

SAUDI INDUSTRIAL SERVICES COMPANY
(A Saudi Joint Stock Company)

**CONDENSED CONSOLIDATED INTERIM
FINANCIAL STATEMENTS (UNAUDITED)**
For the three-month period ended 31 March 2022
together with the
Independent Auditor's Review Report

SAUDI INDUSTRIAL SERVICES COMPANY
(A Saudi Joint Stock Company)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
For the three-month period ended 31 March 2022

INDEX	PAGE
Independent auditor's report on review of condensed consolidated interim financial statements	1 - 2
Condensed consolidated statement of profit or loss	3
Condensed consolidated statement of comprehensive income	4
Condensed consolidated statement of financial position	5
Condensed consolidated statement of changes in equity	6 – 7
Condensed consolidated statement of cash flows	8
Notes to the condensed consolidated interim financial statements	9 - 27



KPMG Professional Services

Zahran Business Center
Prince Sultan Street
P.O. Box 55078
Jeddah 21534
Kingdom of Saudi Arabia
Commercial Registration No 4030290792

Headquarters in Riyadh

كي بي إم جي للاستشارات المهنية

مركز الزهران للأعمال
شارع الأمير سلطان
ص.ب 55078
جده 21534
المملكة العربية السعودية
سجل تجاري رقم 4030290792
المركز الرئيسي في الرياض

Independent auditor's report on review of condensed

consolidated interim financial statements

To the Shareholders of Saudi Industrial Services Company

Introduction

We have reviewed the accompanying 31 March 2022 condensed consolidated interim financial statements of Saudi Industrial Services Company ("the Company") and its subsidiaries ("the Group"), which comprise:

- the condensed consolidated statement of profit or loss for the three-month period ended 31 March 2022;
- the condensed consolidated statement of comprehensive income for the three-month period ended 31 March 2022;
- the condensed consolidated statement of financial position as at 31 March 2022;
- the condensed consolidated statement of changes in equity for the three-month period ended 31 March 2022;
- the condensed consolidated statement of cash flows for the three-month period ended 31 March 2022; and
- the notes to the condensed consolidated interim financial statements.

Management is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' that is endorsed in the Kingdom of Saudi Arabia. A review of interim financial information 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 condensed consolidated interim financial statements of Saudi Industrial Services Company and its subsidiaries are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia.



Independent auditor's report on review of condensed consolidated interim financial statements

To the Shareholders of Saudi Industrial Services Company (continued)

Other matter

The condensed consolidated interim financial statements of the Saudi Industrial Services Company ("the Company") and its subsidiaries ("the Group") as at and for the three-month period ended 31 March 2021 were reviewed by another auditor who expressed an unmodified conclusion thereon vide their report dated 6 May 2021.

KPMG Professional Services

Ebrahim Oboud Baeshen
License No. 382



Jeddah, 19 May 2022
Corresponding to 18 Shawwal 1443H

SAUDI INDUSTRIAL SERVICES COMPANY
(A Saudi Joint Stock Company)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS (UNAUDITED)
For the three-month period ended 31 March 2022

	<i>Notes</i>	<i>For the three- month period ended 31 March 2022 SR</i>	<i>For the three- month period ended 31 March 2021 SR</i>
Revenue from contracts with customers			
Revenue from sale of goods and services	5	196,147,919	253,598,144
Construction revenue		16,407,821	4,700,528
TOTAL REVENUES		212,555,740	258,298,672
Direct costs		(105,941,987)	(118,715,066)
Cost of construction		(16,407,821)	(4,700,528)
COST OF REVENUE		(122,349,808)	(123,415,594)
GROSS PROFIT		90,205,932	134,883,078
OPERATING EXPENSES			
General and administration expenses		(39,986,015)	(35,618,940)
Selling and distribution expenses		(3,777,023)	(4,513,243)
TOTAL OPERATING EXPENSES		(43,763,038)	(40,132,183)
PROFIT FROM OPERATIONS		46,442,894	94,750,895
Finance cost, net		(50,644,336)	(51,323,215)
Other income		1,956,141	6,359,886
Share of profit of equity accounted investees, net	11	6,424,945	5,810,235
PROFIT BEFORE ZAKAT AND INCOME TAX		4,179,644	55,597,801
Zakat and income tax charge, net	17	(2,968,547)	(5,948,817)
PROFIT FOR THE PERIOD		1,211,097	49,648,984
Attributable to:			
Shareholders of the Parent Company		778,270	32,280,125
Non-controlling interests		432,827	17,368,859
		1,211,097	49,648,984
Earnings per share:			
Basic and diluted earnings per share from net profit for the period attributable to the shareholders of the parent	6	0.01	0.40

The attached notes 1 to 22 form an integral part of these condensed consolidated interim financial statements.

SAUDI INDUSTRIAL SERVICES COMPANY
(A Saudi Joint Stock Company)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(UNAUDITED)

For the three-month period ended 31 March 2022

	<i>For the three- month period ended 31 March 2022 SR</i>	<i>For the three- month period ended 31 March 2021 SR</i>
Profit for the period	1,211,097	49,648,984
OTHER COMPREHENSIVE INCOME <i>Items that are or may be reclassified subsequently to profit or loss</i>		
Cash flow hedges – effective portion of changes in fair value	<u>2,170,320</u>	<u>(539,434)</u>
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD	<u>2,170,320</u>	<u>(539,434)</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>3,381,417</u>	<u><u>49,109,550</u></u>
Attributable to:		
Shareholders of the Parent Company	1,567,398	31,953,228
Non-controlling interests	<u>1,814,019</u>	<u>17,156,322</u>
	<u>3,381,417</u>	<u><u>49,109,550</u></u>

The attached notes 1 to 22 form an integral part of these condensed consolidated interim financial statements.

SAUDI INDUSTRIAL SERVICES COMPANY
(A Saudi Joint Stock Company)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 2022

		<i>31 March 2022 Unaudited SR</i>	<i>31 December 2021 Audited SR</i>
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	7	237,820,608	245,349,674
Work in progress assets	9	227,814,876	181,715,298
Intangible assets	8	3,022,228,092	3,052,852,881
Goodwill	10	8,776,760	8,776,760
Right-of-use assets	13	88,288,779	90,132,237
Investment properties		119,383,694	118,041,994
Equity-accounted investees	11	194,445,406	188,020,461
Financial assets at fair value through other comprehensive income (FVOCI)	12	14,909,532	14,909,532
Deferred tax asset		4,527,498	4,527,498
TOTAL NON-CURRENT ASSETS		3,918,195,245	3,904,326,335
CURRENT ASSETS			
Inventories, net		26,742,941	25,934,997
Trade receivables, prepayments and other receivables		172,556,553	161,793,623
Due from related parties	18	6,180,298	10,622,322
Cash and cash equivalents	14	825,664,138	892,374,091
TOTAL CURRENT ASSETS		1,031,143,930	1,090,725,033
TOTAL ASSETS		4,949,339,175	4,995,051,368
EQUITY AND LIABILITIES			
EQUITY			
Share capital	15	816,000,000	816,000,000
Share premium		36,409,063	36,409,063
Statutory reserve		96,111,908	96,111,908
Other components of equity		335,782,026	334,992,898
Retained earnings		170,638,530	202,500,260
Equity attributable to the shareholders of the parent		1,454,941,527	1,486,014,129
Non-controlling interests		811,737,585	810,372,371
TOTAL EQUITY		2,266,679,112	2,296,386,500
NON-CURRENT LIABILITIES			
Obligation under service concession arrangement	8.3	1,374,535,864	1,369,299,805
Long term loans and bank facilities	16	630,752,076	648,146,865
Employees' end-of-service benefits		53,543,813	52,754,723
Long term provisions		2,053,823	2,034,027
Derivative financial instrument		3,492,041	5,662,361
Lease liabilities – non-current portion	13	87,626,797	88,796,113
TOTAL NON-CURRENT LIABILITIES		2,152,004,414	2,166,693,894
CURRENT LIABILITIES			
Current portion of obligation under service concession arrangement	8.3	161,334,252	169,027,713
Current portion of long term loans and bank facilities	16	73,845,546	73,210,529
Trade payables, accrued and other current liabilities		263,722,140	260,768,053
Zakat and tax payable	17	20,153,527	18,622,175
Lease liabilities – current portion	13	8,739,576	8,739,576
Due to a related party	18	2,860,608	1,602,928
TOTAL CURRENT LIABILITIES		530,655,649	531,970,974
TOTAL LIABILITIES		2,682,660,063	2,698,664,868
TOTAL EQUITY AND LIABILITIES		4,949,339,175	4,995,051,368

The attached notes 1 to 22 form an integral part of these condensed consolidated interim financial statements.

SAUDI INDUSTRIAL SERVICES COMPANY
(A Saudi Joint Stock Company)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the three-month period ended 31 March 2022

	Equity attributable to the shareholders of the Parent Company												
				Other components of equity								Non-controlling interests SR	Total equity SR
	Share capital SR	Share premium SR	Statutory reserve SR	Effect of changes in ownership interest in subsidiaries SR	Actuarial valuation reserves SR	Cash flow hedging reserve SR	Unrealized gain on FVOCI investments SR	Retained earnings SR	Total SR				
Balance at 1 January 2022	816,000,000	36,409,063	96,111,908	343,683,752	(11,971,402)	(2,058,834)	5,339,382	202,500,260	1,486,014,129	810,372,371	2,296,386,500		
Profit for the period	--	--	--	--	--	--	--	778,270	778,270	432,827	1,211,097		
Other comprehensive income	--	--	--	--	--	789,128	--	--	789,128	1,381,192	2,170,320		
Total comprehensive income	--	--	--	--	--	789,128	--	778,270	1,567,398	1,814,019	3,381,417		
Dividends paid (note 15)	--	--	--	--	--	--	--	(32,640,000)	(32,640,000)	--	(32,640,000)		
Net movement in non-controlling interest	--	--	--	--	--	--	--	--	--	(448,805)	(448,805)		
Balance at 31 March 2022	816,000,000	36,409,063	96,111,908	343,683,752	(11,971,402)	(1,269,706)	5,339,382	170,638,530	1,454,941,527	811,737,585	2,266,679,112		

The attached notes 1 to 22 form an integral part of these condensed consolidated interim financial statements.

SAUDI INDUSTRIAL SERVICES COMPANY
(A Saudi Joint Stock Company)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED) (continued)

For the three-month period ended 31 March 2022

	Equity attributable to the shareholders of the Parent Company											
				Other components of equity					Retained earnings SR	Total SR	Non-controlling interests SR	Total equity SR
	Share capital SR	Share premium SR	Statutory reserve SR	Effect of changes in ownership interest in subsidiaries SR	Actuarial valuation reserves SR	Cash flow hedging reserve SR	Unrealized gain on FVOCI investments SR					
Balance at 1 January 2021	816,000,000	36,409,063	90,324,076	1,133,474	(14,496,871)	(8,520,703)	5,402,564	248,329,774	1,174,581,377	534,995,715	1,709,577,092	
Profit for the period	--	--	--	--	--	--	--	32,280,125	32,280,125	17,368,859	49,648,984	
Other comprehensive loss	--	--	--	--	--	(326,897)	--	--	(326,897)	(212,537)	(539,434)	
Total comprehensive Income / (loss)						(326,897)		32,280,125	31,953,228	17,156,322	49,109,550	
Net movement in non-controlling interest	--	--	--	--	--	--	--	--	--	(29,481)	(29,481)	
Balance at 31 March 2021	<u>816,000,000</u>	<u>36,409,063</u>	<u>90,324,076</u>	<u>1,133,474</u>	<u>(14,496,871)</u>	<u>(8,847,600)</u>	<u>5,402,564</u>	<u>280,609,899</u>	<u>1,206,534,605</u>	<u>552,122,556</u>	<u>1,758,657,161</u>	

The attached notes 1 to 22 form an integral part of these condensed consolidated interim financial statements.

SAUDI INDUSTRIAL SERVICES COMPANY
(A Saudi Joint Stock Company)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

For the three-month period ended 31 March 2022

	<i>Note</i>	<i>For the three month period ended 31 March 2022 SR</i>	<i>For the three month period ended 31 March 2021 SR</i>
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before Zakat and income tax		4,179,644	55,597,801
<i>Adjustments for:</i>			
Depreciation and amortization		43,690,425	42,392,401
Provision for employees' end of service benefits		2,246,185	2,076,826
Amortization of advance rental		1,304,780	2,001,915
Share of profits of equity accounted investees, net	11	(6,424,945)	(5,810,235)
Reversal of allowance for expected credit losses		(39,167)	(584,735)
Provision for slow moving and obsolete inventories		576,419	150,000
Loss on disposal of property, plant and equipment		--	68,156
Provision for decommissioning cost		19,796	19,796
Financial charges, net		50,644,336	49,321,300
		<u>96,197,473</u>	<u>145,233,225</u>
Changes in:			
Trade receivables, prepayments and other receivables		(10,723,763)	(22,805,188)
Due from related parties		4,442,024	(181,642)
Inventories		(1,384,363)	(1,429,775)
Trade payables, accrued and other liabilities		(43,355,277)	(53,356,565)
Due to related parties		1,257,680	1,459,295
		<u>46,433,774</u>	<u>68,919,350</u>
Cash generated from operating activities			
Employees' end of service benefits paid		(1,457,094)	(434,883)
Financial charges paid		(4,222,541)	(4,175,367)
Zakat and income tax paid		(1,437,195)	--
		<u>39,316,944</u>	<u>64,309,100</u>
Net cash from operating activities			
CASH FLOWS FROM INVESTING ACTIVITIES			
Dividends received from an equity accounted investee	11	--	937,421
Proceeds from disposal of property, plant and equipment		--	18,034
Additions to property, plant and equipment, capital work in progress, intangible assets and right of use assets		(50,945,237)	(11,101,490)
		<u>(50,945,237)</u>	<u>(10,146,035)</u>
Net cash used in investing activities			
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long term loans		(20,004,349)	(19,431,451)
Proceeds of long term loans		--	25,000,000
Lease liabilities paid		(2,437,311)	(3,931,621)
Dividend paid	15	(32,640,000)	--
		<u>(55,081,660)</u>	<u>1,636,928</u>
Net cash (used in) from financing activities			
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS			
Cash and cash equivalents at the beginning of the period	14	(66,709,953)	55,799,993
		<u>892,374,091</u>	<u>336,533,927</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD			
	14	<u>825,664,138</u>	<u>392,333,920</u>
SUPPLEMENTARY NON-CASH INFORMATION			
Cash flow hedges – effective portion of change in fair value		(2,170,320)	(539,434)
Transfer from work in progress to property, plant and equipment – Port terminal operations		195,600	--

The attached notes 1 to 22 form an integral part of these condensed consolidated interim financial statements.

SAUDI INDUSTRIAL SERVICES COMPANY
(A Saudi Joint Stock Company)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENT
(UNAUDITED)

For the three-month period ended 31 March 2022

1. ORGANISATION AND ACTIVITIES

Saudi Industrial Services Company (“the Company” or “the Parent Company” or “SISCO”) is a joint stock company incorporated in accordance with Saudi Arabian Regulations for Companies under the Ministry of Commerce Resolution No. 223 of 7 Rabi Al Awal 1409 H (corresponding to 18 October 1988) and registered under Commercial Registration No. 4030062502 dated 10 Rabi Al Thani 1409H (corresponding to 20 November 1988) to engage in maintenance, operations and management of factories, industrial facilities, construction of residential buildings and all related facilities such as entertainment centers, malls, restaurants, catering projects, construction of hospitals and buildings to provide health services to factory and industrial company workmen, marketing factory products locally and worldwide, provide services and participate in formation of companies. The principal activity of the Parent Company is investment and management of subsidiaries. The registered head office of the Parent Company is located at the following address:

Saudi Business Center
P. O. Box 14221,
Jeddah 21424,
Kingdom of Saudi Arabia.

These condensed consolidated interim financial statements include assets, liabilities and the results of the operations of the Parent Company and its following subsidiaries collectively referred to as “the Group”. The condensed interim consolidated financial statements of the subsidiaries are prepared for the same reporting period and accounting policies as that of the Parent Company.

<u>Company</u>	<u>Country of incorporation</u>	<u>Effective shareholding</u>		<u>Principal activities</u>
		<u>2022</u>	<u>2021</u>	
Saudi Trade and Export Development Company (“Tusdeer”)	Saudi Arabia	76%	76%	Management and operation of storage and re-export project situated on the land leased from Jeddah Islamic Port.
Kindasa Water Services Company – Closed Joint Stock Company (“Kindasa”)	Saudi Arabia	65%	65%	Water desalination and treatment plant and sale of water.
Support Services Operation Company (“ISNAD”)	Saudi Arabia	99.28%	99.28%	Development and operation of industrial zones, construction and operation of restaurants, catering and entertainment centers, construction of gas stations, auto servicing and maintenance workshops, and purchase of land for the construction of building thereon and investing the same through sale or lease.
Red Sea Port Development Company – Closed Joint Stock Company (“RSPD”)	Saudi Arabia	60.6%	60.6%	Development, construction, operation and maintenance of container terminals and excavation and back filling works.
Red Sea Gateway Terminal Company Limited (“RSGT”) (a subsidiary company of RSPD)	Saudi Arabia	36.36%	60.6%	Development, construction, operation and maintenance of container terminals and excavation and back filling works.

SISCO owns 60.6% effective interest in RSPD which in turn owns 60% interest in RSGT

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(continued)

For the three-month period ended 31 March 2022

2. BASIS OF PREPARATION

2.1 Basis of accounting

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 – “Interim Financial Reporting”, as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by the Saudi Organization for Chartered and Professional Accountants (“SOCPA”).

These condensed consolidated interim financial statements do not include all of the information required in the annual financial statements and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2021 (last annual consolidated financial statements). However, selected explanatory notes are included to explain the events and transactions that are significant to an understanding of changes in the Group’s financial position and performance since the last annual consolidated financial statements.

2.2 Significant judgments, estimates and assumptions

The preparation of Group’s condensed consolidated interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of revenues, expenses, assets, liabilities and accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

The Group based its assumptions and estimates on parameters available when the condensed consolidated interim financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur. Also see note 2.3 below.

The significant judgments exercised in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual consolidated financial statements for the year ended 31 December 2021.

2.3 Impact of the Pandemic

Since early 2020, the Novel Coronavirus Pandemic (COVID-19) has spread globally across various geographies causing disruption to businesses and economic activities. Whilst it is challenging to predict the full extent and duration of business and economic impacts, the management has considered the potential impacts of COVID-19 on the Group’s operations and concluded that as of the issuance date of these condensed consolidated interim financial statements, no significant changes are required to the judgements and key estimates. The Group is continuously monitoring the evolving scenario and any change in the judgements and key estimates will be reflected as part of the operating results and cash flows of the future reporting periods.

2.4 Basis of measurement

These condensed consolidated interim financial statements have been prepared under the historical cost basis, except for financial assets at fair value through other comprehensive income (FVOCI) and derivative financial instruments which are carried at their fair values.

2.5 Functional and presentation currency

These condensed consolidated interim financial statements are presented in Saudi Arabian Riyals (“SR”) which is the Group’s functional and presentation currency.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(continued)

For the three-month period ended 31 March 2022

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in these condensed consolidated interim financial statements are the same as those applied in the Group's annual consolidated financial statements as at and for the year ended 31 December 2021 except for adoption of new standards effective as at 1 January 2022. Following amendments applied for the first time in 2022, but do not have material impact on these condensed consolidated interim financial statements of the Group.

- Amendments to IAS 37 - Onerous Contracts - Cost of Fulfilling a Contract;
- Annual Improvements to IFRS Standards 2018-2020;
- Amendments to IAS 16 - Property, Plant and Equipment: Proceeds before Intended Use; and
- Amendments to IFRS 3 - Reference to the Conceptual Framework;

4. NEW AND AMENDED STANDARDS AND INTERPRETATIONS AND STANDARDS NOT YET EFFECTIVE

The accounting standards, amendments and revisions which have been published and are mandatory for compliance for the Group's accounting year beginning on or after January 1, 2023 are listed below. The Group has opted not to early adopt these pronouncements and these do not have a significant impact on the condensed consolidated interim financial statements of the Group.

- IFRS 17 Insurance Contracts and its Amendments;
- Definition of Accounting Estimate - Amendments to IAS 8;
- Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2;
- Amendments to IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture;
- Amendment to IAS 1- Classification of liabilities as current or non-current; and
- Amendment to IAS -12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction

5. REVENUE FROM SALE OF GOODS AND SERVICES

	<i>For the three- month period ended 31 March 2022</i>	<i>For the three- month period ended 31 March 2021</i>
	<i>Unaudited SR</i>	<i>Unaudited SR</i>
Shipping and unloading services	156,334,915	206,755,883
Sale of potable water	16,907,335	22,862,556
Rentals and support services	22,905,669	23,979,705
	<u>196,147,919</u>	<u>253,598,144</u>

SAUDI INDUSTRIAL SERVICES COMPANY
(A Saudi Joint Stock Company)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(continued)

For the three-month period ended 31 March 2022

6. EARNINGS PER SHARE

Basic earnings per share (EPS) is calculated by dividing profit for the period attributable to ordinary equity holders of the Parent Company by the weighted average number of ordinary shares in issue outstanding during the period.

	<i>For the three- month period ended 31 March 2022 Unaudited SR</i>	<i>For the three- month period ended 31 March 2021 Unaudited SR</i>
Profit for the period attributable to ordinary equity holders of the Parent	<u>778,270</u>	<u>32,280,125</u>
Weighted average number of ordinary shares in issue	<u>81,600,000</u>	<u>81,600,000</u>
Basic and diluted earnings per share	<u>0.01</u>	<u>0.40</u>

The diluted EPS is same as the basic EPS as the Group does not have any dilutive instruments.

7. PROPERTY, PLANT AND EQUIPMENT

	<i>31 March 2022 Unaudited SR</i>	<i>31 December 2021 Audited SR</i>
Property, plant and equipment	178,555,084	184,193,503
Property, plant and equipment - Bonded and re-export project	25,941,000	26,453,022
Property, plant and equipment - Port terminal operations	<u>33,324,524</u>	<u>34,703,149</u>
	<u>237,820,608</u>	<u>245,349,674</u>

- a) During the three-month period ended 31 March 2022, additions of SR 0.25 million (year ended 31 December 2021: SR 3.5 million), SR 0.04 million (year ended 31 December 2021: SR 0.5 million), SR 0.26 million (year ended 31 December 2021: SR 3.38 million) were made to the property, plant and equipment, Bonded and re-export project and Port terminal operations respectively.
- b) The Group's property, plant and equipment – port terminal operations have been pledged against the Ijara Facility.

SAUDI INDUSTRIAL SERVICES COMPANY
(A Saudi Joint Stock Company)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(continued)

For the three-month period ended 31 March 2022

8. INTANGIBLE ASSETS

	<i>31 March 2022 Unaudited SR</i>	<i>31 December 2021 Audited SR</i>
Port concession rights and assets (note 8.1)	1,548,103,202	1,570,313,251
Intangible asset related to fixed and guaranteed variable fee (note 8.2)	1,471,364,619	1,479,431,219
Other intangible assets	<u>2,760,271</u>	<u>3,108,411</u>
	<u>3,022,228,092</u>	<u>3,052,852,881</u>

8.1 Port concession rights and assets

	<i>31 March 2022 Unaudited SR</i>	<i>31 December 2021 Audited SR</i>
<i>Cost</i>		
Balance at the beginning of the period / year	2,521,472,896	2,487,828,059
Additions during the period / year	158,537	10,075,212
Transfer from capital work in progress	195,600	24,209,591
Disposals during the period / year	--	(609,966)
	<u>2,521,827,033</u>	<u>2,521,502,896</u>
<i>Amortisation</i>		
Balance at the beginning of the period / year	951,159,645	861,934,905
Charge for the period / year	22,564,186	89,864,706
Disposals during the period / year	--	(609,966)
	<u>973,723,831</u>	<u>951,189,645</u>
Net book value	<u>1,548,103,202</u>	<u>1,570,313,251</u>

SAUDI INDUSTRIAL SERVICES COMPANY
(A Saudi Joint Stock Company)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(continued)

For the three-month period ended 31 March 2022

8. INTANGIBLE ASSETS (continued)

8.2 Intangible assets related to fixed and guaranteed variable fee

	<i>31 March 2022 Unaudited SR</i>	<i>31 December 2021 Audited SR</i>
Cost:		
Intangible assets recorded in accordance with IFRIC 12 (see note 8.3 below)	<u>1,534,528,416</u>	<u>1,534,528,416</u>
Accumulated amortization:		
At the beginning of the period / year	55,097,197	23,173,047
Charge for the period / year	<u>8,066,600</u>	<u>31,924,150</u>
At the end of the period / year	<u>63,163,797</u>	<u>55,097,197</u>
Net book value	<u>1,471,364,619</u>	<u>1,479,431,219</u>

8.3 Obligation under service concession arrangement

Saudi Trade and Export Development Company, a subsidiary of the Group, had entered into a Build-Operate-Transfer (the “BOT” or the “agreement”) agreement with Saudi Arabian Seaports Authority (“MAWANI” or the “grantor”) for the construction of a container terminal at the Re-export Zone of Jeddah Islamic Port.

The agreement was, subsequently, novated by Saudi Trade and Export Development Company to RSGT (another subsidiary of the Group), effective from 22 Shawal 1428H (corresponding to 3 November 2007). The period of the Agreement originally was for 32 years. However, on 23 December 2019, RSGT, entered into a New Concession Agreement (“the New Concession Agreement”) with MAWANI whereby RSGT acquired rights to operate North Container Terminal in addition to the terminal operated under the BOT agreement, effective from 1 April 2020 (the effective date) for a period of 30 years from the effective date.

The New Concession Agreement stipulates payment of the fixed and guaranteed variable fee on the specified rates over the life of the agreement. These fees were recorded as intangible asset under the guidance of IFRIC 12 “Service Concession Arrangements”, with a corresponding liability recognized as obligation under service concession arrangement during the year ended 31 December 2020 and measured in accordance with IFRS 9 “Financial Instruments”. All other variable fees are charged to condensed consolidated statement of profit or loss as and when incurred.

SAUDI INDUSTRIAL SERVICES COMPANY
(A Saudi Joint Stock Company)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(continued)

For the three-month period ended 31 March 2022

9. WORK IN PROGRESS ASSETS

The carrying amount of work in progress assets represents amounts paid to contractors and suppliers for the civil works, equipment and contract assets related to concession agreement. Once complete, these assets and their carrying amount will be transferred to respective asset category. Work in progress assets mainly comprise of Jeddah Logistic Hub and Jeddah Logistic park Projects of Tusdeer and work in progress in respect of port terminal operations of RSGT. During the three-month period additions of SR 46.29 million were made in work in progress assets of the Group.

10. GOODWILL

The Group recorded a goodwill of SR 9.3 million at the time of acquisition of Kindasa, a subsidiary of the Group. Subsequently, an impairment of SR 0.5 million was recorded resulting in net carrying value of SR 8.8 million (31 December 2021: SR 8.8 million).

The management reviews goodwill for impairment annually and when there is an indicator of impairment. For the purposes of impairment testing, goodwill has been allocated to the subsidiary (i.e. cash generating unit). The recoverable amount of the cash generating unit has been determined based on a value in use calculation, using cash flow projections based on financial budgets approved by the senior management and Board of Directors of Kindasa.

11. EQUITY-ACCOUNTED INVESTEEES

	<i>31 March</i> <i>2022</i> <i>Unaudited</i> <i>SR</i>	<i>31 December</i> <i>2021</i> <i>Audited</i> <i>SR</i>	<i>31 March</i> <i>2021</i> <i>Unaudited</i> <i>SR</i>
Balance at the beginning of the period / year	188,020,461	136,922,460	136,922,460
Share in profit of equity accounted investees, net	6,424,945	23,682,459	5,810,235
Investment made during the year	--	44,544,436	--
Share of actuarial losses of associates recognized in other comprehensive income	--	(125,485)	--
Dividend received during the period / year	--	(17,003,409)	(937,421)
Balance at the end of the period / year	<u>194,445,406</u>	<u>188,020,461</u>	<u>141,795,274</u>

SAUDI INDUSTRIAL SERVICES COMPANY
(A Saudi Joint Stock Company)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(continued)

For the three-month period ended 31 March 2022

11. EQUITY ACCOUNTED INVESTEEES (continued)

11.1 Equity-accounted investees

<i>Associates</i>	<i>Principal activities</i>	<i>Country of incorporation</i>	<i>Effective shareholding percentage</i>		<i>Carrying amount</i>	
			<i>31 March 2022</i>	<i>31 December 2021</i>	<i>31 March 2022</i>	<i>31 December 2021</i>
			<i>Unaudited</i>	<i>Audited</i>	<i>Unaudited</i>	<i>Audited</i>
International Water Distribution Company Limited (note a)	Water/waste works, water treatment and lease of water equipment	Kingdom of Saudi Arabia	50%	50%	91,810,693	90,199,793
Saudi Water and Environmental Services Company (note b)	Electrical, water and mechanical works and related operation and maintenance	Kingdom of Saudi Arabia	31.85%	31.85%	4,378,920	4,480,326
Saudi Al Jabr Talke Company Limited	Contracting, construction, operation and maintenance of factories and warehouses	Kingdom of Saudi Arabia	33.3%	33.3%	53,318,923	48,638,162
Xenmet SA, Vaduz (note c)	Trading, storage and brokerage of commodities	Principality of Liechtenstein	19%	19%	2,329,395	2,187,969
Green Dome (note d)	Investment and management of companies providing logistic services	Kingdom of Saudi Arabia	24%	24%	42,607,475	42,514,211
					194,445,406	188,020,461

- a) The Parent Company does not have any control over management and operations of “International Water Distribution Company” accordingly, it is classified as associates and accounted for as equity-accounted investee.
- b) Saudi Water and Environmental Services Company is 49% owned by Kindasa Water Services Company (a subsidiary), which is 65% owned by the Parent Company.
- c) Xenmet SA, Vaduz is 25% owned by Saudi Trade and Export Development Company Limited (a subsidiary), which is 76% owned by the Parent Company.
- d) Green Dome Holdings Limited is 31.6% owned by Tusdeer, which is 76% owned by the Parent Company.

SAUDI INDUSTRIAL SERVICES COMPANY
(A Saudi Joint Stock Company)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(continued)

For the three-month period ended 31 March 2022

12. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Financial assets at FVOCI comprised of equity investment in shares of Growth Gate Capital Corporation B.S.C.. As of the statement of financial position date, management believes that the carrying amount of the investment approximates its fair value.

13. RIGHT OF USE ASSETS AND LEASE LIABILITIES

Set out below are the carrying amounts of right-of-use assets recognized and the movements during the period:

	<i>31 March 2022 Unaudited SR</i>	<i>31 December 2021 Audited SR</i>
Cost:		
At the beginning of the period / year	110,682,500	101,081,068
Lease contracts modification	--	256,568
Additions during the period / year	--	9,344,864
	110,682,500	110,682,500
Depreciation:		
At the beginning of the period / year	(20,550,263)	(14,162,815)
Depreciation for the period / year	(1,756,921)	(6,038,415)
Depreciation for the period / year (capitalized in CWIP)	(86,537)	(349,033)
	22,393,721	(20,550,263)
Net value at the end of period / year	88,288,779	90,132,237

Set out below are the carrying amounts of lease liabilities and the movements during the period:

	<i>31 March 2022 Unaudited SR</i>	<i>31 December 2021 Audited SR</i>
At the beginning of the period / year	97,535,689	91,631,727
Addition during the period / year	--	9,509,292
Lease contracts modification	--	256,568
Interest charge for the period / year	650,790	2,597,779
Unwinding of lease liability (capitalized in CWIP)	617,205	2,462,357
Payment of lease liabilities during the period/year	(2,437,311)	(8,922,034)
At the end of the period / year	96,366,373	97,535,689

SAUDI INDUSTRIAL SERVICES COMPANY
(A Saudi Joint Stock Company)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(continued)

For the three-month period ended 31 March 2022

13. RIGHT OF USE ASSETS AND LEASE LIABILITIES (continued)

The classification of lease liabilities is as follows:

	<i>31 March 2022 Unaudited SR</i>	<i>31 December 2021 Audited SR</i>
Lease liabilities – current portion	8,739,576	8,739,576
Lease liabilities – non-current portion	87,626,797	88,796,113
	<u>96,366,373</u>	<u>97,535,689</u>

14. CASH AND CASH EQUIVALENTS

	<i>31 March 2022 Unaudited SR</i>	<i>31 December 2021 Audited SR</i>
Cash in hand	329,710	258,247
Cash at banks	775,334,428	687,072,718
Murabaha Deposits	50,000,000	205,043,126
	<u>825,664,138</u>	<u>892,374,091</u>

4.1 Murabaha deposits are placed with a commercial bank having original maturity of less than three months and yield financial income at prevailing market rates.

15. SHARE CAPITAL AND DIVIDEND

As at 31 March 2022, the authorised and paid up capital of the Group is divided into 81.6 million shares (31 December 2021: 81.6 million shares) of SR 10 each.

On 28 Rajab 1443H (corresponding to 1 March 2022), the Board of directors of the Company approved dividend amounting to SR 32.64 million (SR 0.8 per share). Dividend was paid in full during the three month period ended 31 March 2022.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(continued)

For the three-month period ended 31 March 2022

16. LONG TERM LOANS AND BANK FACILITIES

	<i>31 March 2022 Unaudited SR</i>	<i>31 December 2021 Audited SR</i>
Long-term loans	704,597,622	721,357,394
Less: current portion	(73,845,546)	(73,210,529)
Non-current portion	<u>630,752,076</u>	<u>648,146,865</u>

- a) On 3 December 2007, RSGT (a subsidiary of the Company) entered into an Ijara arrangement with two local commercial banks to obtain a loan of SR 1,271 million. The Ijara facility is secured against the property and equipment of RSGT. The loan is being repaid in semi-annual installments ending in December 2023. The loan carried special commission rate of SIBOR plus an agreed margin (see note(c) below).
- b) On 28 September 2016, RSGT entered into an Ijara arrangement with two local commercial banks to obtain a loan of SR 260 million for expansion of its existing berths. This facility is secured against the port concession rights of RSGT. The loan is being repaid in semi-annual installments ending in December 2023. The loan carries special commission rate of SIBOR plus an agreed margin (see note(c) below).
- c) During the year ended 31 December 2020, RSGT and the banks mutually agreed to amend the terms of the loan agreements above. These amendments, among others, included modification of the applicable rate from six months SIBOR to three months SIBOR, lowered the agreed margin, modified the repayment frequency from biannual to quarterly payment and extended the maturity period from year 2023 to 2030. The Ijara facilities are secured against property and equipment of RSGT. The modifications of the terms were assessed qualitatively and quantitatively in accordance with IFRS 9 “Financial Instruments” and, as a result, the management concluded that the changes in terms of agreement resulted in modification under the requirements of IFRS 9 “Financial Instruments”. Accordingly, the modifications resulted in a day one gain of SR 31.96 million recorded in the statement of profit or loss as at the effective date of the modification of the terms of the loans (note 18). Un-amortised balance of the modification gain as at 31 March 2022 is SR 21.5 million which will be amortised over the remaining period of the Ijara facility, using effective interest rate.
- d) The unamortized portion of the advance rentals (loan arrangement fee) and other fees paid to the banks are amortized over the remaining period of the Ijara facility, using effective interest rate.
- e) During the year ended 31 December 2020, RSGT obtained a facility with sanctioned limit of SR 750 million towards its consolidation and expansion works. Out of which SR 95 million was drawn as of the date of the condensed consolidated interim statement of financial position. RSGT pays an agreed commitment fee on the undrawn balance and an agreed profit payable at SIBOR plus a margin on the drawn balance. The commitment fee paid has been deferred and amortised as part of effective interest rate on the basis that a full draw down of the loan is expected to occur in future years. The loan will be repaid in quarterly instalments starting from 2023 and ending in 2033. The loan is secured against assets relating to the consolidation and expansion works.

SAUDI INDUSTRIAL SERVICES COMPANY
(A Saudi Joint Stock Company)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(continued)

For the three-month period ended 31 March 2022

16. LONG TERM LOANS AND BANK FACILITIES (continued)

f) The current and non-current portion of the loans of RSGT as at the period end is as follows:

	<i>31 March 2022 Unaudited SR</i>	<i>31 December 2021 Audited SR</i>
Long-term loans	701,940,566	718,257,496
Less: current portion	(72,074,175)	(71,439,158)
Non-current portion	<u>629,866,391</u>	<u>646,818,338</u>

g) During 2016, Kindasa entered into an agreement for a long-term facility with a local bank for SR 24 million to finance the construction of a new water desalination facility. The loan carries commission at commercial rates (SIBOR plus an agreed margin) and is repayable in quarterly instalments commencing one year after the first drawdown. The loan is secured by secondary mortgage over Kindasa's property and equipment. As at 31 March 2022, Kindasa has cumulatively drawn down SR 8.5 million out of total facility of SR 24 million.

	<i>31 March 2022 Unaudited SR</i>	<i>31 December 2021 Audited SR</i>
Long-term loan	2,657,056	3,099,898
Less: current portion	(1,771,371)	(1,771,371)
Non-current portion	<u>885,685</u>	<u>1,328,527</u>

17. ZAKAT AND INCOME TAX

Parent Company

During the year ended 31 December 2021, ZATCA has raised the assessments for years 2019 and 2020 with an additional liability of SR 2.65 million. The Parent Company has filed an appeal with ZATCA in respect of these assessments and settled SR 0.66 million representing 25% of the assessed amount pursuant to the requirement under the New Zakat Regulation. Subsequent to filing of appeal, the ZATCA has issued its revised assessments with a reduced Zakat liability of SR 0.019 million which SISCO has accepted under protest. The Company has received, during the current period, a refund from ZATCA for the overpaid Zakat of SR 0.64 million which pertains to the 25% Zakat settled.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(continued)

For the three-month period ended 31 March 2022

17. ZAKAT AND INCOME TAX (continued)

Subsidiaries

Red Sea Gateway Terminal Company Limited and Red Sea Ports Development Company (“the Subsidiaries”)

RSGT has finalized its Zakat and income tax assessments with ZATCA up to 2013 and has filed its Zakat and income tax returns up to the year 2021. Tax / Zakat assessment for the year 2014 is considered as finalized under statute of limitation. RSGT has received an assessment of SR 0.115 million and SR 0.082 million for the year 2015 and 2016 which was accepted and paid. Up to, the date of these condensed consolidated interim financial statements, ZATCA is yet to raise the assessment for the years from 2014 and 2016 through 2021.

RSPD has filed its Zakat and income tax returns with ZATCA up to the year 2021. RSPD has received an assessment for the year 2018 which was accepted under protest. Assessment for the years up to 2016 and prior years are considered as finalized under statute of limitation. Up to the date of this report, ZATCA is yet to raise assessments for the years 2017 and 2019 to 2021.

Saudi Trade and Export Development Company Limited (“the Subsidiary”)

The Subsidiary has finalized its Zakat assessments with ZATCA up to 2016 and has filed its Zakat returns up to 2021. Up to the date of these condensed consolidated interim financial statements, ZATCA is yet to raise the assessment for the years from 2017 to 2021.

Support Services Operation Company Limited (“the Subsidiary”)

The Subsidiary has finalized its Zakat assessments with GAZT for the years 2007 to 2008 and 2016 to 2018. Isnad has filed its Zakat returns up to 2021. ZATCA has not raised the assessment for the years from 31 December 2009 to 31 December 2015 and 31 December 2019 to 31 December 2021.

Kindasa Water Service Company (“the Subsidiary”)

The Subsidiary has finalized its Zakat assessments with ZATCA up to 2016 and has filed its Zakat returns up to 2021. Up to the date of these condensed consolidated interim financial statements, ZATCA is yet to raise the assessment for the years from 2016 to 2021.

SAUDI INDUSTRIAL SERVICES COMPANY
(A Saudi Joint Stock Company)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)
For the three-month period ended 31 March 2022

18. RELATED PARTY TRANSACTIONS AND BALANCES

Related parties represent the shareholders, directors and key management personnel of the Company, and other entities (affiliates) controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Board of Directors.

a) Significant related party transactions for the period ended 31 March are as follows:

Name	Relationship	Nature of transactions	Amount of transactions	
			31 March 2022 Unaudited	31 March 2021 Unaudited
			SR	SR
International Water Distribution Company Limited	Associate	Sales of goods and services	11,931,141	16,438,586
		Services rendered	189,750	189,750
		Expenses incurred on behalf of the Group	(5,861)	(4,362)
		Expenses incurred on behalf of the associate	39,747	32,171
Arabian Bulk Trade Limited	Affiliate	Lease of land and warehouses	13,824	(4,080)
Al Jabr Talke Company Limited	Associate	Services rendered to associate	34,500	23,000
		Expenses incurred on behalf of an Associate	140,847	12,386
Saudi Water and Environmental Services Company Limited	Associate	Sales of goods and services	2,087,380	674,044
Xenel Industries Limited	Shareholder	Expenses incurred on behalf of the shareholder	82,830	67,624
		Expenses incurred on behalf of the Group	(82,894)	(8,395)
Al Karam Al Arabi Services Company	Affiliate	Purchase of goods and services	(4,471,056)	(4,731,040)

SAUDI INDUSTRIAL SERVICES COMPANY
(A Saudi Joint Stock Company)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(continued)

For the three-month period ended 31 March 2022

18. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

b) Due from related parties

	<i>31 March 2022 Unaudited SR</i>	<i>31 December 2021 Audited SR</i>
International Water Distribution Company Limited	4,988,079	9,532,543
Saudi Water and Environmental Services Company Limited	14,675	14,675
Xenel Industries Limited	718,668	718,731
Al Jabr Talke Company Limited	88,679	--
Arabian Bulk Trade Limited	370,197	356,373
	<u>6,180,298</u>	<u>10,622,322</u>

c) Due to a related party

	<i>31 March 2022 Unaudited SR</i>	<i>31 December 2021 Audited SR</i>
Al Karam Fedics Services Company	2,860,608	1,602,928

d) Key management personnel remuneration and compensation comprised of the following:

	<i>Three-months period ended 31 March 2022 Unaudited SR</i>	<i>Three-months period ended 31 March 2021 Unaudited SR</i>
Short-term employee benefits	4,136,900	6,058,720
Post-employment benefits	163,699	105,155
	<u>4,300,599</u>	<u>6,163,875</u>

Short term employee benefits of the Group's key management personnel include salaries and bonuses.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(continued)

For the three-month period ended 31 March 2022

18. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

- e) Board of Directors / Committee members remuneration and compensation comprised of the following:

	<i>Three-months period ended 31 March 2022 Unaudited SR</i>	<i>Three-months period ended 31 March 2021 Unaudited SR</i>
Meeting attendance fees	190,000	208,000
Other remuneration	487,500	850,000
	<u>677,500</u>	<u>1,058,000</u>

19. COMMITMENTS AND CONTINGENCIES

At 31 March 2022, the Group's bankers have issued letters of guarantee amounting to SR 149.6 million (31 December 2021: SR 149.5 million) against which cash margin of SR 5.9 million (31 December 2021: SR 5.9 million) was deposited.

As at 31 March 2022, the Group has commitments for capital work in progress amounting to SR 228 million (31 December 2021: SR 262.8 million) mainly relating to development projects of RSGT and new logistic hub and park construction project of Tusdeer.

20. BUSINESS SEGMENTS

The Group has the following main business segments:

- Port development and operations
- Water desalination and distribution
- Logistic parks and support services
- Corporate office: Consists of investment activities and head office functions.

These business segments are located within the Kingdom of Saudi Arabia and are the Group's strategic business units. All revenues are generated within Kingdom of Saudi Arabia

The Group's top management reviews internal management reports of each strategic business unit at least quarterly. Segment results that are reported to the top management include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment revenues, as included in the internal management reports that are reviewed by the top management. The following table presents segment information (assets, liabilities, revenues and net income) for each of the business segments as at and for the three-month period ended 31 March:

SAUDI INDUSTRIAL SERVICES COMPANY
(A Saudi Joint Stock Company)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(continued)

For the three-month period ended 31 March 2022

20. BUSINESS SEGMENTS (continued)

	Reportable Segments			Total	Unallocated	Total
	Port development and operations	Logistic parks and support services	Water desalination and distribution			
	-----SR 000'(Unaudited)-----					
31 March 2022						
External revenues						
Point in time	156,335	14,939	17,205	188,479	--	188,479
Over the period of time	16,408	7,967	--	24,375	--	24,375
Total External revenue	172,743	22,906	17,205	212,854	--	212,854
Inter-segment revenue	--	--	(298)	(298)	--	(298)
Segment revenues	172,743	22,906	16,907	212,556	--	212,556
Direct costs	77,840	13,019	15,381	106,240	--	106,240
Inter-segment direct costs	(298)	--	--	(298)	--	(298)
Cost of construction	16,408	--	--	16,408	--	16,408
Segment cost	93,950	13,019	15,381	122,350	--	122,350
Segment gross profit	78,793	9,887	1,526	90,206	--	90,206
Profit / (loss) attributable to shareholders of the Parent	916	3,204	(2,958)	1,162	(384)	778
Segment assets	3,573,093	473,816	160,753	4,207,662	741,677	4,949,339
Segment liabilities	2,527,331	113,451	25,874	2,666,656	16,004	2,682,660

SAUDI INDUSTRIAL SERVICES COMPANY
(A Saudi Joint Stock Company)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(continued)

For the three-month period ended 31 March 2022

20. BUSINESS SEGMENTS (continued)

	Reportable Segments			Total	Unallocated	Total
	Port development and operations	Logistic parks and support services	Water desalination and distribution			
-----SR 000'(Unaudited)-----						
31 March 2021						
External revenues						
Point in time	206,755	9,039	23,089	238,883	--	238,883
Over the period of time	4,701	14,941	--	19,642	--	19,642
Total External revenue	211,456	23,980	23,089	258,525	--	258,525
Inter-segment revenue	--	--	(226)	(226)	--	(226)
Segment revenues	211,456	23,980	22,863	258,299	--	258,299
Direct costs	86,604	15,495	16,842	118,941	--	118,941
Inter-segment direct costs	(226)	--	--	(226)	--	(226)
Cost of construction	4,701	--	--	4,701	--	4,701
Segment cost	91,079	15,495	16,842	123,416	--	123,416
Segment gross profit	120,377	8,485	6,021	134,883	--	134,883
Profit attributable to shareholders of the Parent	26,361	1,176	297	27,834	4,446	32,280
Segment assets	3,594,257	416,929	188,416	4,199,602	261,154	4,460,756
Segment liabilities	2,548,587	108,323	30,624	2,687,534	14,565	2,702,099

21. FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction takes place either:

- In the accessible principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous accessible market for the asset or liability
- Fair value information of the Group's financial instruments is analysed below:

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(continued)

For the three-month period ended 31 March 2022

21. FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments:

Level 1: quoted prices in active markets for the same or identical instrument that an entity can access at the measurement date;

Level 2: quoted prices in inactive markets for similar assets and liabilities or valuation techniques for which all significant inputs are based on observable market data; and

Level 3: valuation techniques for which any significant input is not based on observable market data.

Group's Level 3 financial assets comprise investment in unquoted investee company.

There were no transfers between level 1 and level 3 during the three-month period 31 March 2022 (31 December 2021: nil). There were no financial assets or financial liabilities classified under level 2.

There were no changes in valuation techniques during the period.

As at 31 March 2022, the financial assets of the Group comprised of trade receivables and other receivables, due from related parties, cash and cash equivalents which are recorded at amortised cost and investment in equity securities which is recorded at fair value and the Group's financial liabilities include loans and bank facilities, obligation under service concession agreement, lease liabilities, trade payables and other liabilities and derivative financial instruments.

The carrying amount of the financial instruments at amortized cost approximates their fair value. The Group's management determines the policies and procedures for both recurring fair value measurement and for non-recurring measurement.

22. APPROVAL OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

These condensed consolidated interim financial statements were approved and authorised to issue by the Board of Directors on 16 May 2022 (corresponding to 15 Shawwal 1443H).