

SAUDI INDUSTRIAL SERVICES COMPANY
(A Saudi Joint Stock Company)

**CONDENSED CONSOLIDATED INTERIM
FINANCIAL STATEMENTS (UNAUDITED)**

For the three-month period ended
31 March 2023
together with the
Independent Auditors' 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 2023

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KPMG Professional Services

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كي بي إم جي للاستشارات المهنية

مركز زهران 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 2023 condensed consolidated interim financial statements of Saudi Industrial Services Company ("the Company") and its subsidiaries ("the Group"), which comprises:

- the condensed consolidated statement of financial position as at 31 March 2023;
- the condensed consolidated statement of profit or loss for the three-month period ended 31 March 2023;
- the condensed consolidated statement of comprehensive income for the three-month period ended 31 March 2023;
- the condensed consolidated statement of changes in equity for the three-month period ended 31 March 2023;
- the condensed consolidated statement of cash flows for the three-month period ended 31 March 2023; 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.

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

To the Shareholders of Saudi Industrial Services Company (continued)

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 31 March 2023 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.

KPMG Professional Services



Ebrahim Oboud Baeshen
License No. 382

Jeddah, 22 May 2023
Corresponding to 2 Dhu al-Qidah 1444 AH



SAUDI INDUSTRIAL SERVICES COMPANY

(A Saudi Joint Stock Company)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2023

		<i>31 March 2023 (Unaudited) SR</i>	<i>31 December 2022 (Audited) SR</i>
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	7	257,704,684	257,239,057
Work in progress assets	9	426,509,390	317,731,977
Intangible assets	8	3,108,829,564	3,010,723,741
Goodwill	10	8,776,760	8,776,760
Right-of-use assets	13	43,817,307	45,496,556
Investment properties	14	160,933,903	163,831,725
Equity-accounted investees	11	252,724,181	251,827,074
Financial assets at fair value through other comprehensive income (FVOCI)	12	14,218,328	14,218,328
Deferred tax assets		5,748,284	5,748,284
TOTAL NON-CURRENT ASSETS		4,279,262,401	4,075,593,502
CURRENT ASSETS			
Inventories		24,452,699	26,054,119
Derivative financial instrument		1,198,931	923,823
Trade receivables, prepayments and other receivables		200,336,700	155,521,566
Due from related parties	19	11,522,629	12,365,829
Short-term deposits	15	279,986,229	279,986,229
Cash and cash equivalents	15	466,845,667	507,885,834
TOTAL CURRENT ASSETS		984,342,855	982,737,400
TOTAL ASSETS		5,263,605,256	5,058,330,902
EQUITY AND LIABILITIES			
EQUITY			
Share capital	16	816,000,000	816,000,000
Share premium		36,409,063	36,409,063
Statutory reserve		99,784,859	99,784,859
Other components of equity		386,423,056	393,450,994
Retained earnings		189,747,747	170,276,817
Equity attributable to the shareholders of the Parent		1,528,364,725	1,515,921,733
Non-controlling interests		817,581,835	800,268,156
TOTAL EQUITY		2,345,946,560	2,316,189,889
NON-CURRENT LIABILITIES			
Obligation under service concession arrangement	8.3	1,395,121,472	1,391,741,067
Long-term loans	17	773,789,337	685,960,123
Employees' end of service benefits		42,588,881	42,468,127
Long-term provisions		2,060,448	2,060,448
Lease liabilities – non-current portion	13	90,781,797	94,086,028
TOTAL NON-CURRENT LIABILITIES		2,304,341,935	2,216,315,793
CURRENT LIABILITIES			
Current portion of obligation under service concession arrangement	8.3	166,664,848	164,607,341
Current portion of long-term loans	17	99,494,999	87,791,382
Trade payables, accrued and other current liabilities		313,465,427	248,355,733
Zakat and Income Tax payable		21,168,842	13,878,605
Current portion of lease liabilities	13	11,125,745	11,192,159
Due to a related party	19	1,396,900	--
TOTAL CURRENT LIABILITIES		613,316,761	525,825,220
TOTAL LIABILITIES		2,917,658,696	2,742,141,013
TOTAL EQUITY AND LIABILITIES		5,263,605,256	5,058,330,902

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 PROFIT OR LOSS (UNAUDITED)
For the three-month period ended 31 March 2023

		<i>For the three-month period ended 31 March 2023</i>	<i>For the three-month period ended 31 March 2022</i>
		<i>(Unaudited)</i>	<i>(Unaudited)</i>
	<i>Note</i>	<i>SR</i>	<i>SR</i>
Revenue from contracts with customers			
Revenue from sale of goods and services	5	238,851,406	196,147,919
Construction revenue		196,051,173	16,407,821
TOTAL REVENUES		434,902,579	212,555,740
Direct costs		(109,748,629)	(105,941,987)
Cost of construction		(196,051,173)	(16,407,821)
COST OF REVENUE		(305,799,802)	(122,349,808)
GROSS PROFIT		129,102,777	90,205,932
OPERATING EXPENSES			
General and administration expenses		(42,633,711)	(39,986,015)
Selling and distribution expenses		(2,592,543)	(3,777,023)
TOTAL OPERATING EXPENSES		(45,226,254)	(43,763,038)
PROFIT FROM OPERATIONS		83,876,523	46,442,894
Finance income		4,658,784	300,611
Finance cost		(58,051,524)	(50,644,336)
Other income, net		6,157,459	1,655,530
Share of profit of equity accounted investees, net	11	8,025,075	6,424,945
PROFIT BEFORE ZAKAT AND INCOME TAX		44,666,317	4,179,644
Zakat and Income Tax	18	(7,859,138)	(2,968,547)
PROFIT FOR THE PERIOD		36,807,179	1,211,097
Profit attributable to:			
Shareholders of the Parent Company		19,470,930	778,270
Non-controlling interests		17,336,249	432,827
		36,807,179	1,211,097
Earnings per share:			
Basic and diluted earnings per share from profit for the period attributable to the shareholders of the Parent Company	6	0.24	0.01

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 2023

	<i>For the three- month period ended 31 March 2023 SR</i>	<i>For the three- month period ended 31 March 2022 SR</i>
Profit for the period	36,807,179	1,211,097
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	(6,852,859)	2,170,320
OTHER COMPREHENSIVE (LOSS) / INCOME FOR THE PERIOD	(6,852,859)	2,170,320
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	29,954,320	3,381,417
Total comprehensive income attributable to:		
Shareholders of the Parent Company	12,442,992	1,567,398
Non-controlling interests	17,511,328	1,814,019
	29,954,320	3,381,417

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

For the three-month period ended 31 March 2023

	Equity attributable to the shareholders of the Parent Company										
	Share capital SR	Share premium SR	Statutory reserve SR	<i>Other components of equity</i>				Retained earnings SR	Total SR	Non-controlling interests SR	Total equity SR
				Effect of changes in shareholding percentage in subsidiaries SR	Actuarial valuation reserves SR	Cash flow hedging reserve SR	Unrealized gain on FVOCI investments SR				
Balance at 1 January 2023 (audited)	816,000,000	36,409,063	99,784,859	343,683,752	(1,247,977)	46,367,041	4,648,178	170,276,817	1,515,921,733	800,268,156	2,316,189,889
Profit for the period	--	--	--	--	--	--	--	19,470,930	19,470,930	17,336,249	36,807,179
Other comprehensive income	--	--	--	--	--	(7,027,938)	--	--	(7,027,938)	175,079	(6,852,859)
Total comprehensive income	--	--	--	--	--	(7,027,938)	--	19,470,930	12,442,992	17,511,328	29,954,320
Net movement in non-controlling interest	--	--	--	--	--	--	--	--	--	(197,649)	(197,649)
Balance at 31 March 2023 (unaudited)	816,000,000	36,409,063	99,784,859	343,683,752	(1,247,977)	39,339,103	4,648,178	189,747,747	1,528,364,725	817,581,835	2,345,946,560

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 2023

	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	--	--	--	--	--	--	--	(32,640,000)	(32,640,000)	--	(32,640,000)		
Net movement in non-controlling interest	--	--	--	--	--	--	--	--	--	(448,805)	(448,805)		
Balance at 31 March 2022	<u>816,000,000</u>	<u>36,409,063</u>	<u>96,111,908</u>	<u>343,683,752</u>	<u>(11,971,402)</u>	<u>(1,269,706)</u>	<u>5,339,382</u>	<u>170,638,530</u>	<u>1,454,941,527</u>	<u>811,737,585</u>	<u>2,266,679,112</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 2023

	<i>Note</i>	<i>For the three month period ended 31 March 2023 (Unaudited) SR</i>	<i>For the three month period ended 31 March 2022 (Unaudited) SR</i>
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before Zakat and Income Tax		44,666,317	4,179,644
<i>Adjustments for:</i>			
Depreciation and amortization		44,924,576	43,690,425
Provision for employees' end of service benefits		2,367,948	2,246,185
Amortization of advance rental		1,144,501	1,304,780
Share of profits of equity accounted investees, net	11	(8,025,075)	(6,424,945)
Reversal of expected credit losses		90,504	(39,167)
Provision for slow moving and obsolete inventories		612,454	576,419
Gain on disposal of property, plant and equipment		(1,817)	--
Provision for decommissioning cost		--	19,796
Reversals of provision no longer needed		--	(5,727,740)
Amortization of advance rental		54,884	--
Financial charges, net		58,051,524	50,644,336
		<u>143,885,816</u>	<u>90,469,733</u>
Changes in operating assets and liabilities:			
Trade receivables, prepayments and other receivables		(44,455,638)	(10,723,763)
Due from related parties		843,200	4,442,024
Inventories		988,967	(1,384,363)
Trade payable, accrued and other liabilities		28,068,137	(37,627,537)
Due to related parties		1,396,900	1,257,680
Cash generated from operating activities		<u>130,727,382</u>	<u>46,433,774</u>
Employees' end of service benefits paid		(1,114,289)	(1,457,094)
Financial charges paid		(15,229,743)	(4,222,541)
Zakat and Income Tax paid		(569,018)	(1,437,195)
Net cash from operating activities		<u>113,814,332</u>	<u>39,316,944</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of property, plant and equipment		203,500	--
Additions to property, plant and equipment, capital work in progress, intangible assets and right of use assets		(247,898,058)	(50,945,237)
Net cash used in investing activities		<u>(247,694,558)</u>	<u>(50,945,237)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long-term loans		(19,844,069)	(20,004,349)
Lease liabilities paid		(4,671,683)	(2,437,311)
Receipt of long-term loans		117,355,811	--
Dividend paid		--	(32,640,000)
Net cash from / (used in) financing activities		<u>92,840,059</u>	<u>(55,081,660)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS			
Cash and cash equivalents at the beginning of the period		507,885,834	892,374,091
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	15	<u>466,845,667</u>	<u>825,664,138</u>
SUPPLEMENTARY NON-CASH INFORMATION			
Cash flow hedges – effective portion of change in fair value		(6,852,859)	(2,170,320)

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 STATEMENTS
(UNAUDITED)

For the three-month period ended 31 March 2023

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). The Group via its subsidiaries is engaged in the business of development and management of port terminal operations, maritime services, warehouse services, supply chain solutions, logistics services, associated development, and water desalination and treatment plant and sale of water. 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 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>31 March 2023</u>	<u>31 March 2022</u>	
Saudi Trade and Export Development Company Limited (“Tusdeer”)	Saudi Arabia	76%	76%	Management and operation of storage and re-export project situated on the land leased from Jeddah Islamic Port. (Logistic parks and support services segment).
Support Services Operation Company Limited (“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. (Logistic parks and support services segment).
Kindasa Water Services Company – Closed Joint Stock Company (“Kindasa”)	Saudi Arabia	65%	65%	Water desalination and treatment plant and sale of water. (Water desalination and distribution segment)
Red Sea Gateway Terminal Company Limited (“RSGT”)*	Saudi Arabia	36.36%	36.36%	Development, construction, operation and maintenance of container terminals and excavation and back filling works. (Port development and operations segment).
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. (Port development and operations segment).

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

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENT
(UNAUDITED)**

For the three-month period ended 31 March 2023

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 for a complete set of the annual financial statements prepared in accordance with International Financial Reporting Standards (“IFRS”) that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants (SOCPA), and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2022 (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 2022.

2.3 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”), derivative financial instruments which are carried at their fair values and employee benefits, which are measured at the present value of defined benefit obligation using projected unit credit method. Further, the condensed consolidated interim financial statements are prepared using the accrual basis of accounting and the going concern assumption.

2.4 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 STATEMENT
(UNAUDITED)**

For the three-month period ended 31 March 2023

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 2022.

Few amendments to standards became effective from 1 January 2023 which do not have a material effect on these condensed consolidated interim financial statements.

4. STANDARDS, INTERPRETATIONS AND AMENDMENTS ISSUED BUT NOT YET EFFECTIVE

The standards, interpretations and amendments with effective date of 1 January 2023 not expected to have any material impact on the Group's condensed consolidated interim financial statements, whereas for the other above-mentioned standards, interpretations and amendments, the Group is currently assessing the implications on the Group's condensed consolidated interim financial statements on adoption.

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 2023

5. REVENUE FROM SALE OF GOODS AND SERVICES

	<i>For the three-month period ended 31 March 2023 Unaudited SR</i>	<i>For the three-month period ended 31 March 2022 Unaudited SR</i>
Shipping and unloading services	194,251,704	156,334,915
Sale of potable water	22,808,386	16,907,335
Rentals and support services	21,791,316	22,905,669
	<u>238,851,406</u>	<u>196,147,919</u>

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 2023 Unaudited SR</i>	<i>For the three-month period ended 31 March 2022 Unaudited SR</i>
Profit for the period attributable to ordinary equity holders of the Parent	<u>19,470,930</u>	<u>778,270</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>0.24</u>	<u>0.01</u>

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

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 2023

7. PROPERTY, PLANT AND EQUIPMENT

	<i>31 March</i> <i>2023</i> <i>Unaudited</i> <i>SR</i>	<i>31 December</i> <i>2022</i> <i>Audited</i> <i>SR</i>
Property, plant and equipment - Others	177,611,852	175,057,495
Property, plant and equipment - Bonded and re-export project	25,404,288	25,749,641
Property, plant and equipment - Port terminal operations	54,688,544	56,431,921
	<u>257,704,684</u>	<u>257,239,057</u>

- a) During the three-month period ended 31 March 2023, additions amounting to SR 5.1 million (year ended 31 December 2022: SR 6.9 million), SR 0.24 million (year ended 31 December 2022: SR 1.49 million), SR 1.24 million (year ended 31 December 2022: SR 6.95 million) were made to the property, plant and equipment - Others, 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.
- c) The buildings and leasehold improvements are situated on a plot of land leased from Saudi Ports Authority (MAWANI) for a nominal annual rental. The initial lease agreement is for 20 Hijra years starting from 15 Muharram 1419H (corresponding to 11 May 1998) with a grace period of two Hijra years. On 22 Ramadan 1424H (corresponding to 16 November 2003) the lease agreement was extended to 40 Hijra years.

8. INTANGIBLE ASSETS

	<i>31 March</i> <i>2023</i> <i>Unaudited</i> <i>SR</i>	<i>31 December</i> <i>2022</i> <i>Audited</i> <i>SR</i>
Port concession rights and assets (note 8.1)	1,669,215,634	1,562,259,897
Intangible asset related to fixed and guaranteed variable fee (note 8.2)	1,437,504,719	1,446,114,774
Other intangible assets	2,109,211	2,349,070
	<u>3,108,829,564</u>	<u>3,010,723,741</u>

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 2023

8. INTANGIBLE ASSETS (continued)

8.1 Port concession rights and assets

	<i>31 March</i> <i>2023</i> <i>Unaudited</i> <i>SR</i>	<i>31 December</i> <i>2022</i> <i>Audited</i> <i>SR</i>
Cost		
Balance at the beginning of the period / year	2,605,576,600	2,521,502,896
Additions during the period / year	5,130,118	13,793,800
Transfer from capital work in progress	126,958,681	71,661,441
Disposals during the period / year	--	(1,381,537)
	<hr/>	<hr/>
Balance at the end of the period / year	2,737,635,399	2,605,576,600
Amortisation		
Balance at the beginning of the period / year	1,043,316,703	951,189,645
Charge for the period / year	25,133,062	93,427,475
Disposals during the period / year	--	(1,300,417)
	<hr/>	<hr/>
Balance at the end of the period / year	1,068,419,765	1,043,316,703
Net book value	1,669,215,634	1,562,259,897
	<hr/> <hr/>	<hr/> <hr/>

8.2 Intangible assets related to fixed and guaranteed variable fee

	<i>31 March</i> <i>2023</i> <i>Unaudited</i> <i>SR</i>	<i>31 December</i> <i>2022</i> <i>Audited</i> <i>SR</i>
Cost:		
Intangible assets recorded in accordance with IFRIC 12 (see note 8.3)	1,534,457,606	1,534,457,606
	<hr/>	<hr/>
Accumulated amortisation:		
At the beginning of the period / year	88,342,832	55,097,197
Charge for the period / year	8,610,055	33,245,635
	<hr/>	<hr/>
At the end of the period / year	96,952,887	88,342,832
Net book value	1,437,504,719	1,446,114,774
	<hr/> <hr/>	<hr/> <hr/>

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8. INTANGIBLE ASSETS (continued)

8.3 Intangible assets related to fixed and guaranteed variable fee

Tusdeer, a subsidiary of the Group, had entered into a Build-Operate-Transfer agreement (the “Agreement”) with Saudi Ports 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 Tusdeer to RSGT (another subsidiary of the Group), effective 22 Shawal 1428H (corresponding to 3 November 2007). The period of the Agreement originally was for 32 years. On 23 December 2019, RSGT, entered into a new concession agreement (the New Concession Agreement) with MAWANI whereby RSGT acquired rights to build and operate North Container Terminal in addition to the terminal operated under the Agreement, effective from 1 April 2020 (the effective date) for a period of 30 years from this date with option to renew the term based on mutually agreed negotiations.

Under the terms of the New Concession Agreement, MAWANI stipulates the Tariffs applied by RSGT when providing services and has the right to review the published tariff structure periodically. The Group has right to charge users of the port for services provided in accordance with the New Concession Agreement. Intangible assets – port concession rights are secured against the Ijara facilities obtained from local banks.

New Concession Agreement stipulates payment of the fixed and guaranteed variable annual fees on 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 corresponding liability recognized as obligation under service concession arrangement. All other variable fees are charged to income as and when incurred.

9. WORK IN PROGRESS ASSETS

The carrying amount of work in progress assets represents amount 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 238.5 million (year ended 31 December 2022: 231.4 million) were made in work in progress assets of the Group.

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10. GOODWILL

The Group recorded a goodwill of SR 9.3 million at the time of acquisition of Kindasa Water Services Company (Kindasa), a subsidiary of the Group. Subsequently, an impairment of SR 0.5 million was recorded in previous periods resulting in net carrying value of SR 8.8 million (31 December 2022: 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 2023 Unaudited SR</i>	<i>31 December 2022 Audited SR</i>	<i>31 March 2022 Unaudited SR</i>
Balance at the beginning of the period/year	251,827,074	188,020,461	188,020,461
Share in profit of equity accounted investees, net	8,025,075	30,831,042	6,424,945
Investment made during the year	--	3,428,000	--
Share of actuarial losses of associates recognized in other comprehensive income	--	4,537,573	--
Share of effective portion of changes in fair value of cash flow hedges	(7,127,968)	46,031,139	--
Dividend received during the period / year	--	<u>(21,021,141)</u>	--
Balance at the end of the period/year	<u>252,724,181</u>	<u>251,827,074</u>	<u>194,445,406</u>

11.1 Equity-accounted investees

<i><u>Associates</u></i>	<i><u>Principal activities</u></i>	<i><u>Country of incorporation</u></i>	<i><u>Effective shareholding percentage</u></i>		<i><u>Carrying amount</u></i>	
			<i>31 March 2023 Unaudited</i>	<i>31 December 2022 Audited</i>	<i>31 March 2023 Unaudited SR</i>	<i>31 December 2022 Audited SR</i>
International Water Distribution Company Limited (note a)	Water/waste works, water treatment and lease of water equipment	Kingdom of Saudi Arabia	50%	50%	134,685,112	139,150,060
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%	1,690,810	1,740,810

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11. EQUITY-ACCOUNTED INVESTEEES (continued)

<u>Associates</u>	<u>Principal activities</u>	<u>Country of incorporation</u>	<u>Effective shareholding percentage</u>		<u>Carrying amount</u>	
			<u>31 March 2023</u> <i>Unaudited</i>	<u>31 December 2022</u> <i>Audited</i>	<u>31 March 2023</u> <i>Unaudited</i> SR	<u>31 December 2022</u> <i>Audited</i> SR
Saudi Al Jabr Talke Company Limited	Contracting, construction, operation and maintenance of factories and warehouses	Kingdom of Saudi Arabia	33.3%	33.3%	65,655,033	60,563,161
Xenmet SA, Vaduz (note c)	Trading, storage and brokerage of commodities	Principality of Liechtenstein	19%	19%	3,401,512	3,081,329
Green Dome (note d)	Investment and management of companies providing logistic services	United Arab Emirates	24%	24%	47,291,714	47,291,714
					252,724,181	251,827,074

- a) The Parent Company does not have any direct control over management and operations of “International Water Distribution Company” accordingly, it is classified as associate 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, accordingly, it is classified as associate and accounted for as equity-accounted investee.
- 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, accordingly, it is classified as associate and accounted for as equity-accounted investee.
- d) Green Dome Holdings Limited (“Green Dome”) is 31.66% owned by Tusdeer, which is 76% owned by the SISCO. On 11 Shawwal 1443H (corresponding to 12 May 2022), the shareholders of SISCO in their Annual General Meeting approved the transfer of Tusdeer’s 31.66% shareholding in Green Dome to SISCO. As at the reporting date of these condensed consolidated interim financial statements, the legal and procedural formalities related to the transfer of Green Dome have not been completed. Consequently, there is no impact on these condensed consolidated interim financial statements.

12. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Financial assets at FVOCI comprise 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.

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13. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

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

	<i>For the three month period ended 31 March 2023</i>	<i>For the year ended 31 December 2022</i>
	<i>Unaudited</i>	<i>Audited</i>
	<i>SR</i>	<i>SR</i>
Cost:		
At the beginning of the period / year	57,598,172	110,682,500
Additions during the period / year	--	14,366,827
Transfer to investment properties (note 9)	--	(63,851,155)
Lease contract terminated during the year	--	(3,600,000)
	57,598,172	57,598,172
Depreciation:		
At the beginning of the period / year	(12,101,616)	(20,550,263)
Depreciation for the period / year	(1,679,249)	(5,790,743)
Transfer to investment properties	--	11,839,390
Relating to terminated contract	--	2,400,000
	(13,780,865)	(12,101,616)
Net value at the end of period / year	43,817,307	45,496,556

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

	<i>For the three month period ended 31 March 2023</i>	<i>the year ended 31 December 2022</i>
	<i>Unaudited</i>	<i>Audited</i>
	<i>SR</i>	<i>SR</i>
At the beginning of the period / year	105,278,187	97,535,689
Addition during the period / year	--	14,366,827
Interest charge for the period / year	338,517	2,503,052
Interest cost capitalised (capitalized in work in progress assets)	962,521	2,743,221
Payment of lease liabilities during the period / year	(4,671,683)	(11,870,602)
At the end of the period / year	101,907,542	105,278,187

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

The classification of lease liabilities is as follows:

	<i>31 March 2023</i>	<i>31 December 2022</i>
	<i>Unaudited SR</i>	<i>Audited SR</i>
Current lease liabilities	11,125,745	11,192,159
Non-current lease liabilities	90,781,797	94,086,028
	101,907,542	105,278,187

14. INVESTMENT PROPERTIES

	<i>31 March 2023</i>	<i>31 December 2022</i>
	<i>Unaudited SR</i>	<i>Audited SR</i>
Cost		
At the beginning of the period / year	314,408,430	244,798,958
Transfer from right of use assets	--	63,851,155
Additions during the period / year	--	5,758,317
	314,408,430	314,408,430
Accumulated depreciation		
At the beginning of the year	150,576,705	126,756,964
Transfer from right of use assets	--	11,839,396
Depreciation for the period / year (capitalized in Work in progress assets)	--	350,956
Charge for the period / year	2,897,822	11,629,389
	153,474,527	150,576,705
Net book value	160,933,903	163,831,725

Investment properties represent warehouses rented to customers for storage and warehousing purposes.

The buildings and leasehold improvements are situated on a plot of land leased from Saudi Ports Authority for a nominal annual rental. The initial lease agreement was for 20 Hijra years starting from 15 Muharram 1419H (corresponding to 11 May 1998) with a grace period of two Hijra years, on 22 Ramadan 1424H (corresponding to 16 November 2003) the lease agreement was extended to 40 Hijra years.

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15. CASH AND CASH EQUIVALENTS

	<i>31 March</i> 2023 <i>Unaudited</i> SR	<i>31 December</i> 2022 <i>Audited</i> SR
Cash on hand	456,567	462,738
Cash at banks	333,662,006	352,349,937
Murabaha deposits	412,713,323	435,059,388
	746,831,896	787,872,063
Less: Short-term Murabaha deposits with original maturities more than 90 days	(279,986,229)	(279,986,229)
	466,845,667	507,885,834

14.1 Murabaha deposits are placed with local commercial banks and yield financial income at prevailing market rates.

14.2 Murabaha deposits with original maturities greater than 90 days are presented separately from cash and cash equivalents.

16. SHARE CAPITAL AND DIVIDENDS

As at 31 March 2023, the authorised and paid up capital of the Group is divided into 81.6 million shares (31 December 2022: 81.6 million shares) of SR 10 each.

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17. LONG-TERM LOANS

	<i>31 March</i> 2023 <i>Unaudited</i> SR	<i>31 December</i> 2022 <i>Audited</i> SR
Long-term loans	873,284,336	773,751,505
Less: current portion	(99,494,999)	(87,791,382)
Non-current portion	<u>773,789,337</u>	<u>685,960,123</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 was secured against the property and equipment / port concession rights of RSGT. The loan was repayable 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 was secured against the property and equipment / port concession rights of RSGT. The loan was payable in semi-annual installments ending in December 2023. The loan carried 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 / port concession rights 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. Un-amortised balance of the modification gain as at 31 March 2023 is of SR 17.08 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 approach.
- 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 260 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. 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.

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17. LONG-TERM LOANS (continued)

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

	<i>31 March 2023 Unaudited SR</i>	<i>31 December 2022 Audited SR</i>
Long-term loans	803,094,127	735,206,352
Less: current portion	(96,979,952)	(85,312,559)
Non-current portion	706,114,175	649,893,793

- 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 2023, Kindasa has cumulatively drawn down SR 8.5 million out of total facility of SR 24 million.

	<i>31 March 2023 Unaudited SR</i>	<i>31 December 2022 Audited SR</i>
Long-term loan	885,685	1,328,528
Less: current portion	(885,685)	(1,328,528)
Non-current portion	--	--

- h) During the prior year, Tusdeer (a subsidiary of the Company) obtained a long-term loan facility with sanctioned limit of SR 290 million from a commercial bank towards the construction of new warehouse, out of which SR 69.3 million was drawn as of the date of the condensed consolidated statement of financial position. The loan carries commission at commercial rates (SIBOR plus an agreed margin) and is repayable in quarterly instalments commencing 9 months after the first drawdown.

	<i>31 March 2023 Unaudited SR</i>	<i>31 December 2022 Audited SR</i>
Long-term loan	69,304,524	37,216,625
Less: current portion	(1,629,362)	(1,150,295)
Long-term portion	67,675,162	36,066,330

- i) All the above loans carry certain financial covenants, which had been complied with as of the reporting date.
- j) All loans of the Group are denominated in Saudi Arabian Riyal.

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18. ZAKAT AND INCOME TAX

Parent Company

The Parent Company has filed its Zakat returns up to year 2022 and assessments up to the year 2020 are finalized with the Zakat, Tax and Customs Authority (“ZATCA”) and the Parent Company has obtained the Zakat certificate valid until 30 April 2024.

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 year 2013 and has filed its Zakat and income tax returns up to year 2022. Tax / Zakat assessment for the year 2014 is considered as finalized under statute of limitation. RSGT has received assessments for years 2016 through 2018 which has been accepted and settled by the Company, under protest. Up to the date of this condensed consolidated interim financial statements, ZATCA is yet to raise the assessment for the years from 2017 through 2022.

RSPD has filed its Zakat and income tax returns with ZATCA up to year 2022. RSPD has received an assessment for year 2018 which was accepted and paid under protest. Assessment for the years up to 2017 and prior years are considered as finalized under statute of limitation. Up to the date of this condensed consolidated interim financial statements, ZATCA is yet to raise assessments for the years 2017 and 2019 through 2022.

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 2022. Up to the date of these condensed consolidated interim financial statements, ZATCA is yet to raise the assessment for the years from 2017 to 2022.

Support Services Operation Company Limited (“the Subsidiary”)

The Subsidiary has finalized its Zakat assessments with ZATCA for the years from 2007 to 2008 and 2016 to 2018. During the three-month period ended, the Subsidiary received the final assessment for year 2020 with additional zakat liability of SR 2,243 which the company accepted and settled “under protest”. The Subsidiary has filed its Zakat returns up to 2022. ZATCA has not raised the assessment for the years from 2009 up to 2015 and is yet to raise the assessments for years 2019, 2021 and 2022.

Kindasa Water Service Company (“the Subsidiary”)

The Subsidiary has finalized its Zakat assessments with ZATCA up to 2022 and has filed its Zakat returns up to 2022 and obtained the Zakat certificate valid until 30 April 2024.

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19. RELATED PARTY TRANSACTIONS AND BALANCES

Related parties represent the shareholders, directors and key management personnel of the Company, and entities 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	
			Three-month period ended	
			31 March 2023 Unaudited SR	31 March 2022 Unaudited SR
International Water Distribution Company Limited	Associate	Sales of goods and services	17,285,091	11,931,141
		Services rendered	--	189,750
		Expenses incurred on behalf of the Group	--	(5,861)
		Expenses incurred on behalf of the associate	40,663	39,747
Arabian Bulk Trade Limited	Affiliate	Lease of land and warehouses	--	13,824
Al Jabr Talke Company Limited	Associate	Services rendered	34,500	34,500
		Dividend received	--	140,847
		Expenses incurred on behalf of an Associate	97,440	--
Saudi Water and Environmental Services Company Limited	Associate	Sales of goods and services	--	2,087,380
Xenel Industries Limited	Shareholder	Payment made on behalf of the shareholder	71,563	82,830
		Expenses incurred on behalf of the Group	(92)	(82,894)
Al Karam Al Arabi Catering	Affiliate	Purchase of goods and services	(4,483,838)	(4,471,056)

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19. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

b) Due from related parties

	<i>31 March 2023 Unaudited SR</i>	<i>31 December 2022 Audited SR</i>
International Water Distribution Company Limited	11,216,613	12,111,059
Xenel Industries Limited	270,812	199,341
Al Jabr Talke Company Limited	34,054	54,278
Arabian Bulk Trade Limited	1,150	1,150
	<u>11,522,629</u>	<u>12,365,829</u>

c) Due to a related party

	<i>31 March 2023 Unaudited SR</i>	<i>31 December 2022 Audited SR</i>
Al Karam Al Arabi Catering	<u>1,396,900</u>	<u>-</u>

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

	<i>Three month period ended 31 March 2023 Unaudited SR</i>	<i>Three month period ended 31 March 2022 Unaudited SR</i>
Short-term employee benefits	2,253,380	4,136,900
Post-employment benefits	219,067	163,699
	<u>2,472,447</u>	<u>4,300,599</u>

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

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19. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

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

	<i>Three-month period ended 31 March 2023 Unaudited SR</i>	<i>Three-month period ended 31 March 2022 Unaudited SR</i>
Meeting attendance fees	165,000	190,000
Other remuneration	187,500	487,500
	352,500	677,500

20. COMMITMENTS AND CONTINGENCIES

As at 31 March 2023, the Group's bankers have issued letters of guarantee amounting to SR 128.2 million (31 December 2022: SR 149.5 million) against which cash margin of SR 7.32 million (31 December 2022: SR 5.9 million) was deposited.

As at 31 March 2023, the Group has commitments for capital work in progress amounting to SR 338.6 million (31 December 2022: SR 262.8 million) mainly relating to new logistic hub and park construction project, new desalination plant construction and consolidation and expansion work on the container terminal.

21. 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.

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, revenue and net income) for each of the business segments as at and for the three-month period ended 31 March:

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21. BUSINESS SEGMENTS (continued)

	Reportable Segments			Total	Unallocated	Total
	<i>Port developmen t and operations</i>	<i>Logistic parks and support services</i>	<i>Water desalination and distribution</i>			
	-----SR 000'(Unaudited)-----					
31 March 2023						
(Unaudited)						
External revenues						
Point in time	194,252	20,226	23,095	237,573	--	237,573
Over the period of time	196,051	12,358	-	208,409	--	208,409
Total external revenues	390,303	32,584	23,095	445,982	--	445,982
Inter-segment revenue	--	(10,793)	(287)	(11,080)	--	(11,080)
Segment revenue	390,303	21,791	22,808	434,903	--	434,903
Direct costs	282,450	21,518	11,248	315,216	--	315,216
Inter-segment direct costs	(287)	(9,129)	--	(9,416)	--	(9,416)
Segment cost	282,163	12,388	11,248	305,800	--	305,800
Segment gross profit	108,140	9,403	11,560	129,103	--	129,103
Profit attributable to shareholders of the Parent	8,468	2,636	4,226	15,330	4,141	19,471
Segment assets	3,716,963	585,081	171,566	4,473,610	789,995	5,263,605
Segment liabilities	2,671,231	192,403	35,438	2,899,073	18,586	2,917,659

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(A Saudi Joint Stock Company)

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENT
(UNAUDITED)**

For the three-month period ended 31 March 2023

21. 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 (Unaudited)						
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	94,248	13,019	15,381	122,648	--	122,648
Inter-segment direct costs	(298)	--	--	(298)	--	(298)
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

22. 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 STATEMENT
(UNAUDITED)**

For the three-month period ended 31 March 2023

22. 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 2023 (31 December 2022: 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 2023, 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, 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.

23. 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 15 May 2023, corresponding to 25 Shawwal 1444 AH.