

SAUDI FISHERIES COMPANY
(A Saudi Joint Stock Company)
INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2022
AND
INDEPENDENT AUDITOR'S REVIEW REPORT

SAUDI FISHERIES COMPANY
(A Saudi Joint Stock Company)
INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE-MONTH AND NINE-
MONTH PERIODS ENDED 30 SEPTEMBER 2022

<u>Table of Contents</u>	<u>Page</u>
Independent Auditor's Review Report on the Interim Condensed Financial Statements	1
Interim Statement of Financial Position	2
Interim Statement of Comprehensive (Loss) / Income	3
Interim Statement of Changes in Equity	4
Interim Statement of Cash Flows	5
Notes to the Interim Condensed Financial Statements	6-16

INDEPENDENT AUDITOR'S REVIEW REPORT ON THE INTERIM CONDENSED FINANCIAL STATEMENTS

(1 / 1)

TO THE SHAREHOLDERS OF SAUDI FISHERIES COMPANY

INTRODUCTION

We have reviewed the accompanying interim statement of financial position of Saudi Fisheries Company (the "Company") as at 30 September 2022 and the related interim statement of comprehensive (loss) / income for the three-month and nine-month periods then ended, and the interim statements of changes in equity and cash flows for the nine-month period then ended, and a summary of significant accounting policies and other explanatory notes (the "interim condensed financial statements"). Management is responsible for the preparation and presentation of these interim condensed financial statements in accordance with International Accounting Standard 34 - "Interim Financial Reporting" ("IAS 34") that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

SCOPE OF REVIEW

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

CONCLUSION

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

MATERIAL UNCERTAINTIES RELATED TO GOING CONCERN

We draw attention to Note 2.3 to the accompanying interim condensed financial statements, which states that the Company reported a loss for the nine-month period ended 30 September 2022 amounting to SR 49.92 million (30 September 2021: SR 37.85 million) and its accumulated losses as of the same date amounts to SR 178.54 million (31 December 2021: SR 128.63 million) representing 44.64% (December 31, 2021: 32.16%) of the share capital which indicates that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern.

Our conclusion is not qualified in respect of these matters.

For Al-Bassam & Co.



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SAUDI FISHERIES COMPANY
(A Saudi Joint Stock Company)
INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2022
(All amounts in Saudi Riyals unless otherwise stated)

		30 September 2022	31 December 2021
	Note	(Unaudited)	(Audited)
ASSETS			
Non-current assets			
Property, plant and equipment		124,696,002	105,021,385
Capital work in progress		33,379,573	57,228,686
Investment properties	5	7,645,794	7,645,794
Right-of-use assets		6,611,435	7,171,453
Total Non-Current Assets		172,332,804	177,067,318
Current assets			
Inventories		27,148,592	21,114,233
Biological assets	7	12,570,759	21,860,518
Trade receivables		3,892,653	5,051,454
Prepayments and other receivables	6	10,881,074	15,837,487
Investment carried at FVTPL		33,545	33,545
Investment carried at amortized cost	8	56,000,000	95,000,000
Cash and cash equivalents	8	33,581,739	5,332,894
Total Current Assets		144,108,362	164,230,131
TOTAL ASSETS		316,441,166	341,297,449
EQUITY AND LIABILITIES			
EQUITY			
Share capital	1	400,000,000	400,000,000
Accumulated losses		(178,545,533)	(128,627,297)
Actuarial Reserve		(103,627)	(103,627)
TOTAL EQUITY		221,350,840	271,269,076
LIABILITIES			
Non-current liabilities			
Long term borrowings	9	23,304,320	3,304,320
Employees' post-employment benefits		7,085,962	6,935,471
Lease liabilities		3,790,722	4,632,324
Total Non-Current Liabilities		34,181,004	14,872,115
Current liabilities			
Long term borrowings – current portion	9	1,507,113	1,418,480
Short term borrowings	10	10,073,930	-
Deferred government grant	9	1,166,987	1,166,987
Trade and other payables		22,795,936	28,975,132
Unclaimed dividends payable		13,418,555	13,424,457
Lease liabilities – current portion		3,608,798	2,599,184
Provision for zakat	12	8,338,003	7,572,018
Total Current Liabilities		60,909,322	55,156,258
TOTAL LIABILITIES		95,090,326	70,028,373
TOTAL EQUITY AND LIABILITIES		316,441,166	341,297,449

Contingent liabilities

13

The accompanying notes form an integral part of these interim condensed financial statements.

Board Member

Chief Executive
Officer

Chief Financial Officer

SAUDI FISHERIES COMPANY
(A Saudi Joint Stock Company)
INTERIM STATEMENT OF COMPREHENSIVE (LOSS) / INCOME
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2022
(All amounts in Saudi Riyals unless otherwise stated)

	Note	For the three-month period ended		For the nine-month period ended	
		30 September 2022 (Unaudited)	30 September 2021 (Unaudited)	30 September 2022 (Unaudited)	30 September 2021 (Unaudited)
Revenue		9,806,684	11,971,237	39,064,675	33,782,821
Cost of revenue		(22,082,839)	(17,254,785)	(54,772,558)	(36,702,636)
(Loss) / gain on fair value of biological asset, net	7	(3,723,457)	-	(3,258,924)	-
Gross profit / (loss)		(15,999,612)	(5,283,548)	(18,966,807)	(2,919,815)
Selling and distribution expenses		(5,727,954)	(7,727,879)	(17,783,319)	(20,184,784)
General and administrative expenses		(5,059,732)	(5,469,256)	(14,501,784)	(14,393,608)
Impairment on trade receivables		-	-	-	-
Other income		1,247,475	686,811	3,926,128	2,213,333
Loss before finance cost and zakat		(25,539,823)	(17,793,872)	(47,325,782)	(35,284,874)
Finance cost	14	(239,211)	(70,451)	(398,343)	(216,431)
Loss before zakat		(25,779,034)	(17,864,323)	(47,724,125)	(35,501,305)
Zakat	12	(600,000)	(600,000)	(2,194,111)	(2,346,539)
NET LOSS FOR THE PERIOD		(26,379,034)	(18,464,323)	(49,918,236)	(37,847,844)
Other comprehensive loss:					
Items that will not be reclassified subsequently to the statement of profit or loss:					
Actuarial gain / (loss) on employees' post-employment benefits		-	-	-	-
Total comprehensive loss		(26,379,034)	(18,464,323)	(49,918,236)	(37,847,844)
Basic and diluted loss per share	15	(0.66)	(0.46)	(1.25)	(0.95)

The accompanying notes form an integral part of these interim condensed financial statements.

Board Member

Chief Executive Officer

Chief Financial Officer

SAUDI FISHERIES COMPANY
(A Saudi Joint Stock Company)
INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2022
(All amounts in Saudi Riyals unless otherwise stated)


For the nine-month period ended
30 September 2021

	Note	Share capital	Accumulated losses	Actuarial reserve	Total
Balance as at 1 January 2021 – Audited		400,000,000	(94,816,712)	(162,069)	305,021,219
Total comprehensive loss for the period		-	(37,847,844)	-	(37,847,844)
Balance as at 30 September 2021 (Unaudited)		400,000,000	(132,664,556)	(162,069)	267,173,375

For the nine-month period ended
30 September 2022

	Note	Share capital	Accumulated losses	Actuarial reserve	Total
Balance as at 1 January 2022 – Audited		400,000,000	(128,627,297)	(103,627)	271,269,076
Total comprehensive loss for the period		-	(49,918,236)	-	(49,918,236)
Balance as at 30 September 2022 (Unaudited)		400,000,000	(178,545,533)	(103,627)	221,350,840

The accompanying notes form an integral part of these interim condensed financial statements.


 Board Member


 Chief Executive
 Officer


 Chief Financial
 Officer

SAUDI FISHERIES COMPANY
(A Saudi Joint Stock Company)
INTERIM STATEMENT OF CASH FLOWS
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2022
(All amounts in Saudi Riyals unless otherwise stated)

		For the nine-month period ended	
	Note	30 September 2022 (Unaudited)	30 September 2021 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net loss before zakat		(47,724,125)	(35,501,305)
Adjustments for non-cash items			
Depreciation of property, plant and equipment		6,955,778	8,292,696
Depreciation of right-of- use assets		1,590,990	2,111,147
Impairment of non-financial asset		-	4,429,107
Loss on fair valuation of biological asset - Shrimps	7	3,258,924	-
Impairment of biological assets – fishes		1,968,150	-
Provision for employee’s benefits obligation		1,633,877	1,588,644
Provision for impairment on trade receivables		1,099,329	1,874,015
Finance cost	14	398,343	216,431
Changes in working capital:			
Inventory		(6,034,359)	(14,976,707)
Biological assets		4,062,685	(5,217,835)
Trade receivables		59,472	(1,274,038)
Prepayments and other receivables		4,956,413	(1,628,044)
Trade and other payables		(6,179,196)	(3,060,631)
Cash used in operations		(33,953,719)	(43,146,520)
Zakat paid	12	(1,428,126)	(1,919,479)
Employees post-employment benefits paid		(1,483,386)	(664,022)
Net cash used in operating activities		(36,865,231)	(45,730,021)
CASH FLOW FROM INVESTING ACTIVITIES:			
Purchase of purchase property, plant and equipment		(2,223,828)	(26,236,735)
Additions to capital work in progress		(557,454)	-
Redemption of investments carried at amortized cost	8	39,000,000	70,000,000
Cash flow generated from / (used in) investing activities		36,218,718	43,763,265
CASH FLOW FROM FINANCING ACTIVITIES			
Lease liabilities paid		(1,098,740)	(2,921,861)
Proceeds from short term borrowings		10,000,000	-
Proceeds from long term borrowings		20,000,000	-
Dividends paid		(5,902)	(52,879)
Cash flows generated from / (used in) financing activities		28,895,358	(2,974,740)
Net change in cash and cash equivalents during the period		28,248,845	(4,941,496)
Cash and cash equivalents at the beginning of the period		5,332,894	20,284,947
Cash and cash equivalents at the end of the period	8	33,581,739	15,343,451

The accompanying notes form an integral part of these interim condensed financial statements.

Board Member

Chief Executive
Officer

Chief Financial
Officer

SAUDI FISHERIES COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2022
(All amounts in Saudi Riyals unless otherwise stated)

1. LEGAL STATUS AND OPERATIONS

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

The Company is registered in the Kingdom of Saudi Arabia (“KSA”) and its head office is located in Riyadh under Commercial Registration No. 1010042732 and unified number 7000677091 dated 9 Jumada Al-Awal 1401H corresponding to March 14, 1981G.

The accompanying interim condensed financial statements include the Company’s branches as follows:

Branch name	Commercial Registration No	Place of issue	Date
Jizan	5900001712	Jizan	22/12/1401 H
Onaiza	1128184612	Onaiza	22/03/1402 H
Jeddah	4030041385	Jeddah	13/03/1404 H
Rijal Alma’a- Al-Huraidah	5861023704	Abha- Rijal Alma’a	18/03/1424 H

2. BASIS OF PREPARATION

2.1 STATEMENT OF COMPLIANCE

These Interim Condensed Financial Statements have been prepared in accordance with International Accounting Standard IAS 34 ‘Interim Financial Reporting’ that is endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by the Saudi Organization for Chartered and Professional Accountants (“SOCPA”) and should be read in conjunction with the Company’s last annual Financial Statements as at and for the year ended 31 December 2021.

These financial statements do not include all of the information required for a complete set of Financial Statements, however, accounting policies and selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company’s financial position and performance since the last annual Financial Statements.

The results for the nine-month period ended 30 September 2022 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2022.

2.2. BASIS OF MEASUREMENT

These interim condensed financial statements are prepared under the historical cost method except for the following:

- a) Investment in equity instruments measured at fair value; and
- b) Biological assets, where fair value is reliably measurable, have been measured at fair value.

SAUDI FISHERIES COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2022
(All amounts in Saudi Riyals unless otherwise stated)

2. BASIS OF PREPARATION (CONTINUED)

2.3. GOING CONCERN

The Company reported a loss for the nine-month period ended 30 September 2022 amounting to SR 49.92 million (30 September 2021: SR 37.85 million) and its accumulated losses as of the same date amounts to SR 178.55 million (31 December 2021: SR 128.63 million) representing 44.64% (December 31, 2021: 32.16%) of the share capital which indicates that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. A business plan is put in place by the Company's management exploring various strategic options, including the following:

- The Company is expected to increase in capital with the value of Jeddah and Riyadh land by around SR 49 million (also see note 18).
- After the period ended 30 September 2022, the Company has signed an agreement with Oman fisheries which will extend the Company's trading business inside the kingdom and is expected to exceed the Company's revenue up to 300 million in 2023 (also see note 20).

Considering the above, the Company's management is satisfied that it shall continue its operations in the foreseeable future. Accordingly, these interim condensed financial statements have been prepared on the going concern basis and do not include any adjustments, which may be required, if the Company is not able to continue as a going concern.

2.4. FUNCTIONAL AND PRESENTATION CURRENCY

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

2.5. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES, AND ASSUMPTIONS

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

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

The significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements.

SAUDI FISHERIES COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2022
(All amounts in Saudi Riyals unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the Company's annual financial statements as at 31 December 2021 except for the following policy related to fish farming that commenced during March 31, 2022.

Biological assets

In accordance with the principle for highest and best use, the Company considers that the fish have optimal weight for harvest when they have a live weight corresponding to 2 kg. Fishes with a live weight equal to this or more, are classified as "ready for harvest" while fishes that have still not achieved this weight are classified as "preharvest". For ready for harvest, the highest and best use is defined as harvesting and selling the fishes as quickly as possible. For preharvest, the highest and best use is in principle defined as growing the fishes to optimal weight for harvest, then harvesting and selling the fishes. The harvest date applied in the valuation may however be brought forward if required by situations at a specific locality.

4. NEW AMENDED STANDARDS AND INTERPRETATIONS THAT ARE NOT YET EFFECTIVE:

There are no new standards issued, however, there are number of amendments to standards which are effective from 1 January 2022 and the details of the same has been explained in annual Financial Statements for the year ended 31 December 2021, but they do not have a material effect on the Company's interim condensed financial statements.

SAUDI FISHERIES COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2022
(All amounts in Saudi Riyals unless otherwise stated)

5. INVESTMENT PROPERTIES

The investment lands included a land in the Dammam area that the Company had previously purchased from the General Organization for Railways on January 25, 2012 for SR 39.24 million, until the purchase was rejected by the State General Authority for Real Estate, on account of violation of the approved railway protection system.

The Company excluded the land from its records and all the required documents were submitted to the General Organization of Railways and a cheque for SR 24.38 million was received by the Company after deducting the accumulated dues of the General Authority for Zakat and Income of SR 11.32 million in addition to deducting the amount of SR 0.16 million for warehouse rent. Subsequently, the Company submitted the documents required to recover the remaining amount of SR 3.38 million. The impairment of other receivables includes a provision for the full value of the recovery due for the purchase of land. Also, (See Note 6)

The lands include two plots of land in Khobar and Qatif, with a book value of SR 3.1 million as of September 30, 2022 and December 31, 2021 and were mortgaged to the Saudi Agricultural Development Fund against the borrowings granted to finance the shrimp cultivation and breeding project.

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

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

6. PREPAYMENTS AND OTHER RECEIVABLES

	30 September 2022 (Unaudited)	31 December 2021 (Audited)
VAT receivables	6,216,216	5,256,443
Prepaid expenses (medical, insurance, and utilities)	1,541,287	4,123,219
Land related receivables*	3,377,204	3,377,204
Margin deposit for letter of credits	1,424,537	1,069,186
Rental receivable*	1,254,457	1,784,983
Margin of guarantees	170,775	1,125,916
Receivables staff	134,804	761,121
Prepaid Government Fees	672,884	1,556,503
Accrued Subsidy	323,302	-
Others	371,752	1,389,056
	15,487,218	20,443,631
Impairment of receivables and other debit balances*	(4,606,144)	(4,606,144)
	10,881,074	15,837,487

SAUDI FISHERIES COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2022
(All amounts in Saudi Riyals unless otherwise stated)

6. PREPAYMENTS AND OTHER RECEIVABLES (CONTINUED)

*The following is the movement of impairment of other receivable balances:

	For the nine-month period ended 30 September 2022 (Unaudited)	For the year ended 31 December 2021 (Audited)
Balance beginning of the period / year	4,606,144	4,633,936
Charge for the period / year	-	1,228,940
Write off during period / year	-	(1,256,732)
Balance end of the period / year	4,606,144	4,606,144

7. BIOLOGICAL ASSETS

	For the nine-month period ended 30 September 2022 (Unaudited)	For the year ended 31 December 2021 (Audited)
Balance beginning of the period / year	21,860,518	974,745
Cost of producing new Shrimp and Fish	15,829,683	9,775,608
Sales or decrease in quantity and/or quality	(21,860,518)	(974,745)
(Loss) / gain on fair valuation of biological asset	(3,258,924)	12,084,910
Balance end of the period / year	12,570,759	21,860,518

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

8. INVESTMENTS CARRIED AT AMORTIZED COST

	For the nine-month period ended 30 September 2022 (Unaudited)	For the year ended 31 December 2021 (Audited)
Balance at the beginning of the period / year	95,000,000	170,000,000
Placements during the period / year	56,000,000	95,000,000
Matured during the period / year	(95,000,000)	(170,000,000)
Balance at the end of the period / year	56,000,000	95,000,000

The investments carried at amortized cost represents, term deposit placements with local strong credit rated financial institution. The average yield on the placements ranges from 0.8-1.8% (31 December 2021: 0.7-0.85%). The placements include SR Nil (31 December 2021: SR 15,000,000) deposits with an original maturity of less than three months and are accordingly classified under cash and cash equivalents.

SAUDI FISHERIES COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2022
(All amounts in Saudi Riyals unless otherwise stated)

8. INVESTMENTS CARRIED AT AMORTIZED COST (CONTINUED)

The remaining placement amounting to SR 56,000,000 (31 December 2021: SR 80,000,000) are with an original maturity of more than three months and mature within 12 months. The management of the Company has assessed the impact of credit loss on these placements, whereby considering the short maturity combined with the credit rating of the financial institution the impact of credit loss was not material to be recorded in these financial statements.

During the period, the Company has deposited SR 11 million with National Bank of Bahrain and SR 20 million with Al-Rajhi Bank as restricted deposit against borrowings obtained.

Cash and cash equivalents for cashflow purpose:

	For the nine-month period ended 30 September 2022 (Unaudited)	For the year ended 31 December 2021 (Audited)
Cash in hand	294,844	44,022
Cash at bank	33,286,895	5,288,872
Term deposits with original maturity of less than three months	-	15,000,000
	33,581,739	20,332,894

9. LONG TERM BORROWINGS

	Note	30 September 2022 (Unaudited)	31 December 2021 (Audited)
Agriculture development fund	9.2	4,722,800	4,722,800
Murabaha finance - Secured	9.3	20,000,000	-
Accrued finance cost		88,633	
		24,811,433	4,722,800

9.1. Long term borrowings

	30 September 2022 (Unaudited)	31 December 2021 (Audited)
Current portion	1,507,113	1,418,480
Non-current portion	23,304,320	3,304,320
	24,811,433	4,722,800

- 9.2.** The Company obtained an interest-free loan amounting to SR 7.03 million from the Saudi Agricultural Development Fund on 21/11/1430H corresponding to 8 November 2009. The total facility amounts to SR 12.87 million for the purpose of financing the shrimp cultivation and breeding project, in return for a mortgage for lands owned by the Company in Qatif and Al Khobar at their book values amounting to SR 1 million and SR 2.1 million respectively. The Company also obtained the second installment of these facilities amounting to SR 2.98 million. During 2016, the Company submitted a request to reschedule the repayments. Subsequent to the approval, the Company has settled the remaining installments according to schedule.

SAUDI FISHERIES COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2022
(All amounts in Saudi Riyals unless otherwise stated)

9. LONG TERM BORROWINGS (CONTINUED)

- 9.3. The Company has obtained borrowing from a local bank for the purpose of financing working capital needs. These bank facilities bear finance cost at market prevailing rates. The borrowing is repayable by 1 September 2026 (also see note 8).

	For the nine- month period ended 30 September 2022 (Unaudited)	For the year ended 31 December 2021 (Audited)
Deferred Government grants	<u>1,166,987</u>	<u>1,166,987</u>

- 9.4. During the year 2017, the Company has rescheduled its interest free loan from Saudi Agricultural Development Fund. These loans are repayable by the year 2025 which is discounted using average market prevailing profit rates for similar loan facilities. The difference between loan received and its present value is recorded as a government grant and this grant will be amortized over the life of the loan.

10. SHORT TERM BORROWINGS

	30 September 2022 (Unaudited)	31 December 2021 (Audited)
<u>Secured</u>		
Conventional loan	10,000,000	-
Accrued finance cost	73,930	-
	<u>10,073,930</u>	<u>-</u>

The Company has obtained borrowing from a local bank for the purpose of financing working capital needs. These bank facilities bear finance cost at market prevailing rates. The borrowing is repayable by 31 July 2023 (also see note 8). The Company has obtained this loan from a related party (affiliate) see note 11.

11. RELATED PARTIES' TRANSACTIONS AND BALANCES

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

	For the nine-month period ended 30 September 2022 (Unaudited)	For the nine-month period ended 30 September 2021 (Unaudited)	
	BOD members and committees	Executive Management	BOD members and committees
Salaries, wages and equivalents, board attendance allowances, and board members' bonuses.	1,662,750	2,625,057	1,498,550
			2,663,136

SAUDI FISHERIES COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2022
(All amounts in Saudi Riyals unless otherwise stated)

11. RELATED PARTIES' TRANSACTIONS AND BALANCES (CONTINUED)

Names of Related Party	Nature of Relationship	Nature of transactions	For the nine- month period ended 30 September 2022 (Unaudited)	For the nine- month period ended 30 September 2021 (Unaudited)
National Bank of Bahrain	Affiliate	Financial facilities obtained	10,000,000	-

12. PROVISION FOR ZAKAT

The movement in the provision for zakat is as follows:

	For the nine- month period ended 30 September 2022 (Unaudited)	For the year ended 31 December 2021 (Audited)
Balance at the beginning of the period / year	7,572,018	6,544,958
Provided during the period / year	1,343,962	2,946,539
Prior year adjustment	850,149	-
Payment during the period / year	(1,428,126)	(1,919,479)
Balance at the end of the period / year	8,338,003	7,572,018

12.1. STATUS OF ASSESSMENTS

The Company has submitted its Zakat return to ZATCA for the year ended 31 December 2021, and obtained certificate valid until 10 Shawwal 1444H, corresponding to 30 April 2023. Currently, the Company has still an unpaid zakat liability amounting to SR 2.37 million related to financial 2021.

On 25 October 2018, the ZATCA issued zakat assessments for the years from 2011 to 2016 amounting to SR 8.8 million. The Company has submitted an objection to the zakat assessments, and the objection is still under study by the General Secretariat of Tax Committees. The Company has made a provision amounting to SR 2.9 million for this assessment based on the consultant's advice.

On 30 September 2020, the ZATCA issued zakat assessments for the years from 2017 to 2018 amounting to SR 2.4 million. The Company has submitted an objection to the zakat assessments, and the objection is still under study by the General Secretariat of Tax Committees. The Company has made a provision amounting to SR 1.73 million for this assessment based on the consultant's advice.

The Company is confident based on the consultant's assessment that there will not be any additional liability other than already provided.

13. CONTINGENT LIABILITIES

Contingent liabilities are letters of credits and letters of guarantee outstanding as at 30 September 2022 amounting to SR 1.6 million (31 December 2021: SR 2.2 million).

SAUDI FISHERIES COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2022
(All amounts in Saudi Riyals unless otherwise stated)

14. FINANCE COST

	For the nine-month period ended 30 September 2022 (Unaudited)	For the nine-month period ended 30 September 2021 (Unaudited)
Islamic finance facility:		
- Murabaha	88,633	-
Conventional loan	73,930	-
Lease liabilities	235,780	216,431
	398,343	216,431

15. LOSS PER SHARE

The basic and diluted share of income is calculated by dividing the income for the period attributable to the shareholders of the company by the weighted average number of ordinary shares outstanding at the end of the period, which amounted to 40,000,000 shares (30 September 2021: 40,000,000 shares).

	For the nine-month period ended 30 September 2022 (Unaudited)	For the nine-month period ended 30 September 2021 (Unaudited)
Loss for the period	(49,918,236)	(37,847,844)
Weighted average number of shares outstanding during the period	40,000,000	40,000,000
Losses per share	(1.25)	(0.95)

16. SEGMENT INFORMATION

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

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

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

For the nine-month period ended 30 September 2022 (unaudited)	Whole Sales	Retail	Others	Total
Revenue	19,435,753	17,774,270	1,854,652	39,064,675
Cost of revenue	(41,871,132)	(12,184,798)	(716,628)	(54,772,558)
Gain / (loss) on fair value of biological assets	(3,258,924)	-	-	(3,258,924)
Zakat	(1,091,631)	(998,312)	(104,168)	(2,194,111)
Net loss for the period	(24,835,700)	(22,712,597)	(2,369,939)	(49,918,236)
Total assets	157,438,210	143,979,457	15,023,499	316,441,166
Total liabilities	47,310,060	43,265,716	4,514,550	95,090,326
Total assets - As at 31 December 2021	169,804,897	155,288,966	16,203,586	341,297,449
Total liabilities - As at 31 December 2021	34,841,047	31,862,628	3,324,698	70,028,373

SAUDI FISHERIES COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2022
(All amounts in Saudi Riyals unless otherwise stated)

16. SEGMENT INFORMATION (CONTINUED)

**For the nine-month period
ended 30 September**

2021(unaudited)	<u>Whole Sales</u>	<u>Retail</u>	<u>Others</u>	<u>Total</u>
Revenue	7,990,011	23,378,766	2,414,044	33,782,821
Cost of revenue	(24,282,407)	(11,196,552)	(1,223,677)	(36,702,636)
Gain / (loss) on fair value of biological assets	-	-	-	-
Zakat	(554,982)	(1,623,878)	(167,679)	(2,346,539)
Net loss for the period	(8,951,427)	(26,191,886)	(2,704,531)	(37,847,844)
Total assets	75,032,244	219,544,287	22,669,698	317,246,229
Total liabilities	11,842,784	34,651,977	3,578,093	50,072,854
Total assets - As at 31 December 2020	84,797,064	248,116,143	25,619,970	358,533,177
Total liabilities - As at 31 December 2020	12,567,658	36,772,959	3,797,102	53,137,719

17. FAIR VALUES OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Underlying the definition of fair value is the presumption that the Company is a going concern and there is no intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

When measuring the fair value, the Company uses market observable data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed at the measurement date

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

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company's financial assets consist of cash and bank balances, investment, restricted cash deposits and other receivables, its financial liabilities consist of trade payables, financial facilities and other liabilities.

The Company's management determines the policies and procedures for both recurring fair value measurement and for non-recurring measurement

All financial assets and liabilities are measured at amortized cost except investment carried at FVTPL. The carrying amounts of all other financial assets and financial liabilities measured at amortized cost approximate to their fair values.

SAUDI FISHERIES COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2022
(All amounts in Saudi Riyals unless otherwise stated)

17. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

30 September 2022 (Unaudited)	Fair value Level			
	1	2	3	Total
FINANCIAL ASSET				
Financial assets at fair value through profit or loss	33,545	-	-	33,545
31 December 2021 (Audited)		Fair value Level		
	1	2	3	Total
FINANCIAL ASSET				
Financial assets at fair value through profit or loss	33,545	-	-	33,545

The above financial assets and financial liabilities are measured at fair value at the end of each reporting period.

18. SIGNIFICANT EVENTS

Based on the Royal Decree No. 41355 dated 10/9/1433H to allocate the two plots of land in Riyadh and Jeddah and transfer their ownership from the Ministry of Agriculture to the Company in exchange for an increase in the Public Investment Fund's share in the Company's capital at the market value.

During the period, Jeddah Municipality has vacated the site and has demolished the administrative building located in Al Rawabi District in Jeddah Governorate. Currently the book value of the building and the related assets in the books is SR 0.468 million and the recoverability amount from the government cannot be ascertain by the management and accordingly no receivable has been recorded in the books in this regard.

The ownership of Riyadh land has been transferred to the Company, but it is still not recorded in the Company's books as of 30 September 2022, as the Company is currently waiting for the completion of procedures for including the value of the land within Company's capital as stipulated by the Royal Decree, subject to completion of other necessary legal formalities from the relevant authorities.

19. RECLASSIFICATION OF PRIOR PERIOD / YEAR FIGURES

Certain comparative information has been reclassified to conform the current period presentation.

20. SUBSEQUENT EVENTS

Subsequent to the period ended 30 September 2022, the Company has signed an agreement to supply fish products from Oman Fisheries Company to Saudi Fisheries Company for a period of three years (also see note 2.3).

21. DATE OF AUTHORIZATION FOR ISSUE

These interim condensed financial statements were approved and authorized for issue on 08 November 2022 (corresponding to 14 Rabi Al-Thani 1444H) by the Audit of committee under an authorization of the Board of Directors of the Company.