.

Variable lease payments that depend on agreed indicators or rates in accordance with the terms of the contract are recognized as expenses in the period in which the event or condition that leads to the payment of those amounts.

When calculating the present value of lease payments, for the purposes of discounting future lease payments, the company uses the borrowing rate at the commencement of the lease if the interest rate implicit in the lease is not determinable. Subsequently, the rental liability is increased by the amount of interest accrued and reduced by the amount of actual rental payments. In addition, the book value of the lease liability is re-measured if there is any amendment or change to the lease term or when any change occurs to the payments in its content that are considered fixed lease payments or when the valuation related to the purchase of the asset changes.

Short-term leases and low-value asset leases
The company applies the exemption related to the recognition of short-term lease contracts to some short-term lease contracts (i.e., lease contracts with a duration of 12 months or less from the start date and does not include the option to purchase the asset). The company also applies the exemption related to lease contracts for low-value assets to some Leases for assets deemed to be of low value. Lease payments for short-term and low-value assets leases are recognized as an expense on a straight-line basis over the term of the lease.

Extension and termination options
When determining the term of the lease contract, the management takes into account all the facts and circumstances that constitute an economic incentive to exercise the option of extension, or intentionally exercise the option of termination, the option of extension (or periods following the options of termination) will be included in the lease term only if the lease contract is somewhat certain (Or not terminated). The company evaluates the beginning of the lease if it is reasonably certain that the extension option will be used. The Company re-assesses whether it is reasonably certain to use the options if there is a major event or major change in circumstances that can be controlled.

Amended standards that have no effect on the company's financial statements.
Effective for annual periods beginning on or after January 1, 2019.

- Amendments to IFRS 9 Advantages of Payments with Negative Compensation.
- Amendments to International Accounting Standard No. 28: Investments in Associates and Joint Ventures: Relate to long-term interests in associates and joint ventures.

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- The annual cycle of improvements to IFRS 2015-2017 and amendments to IFRS 3 Business Combination, IFRS 11: Joint Arrangements, IAS 12 Income Taxes and IAS 23 Borrowing Costs.
- Amendments to IAS 19, employee benefits, and curtailment or reconciliation.
- IFRS 23 Interpretations Committee explains doubts about income tax treatments.

New and revised international standards and interpretations issued but not yet effective.
Effective for annual periods beginning on or after January 1, 2020
Adjustments related to the definition of significance
• Amendments to the definition of commercial activity
• International Financial Reporting Standard No. 17: Insurance Contracts
• Amendments to IFRS 10: Consolidated Financial Statements and International Accounting Standard No. 28: Investment in Associates and Joint Ventures (2011) relating to the treatment of sale or contribution to assets from the investor to his associate or joint venture.

4. Significant Accounting Policies:

Property, Plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. The cost includes any expenditures that are incurred directly in bringing the assets to the site and the conditions that enable them to operate in the manner expected by the management of the company.

Depreciation is calculated by subtracting the remaining value of the asset from the original cost over the estimated useful life, using the straight-line method, and the useful life, residual value and depreciation method are reviewed at the end of the annual reporting period, taking into account the impact of any changes in the estimates calculated on a future basis.

The leasehold improvements are depreciated on a straight-line basis over the useful life of the improvements or the lease term, whichever is shorter.

Repair and maintenance expenses are considered a revenue expense in the statement of profit or loss when incurred. As for the expenses of improvements that increase the useful life of the asset, they are capitalized.

The cost of replacing a portion of property, plant and equipment is capitalized into carrying value if it is probable that future economic benefits in this item will flow to the company, and its cost can be measured reliably. An item of property, plant and equipment is no longer recognized upon disposal or when there are no future economic benefits expected to arise from the continued use of the asset. Profits or losses that may arise from the sale or disposal of an item of property, plant and equipment are measured as the difference between the net proceeds excluded and the value. The book of the asset is recorded in the statement of profit or loss.

The company applies the following annual depreciation rates on property, machinery and equipment:

• Paved buildings and roads	4-22 Years
• Factory machinery and equipment	7-20 Y
• Boats and fishing equipment	4-25 Y
• Cars	3-4 Y
• Furniture, fixtures and office equipment	5-10 Y
• Communications devices	10 Y

projects under construction:

Assets in progress are stated at cost less impairment losses. All expenditures incurred during the installation and construction period are recorded and charged to the project-in-progress line, and then the cost of the assets in progress is transferred to the appropriate category of property and equipment line when it is ready for use. The cost of projects in progress includes purchase costs and costs that are directly attributable to bringing the assets in progress to their intended purpose or use.

Biological Assets

Fish product harvested from the entity's vital assets is measured at its fair value minus the costs of selling at the point of harvest. Such a measure would be the cost at that date when applying IAS 2 "Inventory" or another applicable standard.

The gain or loss arising on the initial recognition of a biological asset at fair value less costs to sell and arising from a change in the fair value of the biological asset minus the costs to sell, is included in the profit or loss in the period in which it arises.

are reviewed at the end of each fiscal year and the impact of any changes in estimate is calculated on the future basis.

The main parts of the property, machinery and equipment are recognized at cost and subsequently assessed in the manner of the weighted average.

Investment real estate

Investment properties including land or buildings held by the company to obtain leases or to increase capital, or both under construction and which are developed for future use as investment property, are measured initially at cost, including transaction costs. Following initial recognition, investment properties are stated at cost net of accumulated depreciation and / or accumulated impairment losses, if any. Land is stated at cost and is not depreciated. For disclosure purposes only, the fair value of investment properties is determined on the basis of the annual valuation performed by accrediting an external and independent valuer.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets.

Recognition of investment properties has been revoked either when they are excluded or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its exclusion. The difference between the net sale proceeds and the carrying amount of the asset is recognized in the statement of profit or loss in the period of derecognition. A transfer is made to (or) from investment property only when there is a change in use and the book value of the properties is used in the subsequent accounting.

The residual values, useful lives and methods of depreciation of investment properties are reviewed at the end of each financial year and adjusted in the future, if appropriate.

Impairment of non-financial assets

At each statement of financial position date, non-financial assets (except for inventories and biological assets) are reviewed to determine whether there is any indication that those assets have suffered impairment losses. If any of these indicators exist, then the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount for the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise distributed to the smallest cash-generating unit for which a reasonable and consistent allocation basis can be established.

Impairment of non-financial assets (continued)

The recoverable amount is in excess of the fair value less cost to sell and value resulting from use. In assessing value in use, the estimated future cash flows are discounted from their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which future cash flows have not been adjusted.

If the recoverable amount of the asset (the cash-generating unit) is estimated to be less than its book value, the carrying amount (the cash-generating unit) of the asset is reduced to its recoverable amount. An impairment loss is recognized directly in profit or loss.

In the event that the loss in value is subsequently reversed, the carrying amount of the asset (or cash-generating unit) must be increased until it reaches the revised estimate of the recoverable amount, but so that the increased carrying amount does not exceed the book value that would have been determined had the impairment loss not been recognized. In value to the asset (or cash-generating unit) in previous years. A reversal of an impairment loss is recognized immediately in profit or loss.

Inventory

The inventory is shown at the lower cost or net realizable value. The cost is determined on the basis of the weighted average method. Intrinsic costs associated with purchasing the inventory are capitalized. The cost of finished goods and goods in process includes the cost of raw materials, direct labor and manufacturing overheads.

Net realized value is the estimated selling price during the normal course of business minus the estimated cost of selling expenses.

Cash and cash equivalents

Cash and cash equivalents consist of items that can be readily converted into cash and are subject to an insignificant risk of change in value. Cash and cash equivalents in the balance sheet comprise cash on hand and bank balances and are initially recorded and subsequently at fair value.

For the purpose of the cash flow statement: Cash and cash equivalents consist of cash on hand and cash balances held with banks and have a maturity date of 90 days or less and are available for use by the company unless otherwise specified.

Financial assets

Initial recognition and measurement

Financial assets are initially recognized at fair value plus transaction costs directly related to the purchase of the financial asset, in the case of financial assets not recorded at fair value through profit and loss.

Subsequent measurement

Financial assets are subsequently measured at FVTPL at amortized cost or fair value through profit and cost loss. The classification is based on two criteria: the group's business model for managing assets and whether the contractual cash flows of the instruments represent "exclusive payments of principal and interest" on the principal unpaid amount (the criterion for exclusive payments of principal and interest).

Financial assets
Stop admitting
Financial assets carried at amortized cost

This category is the most important to the company. The company measures a financial asset at amortized cost that is held within a business model for the purpose of acquiring financial assets in order to collect contractual cash flows that meet the criterion for exclusive payments of principal and interest. This category includes commercial accounts receivable and other company receivables, and loans listed under other non-current financial assets.

Stop admitting

Recognition of financial assets (or when applicable, part of financial assets or part of a group of similar financial assets) (i.e., they are removed from the company's balance sheet) mainly stops when:

- The rights to receive cash flows from the asset or
- The company transfers its rights to receive cash flows from the asset or incurs an obligation to fully pay the received cash flows without any material delay to another party under "immediate arrangements", when:

(A) The company transfers substantially all risks and benefits related to the asset
(B) The company does not transfer or retain all benefits and risks related to the asset but has transferred control of the asset.

When a company transfers its rights to obtain cash flows from the asset or enters into a prompt arrangement agreement, it assesses whether the company has retained the risks and benefits associated with ownership and to what extent it has. When the company does not fundamentally transfer the risks and benefits of the asset, does not retain them, or transfers its control over the asset, the company continues to recognize the transferred asset within the limits of its continuity in dealing with it. In that case, the company also recognizes the associated obligation. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the company has retained. The continuity of the transaction that takes the form of a guarantee on the transferred asset is measured at the original book value of the asset or the maximum amounts that the company may be required to pay, whichever is less.

Impairment of financial assets

IFRS 9 requires the company to record an expected credit loss allowance for all loans and other financial receivables not recorded at FVTPL.

Expected credit losses are calculated on the basis of the difference between the contractual cash flows due according to the contract and all the cash flows that the company expects to receive, and then the deficit is deducted close to the asset's original effective interest rate.

With respect to trade receivables and other accounts receivable, the company applied the simplified standard method and calculated future credit losses based on lifetime expected credit loss. The company has set aside a provisioning schedule based on the company's past experience with credit loss, adjusted for expected elements identified for debtors and the economic environment.

For other financial receivables, the ECL is calculated based on the expected credit loss over a 12-month period. The 12-month ECL is the portion of the lifetime expected credit loss that arises from defaults on a potential financial instrument within the 12 months after the financial statement date. However, when there is a significant increase in credit risk since its inception, the provision will be calculated based on the lifetime expected credit loss.

The company studies default on the payment of a financial asset when the contractual payment deadline of 90 days has passed. However, in certain cases, the company may also consider defaults on a financial asset when internal or external information indicates that the company is not likely to fully receive unpaid contractual amounts before taking into account any credit enhancements that the company maintains.

Initial recognition and measurement
Financial liabilities, upon initial recognition, are classified as financial liabilities at fair value through profit or loss, loans and accounts payable, as appropriate. All financial liabilities are recognized initially at fair value and, in the case of loans and accounts payable, net of deducting the directly related transaction costs.
The company's financial liabilities include trade accounts payable, other accounts payable, and loans.

Subsequent measurement
Financial liabilities are subsequently measured at amortized cost.

Stop admitting
The recognition of the financial liabilities ceases when the accrued obligation within the liabilities is paid, canceled or expires. And when another financial obligation is replaced by a current financial obligation from the same lender on substantially different terms, or the terms of the existing obligations are substantially modified, this change or amendment shall be considered as the cessation of recognition of the original obligation and the recognition of a new obligation. The difference in the carrying values is recognized in the statement of profit or loss and other comprehensive income.

Offsetting financial instruments
Financial assets and financial liabilities are offset, and the net amounts are disclosed in the balance sheet when there is a current legally enforceable right to set off the amounts recognized, and there is an intention to either settle them on the basis of the net to sell the assets and pay the liabilities simultaneously.

Provisions
Provisions are recognized when the company has obligations (legal or constructive) arising from a past event, and the costs of settling the obligation are both probable and can be measured reliably. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Potential liabilities
Contingent liabilities are disclosed when the company has a potential obligation as a result of a previous event whose existence will not be confirmed except by the occurrence or non-occurrence of one or more unconfirmed future events that are not entirely within the control of the company, or that the company has current legal or implicit obligations arising from events. A precedent, but it is not likely that an outflow of resources embodying economic benefits will be required to settle the obligation or that the amount of the obligation cannot be measured reliably adequately.

Impairment of non-financial assets
The company assesses, at each reporting date, whether there is any indication that the non-financial assets may be impaired. In the event that such an indication exists, or when it is necessary to examine the impairment of the asset annually, the company shall estimate the recoverable value of the asset. The asset's recoverable value is the fair value of the asset or the cash-generating unit minus the selling costs or the value from use, whichever is higher, and it is determined for each asset separately, unless the asset does not generate incoming cash flows that are largely independent of the cash flows of other assets or Group of assets. When the carrying amount of the asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is reduced to its recoverable value. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks associated with the asset. In determining the fair value less costs to sell, an appropriate valuation method is used. These accounts are verified using valuation multiples, quoted share prices for publicly traded entities, or any other available fair value indicators.

Impairment losses from continuing operations are recognized in profit or loss in the expense categories consistent with the function of the assets whose value is impaired.
For assets other than goodwill, at each reporting date, an assessment is made whether there is any indication that previously reported impairment losses no longer exist or have decreased in value. If such an indicator exists, the company estimates the recoverable amount of the asset or the cash-generating unit. A previously recognized impairment loss is not reversed unless there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. This reversal is limited so that the asset's book value does not exceed its recoverable value or book value that would have been determined, after deducting depreciation, had no loss been computed for the decline in the asset's value during previous years. This reverse is included in profit or loss. Non-financial assets other than goodwill that have been impaired are reviewed for possible reversal of the impairment at the end of each reporting period.

Employee benefits:

End of services benefits:

The provision for end of service benefits, which is a defined benefit plan, is determined using the planned unit of credit method, with an actuarial valuation performed at the end of each annual reporting period. The re-measurements, which include the gains or losses resulting from the actuarial valuation, are included directly in the statement of financial position with any discount or credit being recorded in other comprehensive income in the period in which they occur. Remeasures recognized in other comprehensive income are included immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognized in profit or loss in the period of plan adjustment. Interest is also calculated by applying the discount rate at the beginning of the period to the net specified liabilities or assets. The defined benefit costs are classified as follows:

- Service costs (including current service cost, past service cost, as well as gains and losses arising from discounts and settlements);
- interest expense.
- Re-measure.

The company introduces the first two components of the benefit costs identified in profit or loss in the "general and administrative expenses" line item.
The Company commenced using the actuarial valuation of employees' end of service benefits liabilities from the inception of the transition to IFRS, based on the ECU actuarial method.
Retirement benefits
The company pays retirement contributions from its Saudi employees to the General Organization for Social Insurance. This is a defined contribution plan. Payments are recorded as an expense when incurred.

Retirement benefits

The company pays retirement contributions from its Saudi employees to the General Organization for Social Insurance. This is a defined contribution plan. Payments are recorded as an expense when incurred.

Short-term employee benefits

The obligation for benefits payable to employees in respect of wages, salaries, annual leave and sick leave is recognized in the period in which the related service is provided for the undiscounted amount of benefits expected to be paid for that service.
The liability recognized in respect of short-term employee benefits is measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

After service benefits

The company's after-service benefits include monthly subscriptions to the General Authority for Social Insurance and a reward system in accordance with the requirements of the Kingdom of Saudi Arabia's regulations.

(A) Social insurance
The Social Security monthly contributions (a separate entity) are categories as a defined contribution plan. The company recognizes its share of the fixed contribution to social insurance every month as an expense. The company has no legal or constructive obligation to pay any additional contribution, and its sole obligation to pay the contribution when it is due.

(B) The end of service gratuity for workers
The company provides end of service benefits to its employees according to the labor and workers system in the Kingdom of Saudi Arabia. The entitlement to these benefits is based on the employee's final salary and length of service, with the employee completing a minimum period of service. The expected costs of these benefits are recorded over the period of service, and a provision is made annually based on the evaluation of an independent actuary in accordance with the requirements of IAS 19 "employee benefits" on the basis of the actuarial methodology of the projected credit unit. The last assessment was conducted on December 31, 2020.

All past service costs are recognized as an expense immediately. All actuarial gains and losses relating to defined benefit and benefit liabilities are recognized in the statement of comprehensive income.

(C) Vacations and tickets
Employees' entitlements to vacations and tickets are recorded according to work contracts.

Zakat
-Zakat provision is calculated at the end of each fiscal year according to the instructions of the General Authority for Zakat and Income in the Kingdom of Saudi Arabia.
- Zakat is recognized at the end of each financial year in the income statement, and the differences resulting from the final assessment are recorded within the same list in the year in which the Zakat assessment is approved.

Dividend
Final dividends are recognized as liabilities when approved by the General Assembly, and initial dividends are recorded when approved by the Board of Directors.

Revenue recognition
The only source of revenue is sales of fish and fish products. Product sales are recognized in the statement of profit or loss and other comprehensive income when the company has an obligation to sell the goods and has the ability to determine the existence of a contract, and to measure the compensation proportionately and the likelihood of collection. The amounts recognized as sales of the products represent the fair values of the amounts received or receivables from related parties and third parties from the sales of these products. Usually, the company's contracts with customers, for the purpose of selling its products, contain a single implementation commitment. The company recognizes revenue from product sales at the point in which control of those products is transferred to the customer, usually upon delivery of the products.

The Revenue
The company sells fish, shrimp and value-added products and provides food services to customers through its restaurants located in different regions. The sales of these products must be recognized when controlling the products is transferred to the customer, taking into account this in the context of following the five-step method mentioned early.

Elements of financing
The company does not currently have or currently expects any contracts with clients on routine sales or products where the period between transferring the promised products or services to the customer and the customer's payment exceeds one year. As a result, the company currently does not adjust any transaction rates for the time value of money. However, if any such situation is identified, the relevant amounts are remeasured in order to adjust the time value of funds.

Government grants

Government grants, including non-monetary grants, are recognized at fair value when there is reasonable assurance that the grant will be received, and all the accompanying conditions will be adhered to. When the grant is associated with an expense item, it is recognized as revenue on a regular basis over the periods in which the costs, which it intends to compensate, are being expensed. When the grant relates to the asset, it is recognized as revenue in equal amounts over the expected useful life of the related asset.

When governments or related institutions provide loans or similar assistance with an interest rate lower than the current market rate, the effect of this favorable interest is considered a government grant.

Borrowing costs

Borrowing costs directly related to the purchase, construction or production of the asset that necessarily takes a long period of time to get ready for use or intended sale are capitalized as part of the cost of the underlying asset.

All other borrowing costs are recorded as expenses in the period in which they occur. Borrowing costs consist of the interest and other costs that the entity has incurred in connection with the borrowing of funds.

Lease contracts:

On the lease commencement date, the company has evidenced the asset (right to use) and lease commitment.

The initial measurement of the (right-of-use) asset is made at cost, which consists of the initial measurement amount of the lease obligation that is settled with any lease payments made on or before the lease commencement date minus any lease incentives received, in addition to any initial direct costs

incurred, and an estimate of costs. Dismantling and removing or storing the asset or returning the site in which the asset is located.

The asset (right to use) is subsequently depreciated using the straight-line method from the start to the end of the asset's useful life (the right to use) or the end of the lease term. The estimated useful life of the asset (right of use) is reduced periodically through impairment losses, if any, and adjusted for a specific remeasurement of the lease liability.

The lease obligation is measured at the present value of the unpaid lease payments on the contract commencement date, and the lease payments are deducted using the rate of return implicit in the lease contract, or if it is not easy to determine this rate, the additional rate of return is used for the company. The company uses the special additional rate of return. Out as a discount rate.

Lease payments included in the lease liability measurement include:

- Fixed payments (includes fixed payments in essence).
- Variable lease payments that depend on an index or rate and are initially measured using the index or rate at the start date of the lease.

The rental liability is measured at amortized cost using the effective financing rate method, and it is re-measured when there is a change in future lease payments arising from a change in the index or rate, if there is a change in the Group's estimate of the amount expected to be paid under the residual value guarantee, or if the company changes Its assessment of whether it will exercise a purchase, extension, or termination option.

When the lease liability is remeasured in this way, and a corresponding settlement is made to the carrying amount of the asset (right-of-use) or recorded in profit or loss if the carrying value of the asset (right-of-use) is reduced to zero.

foreign currency
Transactions in currencies other than the company's official currency (foreign currencies), which are the Saudi riyal, are recognized according to the exchange rates prevailing on the date of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates of exchange prevailing on that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences on monetary items are recognized in profit or loss in the period in which they arise.

Expenses
Selling and marketing expenses are those that relate specifically to marketing and promotional activities. All other expenses are classified as general and administrative expenses and cost of services.

Basic and diluted earnings per share
The company offers basic and diluted earnings per share to its shareholders. Basic earnings per share is calculated by dividing the net income or loss attributable to ordinary ownership in the company by the weighted average number of ordinary shares outstanding during the year. Diluted earnings per share is determined by adjusting the net income or loss attributable to ordinary ownership and the weighted average number of ordinary shares outstanding for the effect of dilutive potential ordinary shares, if any.

Segment reports
An operating segment is an element of a company that relates to its activities through which it generates revenue and incurs expenses including revenues and expenses related to transactions with any other elements of the company. All operating results of the operating segments were reviewed in a manner consistent with the internal reports submitted to the chief operating decision maker. The chief operating decision-maker has been identified, who is responsible for allocating resources and evaluating the performance of the operating sectors, as the chief executive who makes the strategic decisions.

Related parties
The company is owned 40% by the Public Investment Fund, which is a government entity, and therefore the related parties are represented in government agencies and companies that are owned by the Saudi government or have influential shares in its capital, as well as members of the Board of Directors in the course of normal activity, the company's transactions with related parties The relationship of attendance allowances for members of the board of directors and service benefits with government agencies.

Related parties
On Ramadan 10, 1433 AH, the Ministry of Agriculture, through official correspondence with the company, allocated two plots of land, which consist of a plot of 8,400 square meters, located 10 km on Makkah Al-Mukarramah Road in Jeddah, and a plot of 6264 square meters of land located northeast of the Ministry of Finance building in Riyadh for the purpose of the establishment of offices for the company, buildings, facilities and points of sale. The Ministry of Agriculture has approved the emptying of the ownership of the two plots of land to the company, provided that the value of those lands is included in the state's share in the company's capital, which currently represents 40% of the company's shares.
The company's management has assigned one of the specialized real estate offices to assess the lands and work is underway at the present time, knowing that until the date of preparing this report, they were not included in the financial statements until the procedures for transferring ownership to the company are completed and the approval of the General Assembly of shareholders on that.

5. Significant accounting estimates, assumptions and judgments:

Preparing the company's financial statements requires management to make judgments, estimates and assumptions that affect the disclosed amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the date of the financial statements. However, uncertainty about these assumptions and estimates may result in consequences that may require a material adjustment to the carrying value of the assets or liabilities affected by this in the future. Other disclosures related to the risks and uncertainties the company is exposed to include the following:

- Capital management
- Financial risk management objectives and related policies

Information relating to material aspects of estimates, uncertainties and significant estimates used in applying accounting policies (which significantly affect the amount recognized in the financial statements) includes, in particular, the following:

The company uses an allowance schedule to calculate expected credit losses for business receivables. Provision rates are calculated based on late payment days for groups of different customer segments with similar patterns of loss (i.e., by geographic sector, product type, customer type and classification).

These estimates and assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances and are used to judge the carrying values of assets and liabilities that are not readily apparent from other sources. Estimates and underlying assumptions are reviewed on an ongoing basis.

Adjustments made to accounting estimates in the period in which the estimates are revised, or the period of revisions and future periods are recognized if the estimates that have been subjected to the change affect the current and future periods.

Impairment of trade receivables

The allowance schedule is initially calculated on the basis of the Company's historical rates of late payment. The company will calibrate the table in order to adjust the experience of historical credit losses with the expected information, for example, if the expected economic conditions (such as gross domestic product) are expected to deteriorate over the next year, which could result in an increasing number of delays in payment in the food sector, Historical default rates are adjusted. At each reporting date, the historical observed rates of default are updated, and changes in projected estimates are subject to analysis.

An estimate of the relationship between historical observed delinquency rates, expected economic conditions, and expected credit losses is an estimate. The amount of ECL is sensitive to changes in conditions and the expected economic conditions. Also, the experience of historical credit losses of the group and the expected economic conditions therein may not represent delinquency in future payments by customers.

The decrease in the value of the goods

Goods are recorded at the lower cost and net realizable value. When the goods become obsolete or obsolete, an estimate is made of their net realizable value. For individually significant amounts, this estimation is performed on an individual basis. As for amounts that are not individually significant, but which are old or obsolete, they are assessed collectively, and a provision applied according to the type of goods and the degree of old or obsolescence based on the expected selling prices.

Productive business of depreciable assets

Management reviews its estimate of the useful lives of depreciable assets at each reporting date based on the expected use of the assets. Also, the estimates that are uncertain in these estimates relate to technical obsolescence that may change the use of some programs and equipment.

Decline in the value of non-financial assets
Impairment is achieved when the carrying value of the asset or cash-generating unit exceeds its recoverable value / value, which represents its fair value / value less costs to sell and its value / value in use, whichever is higher. The fair value less account selling costs is calculated based on data available from binding sale transactions that are performed on a commercial basis for similar assets or observable market prices less additional costs to sell the asset.

The value in use is calculated based on the DCF model. The cash flows are derived from the budget for the subsequent five years and do not include restructuring activities that are not yet obligated on the group or significant future investments that enhance the performance of the asset for the CGU.

To test for impairment. The recoverable amount is sensitive to the discount rate used in the DCF method as well as the expected future cash inflows and the growth rate used for extrapolation purposes.
Management believes that some production lines were a precondition of the gas allocation agreement, and accordingly, the minimum level of identifiable internal cash flows that depend to a large extent on internal cash flows from other assets or group of assets checks all production lines together that are covered by the agreement. Hence, management considers all those production lines covered by the Gas Appropriation Agreement as one CGU for the purpose of testing the impairment calculation.

Provisions
Provisions, depending on their nature, depend on estimates and assessments to ensure that recognition criteria are met, including estimates of the likelihood of external cash flows. Lawsuit's allocations are based on cost estimates, taking into account legal advice and other information currently available. The provisions relating to uncertain liabilities include management's best estimate of whether realization of the cash outflows is probable.

Provision for employees' end of service benefits
The company makes various estimates in determining the provision for employees' end of service benefits.

(Expressed In Saudi Riyals)

6. Property, Plant, And Equipment:

	Paved buildings and roads	Plants & Machinery of the Factory	Boats and fishing equipment	Cars	Furniture & Office Equipment	Tele communications	Project in progress	Total
Balance at January 1,2020	194,105,223	117,209,573	27,109,277	12,690,893	6,319,520	-	35,358,902	**392,793,38**
Adjustments	(17,326,672)	16,561,555	-	1,187,385	(422,268)	-	-	
Additions	-	-	-	-	-	-	9,466,334	9,466,33
Transferred from projects under progress	4,989,042	3,137,037	1,284,644	537,158	1,911,522	1,160,707	(13,020,110)	
Disposal	-	-	-	(4,326,642)	-	-	-	(4,326,64
Balance at December 31,2020	**181,767,593**	**136,908,165**	**28,393,921**	**10,088,794**	7,808,774	**1,160,707**	**31,805,126**	**397,933,08**
Accumulated depreciation on January 1 .2020	118,570,167	111,903,622	10,319,878	12,255,564	6,221,061	-	-	**259,270,29**
Depreciation of accumulated disposals	-	-	-	(4,326,642)	-	-	-	**(4,326,64**
Depreciation	6,207,968	2,251,481	636,424	161,365	348,205	114,377	-	9,719,82
Balance at December 31,2020	**124,778,135**	**114,155,103**	**10,956,302**	**8,090,287**	**6,569,266**	**114,377**	-	**264,663,47**
Balance at December 31,2020	**56,989,458**	**22,753,062**	**17,437,619**	**1,998,507**	**1,239,508**	**1,046,330**	**31,805,126**	**133,269,61**

(Expressed In Saudi Riyals)

6. Property, Plant, And Equipment:

The calculated depreciation has been distributed to the consolidated statement of profit or loss as follows:

	2020	2019
Sales costs (boats)	117,269	324,330
Manufacturing expenses	1,433,412	1,331,864
Selling and distribution expenses	2,353,637	1,701,033
General and administrative expenses	846,016	398,779
Farm Expense	4,969,486	4,692,969
Total	**9,719,820**	**8,448,975**

7. Investment Lands:

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 39,245,982 Saudi riyals, until the purchase was rejected by the State General Authority for Real Estate, because the sale is in violation of the approved railway protection system. It has to do with Royal Order No. 21, in addition to its violation of the High Orders stipulating not to grant, sell or dispose of government land and to be satisfied with leasing, including Royal Order No. 8/250, No. 584 and No. 9513.

During 2018, the company excluded the land from the company's records, provided that the General Organization for Railways returns the amount paid by the company as soon as the company provides the required legal documents.

The lands include two plots of land in Khobar and Qatif, with a book value of 3.100,000 Saudi riyals as on December 31, 2020 and December 31, 2019 and were mortgaged to the Saudi Agricultural Development Fund against the loan granted to finance the shrimp cultivation and breeding project.

8. Right to use an asset:

Based on the decision of the Board of Directors to form a provision for the aging of Spare Parts for Kilns and Machineries in the amount of 5 million riyals per year, the movement of the provision was as follows:

	2020	2019
Balance at Beginning of the Year	11,308,306	-
Additions during the year	-	11,651,039
Deduct:	11,308,306	11,651,039
The accumulated amortization of the right to use the asset		
Amortization of the right to use for the year		
Disposal	-	-
	2,822,316	1,690,349
	8,485,990	**9,960,690**
The current portion of the lease liability.	2,450,684	3,554,096
The non-current portion of the lease liability	6,035,305	8,626,706
Balance at End of the Year	**8,485,989**	**12,180,802**

(Expressed In Saudi Riyals)

9. Inventory:

	2020	2019
Fish and shrimp products	4,748,800	6,371,851
Raw materials	421,552	230,191
spare parts	1,999,997	2,221,747
Packaging materials and consumables	1,457,493	861,401
Goods in transit	1,489,227	2,798,669
	10,117,069	12,483,859
Decrease in inventory value	-	-
	10,117,069	**12,483,859**

Decrease in inventory value	**2020**	**2019**
Balance at the beginning of the year	-	**6,418,592**
Formed during the year	-	-
Used during the year	-	**(4,404,683)**
No longer required	-	**(2,013,909)**
Balance at the end of the year	-	-

The allowance for slow moving and spoiled inventory is based on the nature, life and shelf life of the inventory and sales forecasts based on past trends and other qualitative factors.

10. Trade receivables:

	2020	2019
Client	5,921,754	4,686,794
Impairment in customer value	(2,081,037)	(1,712,094)
Total	**3,840,717**	**2,974,700**

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:

	2020	2019
Balance at the beginning of the year	1,712,094	2,170,979
Formed during the year	368,943	-
No longer required	-	(458,885)
Total	**2,081,037**	**1,712,094**

(Expressed In Saudi Riyals)

11.Debtors and other debit balances, net:

	2020	2019
Due from the recovery of the purchase of land	3,377,204	3,377,204
Accrued rental income	1,424,480	1,244,574
Receivables staff	100,000	622,364
Fishers' receivables	1,256,732	1,256,732
Letter of guarantee	473,250	300,000
Prepaid expenses	1,311,451	1,297,989
Advance payments to suppliers	-	5,350,880
Other	327,242	340,238
Accrued interest	244,337	
	8,514,696	13,789,981
Impairment of receivables and other debit balances	(1,256,732)	(1,256,732)
Prepaid expenses	**7,257,964**	**12,533,249**

It represents the receivable from the recovery of the purchase of land from the General Corporation for Railways, as the Saudi Fisheries Company bought the land of Dammam located near the railway in 2011 AD for 39,245,982 Saudi riyals, but the purchase process was subsequently rejected by the State Property Authority, because the sale process Violation of the railway protection system, in addition to its violation of the noble orders not to grant, sell, or dispose of government lands and be satisfied with leasing, the company excluded the land from its records and all the required documents were submitted to the General Organization of Railways and a check for 24,381,455,60 riyals was received Saudi represents the company's dues 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. The company has submitted the documents required to recover the remaining amount of 3,377,204 Saudi riyals and is being followed up with them in this regard.

12. Financial assets at fair value through profit or loss statement:

Financial assets at fair value through statement of profit and loss as of December 31, 2020 were represented by the remaining portion of investment in securities.

13. Cash And Cash Equivalents:

	2020	2019
Cash in hand	102,061	129,583
Cash at bank	20,182,886	7,146,335
Deposits with banks	170,000,000	-
Total	**190,284,947**	**7,275,918**

(Expressed In Saudi Riyals)

14. Bank facilities:

The company signed a financing and facilities agreement with the Banque Saudi Fransi with a limit of 120 million Saudi riyals, which represents a long-term loan with an interest rate of 2.5% plus SIBOR to be paid on an annual basis during the first year from the date of the loan and later to be paid on a quarterly basis, and 10 million Saudi riyals. Issuance of letters of guarantee for payment. The loan will be repaid according to 21 quarterly payments, at an amount of 5,714,285 Saudi riyals for each payment separately, in addition to the agreed commission, starting from 1/7/2020 until 1/7/2025.

The facilities were obtained against a bill of lading amounting to 130 million Saudi riyals payable on demand, in addition to a letter of guarantee in favor of the Banque Saudi Fransi covering the total value of the facilities on 7/28/2020 AD. The remaining amount used from the facilities amounting to 105,000,000 Saudi riyals was paid, and all were received. Collateral loan.

15.Interest-free Loan:

The company also 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 8/11/2009 from the total facility agreement in the amount of 12,867,838 Saudi riyals to finance the shrimp cultivation and breeding project, in return for a mortgage for lands owned by the company on Al Khobar and Qatif and their book values in the amount of 1,000,000 and 2,100,000 Saudi riyals respectively, provided that the loan is repaid on 21/11/1432 corresponding to October 19, 2011 AD. The company also obtained the second installment of these facilities in the amount of 2,984,741 Saudi riyals, so that the loan balance becomes 10,010,885 Saudi riyals as on June 12, 2011. As a result of non-payment, the company submitted on 5/7/1437 corresponding to 12/4/2016 a request to reschedule the loan balance amounting to 10,010,880 Saudi riyals as on December 31, 2016. It was approved to reschedule the loan in nine annual installments as of November 2017, and the company has already paid the installments according to schedule, so that the loan balance on 31/12/2020 is 6,141,280 Saudi riyals.

	2020	2019
Agricultural Development Fund loan	6,141,280	7,207,400
current part	1,418,480	1,418,480
non-current part	4,722,800	5,788,920
Total	**6,141,280**	**7,207,400**

The current portion of the loan is recorded as a current liability.
Government grants represent the difference between the loan value as at December 31, 2020 AD 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.
Leasing obligations

	2020	2019
Governmental grants	1,166,987	1,303,480
Total	1,166,987	1,303,480

(Expressed In Saudi Riyals)

16. Employee benefits and end of service provision:

The company has used the services of actuaries for the actuarial valuation of employees' end of service benefits in accordance with IAS 19 for this purpose, an independent actuarial valuer has been appointed to provide an actuarial valuation of the company's employee benefits as follows: Settlement of the receivable to (receivable from) the net defined benefit obligation.

	2020	2019
Present value of employee benefit obligations	6,651,909	5,785,157
The value of the assets of the specified plan	-	-
Balance at the end of the year	**6,651,909**	**5,785,157**
The movement in recognized liabilities / assets was as follows:		
Balance at the beginning of the year	5,785,157	7,583,076
Charged on the year	742,504	2,088,926
Interest charged for the year	156,435	330,671
Gains (losses) re-measurement of the obligation	162,069	(6,950)
Paid during the year	(194,256)	(4,210,566)
Balance at the end of the year	6,651,909	5,785,157

17. Creditors and other credit balances:

	2020	2019
Trade receivables	1,985,526	2,537,438
Outstanding salaries and wages	3,224,336	2,337,406
Dividends payable	2,863,179	2,869,189
Amounts owed to the ports	-	1,988,712
Accrued Rents	126,667	228,000
Accrued bank interest	-	146,358
Remuneration of board members	1,525,000	100,000
Other outstanding miscellaneous	862,963	1,084,357
Other credit balances	3,456,144	-
	14,043,815	**11,291,460**

18. 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. He did not subscribe to it. 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. The name of compensation to creditors to subscribe to priority rights shares.

The company also compensated the ownership 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 riyals was paid, so the amount owed becomes 13,479.984 riyals.

(Expressed In Saudi Riyals)

19. Zakat:

The company submitted the zakat declarations until 2019 and paid the zakat due based on the submitted declaration and obtained a registered certificate valid until 09/18/1441 AH corresponding to 04/30/2021 AD, 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 AD until 2016 AD, 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 AD 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.

The movement in the provision was as follows:

	2020	2019
Balance at the beginning of the year	4,425,065	7,425,065
Formed during the year	3,000,000	-
Paid during the year	(880,107)	-
No longer required	-	(3,000,000)
Balance at the end of the year	6,544,958	4,425,065

20. Selling and Distribution Expenses:

	2020	2019
Salaries and wages	11,353,364	10,601,746
Amortization of the right to use the asset	1,815,262	2,453,744
consumption	2,353,637	1,701,033
Public benefits	1,923,602	983,752
Transportation fees	651,059	852,307
Applications	1,347,705	181,202
Impairment expenses of customers	368,943	-
Other	1,444,262	484,717
	21,257,834	17,258,501

(Expressed In Saudi Riyals)

21. General and Administrative Expenses:

	2020	2019
Salaries and wages	11,933,327	10 687 360
Professional services	2,576,164	2,257,892
Allowance for attending Board of Directors sessions	179,000	70,000
Remuneration of board members	1,525,000	100,000
Subscriptions	318,598	354,138
consumption	873,310	398,779
An ad hoc refund that has no purpose	-	(2,013,909)
Other	564,921	511,170
	17,970,320	**12,365,430**

22. Other Income:

	2020	2019
Land rental income	1,081,239	636,662
Other	166,225	159,626
Gain from sale of property and equipment	301,600	-
Returns on deposits	244,337	-
Profits excluding the right to use the asset	200,898	-
	1,994,299	**796,288**

23. Basic and Decreasing Losses Per Share:

	2020	2019
Loss of a year	(45,213,899)	(33,029,459)
Weighted average number of shares outstanding during the year	29,056,667	29,056,667
	(1,56)	**(1,13)**

The company's capital was increased during the year 2020, after taking the legal procedures and obtaining the approval of the Capital Market Authority on 01/30/2020 on the request submitted by the company to increase its capital as follows:

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

1. The company's capital before the increase is SAR 101,100,000 divided into 10,110,000 ordinary shares
2. The company's capital after the increase is 400,000,000 riyals, divided into 40,000,000 ordinary shares
3. The reason for the company's capital is to finance the rehabilitation and operation of the Al-Huraida project, pay the establishment fees, working capital, and repay the loan.
4. Method for increasing the capital of a company: offering and listing of priority rights shares with (29,890,000) ordinary shares.
5. Eligibility Date: Eligibility for all shareholders of the company registered in the company's records at the Center will deposit securities (Deposit Center) at the end of the second trading day following the convening of the extraordinary general assembly in which the capital

(Expressed In Saudi Riyals)

24. Statutory Reserve:

In line with the Companies Law (Article 129) and the Articles of Association of the company, the company's board of directors shall, at the end of each fiscal year, set aside 10% of the net income to form a statutory reserve, and the Ordinary General Assembly may decide to stop this spare when the mentioned reserve reaches 30% of the capital, if This retainer is not distributable.

25. Contingent liabilities:

There are financial commitments against letters of credit and contingent liabilities against letters of guarantee at the date of the financial position.

	2020	2019
Saudi Aramco	300,000	300,000
The General Corporation for Railways	173,250	-
Total	**473,250**	**300,000**

26. 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 sales, retail sales, vans and farm sales. Sectors are also analyzed according to the products represented by sales of fish and shrimp.

Analyze sales, cost of sales, and gross profit or loss according to products

Statement	31 Dec 2020			31 Dec 2019		
	Sales	Cost of Sales	Total profit (loss)	Sales	Cost of sales	Total profit (loss)
Equipped fish	15,642,925	(9,589,436)	6,053,489	17,839,723	(13,817,938)	4,021,785
Equipped shrimp	3,237,451	(1,789,303)	1,448,148	4,290,152	(3,377,188)	912,964
Other	22,067,321	(12,135,907)	9,931,414	3,200,538	(1,226,781)	1,973,757
Total	**40,947,697**	**(23,514,646)**	**17,433,051**	**25,330,413**	**(18,421,907)**	**6,908,506**

Analyze sales and cost of sales total profit or loss by geographic region

Statement	31 Dec 2020			31 Dec 2019		
	Sales	Cost of Sales	Total profit (loss)	Sales	Cost of sales	Total profit (loss)
Eastern Region	5,684,609	(3,746,136)	1,938,473	3,626,091	(2,988,709)	637,382
Central Region	23,610,444	(12,752,986)	10,857,458	14,218,844	(10,048,464)	4,170,380
Western Region	9,744,276	(5,293,077)	4,451,199	6,942,701	(4,863,041)	2,079,660
Southern area	1,908,368	(1,722,447)	185,921	542,777	(521,693)	21,084
Total	**40,947,697**	**(23,514,646)**	**17,433,051**	**25,330,413**	**(18,421,907)**	**6,908,506**

(Expressed In Saudi Riyals)

Analyze sales, cost of sales, and total profit or loss according to activities

Statement	31 Dec 2020			31 Dec 2019		
	Sales	Cost of Sales	Total profit (loss)	Sales	Cost of sales	Total profit (loss)
retail sales	28,791,634	(14,611,296)	14,180,340	18,052,915	(11,409,426)	6,643,489
Wholesale sales	9,892,153	(7,658,086)	2,234,067	6,840,822	(6,585,124)	255,698
Boat sales	2,263,910	(1,245,264)	1,018,649	436,676	(427,357)	9,319
Total	**40,947,697**	**(23,514,646)**	**17,433,051**	**25,330,413**	**(18,421,907)**	**6,908,506**

27. Related party transactions and balances:

The related parties in the company are the shareholders, members of the board of directors, senior management of the company, and the companies in which they are the main owners.
The terms of the transactions with related parties have been agreed upon by the company's management. Transactions with related parties enter the normal course of the company's business. It is expected that these balances will be settled in the normal course of business. Terms and pricing policies for these transactions are in accordance with the terms of fair dealing with others.
Members of the Board of Directors are not granted any compensation for their role in managing the company unless it is approved by the General Assembly. Members of the Board of Directors are granted an allowance to attend the sessions of the Board of Directors and the meetings of the Board committees. Executives are awarded fixed remuneration as a result of their direct management tasks and responsibilities. Most of the members of top management, including the CEO and the Director of Financial Affairs, receive wages in accordance with the employment contract signed with them. The following table shows the details of the compensation and bonuses paid to directors and employees of senior management:

	Transaction amounts		Stocks	
	2020	**2019**	**2020**	**2019**
Board of Directors	1,804,000	170,000	1,525,000	100,000
Senior management personnel	4,127,662	3,194,982	-	-
	5,931,662	3,364,682	1,525,000	100,000

28. Financial Instruments:

Measuring financial instruments at fair value.
The assets and liabilities measured at fair value in the interim condensed statement of financial position are grouped into three levels of the fair value hierarchy. This consolidation is determined based on the lowest level of significant inputs used in the fair value measurement, as follows:
Level 1: Quoted (unadjusted) prices in active markets for identical assets and liabilities.
Level 2: Inputs other than quoted prices included in Markets 1 that are observable for the asset or liability, either directly (i.e., prices) or indirectly (i.e., derived from prices).
The following table shows the fair value of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities that are not measured at fair value if the carrying value approximates fair value to a reasonable degree.

(Expressed In Saudi Riyals)

	Level 1	Level 2	Level 3	Total
December 31, 2020:				
Financial assets at fair value				
Through profit or loss	-	33,545	-	33,545
	-	**33,545**	-	**33,545**

	Level 1	Level 2	Level 3	Total
December 31, 2019:				
Financial assets				
	-	16,267	-	16,267
	-	16,267	-	16,267

Financial instruments risk management:

Credit risk: Credit risk represents the failure of one party to fulfill its obligations with respect to a financial instrument, which leads to the other party incurring a financial loss. The company limits credit risk related to customers by setting credit limits for each customer and monitoring outstanding receivables.

There are also other credit monitoring and approval procedures to ensure that the necessary measures are taken to recover overdue debts. In addition, the company reviews the recoverable value of all trade receivables and contract assets on an individual basis at the end of each financial period to ensure that adequate loss allowance is set against the amounts. Not refundable.

The provision matrix is originally determined based on past observed default rates. The company will calibrate the matrix to adjust for past credit losses with future information. For example, if economic conditions are expected to deteriorate over the coming years, which may lead to an increasing number of defaults, then the previously observed default rates are updated and an analysis of changes in future estimates is made. The process of evaluating the interrelation between previously observed default rates and expected economic conditions and ECLs is a significant estimation. The amount of expected credit losses is affected by changes in the expected economic conditions and conditions, and the company's previous credit losses and expected economic conditions may not be an indication of the actual default of the customer in the future. The credit risk that the company is exposed to is characterized by its trade receivables, which were presented in Note (10). The credit risk with liquid funds is limited because counterparties represent high credit rated banks.

	Ages				
	0-90 Days	91-181 D33ays	181-365 Days	More than 365 Days	Total
2020:					
Total book value	2,558,925	1,281,792	-	-	3,840,717
Net book value	**2,558,925**	**1,281,792**	-	-	**3,840,717**
2019:					
Total book value	468,680	937,360	1,218,567	2,062,191	4,686,798
Net book value	**468,680**	**937,360**	**1,218,567**	**2,062,191**	**4,686,798**

Liquidity risk:

Liquidity risk is the risk that the company will encounter difficulty in meeting the obligations associated with its financial obligations that are settled by providing cash or any other financial asset. The company's approach to managing liquidity is to ensure, as much as possible, that it has sufficient liquidity to meet its liabilities when due under normal circumstances and pressure without incurring unacceptable losses or risking damage to the company's reputation.

	Less than one year	1-5 Years	More than 5 Years	Book value
December 31, 2020:				
Banking facilities	-		-	-
An interest-free loan	1,418,480	6,141,280	-	7,559,760
Governmental grants	-	1,166,987	-	1,166,987
Payables and other credit balances	14,043,815	-	-	14,043,815
Total	**15,462,295**	**7,308,267**	-	**22,770,562**

	Less than one year	1-5 Years	More than 5 Years	Book value
December 31, 2019:				
Banking facilities	-	53,333,333	26,666,667	80,000,000
An interest-free loan	1,418,480	5,788,920	-	7,207,400
Governmental grants	-	1,303,480	-	1,303,480
Payables and other credit balances	12,141,461	-	-	12,141,461
Total	**13,559,941**	**60,425,733**	**26,666,667**	**100,652,341**

Market risk:
Market risk is the risk of fluctuation in a financial instrument due to changes in prices prevailing in the market, such as foreign exchange rates, interest rates and stock prices, which affects the company's income or the value of the financial instruments it owns. Market risk management aims to manage and control exposure to market risk within acceptable limits while maximizing returns.

Currency risk:
The company is subject to the risks of fluctuations in foreign exchange rates during its normal business cycle. The company conducts its regular transactions in Saudi riyals, US dollars and euros. The company's management believes that the company exposes the company to limited risks of fluctuation in currency rates.

The company's policy is to maintain an adequate capital base in order to maintain investor, creditor and market confidence and to maintain the future development of its business.

When managing capital, the company aims to:
1) Protecting the facility's ability to continue as a working entity so that it can continue to provide returns to shareholders and benefits to other stakeholders.
2) Provide an adequate return to the shareholders.

29. Events subsequent to the date of the financial statements:

The outbreak of the new Corona virus (19Covid-) in early 2020 and spread worldwide, including the Kingdom of Saudi Arabia, caused the disruption of many companies and economic activities. The company's management believes that this pandemic has no material impact on the balance sheet as of December 31, 2020. Given the current uncertainty about the future, management will continue to assess the impact based on future developments.

30. Approval of the financial statements:

The financial statements for the year ended December 31, 2020 were approved and approved for issuance by the Company's Board of Directors on March 10, 2021.