SUSTAINED INFRASTRUCTURE HOLDING COMPANY
(formerly, "SAUDI INDUSTRIAL SERVICES COMPANY")
(A Saudi Joint Stock Company)

CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT

31 DECEMBER 2024

SUSTAINED INFRASTRUCTURE HOLDING COMPANY
(formerly, "SAUDI INDUSTRIAL SERVICES COMPANY")
(A Saudi Joint Stock Company)

CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT
For the year ended 31 December 2024

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INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF SUSTAINED INFRASTRUCTURE HOLDING COMPANY (FORMERLY, "SAUDI INDUSTRIAL SERVICES COMPANY") (A SAUDI JOINT STOCK COMPANY)

Opinion

We have audited the consolidated financial statements of Sustained Infrastructure Holding Company (formerly, "Saudi Industrial Services Company") ("the Company"), and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in shareholders' equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards 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").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ('ISAs') that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the '*Auditor's Responsibilities for the Audit of the Consolidated financial Statements*' section of our report. We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) that is endorsed in the Kingdom of Saudi Arabia that is relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with that Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming auditor's opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

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INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF SUSTAINED INFRASTRUCTURE HOLDING COMPANY
(FORMERLY, "SAUDI INDUSTRIAL SERVICES COMPANY")
(A SAUDI JOINT STOCK COMPANY) (CONTINUED)

Key Audit Matters

ACCOUNTING FOR INTANGIBLE ASSETS RELATING TO SERVICE CONCESSION ARRANGEMENTS

The key audit matter	How the matter was addressed in our audit
As at 31 December 2024, the carrying value of Group's intangible assets amounted to SR 3,583 million (2023: SR 3,487 million) and the related amortisation expense was SR 182 million (2023: SR 144 million). The intangible assets primarily pertain to long-term port concession arrangements, where the Group is contracted to develop (or upgrade), operate and maintain the concession assets. As the operator, the Group has a right to charge users for services rendered. The Group has recognised the concession arrangement in accordance with the *IFRIC 12 Service Concession Arrangements.* Accounting for intangible assets relating to the concession arrangements involve complexities and significant judgements relating to recognition and measurement of the concession arrangement assets including related additions, amortisation and assessment for any internal or external indicators of impairment. Given (i) the significance of the amounts involved and (ii) significant judgments that management applied to determine the value of the intangible assets and corresponding financial liabilities, for concession arrangement and related other accounting implications, we considered this area as a key audit matter. Refer to note 3 which contains the disclosure of significant accounting judgements, estimates and assumptions relating to 'Accounting for Service Concession Arrangement', note 4 for material accounting policy information for the 'Intangible Assets'; and 'Impairment of Non-financial Assets'; note 8 which contains the disclosure of 'Intangible Assets'; and note 19 which contains the disclosure of 'Obligation Under Service Concession Agreement'.	We performed the following audit procedures in relation to intangible assets relating to service concession arrangements: ➢ Obtained the service concession agreements and reviewed the contracts and related documentation to ensure that the accounting for the concession assets comply with the requirements of *IFRIC 12 Service Concession Arrangements*; ➢ Assessed the appropriateness of the Group's accounting policies including recognition and measurement of contract intangible assets. This included examining assumptions related to margins during construction phase and then methods used to estimate the present value of concession fees, as well as the useful life and amortisation of the concession intangible assets. We also tested the mathematical accuracy of related models; ➢ Assessed the accounting for any change in terms during the year and re-evaluated the carrying value of the intangible assets to ensure accuracy; ➢ Involved our internal specialists to assess the accounting treatment and reasonableness of the discount rate used to determine the present value of the Obligation Under Service Concession Agreements; ➢ Evaluated the assessment of impairment indicators by comparing forecasts to historical experience and applying our understanding of the future prospects of the business, drawing from both internal and external sources; and ➢ Considered the adequacy of the Group's disclosures regarding the long-term concession arrangements, ensuring compliance with applicable accounting standards that are endorsed in the Kingdom of Saudi Arabia.

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INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF SUSTAINED INFRASTRUCTURE HOLDING COMPANY
(FORMERLY, "SAUDI INDUSTRIAL SERVICES COMPANY")
(A SAUDI JOINT STOCK COMPANY) (CONTINUED)

Other Matter
The consolidated financial statements of the Group for the year ended 31 December 2023 were audited by another auditor who expressed an unmodified opinion on those consolidated financial statements on 18 March 2024G, corresponding to 8 Ramadan 1445H.

Other Information
Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the consolidated financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, when made available to us, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance, i.e. the Board of Directors.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the SOCPA, and the provisions of Regulations for Companies and Company's By-laws, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.
In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance i.e, the Board of Directors is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial statements
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

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INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF SUSTAINED INFRASTRUCTURE HOLDING COMPANY
(FORMERLY, "SAUDI INDUSTRIAL SERVICES COMPANY")
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Auditor's Responsibilities for the Audit of the Consolidated Financial statements (continued)

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

for Ernst & Young Professional Services

Hussain Saleh Asiri
Certified Public Accountant
License No .(414)

CR 4030276644
Ernst & Young Professional Services (Professional LLC)

Jeddah: 18 Ramadan 1446H
(18 March 2025G)

SUSTAINED INFRASTRUCTURE HOLDING COMPANY
(formerly, "SAUDI INDUSTRIAL SERVICES COMPANY")
(A Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2024

ASSETS	*Notes*	*2024 SR*	*2023 SR*
NON-CURRENT ASSET			
Property, plant and equipment	6	**245,123,882**	256,879,290
Work in progress assets	7	**125,606,912**	203,734,674
Intangible assets	8	**3,582,789,169**	3,486,787,609
Investment properties	9	**363,262,609**	288,619,190
Equity-accounted investees	10	**252,064,802**	263,225,190
Financial assets at fair value through other comprehensive income (FVOCI)	11	**8,549,266**	11,586,472
Goodwill	12	**8,776,760**	8,776,760
Right-of-use assets	23	**65,990,535**	48,637,659
Deferred-tax asset	32	**5,705,485**	6,057,112
TOTAL NON-CURRENT ASSETS		**4,657,869,420**	4,574,303,956
CURRENT ASSETS			
Inventories	13	**22,372,341**	22,048,792
Due from related parties	34	**15,445,125**	12,950,389
Trade receivables, prepayments and other receivables	14	**331,257,772**	214,272,502
Short term deposits	15	**118,618,268**	-
Cash and bank balances	15	**885,073,460**	1,166,405,656
TOTAL CURRENT ASSETS		**1,372,766,966**	1,415,677,339
TOTAL ASSETS		**6,030,636,386**	5,989,981,295
EQUITY AND LIABILITIES			
EQUITY			
Share capital	16	**816,000,000**	816,000,000
Share premium		**36,409,063**	36,409,063
Statutory reserve	17	**106,905,167**	106,905,167
Treasury shares	16	**(6,622,592)**	(6,622,592)
Other components of equity		**389,289,121**	387,088,914
Retained earnings		**135,803,516**	169,079,592
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY		**1,477,784,275**	1,508,860,144
Non-controlling interests	18	**929,763,542**	805,862,437
TOTAL EQUITY		**2,407,547,817**	2,314,722,581
NON-CURRENT LIABILITIES			
Obligation under service concession arrangement	19	**1,542,309,320**	1,406,042,609
Long-term loans	20	**1,067,969,084**	1,198,444,510
Employees' end-of-service benefits	21	**55,269,018**	49,428,264
Long-term provisions	22	**2,195,849**	2,048,195
Lease liabilities	23	**111,922,170**	95,451,499
TOTAL NON-CURRENT LIABILITIES		**2,779,665,441**	2,751,415,077

The accompanying notes 1 to 40 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2024

	Notes	*2024* *SR*	*2023* *SR*
LIABILITIES			
CURRENT LIABILITIES			
Current portion of obligation under service concession arrangement	19	**162,744,035**	168,953,693
Current portion of long-term loans	20	**164,180,291**	145,169,030
Short term loan		**23,664,626**	-
Short-term loans due to related parties	34	**-**	148,843,578
Trade payables, accrued and other current liabilities	24	**447,154,062**	425,648,844
Zakat and income tax payable	32	**34,567,295**	22,356,447
Lease liabilities	23	**11,112,819**	12,872,045
TOTAL CURRENT LIABILITIES		**843,423,128**	923,843,637
TOTAL LIABILITIES		**3,623,088,569**	3,675,258,714
TOTAL EQUITY AND LIABILITIES		**6,030,636,386**	5,989,981,295

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SUSTAINED INFRASTRUCTURE HOLDING COMPANY
(formerly, "SAUDI INDUSTRIAL SERVICES COMPANY")
(A Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the year ended 31 December 2024

	Notes	*2024* *SR*	*2023* *SR*
REVENUE			
Revenues from sale of goods and services	25	**1,254,488,192**	1,052,441,593
Construction revenue	26	**66,469,102**	550,987,528
TOTAL REVENUES		**1,320,957,294**	1,603,429,121
Direct costs	27	**(613,134,538)**	(514,307,210)
Cost of construction	26	**(66,469,102)**	(550,987,528)
COST OF REVENUE		**(679,603,640)**	(1,065,294,738)
GROSS PROFIT		**641,353,654**	538,134,383
OPERATING EXPENSES			
Selling and distribution expenses	28	**(11,343,647)**	(10,911,898)
General and administrative expenses	29	**(249,349,168)**	(203,986,871)
Expected credit losses	37	**(2,729,564)**	(3,872,533)
TOTAL OPERATING EXPENSES		**(263,422,379)**	(218,771,302)
PROFIT FROM OPERATIONS		**377,931,275**	319,363,081
Finance income		**32,886,587**	25,867,549
Finance costs	30	**(292,674,991)**	(243,803,891)
Other income – net	31	**9,704,397**	23,751,090
Share of profit of equity accounted investees, net	10	**6,913,696**	30,503,809
PROFIT BEFORE ZAKAT AND INCOME TAX		**134,760,964**	155,681,638
Zakat and income tax charge, net	32	**(61,241,217)**	(26,606,145)
NET PROFIT FOR THE YEAR		**73,519,747**	129,075,493
Profit / (loss) attributable to:			
Shareholders of the Parent Company		**(741,877)**	71,203,083
Non-controlling interests		**74,261,624**	57,872,410
		73,519,747	129,075,493
(Loss) / earnings per share:			
Basic and diluted (loss) / earnings per share from net (loss) / profit for the year attributable to the Shareholders' of the Parent Company	33	**(0.01)**	0.87

The accompanying notes 1 to 40 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2024

	Notes	*2024* *SR*	*2023* *SR*
PROFIT FOR THE YEAR		**73,519,747**	129,075,493
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified to profit or loss			
Gain / (loss) from re-measurement of employees' end-of-service benefits, net	21	**408,438**	(5,881,844)
Changes in fair value of financial assets at fair value through other comprehensive income (FVOCI)	11	**(3,037,206)**	(2,631,856)
Share of actuarial gains/ (losses) of equity accounted investees	10	**236,424**	(503,360)
Items that are or may be reclassified subsequently to profit or loss			
Currency translation reserve		**(4,675,871)**	-
Cash flow hedges - effective portion of changes in fair value - Group		**-**	(923,823)
Cash flow hedges - effective portion of changes in fair value - share of equity accounted investments	10	**7,213,609**	57,136
OTHER COMPREHENSIVE INCOME / (LOSS) FOR THE YEAR		**145,394**	(9,883,747)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**73,665,141**	119,191,746
Total comprehensive income attributable to:			
Shareholders of the Parent Company		**1,458,330**	64,841,003
Non-controlling interests		**72,206,811**	54,350,743
		73,665,141	119,191,746

SUSTAINED INFRASTRUCTURE HOLDING COMPANY
(formerly, "SAUDI INDUSTRIAL SERVICES COMPANY")
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CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
For the year ended 31 December 2024

	Equity attributable to the shareholders' of the Parent												
						Other components of equity							
	Share capital SR	Share premium SR	Statutory reserve SR	Treasury shares SR	Effect of changes in ownership interest in subsidiaries (note 1(i)) SR	Actuarial valuation reserves SR	Cash flow hedging reserve SR	Fair value reserve SR	Currency translation reserve	Retained earnings SR	Total SR	Non-controlling interests SR	Total equity SR
Balance at 1 January 2024	816,000,000	36,409,063	106,905,167	(6,622,592)	343,683,752	(4,699,435)	46,088,275	2,016,322	-	169,079,592	1,508,860,144	805,862,437	2,314,722,581
Profit for the year	-	-	-	-	-	-	-	-		(741,877)	(741,877)	74,261,624	73,519,747
Other comprehensive income	-	-	-	-	-	857,382	7,213,609	(3,037,206)	(2,833,578)	-	2,200,207	(2,054,813)	145,394
Total comprehensive income	-	-	-	-	-	857,382	7,213,609	(3,037,206)	(2,833,578)	(741,877)	1,458,330	72,206,811	73,665,141
Increase in NCI as a result of addition in share capital of subsidiary(note 34)	-	-	-	-	-	-	-	-	-	-	-	198,739,380	198,739,380
Dividends paid (note 16)	-	-	-	-	-	-	-	-	-	(32,534,199)	(32,534,199)	(147,045,086)	(179,579,285)
Balance at 31 December 2024	**816,000,000**	**36,409,063**	**106,905,167**	**(6,622,592)**	**343,683,752**	**(3,842,053)**	**53,301,884**	**(1,020,884)**	**(2,833,578)**	**135,803,516**	**1,477,784,275**	**929,763,542**	**2,407,547,817**

The accompanying notes 1 to 40 form an integral part of these consolidated financial statements.

SUSTAINED INFRASTRUCTURE HOLDING COMPANY
(formerly, "SAUDI INDUSTRIAL SERVICES COMPANY")
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CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (continued)
For the year ended 31 December 2024

	Equity attributable to the shareholders' of the Parent											
					Other components of equity							
	Share capital SR	Share premium SR	Statutory reserve SR	Treasury shares SR	Effect of changes in ownership interest in subsidiaries (note 1(i)) SR	Actuarial valuation reserves SR	Cash flow hedging reserve SR	Fair value reserve SR	Retained earnings SR	Total SR	Non-controlling interests SR	Total equity SR
Balance at 1 January 2023	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 year	-	-	-	-	-	-	-	-	71,203,083	71,203,083	57,872,410	129,075,493
Other comprehensive income	-	-	-	-	-	(3,451,458)	(278,766)	(2,631,856)	-	(6,362,080)	(3,521,667)	(9,883,747)
Total comprehensive income	-	-	-	-	-	(3,451,458)	(278,766)	(2,631,856)	71,203,083	64,841,003	54,350,743	119,191,746
Treasury shares	-	-	-	(6,622,592)	-	-	-	-		(6,622,592)	-	(6,622,592)
Transfer to statutory reserve	-	-	7,120,308	-	-	-	-	-	(7,120,308)	-	-	-
Dividends paid (note 16)	-	-	-	-	-	-	-	-	(65,280,000)	(65,280,000)	(48,756,462)	(114,036,462)
Balance at 31 December 2023	816,000,000	36,409,063	106,905,167	(6,622,592)	343,683,752	(4,699,435)	46,088,275	2,016,322	169,079,592	1,508,860,144	805,862,437	2,314,722,581

The accompanying notes 1 to 40 form an integral part of these consolidated financial statements.

SUSTAINED INFRASTRUCTURE HOLDING COMPANY
(formerly, "SAUDI INDUSTRIAL SERVICES COMPANY")
(A Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2024

	Notes	*2024* *SR*	*2023* *SR*
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before zakat and income tax		**134,760,964**	155,681,638
Adjustments for:			
Depreciation and amortization	6, 8,9 & 23	**237,141,190**	190,663,584
Provision for employees' end-of-service benefits	21	**10,290,535**	8,549,885
Gain on disposal of non-current assets	31	**(183,074)**	(64,834)
Share of results from equity accounted associates, net	10	**(6,913,696)**	(30,503,809)
Allowance for expected credit losses	37	**2,729,564**	3,872,533
Work in progress assets written-off	7	**1,804,140**	-
Amortization of deferred revenue		**(11,399)**	54,884
Provision for dismantling cost		**159,053**	(12,253)
Amortization of advance Ijarah rentals		**8,305,973**	7,520,916
Allowance for slow moving and obsolete inventories	13	**372,547**	1,895,607
Financial charges, net	30	**292,674,991**	243,803,891
		681,130,788	581,462,042
Changes in operating assets and liabilities			
Trade receivables, prepayments and other receivables		**(119,714,834)**	(62,020,093)
Due from related parties		**(2,494,736)**	(584,560)
Inventories		**(696,096)**	2,109,720
Trade payables, accrued and other current liabilities		**(211,985,044)**	25,213,037
Cash generated from operating activities		**346,240,078**	546,180,146
Finance charges paid		**(107,646,699)**	(67,719,076)
Employees' end-of-service benefits paid	21	**(4,153,759)**	(7,471,592)
Zakat and income tax paid	32	**(48,678,742)**	(18,437,131)
Net cash from operating activities		**185,760,878**	452,552,347
CASH FLOWS FROM INVESTING ACTIVITIES			
Dividends received from equity accounted investee	10	**32,315,103**	25,019,429
Investment in an associate made during the period	10	**(8,080,676)**	(6,359,960)
Investment in short term deposits	15	**(118,618,268)**	-
Short term deposits encashed during the year	15	**-**	279,986,229
Addition to property, plant and equipment, work in progress assets and investment properties	6, 7 & 9	**(106,953,676)**	(628,807,328)
Addition to intangible assets	8	**(27,080,669)**	(43,494,139)
Proceeds from disposal of property, plant and equipment		**722,096**	484,250
Proceeds from liquidation of associates	10	**1,289,690**	-
Net cash used in investing activities		**(226,406,400)**	(373,171,519)

The accompanying notes 1 to 42 form an integral part of these consolidated financial statements.

SUSTAINED INFRASTRUCTURE HOLDING COMPANY
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(A Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF CASH FLOWS (continued)
For the year ended 31 December 2024

	Notes	*2024 SR*	*2023 SR*
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long-term loans		**(156,079,859)**	(83,132,537)
Receipt of long-term loans		**36,309,720**	645,741,567
Receipt of short-term loans		**23,664,626**	-
Receipt of short-term loans from related parties		**-**	148,843,578
Issue of share capital to non-controlling interest		**49,895,802**	-
Dividend paid	16	**(32,534,199)**	(65,280,000)
Dividends paid to non-controlling interests by subsidiaries	16	**(147,045,086)**	(48,756,462)
Purchase of treasury shares	16	**-**	(6,622,592)
Payment of interest on lease liabilities		**(6,623,569)**	(5,932,061)
Payment of principal portion of lease liabilities		**(8,274,109)**	(5,722,499)
Net cash (used in) / from financing activities		**(240,686,674)**	579,138,994
Net (decrease) / increase in cash and cash equivalents		**(281,332,196)**	658,519,822
Cash and cash equivalents at the beginning of the year	15	**1,166,405,656**	507,885,834
Cash and cash equivalents at the end of the year	15	**885,073,460**	1,166,405,656

SUPPLEMENTARY NON-CASH INFORMATION			
Cash flow hedges - effective portion of changes in fair value - share of equity accounted investments	10	**7,213,609**	57,136
Cash flow hedges - effective portion of change in fair value	13	-	(335,902)
Re-measurement of employees' end-of-service benefits	21	**408,438**	(5,881,844)
Deferred tax	32	**(351,627)**	(308,828)

The accompanying notes 1 to 40 form an integral part of these consolidated financial statements.

1. CORPORATE INFORMATION

Sustained Infrastructure Holding Company (formerly, "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.

On 21 November 2023, the shareholders of the Company resolved to change the name of the Company from "Saudi Industrial Services Company" to "Sustained Infrastructure Holding Company". The legal procedures to change the Company's name were completed on 4 December 2023.

The registered head office of the Parent Company is located at Hira Street, King Abdulaziz Road, Az Zahra District, P.O. Box 14221, Jeddah 23522, Kingdom of Saudi Arabia

These consolidated 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":

Company	*Country of incorporation*	*Effective shareholding*		*Principal activities*
		2024	*2023*	
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 centres, 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 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).
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).

1. CORPORATE INFORMATION (continued)

Company	*Country of incorporation*	*Effective shareholding* 2024	2023	*Principal activities*
Red Sea Ports Development International Limited ("RSPDI")	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).
Red Sea Gateway Terminal International Limited ("RSGTI") **	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).
RSGT Bangladesh ("RSGTB") ***	Bangladesh	**36.36%**	36.36%	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.

**SISCO owns 60.6% effective interest in RSPDI which in turn owns 60% interest in RSGTI.

***SISCO owns 36.36% effective interest in RSGTI which in turn owns 100% interest in RSGT Bangladesh.

(i) On 14 July 2021, SISCO and its subsidiary Saudi Trade and Export Development Company ("Tusdeer") completed the sale of its 21.2% and 4% direct equity stake in RSGT respectively. Total proceeds net of transaction cost for sale of these shares by SISCO and Tusdeer were SR 545.5 million and SR 102.9 million, respectively. SISCO had continued to consolidate RSGT through its subsidiary RSPD. This transaction was accounted for in these consolidated financial statements of the Group as a change in ownership interest of the Group in RSGT without loss of control. Accordingly, the carrying amounts of non-controlling interests had increased by SR 300.6 million to reflect the increase in their relative interests in RSGT. The difference between the amount by which the non-controlling interests have increased and the consideration received by the Group net of transaction cost amounted to SR 347.8 million. This amount was recognized directly in shareholders' equity as effect of changes in ownership interest in subsidiaries and is attributed to the shareholders of the Parent Company. Further, in line with requirement of IFRS Accounting Standards that are endorsed in the Kingdom of Saudi Arabia, the share of Actuarial Valuation Reserve and Cashflow Hedging Reserve of RSGT attributable to shareholders of Parent Company in the amount of SR 2.8 million and SR 2.4 million, respectively, were also adjusted to reflect the new ownership interest.

1. CORPORATE INFORMATION (continued)

(ii) During the year 2023, the Group's subsidiary Red Sea Gateway Terminal International Limited ("RSGTI") (in which SISCO owns 36.36% through its investment vehicle Red Sea Ports Development International Limited ("RSPDI")) has signed 22 years concession agreement with the Chittagong Port Authority for Patenga Container Terminal ("PCT") the Bangladesh's primary port, to develop a comprehensive long-term plan for a container terminal. Under the new concession, the Group's subsidiary, will develop and operate a 500,000 Twenty Foot Equivalent Unit ('TEU') facility at PCT in Chittagong.

As per the terms of the concession agreement RSGTI is committed to invest USD 170 million (equivalent to SR 637.5 million) to consolidate and develop the existing infrastructure as a first phase to increase the total TEU capacity to 500,000 TEUs.

The Group's subsidiary, RSGT Bangladesh, commenced its commercial operations from 11 June 2024.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These consolidated financial statements have been prepared in accordance with IFRS Accounting Standards that are endorsed in Kingdom of Saudi Arabia ("KSA") and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants ("SOCPA"), and in compliance with provisions of the Regulations for Companies and the Company's By-laws.

2.2 Basis of measurement

These consolidated financial statements have been prepared on a historical cost convention, except for financial assets at fair value through other comprehensive income (FVOCI) which are carried at their fair values, using the accrual basis of accounting and going concern assumption.

2.3 Functional and presentation currency

The consolidated financial statements are presented in Saudi Riyal ("SR"), which is also the functional and presentational currency of the Group.

2.4 Basis for consolidation

The Group's consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries as at reporting date. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee).
- Exposure, or rights, to variable returns from its involvement with the investee.
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee.
- Rights arising from other contractual arrangements.
- The Group's voting rights and potential voting rights.

2. BASIS OF PREPARATION (continued)

2.4 Basis for consolidation (continued)

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiaries and ceases when the Group loses control of the subsidiaries. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiaries.

Profit or loss and each component of other comprehensive income ("OCI") are attributed to the equity holders of the Parent Company of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-Group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in consolidated statement of profit or loss.

3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosure of contingent liabilities at the date of preparing the consolidated financial statements. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

Judgements

In the process of applying the Group accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Going concern
The Group's management has made an assessment of the Group's ability to continue as a going concern and is satisfied that the Group has the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt on the Group's ability to continue as a going concern. Therefore, the consolidated financial statements continue to be prepared on the going concern basis.

Accounting for service concession arrangement
Certain of Group's service concession arrangements are accounted for in accordance with requirements of *IFRIC 12 'Service Concession Arrangements'*. Although IFRIC 12 does not define 'public-to-private service concession arrangement', it describes the typical features of such arrangements which include infrastructure used to deliver services, a contractual arrangement between a grantor and an operator which specifies the services the operator is to provide using the infrastructure and governs the basis on which the operator will be remunerated and the construction, upgrade operation and maintenance of that infrastructure by the operator.

Management has assessed that certain of the Group's concession arrangements are in scope of IFRIC 12 as set out in note 4. Judgements and key sources of estimation uncertainty which affect the amounts relating to the accounting for concession arrangements pertain to the recognition, measurement and derecognition of the concession assets and related liabilities due to complexities inherent in the concession arrangements and assessment for any internal or external indicators of impairment.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Judgements (continued)

Determining the lease term of contracts with renewal and termination options - Group as lessee
The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

The renewal period upon mutual consent for lease are not included as part of the lease term because it is not reasonably certain that the lease will be extended.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur. Information about the assumptions and estimation uncertainties is included in the following areas:

Useful lives and residual value of property, plant and equipment and investment properties
The Group's management determines the estimated useful lives of its property, plant and equipment and investment properties for calculating depreciation. These estimates are determined after considering the expected usage of the assets or physical wear and tear. Management reviews the residual value and useful lives annually and future depreciation charges would be adjusted where the management believes the useful lives differ from previous estimates.

Provision for expected credit losses (ECL) of trade receivables
The Group uses a provision matrix to calculate ECL for trade receivables. The provision matrix is initially based on the Group's historical observed default rates. The Group calibrates the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECL is a significant estimate. The amount of ECL is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customers' actual default in the future. The information about the ECL on the Group's trade receivables is disclosed in note 34.

Impairment of non-financial assets
Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on a DCF model.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Estimates and assumptions (continued)

Employee benefits liabilities
The cost of the end-of-service under defined unfunded benefit plans is determined using an actuarial valuation. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, and mortality rates. Due to the complexity of the valuation and its long-term nature, a defined unfunded benefit obligation is sensitive to changes in these assumptions. All assumptions are reviewed on an annual basis or more frequently, if required. Further details about employee benefits liabilities are provided in note 21.

Discount rate for present value calculations
Discount rates represent the current market assessment of the risks specific to the entity, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the entity and is derived from its weighted average cost of capital (WACC). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the entity's investors. The cost of debt is based on the interest-bearing borrowings the entity is obliged to service. Adjustments to the discount rate are made to factor in the specific amount and timing of the future tax flows in order to reflect a pre-tax/zakat discount rate.

Deferred tax
Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

Leases – Estimating the incremental borrowing rate
The Group uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity- specific estimates.

4. MATERIAL ACCOUNTING POLICY INFORMATION

The accounting policies set out below have been applied consistently to all period presented in these consolidated financial statements.

Fair value measurement
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 to sell the asset or transfer the liability takes place either:
- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non- financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:
- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

If the inputs used to measure the fair value of an asset or liability falls into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest input level that is significant to the entire measurement.

The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Foreign currencies

The Group's consolidated financial statements are presented in Saudi Riyals, which is also the Parent Company's functional currency. For each subsidiary, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and on disposal of a foreign operation, the gain or loss that is reclassified to consolidated statement of profit or loss reflects the amount that arises from using this method.

Transactions and balances
Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognised as profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment in a foreign operation. These are recognised as OCI until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss in the consolidated statement of profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item.

Foreign operations
The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Saudi Riyals at exchange rates at the reporting date. Dividends received from foreign associates are translated at the exchange rate in effect at the transaction date and related currency translation differences are realized in the consolidated statement of other comprehensive income.

When a foreign operation is disposed of, the relevant amount in the translation reserve is transferred to the consolidated statement of profit or loss as part of the profit or loss on disposal. On the partial disposal (without loss of control) of a subsidiary that includes a foreign operation, the relevant proportion of such cumulative amount is reattributed to non-controlling interest.

Foreign exchange gains or losses arising from a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely to occur in the foreseeable future and which in substance is considered to form part of the net investment in the foreign operation, are recognized in the foreign exchange translation reserve via other comprehensive income.

Property, plant and equipment

Recognition and measurement
Items of property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any, in accordance with requirements of IAS 16 *'Property, plant and equipment'*.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and borrowing costs on qualifying assets. When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

Gains and losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amount of property and equipment, and are recognized in the consolidated statement of profit or loss.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Property, plant and equipment (continued)

Recognition and measurement (continued)

Subsequent costs
The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in the consolidated statement of profit or loss as incurred.

Depreciation
Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is recognized in the consolidated statement of profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property and equipment. Leased assets, development cost of leasehold land and building on leasehold land are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted, if appropriate.

The estimated useful lives are as follows:

Buildings	Shorter of lease / concession period or 10 – 40 years
Leasehold improvements	Shorter of lease / concession period or 10 – 40 years
Plant and equipment	Shorter of lease / concession period or 5 – 20 years
Desalination Plant	Shorter of lease / 40 years
Machinery and equipment	2 – 25 years
Motor vehicles	5 – 10 years
Fixtures and furnishing	5 – 10 years
Computers and equipment	2 - 5 years

Capital work-in-progress
Capital work-in-progress are carried at cost less any recognized impairment loss. When the assets are ready for intended use, the capital work in progress is transferred to the appropriate property, plant and equipment category and is accounted for in accordance with the Group's policies

Intangible assets
Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated Intangible assets, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in consolidated statement of profit or loss in the period in which the expenditure is incurred. The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss in the expense category that is consistent with the function of the intangible assets.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Intangible assets (continued)
Intangible assets with indefinite useful lives (goodwill) are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Port concession rights
The Group's port terminal operations at Jeddah Islamic Port are conducted pursuant to long-term concession arrangement, whereby the grantor has contracted with the Group, as operator, to develop (or upgrade) operate and maintain the concession assets and as operator charge users for services rendered. The Group recognises port concession rights arising from a service concession arrangement, in which the public sector ("the grantor") controls or regulates the services provided, the prices charged and controls any significant residual interest in the infrastructure such as property and equipment if the infrastructure is existing infrastructure of the grantor or the infrastructure is constructed or purchased by the Group as part of service concession arrangement.

The Group recognises intangible asset arising from service concession arrangement when it has a right to charge for use of the concession infrastructure. Intangible asset received as consideration for providing construction or upgrade services in a service concession arrangement is measured at fair value on initial recognition with reference to the fair value of the services provided. The port concession rights include all costs incurred towards construction of the concession asset that are expected to contribute, directly or indirectly, to generating concession revenues. Any amounts paid by the operator to the grantor as a consideration for obtaining the rights relating to concession arrangements, that are substantially fixed, are accounted as part of service concession asset. Concession asset also include certain property, plant and equipment contributed by the Group in accordance with IFRIC 12 requirements.

The estimated useful life of an intangible asset in a service concession arrangement is the period from when the Group is able to charge the public for the use of the infrastructure to the end of the concession period which is 30 years or life of the underlying assets, whichever is shorter

The Group recognises an intangible asset arising from a service concession arrangement when it has a right to charge for use of the concession infrastructure. An intangible asset received as consideration for providing construction or upgrade services in a service concession arrangement is measured at fair value on initial recognition with reference to the fair value of the services provided.

Gains or losses arising from de-recognition of service concession assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the consolidated statement of profit or loss when the asset is derecognised.

Intangible assets related to fixed and guaranteed variable fee
Service concession arrangements, where: (a) the grantor controls or regulates what services the entities in the Group can provide with the infrastructure, to whom it can provide them, and at what price; and (b) the grantor controls (through ownership, beneficial entitlement or otherwise) any significant residual interest in the infrastructure at the end of the term of the arrangement. The Group is required to pay various fees under New Concession Agreement and is accounted for under *IFRIC 12 - Service Concession Arrangements*. Out of the total fee, the fixed and guaranteed variable fee, the deferment of which is beyond the Group's control, are classified as "Intangible assets".

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Intangible assets (continued)

***Intangible assets related to fixed and guaranteed variable fee* (continued)**
Such intangible assets are initially measured at the fair value of the fixed and guaranteed variable fee to be paid to the grantor and a corresponding financial liability is recorded in accordance with ***IFRS 9 "Financial instruments"***. The cost of intangible assets includes the present value of the fixed and guaranteed variable fee (as defined in the New Concession Agreement) payable to the grantor over the terms of the agreement. All other variable fee is charged to consolidated statement of profit or loss as and when incurred.

Subsequently, these intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Amortization is computed using the expected pattern of the usage of the underlying intangible assets over life of the New Concession Agreement in term of containers handling. In addition, at the end of each reporting period it is assessed if there is an indication that the intangible asset may be impaired. If any such indication exists, the Group estimates the recoverable amount of the intangible asset.

The concession right is derecognized on disposal or when no future economic benefits are expected from its use or disposal. Gain or loss from derecognition of the port concession right is measured as the difference between the net disposal proceeds and the carrying amount of the asset and is recognized in the consolidated statement of profit or loss.

Other intangible assets
Other intangible assets, including software and development and success fees, that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in the consolidated statement of profit or loss as incurred.

Amortisation is calculated over the cost of the asset, or other amount substituted for cost, less its residual value. The estimated useful lives of software is from 2 to 5 years and development and success fees is based on the concession period.

Investment properties

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are measured initially at cost, including transaction costs. Subsequently investment properties are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing parts of the investment properties and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of investment properties are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly. All repairs and maintenance costs are recognised in the consolidated statement of profit or loss as incurred.

Investment properties are derecognised either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Realized gains or losses on disposal of investment properties, representing the difference between the net disposal proceeds and the carrying amount, are included in statement of profit or loss in the period in which they arise.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Investment properties (continued)

Transfers are made to (or from) investment properties only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the depreciated value at the date of change.

Depreciation is calculated on a straight-line basis over the estimated useful lives is either on lease term or 30 years whichever is shorter.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee
The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets
The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use).

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. Refer to the accounting policies in section.

The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

ii) Lease liabilities
At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The lease liabilities are presented as a separate line in the consolidated statement of financial position.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Leases (continued)

***Group as a lessee* (continued)**

Short-term leases and leases of low-value assets
Short-term leases are leases with a lease term of 12 months or less. Low value assets are items that do not meet the Group's capitalisation threshold and are considered to be insignificant for the consolidated statement of financial position for the Group as a whole. Payments for short-term leases and leases of low value assets are recognised on a straight-line basis in the consolidated statement of profit or loss.

Group as a lessor
At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. When the Group act as lessor, it determines at lease inception whether each lease is a finance lease or operating lease. Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. If this is not the case then the lease is classified as finance lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. The Group recognized lease payments received under the operating leases as income on a straight-line basis over the lease term. Contingent rents are recognised as revenue in the period in which they are earned.

Investment in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control over those policies.

The considerations made in determining significant influence control are similar to those necessary to determine control over subsidiaries. The Group's investments in its associates are accounted for using the equity method.

Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associates is included in the carrying amount of the investment and is not tested for impairment separately.

The consolidated statement of profit or loss reflects the Group's share of the results of operations of the associates. Any change in OCI of those investees is presented as part of the Group's other comprehensive income ("OCI"). In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in shareholders' equity. Unrealised gains and losses resulting from transactions between the Group and the associates are eliminated to the extent of the interest in the associate.

The aggregate of the Group's share of profit or loss of an associate is shown on the face of the consolidated statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the associates.

The financial statements of the associates are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

When the Group's share of losses exceeds its interest in associates, the carrying amount of that interest, including any long- term investments, is reduced to nil, and the recognition of further losses is discontinued except to the extent that the Group has a corresponding legal or constructive obligation.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Investment in associates (continued)

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associates. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognises the loss within 'Share of profit/loss of an associate' in the consolidated statement of profit or loss.

Upon loss of significant influence over the associate, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognized in profit or loss.

Dividend from such investments is recognised when received and is credited to the investment account.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

i) Financial assets

Initial recognition and measurement
Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade and other receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade and other receivables that do not contain a significant financing component or which have a maturity of less than 12 months are measured at the transaction price as per IFRS 15. Refer section revenue from contracts with customers

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that Group commits to purchase or sell the asset.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial instruments (continued)

i) Financial assets (continued)

Subsequent measurement
For purposes of subsequent measurement, financial assets are classified in following categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments)
Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognised in consolidated statement of profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost includes trade and other receivables.

Financial assets at fair value through OCI (debt instruments)
For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the consolidated statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

Currently, the Group does not have any financial assets at fair value through OCI.

Financial assets designated at fair value through OCI (equity instruments)
Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under *IAS 32 Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

Financial assets at Fair value through OCI comprise of equity investment in shares of Growth Gate Capital Corporation B.S.C (a company based in Bahrain) (note 11).

Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separate embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch. Financial assets at fair value through profit or loss are carried in the consolidated statement of financial position at fair value with net changes in fair value recognised in the consolidated statement of profit or loss.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial instruments (continued)

ii) Financial assets (continued)

Subsequent measurement (continued)

Business model assessment
The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to the management.

Reclassification
When and only when, an entity changes its business model for managing financial assets it shall reclassify all affected financial assets in accordance with the above-mentioned classification requirements.

Derecognition
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

ii) Financial liabilities

Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, borrowings, payables, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of payables, net of directly attributable transaction costs. The Group's financial liabilities include trade payable, due to related parties and other liabilities.

Subsequent measurement
The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at amortised cost
Significant financial liabilities of the Group include due to related parties and other liabilities. These financial liabilities are initially measured at fair value and subsequently at amortized cost using the effective interest method.

Derecognition
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the consolidated statement of profit or loss.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial instruments (continued)

iii) Offsetting of financial instruments
Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Impairment of financial and non-financial assets

Impairment of financial assets
The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are past due depending upon the contracted credit period. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Non-financial assets
The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or cash generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax and income tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

Impairment losses are recognised in the consolidated statement of profit or loss in expense categories consistent with the function of the impaired asset.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Impairment of financial and non-financial assets (continued)

Non-financial assets (continued)
For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods

Inventories
Inventories represent spare parts and other supplies. These are measured at lower of cost and net realisable value. The cost of inventories is principally based on the weighted average principle, and includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make the sale. The Group recognizes an allowance for inventory losses due to factors such as obsolescence, technical faults, physical damage etc.

Cash and cash equivalents
Cash and cash equivalents in the consolidated statement of financial position comprise cash on hand, cash at banks and other short-term highly liquid deposits / investments with original maturities of three month or less, if any, which are available to the Group without any restrictions. For the purpose of the consolidated statement of financial position, cash and bank balances consist of cash on hand, bank balances and murabaha deposits.

Provisions
Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the consolidated statement of profit or loss and other comprehensive income net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Employee benefits
Short-term employee benefits
Short-term employee benefits are expensed as the related services are provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Employee benefits (continued)

Post-employment benefits
The Group operates a single post-employment benefit scheme of defined benefit plan driven by the labor laws and workman laws of the Kingdom of Saudi Arabia which is based on most recent salary and number of service years.

The post-employment benefit plan is not funded. The liability in respect of defined benefit plan is recognised in the consolidated statement of financial position at the present value of the defined benefit obligation at the reporting date. The present value of the defined benefit obligation is determined by discounting the estimated future payments by reference to market yields at the reporting date on high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related defined benefit liability. The Group uses projected unit credit method.

Actuarial gains and losses, if any, are recorded in the profit or loss within the consolidated statement of profit or loss and other comprehensive income in the period in which they occur.

Changes in the present value of the defined benefit obligations resulting from plan amendments or curtailments are recognised immediately in consolidated statement of profit or loss and other comprehensive income as past service costs. End of service payments are based on employees' final salaries and allowances and their cumulative years of service, as stated in the labor law of Saudi Arabia.

Cash dividend and non-cash distribution
The Group recognises a liability to pay a dividend when the distribution is authorised and no longer at the discretion of the Group. As per the by-laws of the Group, a distribution is authorised when it is approved by the shareholders. Interim dividends are recorded as liability in the period in which they are approved by the Board of Directors. Final dividends are recorded in the period in which they are approved by the shareholders. A corresponding amount is recognised directly in shareholders' equity.

Non-cash distributions are measured at the fair value of the assets to be distributed with fair value re-measurement recognised directly in shareholders' equity.

Upon distribution of non-cash assets, any difference between the carrying amount of the liability and the carrying amount of the assets distributed is recognised in the consolidated statement of profit or loss.

Revenue

The Group through its subsidiaries, jointly controlled entity and associates is engaged in the following businesses:

- Development, construction, operation and maintenance of container terminals and excavation and back filling works.
- Management and operation of storage and re-export project situated on the land leased from Jeddah Islamic Port.
- Water desalination and treatment plant and sale of water.

The Group generally recognizes revenue at a point in time except for lease rental revenue which is recognized on time proportionate basis over future periods. The Group transfers control and recognizes a sale when the product is delivered to the customer, for the majority of the revenue contracts. Management uses an observable price to determine the stand-alone selling price for separate performance obligations or a cost-plus margin approach when one is not available.

If a contract is separated into more than one performance obligation, the total transaction price is allocated to each performance obligation in an amount based on the estimated relative standalone selling prices of the promised goods or services underlying each performance obligation. The Group sells standard products with observable standalone sales with single performance obligation.

4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Revenue (continued)

Cash received in advance of revenue being recognized is classified as current deferred / unearned revenue, except for the portion expected to be settled beyond 12 months of the consolidated statement of financial position date, which is classified as non-current deferred revenue.

Revenue is measured at the amount of consideration the Group expects to receive in exchange for transferring goods or providing services. Sales, value add, and other taxes collected concurrent with revenue-producing activities are excluded from revenue. The Group does not have any material significant payment terms as payment is received in advance, at or shortly after the point of sale.

Sale of goods
Revenue from sale of goods is recognised at the point in time when control of the goods is transferred to the customer, generally on delivery of the goods. The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for the sale of goods, the Group considers the effects of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to the customer (if any).

Rendering of services
The Group is involved in the provision of operational services in relation to its port operations, as well as provision of logistical and maintenance services. If the services under a single arrangement are rendered in different reporting periods, then the consideration is allocated on a relative fair value basis between the different services. The Group recognises revenue from rendering of services based on the assessment of the work performed / completed (i.e. delivered and acknowledged / accepted) under the contractual obligation undertaken to be performed as per the work order / contract / sales order.

Construction and upgrade services
Revenue related to construction or upgrade services under a service concession arrangement is recognised over time, consistent with the Group's accounting policy on recognising revenue on construction contracts. Operations or service revenue is recognized in the period in which the services are provided by the Group. If the service concession arrangement contains more than one performance obligation, then the consideration received is allocated with reference to the relative stand-alone selling prices of the services delivered.

Rental revenue
Revenue from investment properties is recognized on a straight-line basis over respective lease periods. Lease revenue relating to subsequent years is deferred and recognised as income over future periods. Lease incentives granted are recognised as an integral part of the total rental, over the term of the lease.

Volume rebates
The Group provides volume rebates to certain customers once their purchase during the period exceeds a threshold specified in the contract. To estimate the variable consideration for the expected future rebates, the Group applies the most likely amount method as the selected method better predicts the amount of variable consideration driven by customers' rebate entitlements based on volume thresholds and purchase made by them during the period.

Expenses

Direct cost
Direct cost represents all expenses directly attributable or incidental to the core operating activities of the Group including but not limited to: depreciation of property, plant and equipment, amortization of Intangible assets, directly attributable employee related costs etc.

4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Expenses (continued)

Selling and distribution expenses
These include any costs incurred to carry out or facilitate selling activities of the Group. These costs typically include salaries of the sales staff, marketing, distribution and logistics expenses. These also include allocations of certain general overheads.

General and administrative expenses
These pertain to operation expenses which are not directly related to the production of any goods or services. These also include allocations of general overheads which are not specifically attributed to direct cost or selling and distribution expenses.

Allocation of overheads between cost of revenue, selling and distribution expenses, and general and administration expenses, where required, is made on a consistent basis.

Finance costs and finance income
Finance costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Finance costs comprise of interest expense on loans, bank facilities and lease liabilities unwinding of the discount on long-term provisions and obligation under service concession agreements. Finance income comprises interest income on funds invested. Interest income is recognised as it accrues in consolidated statement of profit or loss, using the effective interest method.

Zakat and taxation

Zakat
The Group is subject to Zakat in accordance with the regulations of the Zakat, Customs and Tax Authority ("ZATCA"). Provision for Zakat for the Group and Zakat related to the Group's ownership in the Saudi Arabian subsidiaries is charged to the consolidated statement of profit or loss.

Current income tax
Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid for the current year to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted at the reporting date in the Kingdom of Saudi Arabia.

Deferred income tax
Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Zakat and taxation (continued)

Deferred income tax (continued)

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the brought forward unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised

The carrying amount of deferred tax asset is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in shareholders' equity.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Withholding tax
The Group companies withhold taxes on transactions with non-resident parties and on dividends paid to foreign shareholders in accordance with ZATCA regulations, which is not recognized as an expense being the obligation of the counter party on whose behalf the amounts are withheld.

Value added tax (VAT)
Expenses and assets are recognised net of the amount of VAT, except when the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable.

4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Zakat and taxation (continued)

Segment reporting

Business segment is group of assets, operations or entities:

- engaged in business activities from which it may earn revenue and incur expenses including revenues and expenses that relate to transactions with any of the Group's other components;
- the results of its operations are continuously analyzed by Group's Chief Operating Decision Maker (CODM) in order to make decisions related to resource allocation and performance assessment; and
- for which financial information is discretely available.

Segment results that are reported to the CODM include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

A geographical segment is group of assets, operations or entities engaged in revenue producing activities within a particular economic environment that are subject to risks and returns different from those operating in other economic environments.

For management purposes, the Group is organised into business units based on its products and services and has three reportable segments, as follows:

- Port development and operations
- Logistic parks and support services
- Water desalination and distribution

5 NEW AND AMENDED STANDARDS AND INTERPRETATIONS

(a) New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of these consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2023, except for the adoption of new standards effective as of 1 January 2024. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Several amendments apply for the first time in 2024, but do not have an impact on the consolidated financial statements of the Group.

Standard/ Interpretation	*Description*	*Effective from periods beginning on or after the following date*
Amendment to IFRS 16, lease liability in a sale and leaseback	Lease liability in a sale and leaseback amends IFRS 16 by adding subsequent measurement requirements for sale and leaseback transactions.	1 January 2024
Amendments to IAS 1, Non-current liabilities with Covenants	These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions.	1 January 2024
Amendments to IAS 7 and IFRS 7 on supplier finance arrangements	These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on a company's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis.	1 January 2024

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

5 NEW AND AMENDED STANDARDS AND INTERPRETATIONS (continued)

(b) New standards and interpretations not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's consolidated financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

Standard/ Interpretation	*Description*	*Effective from periods beginning on or after the following date*
Amendment to IAS 21 - Lack of exchangeability	IASB amended IAS 21 to add requirements to help in determining whether a currency is exchangeable into another currency, and the spot exchange rate to use when it is not exchangeable. Amendment set out a framework under which the spot exchange rate at the measurement date could be determined using an observable exchange rate without adjustment or another estimation technique.	1 January 2025
Amendments to IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Partial gain or loss recognition for transactions between an investor and its associate or joint venture only apply to the gain or loss resulting from the sale or contribution of assets that do not constitute a business as defined in IFRS 3 Business Combinations and the gain or loss resulting from the sale or contribution to an associate or a joint venture of assets that constitute a business as defined in IFRS 3 is recognized in full.	Effective date deferred indefinitely
Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures	Under the amendments, certain financial assets including those with ESG-linked features could now meet the SPPI criterion, provided that their cash flows are not significantly different from an identical financial asset without such a feature. The IASB has amended IFRS 9 to clarify when a financial asset or a financial liability is recognized and derecognized and to provide an exception for certain financial liabilities settled using an electronic payment system.	1 January 2026
IFRS 18 - presentation and disclosure in financial statements	IFRS 18 provides guidance on items in statement of profit or loss classified into five categories: operating; investing; financing; income taxes and discontinued operations It defines a subset of measures related to an entity's financial performance as 'management-defined performance measures' ('MPMs'). The totals, subtotals and line items presented in the primary financial statements and items disclosed in the notes need to be described in a way that represents the characteristics of the item. It requires foreign exchange differences to be classified in the same category as the income and expenses from the items that resulted in the foreign exchange differences.	1 January 2027
IFRS 19, Subsidiaries without Public Accountability: Disclosures	IFRS 19 allows eligible subsidiaries to apply IFRS Accounting Standards with the reduced disclosure requirements of IFRS 19. A subsidiary may choose to apply the new standard in its consolidated, separate or individual financial statements provided that, at the reporting date it does not have public accountability, and its parent produces consolidated financial statements under IFRS Accounting Standards.	1 January 2027

6. PROPERTY, PLANT AND EQUIPMENT

31 December 2024	*Land SR*	*Leasehold improvements SR*	*Buildings on leasehold land SR*	*Motor vehicles & tankers SR*	*Tools & equipment's SR*	*Furniture & fixtures SR*	*Computers SR*	*Desalination plants SR*	*Total SR*
Cost									
At the beginning of the year	66,808,150	57,071,570	21,472,720	20,554,606	72,974,549	40,989,645	21,239,991	368,568,159	669,679,390
Additions during the year	-	2,814,362	-	345,469	297,460	2,467,765	858,820	4,797,842	11,581,718
Disposals during the year	-	-	-	(3,076,762)	(1,892,580)	(1,102,670)	(73,430)	(1,742,307)	(7,887,749)
Transfers from capital work in progress (note 7)	-	-	-	-	-	963,514	887,185	2,133,402	3,984,101
At the end of the year	66,808,150	59,885,932	21,472,720	17,823,313	71,379,429	43,318,254	22,912,566	373,757,096	677,357,460
Accumulated depreciation									
At the beginning of the year	-	22,698,137	9,099,788	16,856,507	51,287,398	29,731,184	15,216,960	267,910,119	412,800,093
Charge for the year	-	8,865,745	950,507	847,606	2,213,302	4,564,526	3,087,192	6,253,327	26,782,205
Disposals during the year	-	-	-	(2,888,864)	(1,876,507)	(1,074,936)	(73,332)	(1,435,081)	(7,348,720)
At the end of the year	-	31,563,882	10,050,295	14,815,249	51,624,193	33,220,774	18,230,820	272,728,365	432,233,578
Net book value									
As at 31 December 2024	66,808,150	28,322,050	11,422,425	3,008,064	19,755,236	10,097,480	4,681,746	101,028,731	245,123,882

6. PROPERTY, PLANT AND EQUIPMENT (continued)

31 December 2024	*Land* SR	*Leasehold improvements* SR	*Buildings on leasehold land* SR	*Motor vehicles & tankers* SR	*Tools & equipment's* SR	*Furniture & fixtures* SR	*Computers* SR	*Desalination plants* SR	*31 December 2023* SR
Cost									
At the beginning of the year	66,808,150	49,843,454	21,472,720	20,420,367	75,094,061	36,684,373	19,517,449	359,200,886	649,041,460
Additions during the year	-	1,182,523	-	329,539	571,363	2,212,168	1,810,750	4,779,684	10,886,027
Disposals during the year	-	(286,562)	-	(195,300)	(2,690,875)	(134,150)	(116,960)	-	(3,423,847)
Transfers from capital work in progress (note 7)	-	6,332,155	-	-	-	2,227,254	28,752	4,587,589	13,175,750
At the end of the year	66,808,150	57,071,570	21,472,720	20,554,606	72,974,549	40,989,645	21,239,991	368,568,159	669,679,390
Accumulated depreciation									
At the beginning of the year	-	17,777,738	8,149,282	15,930,718	50,648,984	26,768,342	11,994,692	260,532,647	391,802,403
Charge for the year	-	5,675,908	950,506	1,115,705	3,145,853	3,799,475	3,304,296	6,157,303	24,149,046
Disposals during the year	-	(269,604)	-	(189,916)	(2,507,437)	(102,362)	(82,030)	-	(3,151,349)
At the end of the year	-	23,184,042	9,099,788	16,856,507	51,287,400	30,465,455	15,216,958	266,689,950	412,800,100
Net book value									
As at 31 December 2023	66,808,150	33,887,528	12,372,932	3,698,099	21,687,149	10,524,190	6,023,033	101,878,209	256,879,290

6. PROPERTY, PLANT AND EQUIPMENT (continued)

	2024 *SR*	*2023* *SR*
Property, plant and equipment (note (i))	**178,921,899**	176,595,092
Property and equipment – port terminal operations (note (ii))	**43,781,817**	56,413,173
Property and equipment of bonded and re-export project (note (iii))	**22,420,166**	23,871,025
	245,123,882	256,879,290

i) The desalination plant and filling stations are situated on land leased from the Saudi Port Authority.

ii) The Group's property and equipment port terminal operations has been pledged against the Ijara facility (note 20).

iii) 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.

iv) Depreciation charge for the year has been allocated as follows:

	2024 *SR*	*2023* *SR*
Direct costs	**10,693,061**	13,768,437
Selling and distribution expenses (note 28)	**364,923**	1,499,914
General and administrative expenses (note 29)	**15,724,221**	8,880,695
	26,782,205	24,149,046

7. WORK IN PROGRESS ASSETS

Work in progress assets mainly comprise of Jeddah Logistic Park Projects and work in progress in respect of port terminal operations. 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.

The movement in the work in progress assets is summarized below:

	2024 *SR*	*2023* *SR*
At the beginning of the year	**203,734,674**	317,731,977
Additions during the year	**93,817,255**	616,862,934
Transfer to property and equipment (note 6)	**(3,984,101)**	(13,175,750)
Transfer to intangible assets - port concession rights and assets (note 8.1)	**(70,733,207)**	(576,923,449)
Transfer to investment properties (note 9)	**(95,361,244)**	(140,528,150)
Transfer to intangibles software (note 8.3)	**(62,325)**	(232,888)
Write off during the year	**(1,804,140)**	-
At the end of the year	**125,606,912**	203,734,674

7. WORK IN PROGRESS ASSETS (continued)

As at reporting date, work in progress assets include investment properties and expansion work on container terminal amounting to SR 100.3 million and SR 19.9 million respectively (31 December 2023: SR 162.9 million and 30 million respectively).

During the year ended 31 December 2024, borrowing costs amounting SR 3.4 million (31 December 2023: SR 2.5 million) were capitalized into in work in progress assets.

Work in progress assets include contract assets amounting to SR 18.62 million (2023: SR 30.8 million) which represents the amounts incurred by the Group for the consolidation and expansion work on container terminal under the New Service Concession Agreement. During the year, addition to work in progress contract assets amounted to SR 53.42 million (2023: SR 508.6 million) and capitalization from contract asset to intangible assets - port concession rights amounted to SR 64.71 million (2023: SR 576.9 million).

8. INTANGIBLE ASSETS

Intangible assets comprise of the following:

	2024 *SR*	*2023* *SR*
Port concession rights and assets (note 8.1)	**2,024,239,375**	2,073,666,184
Intangible assets related to fixed and guaranteed variable fee (note 8.2)	**1,555,883,680**	1,411,674,556
Other intangible assets (note 8.3)	**2,666,114**	1,446,869
	3,582,789,169	3,486,787,609

Tusdeer, a subsidiary of the Group, had entered into a Build-Operate-Transfer (the "BOT Agreement") 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 BOT Agreement was, subsequently, novated by Tusdeer to RSGT another subsidiary of the Group, effective from 22 Shawal 1428H (corresponding to 3 November 2007). The period of the BOT 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, update and 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 this date and has an option to renew the term before the expiry based on mutual agreement.

As per the New Concession Agreement there is no explicit requirement to replace the concession assets, however, there is a requirement of serviceability for 4 years at the end of the arrangement. Under the terms of the Concession, MAWANI stipulates the tariffs to be applied by the Operator when providing services and has the right to review the published tariff structure. The Group has a 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.

The New Concession Agreement stipulates payment of the fixed and guaranteed variable fees to the Grantor on the specified rates over the life of the agreement. These fees have been recorded as intangible asset at the present value under the guidance of IFRIC 12 '*Service Concession Arrangements*' (IFRIC 12), with a corresponding liability recognized as obligation. All other variable fees under the New Concession Agreement are charged to consolidated statement of profit or loss as and when incurred.

Further, RSPDI, a subsidiary of the Group, has entered into an Equip-Operate and Transfer (the "EOT Agreement") agreement on 6 December 2023 with Chittagong Port Authority ("CPA" or the "grantor") for the upgrading and operating of a Patenga Container Terminal ("PCT") at the Bangladesh's primary port. The agreement is novated to RSGT Bangladesh Limited ("RSGTB"), a subsidiary of the Group. Under the EOT Agreement, RSGTB will develop and operate a 500,000 Twenty Foot Equivalent Unit ('TEU') container terminal facility.

8. INTANGIBLE ASSETS (continued)

The period of the EOT Agreement is for 22 years, effective from 11 June 2024 (the effective date) and has an option to renew the term before the expiry based on mutual agreement. As per the EOT Agreement, there is no explicit requirement to replace the concession assets. Under the terms of the EOT Agreement, CPA stipulates the tariffs to be applied by the Operator when providing services and has the right to review the published tariff structure. The Group subsidiary has a right to charge users of the port for services provided in accordance with the EOT Agreement.

The EOT Agreement stipulates payment of upfront fee, the fixed and guaranteed variable fees on the specified rates over the life of the agreement. These fees have been recorded as intangible asset at the present value under the guidance of IFRIC 12 'Service Concession Arrangements', with a corresponding liability recognized as obligation. All other variable fees under the EOT Agreement are charged to consolidated statement of profit or loss as and when incurred

8.1 Port concession rights and assets

The movement in port concession rights is as follows:

	2024 *SR*	*2023* *SR*
Cost		
At the beginning of the year	**3,225,437,075**	2,605,576,600
Additions	**24,908,833**	43,154,326
Transfer from work in progress assets (note 7)	**70,733,207**	576,923,449
Disposals	**(1,272,650)**	(217,300)
At the end of the year	**3,319,806,465**	3,225,437,075
Amortization		
At the beginning of the year	**1,151,770,891**	1,043,316,703
Charge for the year	**145,068,849**	108,524,570
On disposals	**(1,272,650)**	(70,382)
At the end of the year	**1,295,567,090**	1,151,770,891
Net book value	**2,024,239,375**	2,073,666,184

Amortization charged is included in the direct costs.

8. INTANGIBLE ASSETS (continued)

8.2 Intangible assets related to fixed and guaranteed variable fees

	2024 *SR*	*2023* *SR*
Cost		
At the beginning of the year	**1,534,457,606**	1,534,457,606
Additions	**108,324,327**	-
Change due to modification in fixed and guaranteed variable fee	**72,254,811**	-
	1,715,036,744	1,534,457,606
Accumulated amortization		
At the beginning of the year	**122,783,050**	88,342,832
Charge for the year	**36,370,014**	34,440,218
At the end of the year	**159,153,064**	122,783,050
Net book value	**1,555,883,680**	1,411,674,556

As per the New Concession Agreement of RSGT, the Grantor and the Operator agreed to revise the fixed and guaranteed variable fee payable to the Grantor due to amendment in the land area and change in tariffs charged to the customers. This resulted in a change in obligation under the Service Concession Agreement, discounted at the appropriate weighted average cost of capital, and adjusted the corresponding carrying value of the intangible assets related to fixed and guaranteed variable fee.

8.3 Other intangible assets

Other intangible assets comprise of computer software and software licenses used by the Group companies to manage their financial and operational activities. The movement in other intangible assets is as follows:

	2024 *SR*	*2023* *SR*
Cost		
At the beginning of the year	**26,470,917**	27,627,435
Additions during the year	**2,171,836**	339,813
Transfers from capital work-in-progress (note 7)	**62,325**	232,888
Disposals	-	(1,729,219)
At the end of the year	**28,705,078**	26,470,917
Amortization		
At the beginning of the year	**25,024,048**	25,278,365
On disposals	-	(1,729,219)
Charge for the year	**1,014,916**	1,474,902
At the end of the year	**26,038,964**	25,024,048
Net book value	**2,666,114**	1,446,869

8. INTANGIBLE ASSETS (continued)

8.3 Other intangible assets

Amortization charge for the year has been allocated as follows:

	2024 SR	*2023 SR*
Selling and distribution expenses (note 28)	-	6,854
General and administrative expenses (note 29)	**1,014,916**	1,468,048
	1,014,916	1,474,902

9. INVESTMENT PROPERTIES

The movement in investment property is as follows:

	Leasehold land SR	*Leasehold improvements SR*	*Buildings on leasehold land SR*	*31 December 2024 SR*	*31 December 2023 SR*
Cost					
At the beginning of the year	63,851,155	114,639,794	274,500,990	**452,991,939**	314,408,430
Transfers from capital work-in-progress (note 7)	-	18,388,264	76,972,980	**95,361,244**	140,528,150
Disposals	-	-	-	-	(3,003,008)
Additions during the year	-	166,450	1,388,253	**1,554,703**	1,058,367
At the end of the year	63,851,155	133,194,508	352,862,223	**549,907,886**	452,991,939
Accumulated depreciation					
At the beginning of the year	16,994,606	56,474,291	90,903,852	**164,372,749**	150,576,705
Depreciation for the year (capitalized in work in progress assets)	351,918	-	-	**351,918**	350,956
Charge for the year	2,226,649	4,416,112	15,277,849	**21,920,610**	16,448,095
On disposals	-	-	-	-	(3,003,007)
At the end of the year	19,573,173	60,890,403	106,181,701	**186,645,277**	164,372,749
Net book value:	**44,277,982**	**72,304,105**	**246,680,522**	**363,262,609**	288,619,190

9.1 Depreciation charge for the year has been allocated to direct cost.

9.2 Investment properties represent warehouses rented to customers for storage and warehousing purposes, for a minimum period of 12 months.

9.3 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. The fair value of the investment properties is valued at SR 598.1 million (2023: SR 468.7 million) by MAS Unified Valuation Company (2023: Advisory Corp), licensed by "Saudi Authority for Accredited Valuers". The fair value for all of the investment properties is categorised as a Level 3 fair value. Discounted Cash flow method is used to measure the fair value of these properties using forecasted cashflows of these investment properties and related weighted average cost of Capital.

10. EQUITY ACCOUNTED INVESTEES

	2024 *SR*	*2023* *SR*
As at 1 January	**263,225,190**	251,827,074
Investment during the year	**8,080,676**	6,359,960
Share in results of associates, net	**6,913,696**	30,503,809
Share of actuarial losses of associates recognized in OCI	**236,424**	(503,360)
Share of effective portion of changes in fair value of cash flow hedges	**7,213,609**	57,136
Dividend received during the year	**(32,315,103)**	(25,019,429)
Liquidation proceeds received during the year (note b)		-
	(1,289,690)	-
As at 31 December	**252,064,802**	263,225,190

10.1 The investment in associates comprise the following as at reporting date:

	Principal activity	*Country of incorporation*	*Effective shareholding percentage*		*Carrying amount*	
			2024	*2023*	*2024* *SR*	*2023* *SR*
International Water Distribution Company Limited (note a)	Water/waste works, water treatment and lease of water equipment	Kingdom of Saudi Arabia	**50%**	50%	**149,485,613**	141,840,731
Saudi Water and Environmental Services Company (note b)	Electrical, water and mechanical works and related operation and maintenance	Kingdom of Saudi Arabia	-	31.85%	-	1,740,810
Saudi AlJabr Talke Company Limited (note c)	Contracting, construction, operation and maintenance of factories and warehouses	Kingdom of Saudi Arabia	**33.3%**	33.3%	**58,610,319**	66,188,268
Xenmet SA, Vaduz (note d)	Trading, storage and brokerage of commodities	Principality of Liechtenstein	**19%**	19%	**2,508,658**	2,653,107
Green Dome Holdings Limited (note e)	Investment and management of companies providing logistic services	United Arab Emirates	**31.67%**	31.67%	**41,460,212**	50,802,274
					252,064,802	263,225,190

10. EQUITY-ACCOUNTED INVESTEE (continued)

The movement during the year in the equity accounted investees is as follows:

	International Water Distribution Company Limited SR	*Saudi Water and Environmental Services Company* SR	*Saudi AlJabr Talke Company Limited* SR	*Xenmet SA, Vaduz* SR	*Green Dome Holdings Limited* SR	*Total* SR
31 December 2024						
As at 1 January	**141,840,731**	**1,740,810**	**66,188,268**	**2,653,107**	**50,802,274**	**263,225,190**
Investment during the year	-	-	-	-	**8,080,676**	**8,080,676**
Share in results of associates, net	**425,347**	**(451,120)**	**23,100,406**	**1,261,801**	**(17,422,738)**	**6,913,696**
Share of actuarial gains of associates recognized in OCI	**5,926**	-	**230,498**	-	-	**236,424**
Share of effective portion of changes in fair value of cash flow hedges	**7,213,609**	-	-	-	-	**7,213,609**
Dividend received during the year	-	-	**(30,908,853)**	**(1,406,250)**	-	**(32,315,103)**
Liquidation proceeds received (note b)	-	**(1,289,690)**	-	-	-	**(1,289,690)**
As at 31 December	**149,485,613**	-	**58,610,319**	**2,508,658**	**41,460,212**	**252,064,802**
31 December 2023						
As at 1 January	139,113,597	1,740,810	60,599,624	3,081,329	47,291,714	251,827,074
Investment during the year	-	-	-	-	6,359,960	6,359,960
Share in results of associates, net	10,244,170	-	22,131,011	978,028	(2,849,400)	30,503,809
Share of actuarial losses of associates recognized in OCI	(574,172)	-	70,812	-	-	(503,360)
Share of effective portion of changes in fair value of cash flow hedges	57,136	-	-	-	-	57,136
Dividend received during the year	(7,000,000)	-	(16,613,179)	(1,406,250)	-	(25,019,429)
As at 31 December	141,840,731	1,740,810	66,188,268	2,653,107	50,802,274	263,225,190

10. EQUITY-ACCOUNTED INVESTEE (continued)

a) The Parent Company does not have any control over management and operations of International Water Distribution Company (IWD), accordingly, it is classified as joint venture and accounted for as such.

b) Saudi Water and Environmental Services Company (WESCO) was 49% owned by Kindasa Water Services Company (a subsidiary). During the year WESCO has been liquidated and distributed net assets to their shareholders.

c) Saudi Al Jabr Talke Company Limited is 33.34% owned by Sustained Infrastructure Holding Company (the Company), accordingly, it is classified as an associate.

d) 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 an associate.

e) The Parent Company does not have any direct control over management and operations of Green Dome Holdings Limited ("Green Dome") accordingly, it is classified as an associate. During the period, upon capital call, additional SR 8 million (31 December 2023: SR 6.3 million) was invested.

Summarized financial information of equity accounted investee companies is as follows:

Associates	*International Water Distribution Company Limited SR*	*Saudi Water and Environmental Services Company SR*	*Saudi AlJabr Talke Company Limited SR*	*Xenmet SA, Vaduz SR*	*Green Dome Holdings Limited SR*
31 December 2024					
Non-current assets	377,974,909	-	141,548,641	2,305,621	28,431,771
Current assets	245,096,024	-	202,692,015	1,189,282	19,726,713
Non-current liabilities	(44,889,083)	-	(127,251,481)	-	(4,553,255)
Current liabilities	(280,024,498)	-	(64,945,871)	(869,494)	(11,028,207)
Net assets	298,157,352	-	152,043,304	2,625,409	32,577,022
Revenue	777,361,495	23,888	327,312,909	860,478	163,272,894
Profit for the year	850,694	3,729	62,914,747	1,304,390	1,799,280
Other comprehensive income	14,427,217	-	691,561	-	-
Total comprehensive income	15,277,911	3,729	63,606,308	1,304,390	1,799,280
Share of OCI	7,213,609	-	230,498	-	-
Share of profit / (loss)	425,347	(451,120)	23,100,406	1,261,801	(17,422,738)
Dividend received	-	(1,289,690)	(30,908,853)	(1,406,250)	-

10. EQUITY-ACCOUNTED INVESTEE (continued)

Associates	International Water Distribution Company Limited SR	Saudi Water and Environmental Services Company SR	Al Jabr Talke Company Limited SR	Xenmet SA, Vaduz SR	Green Dome Holdings Limited SR
31 December 2023					
Non-current assets	339,939,731	-	59,830,558	6,020,419	116,206,537
Current assets	279,913,598	3,776,878	207,779,606	6,143,779	99,280,424
Non-current liabilities	(26,698,448)	-	(52,737,918)	-	(26,543,175)
Current liabilities	(315,775,825)	(83,829)	(39,210,055)	(1,950,788)	(43,313,146)
Net assets	277,379,056	3,693,049	175,662,191	10,213,410	145,630,640
Revenue	881,814,525	-	309,049,211	2,051,509	132,594,000
Profit/(loss) for the year	20,231,691	(2,889,695)	60,487,818	1,732,988	(8,820,000)
Other comprehensive income	(6,129,164)	-	212,458	-	-
Total comprehensive income	14,102,527	(2,889,695)	60,700,276	1,732,988	(8,820,000)
Share of OCI	(574,172)	-	70,812	-	-
Share of profit / (loss)	10,244,170	-	22,131,011	978,028	(2,849,400)
Dividend received	(7,000,000)	-	(16,613,179)	(1,406,250)	-

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (OCI)

Financial assets at Fair value through OCI comprise of equity investment in shares of Growth Gate Capital Corporation B.S.C (a company based in Bahrain). As of the statement of financial position date, management believes that the carrying amount of the investment approximates its fair value.

Movement in investment is as follows:

	2024 SR	*2023 SR*
At the beginning of the year	**11,586,472**	14,218,328
Changes in fair value	**(3,037,206)**	(2,631,856)
At the end of the year	**8,549,266**	11,586,472

12. GOODWILL

The Group recorded a goodwill of SR 9.3 million on 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 (2023: 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 the Board of Directors of Kindasa.

As at 31 December 2024, the carrying amount of goodwill was reviewed and no impairment was identified.

13. INVENTORIES

	2024 *SR*	*2023* *SR*
Spare parts	**37,735,765**	37,151,188
Raw materials and chemicals	**233,021**	47,989
Fuel, oil and desalinated water	**62,912**	136,425
	38,031,698	37,335,602
Less: allowance for slow moving and obsolete inventories	**(15,659,357)**	(15,286,810)
	22,372,341	22,048,792

Movement in allowance for slow moving in obsolete inventories is as follows:

	2024 *SR*	*2023* *SR*
At the beginning of the year	**15,286,810**	13,391,203
Charge for the year	**372,547**	1,895,607
At the end of the year	**15,659,357**	15,286,810

14. TRADE RECEIVABLES, PREPAYMENTS AND OTHER RECEIVABLES

	2024 *SR*	*2023* *SR*
Trade receivables, net (note 37)	**173,573,417**	124,157,411
Prepayments and other receivables	**124,901,949**	62,772,950
Margin deposits	**31,305,700**	12,968,501
Advances to suppliers	**1,476,706**	14,373,640
	331,257,772	214,272,502

15. CASH AND CASH EQUIVALENTS

	2024 *SR*	*2023* *SR*
Cash on hand	**318,749**	299,366
Cash at banks	**271,822,542**	520,738,301
Murabaha deposits	**731,550,437**	645,367,989
Cash and bank balances	**1,003,691,728**	1,166,405,656
Less: Murabaha deposits with maturities more than 90 days (note 15.2)	**(118,618,268)**	-
Cash and cash equivalent	**885,073,460**	1,166,405,656

15.1 Murabaha deposits are placed with local commercial banks. During the year, the Group earned finance income of SR 32,886,587 (2023: SR 23,744,961) at the rate of return ranging from 5.2% to 6.0% per annum (2023: 0.09% to 5.0% per annum).

15.2 Murabaha deposits with original maturities greater than 90 days are presented as short-term deposits, separately from cash and cash equivalents.

16. SHARE CAPITAL

	2024 *SR*	*2023* *SR*
Ordinary share of Saudi Riyals 10 each *	**816,000,000**	816,000,000

As at 31 December 2024, the authorized and paid up capital of the Parent Company amounting to SR 816 million (2023: SR 816 million) is divided into 81.6 million shares of SR 10 each (31 December 2023: 81.6 million shares of SR 10 each).

(*) It includes 264,502 treasury shares (31 December 2023: 264,502 treasury shares) acquired by the Company with a value of SR 6,622,592.

Dividends
On 1 Ramadan 1445H (corresponding to 11 March 2024), the Board of Directors of the Company approved and paid dividend amounting to SR 32.53 million (31 December 2023: SR 65.2 million) at SR 0.4 (2023: SR 0.8) per share.

17. STATUTORY RESERVE

The statutory reserve included in the consolidated financial statements as of 31 December 2024, and 31 December 2023 was required under the Parent Company's previous by-laws. However, following amendments to the Company's by-laws during the year ended 31 December 2023, the requirement to set aside a statutory reserve has been removed.

18. NON-CONTROLLING INTEREST

	2024 SR	2023 SR
Non -controlling interest	**929,763,542**	805,862,437

The following table summarizes the information relating to material significant Non-Controlling Interests ("NCI"), RSPD and RSPDI before any intra group eliminations:

	RSPD		RSPDI	
	2024 SR	2023 SR	2024 SR	2023 SR
Non-current assets	**3,531,935,780**	3,623,866,490	**166,232,569**	10,438,875
Current assets	**639,599,732**	690,287,371	**191,273,813**	246,419,625
Non-current liabilities	**2,496,594,377**	2,542,396,449	**48,844,301**	-
Current liabilities	**677,326,721**	692,237,034	**59,657,678**	18,336,945
Net assets – 100%	**997,614,414**	1,079,520,378	**249,004,403**	238,521,555
Carrying amount of NCI	**632,288,016**	684,181,469	**157,715,230**	159,406,545
Revenue	**1,061,073,424**	1,395,745,950	**44,617,061**	-
Profit for the year	**143,116,044**	81,582,504	**(42,529,050)**	(14,832,154)
Other Comprehensive Income ("OCI")	**(633,851)**	(4,671,975)	**(7,788,353)**	(4,759)
Total comprehensive income (100%)	**125,454,836**	76,910,529	**(50,317,403)**	(14,836,913)
Profit for the year allocated to NCI	**86,069,681**	55,861,572	**(8,957,407)**	(11,964,078)
Total comprehensive income allocated to NCI	**85,637,394**	53,313,149	**(1,842,294)**	-

19. OBLIGATION UNDER SERVICE CONCESSION AGREEMENT

Current and non-current portion of obligation under service concession agreement is as follows:

	2024 SR	2023 SR
Balance at 31 December	**1,705,053,355**	1,574,996,302
Less: current portion	**(162,744,035)**	(168,953,693)
Non-current portion (see note 8)	**1,542,309,320**	1,406,042,609

20. LONG-TERM LOANS

	2024 SR	2023 SR
Long-term loans	**1,232,149,375**	1,343,613,540
Less: current portion	**(164,180,291)**	(145,169,030)
Non-current portion	**1,067,969,084**	1,198,444,510

20. LONG-TERM LOANS (continued)

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 instalments 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 also secured against the port concession rights of RSGT (note 8.1). The loan was to be repaid in semi-annual instalments 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 of the Group. The modifications of the terms were assessed qualitatively and quantitively 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 during the year ended 31 December 2020 on the effective date of the modification of the terms of the loans. Un-amortised balance of the modification gain as at 31 December 2024 is of SR 10.4 million (2023: SR 14.09 million) which will be amortised over the remaining period of the Ijara facility, using effective interest rate method.

d) The unamortised portion of the advance rentals and other fees paid to the banks, are amortised 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 which was fully drawn during prior period. RSGT paid 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 2024 and ending in 2033. The loan is secured against assets relating to the consolidation and expansion works.

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

	2024 *SR*	*2023* *SR*
RSGT		
Long-term loans	**1,108,524,255**	1,240,655,288
Less: current portion (note below)	**(145,394,577)**	(140,437,002)
Non-current portion	**963,129,678**	1,100,218,286

g) During 2022, 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. 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.

	2024 *SR*	*2023* *SR*
Tusdeer		
Long-term loan	**123,625,116**	102,958,252
Less: current portion	**(18,785,714)**	(13,461,285)
Long-term portion	**104,839,402**	89,496,967

h) All loans of the Group are denominated in Saudi Arabian Riyal.

21. EMPLOYEES' END-OF-SERVICE BENEFITS

The Company and its subsidiaries operate an approved unfunded employees' end of service benefits scheme / plan for its permanent employees. The movement in the defined benefit obligation over the year is as follows:

	2024 *SR*	*2023* *SR*
At the beginning of the year	**49,428,264**	42,468,127
Included in statement of profit or loss		
Current service cost	**7,556,250**	6,106,350
Interest cost	**2,734,285**	2,443,535
	10,290,535	8,549,885
Included in statement of other comprehensive income		
Actuarial (gain) / loss	**(408,438)**	5,881,844
Benefits paid	**(4,153,759)**	(7,471,592)
Cost of termination benefits transferred	**112,416**	-
At the end of the year	**55,269,018**	49,428,264

Actuarial assumptions

The defined benefit plan is exposed to many actuarial risks, the most significant of which are final salary risk, discount interest rate fluctuation risk, longevity risk and inflation risk.

The following were the principal actuarial assumptions at the reporting date:

	2024 *SR*	*2023* *SR*
Discount rate	**5.00%**	5.00%
Future salary growth / expected rate of salary increase	**3%**	3%
Price inflation rate	**2%**	2%
Retirement age	**60 Years**	60 years

The sensitivity of the defined benefit obligation to changes in the discount rate by 100 basis points is as follows:

	2024 *SR*	*2023* *SR*
Discount rate:		
+1% increase	**(6,194,381)**	(5,855,808)
-1% (decrease)	**6,194,381**	5,855,808
Salary increase rate:		
+1% (increase)	**8,557,071**	8,030,397
-1% decrease	**(7,155,507)**	(6,698,042)

The sensitivity analyses above have been determined based on a method that extrapolates the impact on the defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The sensitivity analyses are based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analyses may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation from one another.

The weighted average duration of the defined benefit obligation is 11.2 years (31 December 2023: 11.875 years).

21. EMPLOYEES' END-OF-SERVICE BENEFITS (continued)

The following undiscounted payments are expected to be made from the defined benefit plan in future years:

	2024 *SR*	*2023* *SR*
Within the next 12 months	**6,942,579**	5,841,348
Between 1 and 5 years	**22,728,168**	22,819,092
More than 5 years	**29,670,746**	25,549,164
	59,341,493	54,209,604

22. LONG-TERM PROVISIONS

	2024 *SR*	*2023* *SR*
Provision for dismantling cost (note a)	**2,099,088**	1,940,035
Others	**96,761**	108,160
	2,195,849	2,048,195

a) It represents cost to remove the plant pertaining to Kindasa, a subsidiary, from land leased from MAWANI for a period of 27 years.

23. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

Right-of-use assets include land and office building. Set out below are the carrying amounts of right-of-use assets recognized and the movements during the period:

	2024			*2023*
	Land *SR*	*Office building* *SR*	*Total* *SR*	*Land* *SR*
Cost:				
At the beginning of the year	**66,366,028**	**-**	**66,366,028**	57,598,172
Additions during the year	**1,153,549**	**3,482,409**	**4,635,958**	8,767,856
Modification during the year	**18,349,596**	**-**	**18,349,596**	-
	85,869,173	**3,482,409**	**89,351,582**	66,366,028
Depreciation:				
Accumulated depreciation	**(17,728,369)**	**-**	**(17,728,369)**	(12,101,616)
Depreciation for the year	**(5,137,402)**	**(495,276)**	**(5,632,678)**	(5,626,753)
Accumulated depreciation	**(22,865,771)**	**(495,276)**	**(23,361,047)**	(17,728,369)
Net book value at end of the year	**63,003,402**	**2,987,133**	**65,990,535**	48,637,659

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

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

	2024 *SR*	*2023* *SR*
At the beginning of the year:	**108,323,544**	105,278,187
Addition during the year	**4,635,958**	8,767,856
Modification during the year	**18,349,596**	-
Interest charge for the year (note 30)	**4,339,589**	3,409,285
Interest cost capatlised (capitalized in work in progress assets)	**2,283,980**	2,522,776
Payment of lease liabilities during the year	**(14,897,678)**	(11,654,560)
At the end of the year	**123,034,989**	108,323,544
Current lease liability	**11,112,819**	12,872,045
Non-current lease liability	**111,922,170**	95,451,499
	123,034,989	108,323,544

The following are the amounts recognized in profit or loss:

	2024 *SR*	*2023* *SR*
Depreciation on right-of-use assets	**5,632,678**	5,626,753
Interest charge on lease liabilities	**4,339,589**	3,409,285
Rentals on short term lease	**1,955,185**	6,306,544
Total amount recognized in profit or loss	**11,927,452**	15,342,582

24. TRADE PAYABLES, ACCRUED AND OTHER CURRENT LIABILITIES

	2024 *SR*	*2023* *SR*
Accrued liabilities	**259,804,508**	198,223,155
Unearned revenue (note 24.1)	**9,004,954**	2,163,305
Trade payables	**90,767,070**	125,964,968
Advances from customers	**12,550**	501,550
Retention money payable	**11,540,370**	20,534,578
Payable to Jeddah Islamic Port Authority	**19,509,827**	27,439,363
Other payables	**56,514,783**	50,821,925
	447,154,062	425,648,844

24.1 Unearned revenue mainly relates to rent received in advance for which revenue is recognized over time. All of the unearned rent as at 31 December 2023 was recognized as revenue during the year ended 31 December 2024.

25. REVENUE FROM SALE OF GOODS AND SERVICES

	2024 *SR*	*2023* *SR*
Revenue from contract with customers		
Revenue from shipping and unloading services	**1,039,221,383**	844,758,423
Revenue from Sale of potable water	**96,206,114**	92,746,720
Revenue from support services	**51,981,782**	53,821,869
	1,187,409,279	991,327,012
Other revenue		
Revenue from rentals	**67,078,913**	61,114,581
	1,254,488,192	1,052,441,593

	2024 *SR*	*2023* *SR*
Timing of revenue recognition		
Revenue at a point in time	**1,187,409,279**	991,327,012
Revenue over time	**67,078,913**	61,114,581
	1,254,488,192	1,052,441,593

26.1 Shipping and unloading services are provided based on predefined rates. Sales of goods and services and rental incomes are based on contractual agreed rates. The entity satisfies its performance obligation upon delivery of the goods and services to the customers and recognises revenue at contracted rates adjusted for variable components. All of the Group's revenue generating activities are conducted in the Kingdom of Saudi Arabia.

26. CONSTRUCTION REVENUE AND CONSTRUCTION COST

	2024 *SR*	*2023* *SR*
Construction revenue	**66,469,102**	550,987,528
Cost of construction	**(66,469,102)**	(550,987,528)

In accordance with IFRIC 12 "*Service Concession Arrangements*", the Group has recorded construction revenue of SR 66.5 million (2023: SR 550.9 million) on construction of a container terminal during the year. The construction revenue represents the fair value of the construction services provided in developing the container terminal. No margin has been recognized, as in management's opinion, the fair value of the construction services provided approximates to the construction cost.

27. DIRECT COSTS

	2024 *SR*	*2023* *SR*
Cost of shipping and unloading services	**491,154,775**	407,682,931
Cost of sale of potable water	**48,388,163**	47,933,877
Cost of rentals and support services	**73,591,600**	58,690,402
	613,134,538	514,307,210

28. SELLING AND DISTRIBUTION EXPENSES

	2024 *SR*	*2023* *SR*
Salaries, wages and benefits	**5,575,114**	6,534,002
Depreciation (note 6 (iv))	**364,923**	1,499,914
Advertising and marketing	**1,179,140**	1,055,796
Right-of-use assets depreciation	**991,453**	1,232,622
Utilities and telecommunication	**427,956**	564,068
Amortization (note 8.3)	**-**	6,854
Others	**2,805,061**	18,642
	11,343,647	10,911,898

29. GENERAL AND ADMINISTRATIVE EXPENSES

	2024 *SR*	*2023* *SR*
Salaries, wages and benefits	**150,974,536**	120,477,103
Legal and professional fees	**32,659,768**	22,552,173
Depreciation (note 6 (iv))	**15,724,221**	8,880,695
Utilities, telecommunication and office supplies	**5,875,710**	10,448,061
Travelling	**5,299,459**	4,238,669
Amortization of Intangible assets (note 8.3)	**3,554,952**	1,468,048
Others	**35,260,522**	35,922,122
	249,349,168	203,986,871

Auditors' remuneration for the statutory audit and reviews of the consolidated financial statements for the year ended 31 December 2024 amounts to SR 1.3 million (2023: SR 1.2 million). Fee for other assurance and non-assurance related services to the Group amounts to SR 0.56 million (2023: SR 0.1 million).

30. FINANCE COST

	2024 *SR*	*2023* *SR*
Financial charges on loans and bank facilities including amortization of advance rentals	**108,819,143**	67,336,140
Finance charges on obligation under service concession arrangement	**176,136,105**	170,825,076
Financial charges on lease liabilities (note 23)	**4,339,589**	3,409,285
Other financial charges	**3,380,154**	2,233,390
	292,674,991	243,803,891

31. OTHER INCOME - NET

	2024 *SR*	*2023* *SR*
Reversal of provisions no longer required	**4,734,240**	3,514,495
Loss on disposal of property and equipment	**183,074**	64,834
Management services fees and others	**4,787,083**	20,171,761
	9,704,397	23,751,090

32. ZAKAT AND INCOME TAX CHARGE, NET

Zakat and income tax charge for the year comprise of:

	2024 *SR*	*2023* *SR*
Zakat charge for the year related to Saudi shareholders (note 32.1)	**47,552,753**	15,317,221
Income tax charge for the year related to non-Saudi shareholders (note 32.3)	**13,688,464**	11,288,924
	61,241,217	26,606,145

32.1 Movement in provision for zakat is as follows:

	2024 *SR*	*2023* *SR*
At the beginning of the year	**15,936,832**	13,315,613
Charge for the year	**47,552,753**	15,317,221
Amounts paid during the year	**(33,764,809)**	(12,696,002)
At the end of the year	**29,724,776**	15,936,832

32.2 Movement in provision for current income tax is as follows:

	2024 *SR*	*2023* *SR*
At the beginning of the year	**6,419,615**	562,992
Charge relating to current year	**13,336,837**	11,597,752
Amounts paid during the year	**(14,913,933)**	(5,741,129)
At the end of the year	**4,842,519**	6,419,615

32. ZAKAT AND INCOME TAX CHARGE, NET (continued)

32.3 Major components of income tax are as follows:

	2024 *SR*	*2023* *SR*
Current income tax (see note 32.2)	**13,336,837**	11,597,752
Deferred income tax (see note 32.4)	**351,627**	(308,828)
	13,688,464	11,288,924

Income tax charge relating to the non-Saudi shareholders of RSGT has been provided based on non-Saudi shareholders' share of adjusted net income for the year at the rate of 20%.

32.4 Movement in deferred tax asset during the year is as follows:

	2024 *SR*	*2023* *SR*
At the beginning of the year	**6,057,112**	5,748,284
Deferred tax credit during the year charged to profit or loss	**(351,627)**	308,828
At the end of the year	**5,705,485**	6,057,112

32.5 Zakat assessments status

Parent Company

The Parent Company has filed its Zakat returns up to year 2023 and assessments up to the year 2022 are finalized with the Zakat, Tax and Customs Authority ("ZATCA"). ZATCA is yet to raise the assessments for the year 2023.

During the year, the Parent Company paid additional zakat SR 17.4 million in respect of assessments for the years ended 31 December 2021 and 31 December 2022. Management has recognised an additional provision of SR 9 million for the year ended 31 December 2023 on the same basis.

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 2023. Tax / Zakat assessment for the year 2014 is considered as finalized under statute of limitation. During the year ended 31 December 2023, RSGT received assessments for the years 2015, 2016, 2017 and 2018 which were accepted and settled under protest. Up to the date of these consolidated financial statements, ZATCA is yet to raise the assessment for the years from 2019 through 2023.

RSPD has filed its Zakat and income tax returns with ZATCA up to the year 2023. RSPD has received an assessment for the year 2018 which was accepted 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 these consolidated financial statements, ZATCA is yet to raise assessments for the years 2019 through 2023

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 2023. Zakat assessments for years 2017 and 2018 are considered as finalized under the statute of limitation. ZATCA is yet to raise the assessments for the years from 2019 through 2023.

32. ZAKAT AND INCOME TAX (continued)

32.5 Zakat assessments status (continued)

Subsidiaries (continued)

Support Services Operation Company Limited ("the subsidiary")
The subsidiary has finalized its Zakat assessment with ZATCA for the years from 2007 up to 2008 and 2016 up to 2018. During the year ended 31 December 2022, ISNAD received the final assessment for year 2020 which was accepted under protest. ISNAD has filed its Zakat returns up to 2023. Zakat assessments from years 2009 up to 2015 are considered as finalized under the statute of limitation. ZATCA is yet to raise the assessments for years 2019 and 2021 through 2023.

Kindasa Water Service Company ("the subsidiary")
The subsidiary has finalized its Zakat assessments with ZATCA up to 2018 and has filed its Zakat returns up to 2023. Up to the date of these consolidated financial statements, ZATCA is yet to raise the assessment for the years from 2018 to 2023.

33. EARNINGS / (LOSS) PER SHARE

Basic earnings / (loss) 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.

	2024 ***SR***	*2023* *SR*
(Loss) / profit for the year attributable to ordinary shareholders of the Parent Company	**(741,877)**	71,203,083
Weighted average number of ordinary shares in issue	**81,335,498**	81,558,552
Basic and diluted (loss) / earnings per share	**(0.01)**	0.87

The diluted earnings / (loss) per shares is same as the basic earnings / (loss) per shares as the Group does not have any dilutive instruments.

34. RELATED PARTY TRANSACTIONS AND BALANCES

Related parties represent the shareholders, affiliates (the Company and the entities are members of the same group), joint venture, directors and key management personnel of the Company, and entities controlled, jointly controlled or significantly influenced by such parties. The significant transactions between the Company and its shareholders and affiliates (including associates and joint venture) are disclosed below. The pricing terms and conditions of the transactions are agreed by the management of the concerned parties and approved by the management of the Company.

a) Significant related party transactions for the year ended 31 December are as follows:

Due from related parties

Related party	*Relationship*	*Description*	*Amount of transaction*		*Balance as at*	
			2024 *SR*	*2023* *SR*	*2024* *SR*	*2023* *SR*
International Water Distribution Company	Associate	Sales of goods and services	**71,712,899**	70,446,445	**15,445,125**	12,489,007
		Services rendered to associate	**-**	-	**-**	-
		Expenses incurred by associate on behalf of the Group	**-**	-	**-**	-
		Expenses incurred by Group on behalf of the associate	**66,952**	68,206	**-**	-
		Dividend received from associate	**-**	7,000,000	**-**	-
Al Jabr Talke Company Limited	Associate	Services rendered to associate	**280,946**	569,581	**-**	-
		Dividend received from associate	**30,908,853**	16,613,179	**-**	-
		Expenses cross charged by Group to associate	**447,012**	54,180	**-**	-
Xenel Industries Limited	Shareholder	Expenses incurred by the Group on behalf of the Shareholder	**-**	262,133	**-**	-
		Dividend received from associate	**-**	1,406,250	**-**	-
		Expenses incurred by the shareholder on behalf of the Group	**(42,814)**	(92)	**-**	461,382
Al-Karam Al-Arabi Catering	Affiliate	Purchase of goods and services	**(20,773,020)**	(20,037,835)	**-**	-
Total					**15,445,125**	12,950,389

34. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

b) Short term loan due to related parties

	2024 *SR*	*2023* *SR*
Short term loan due to related parties (note (i))	-	148,843,578

(i) During the year, the shareholders of RSGTI and RSPDI, the subsidiaries of the Group, have approved to issue additional share capital in proportion to existing shareholdings. This includes shares issued to NCI against cash received and short-term loan due to NCI amounting to SR 49.9 million and SR 148.8 million, respectively.

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

	2024 *SR*	*2023* *SR*
Short term employee benefits	**16,391,635**	12,010,260
Post-employment benefits	**597,035**	623,061
	16,988,670	12,633,321

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

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

	2024 *SR*	*2023* *SR*
Meeting attendance fees	**850,000**	1,185,000
Other short-term remuneration	**6,575,000**	6,090,500
	7,425,000	7,275,500

35. COMMITMENTS AND CONTINGENCIES

Contingencies relating to Zakat and income tax are disclosed in note 32.

As at 31 December 2024, the Group's bankers have issued letters of guarantee amounting to SR 171.2 million (31 December 2023: SR 128.9 million) against which cash margin of SR 37.3 million (31 December 2023: SR 12.9 million) was deposited. Further, the Group's bankers have issued letters of credit amounting to SR 8.79 million (2023: nil).

As at 31 December 2024, the Group has commitments for capital work in progress amounting to SR 25.3 million (31 December 2023: SR 27.4 million) mainly relating to new logistic hub and park construction project, new desalination plant construction and consolidation and expansion work on the container terminal.

36. BUSINESS SEGMENTS

The Group has the following main business segments:

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

These strategic business segments are located within the Kingdom of Saudi Arabia and Bangladesh. All revenues are generated within Kingdom of Saudi Arabia and Bangladesh.

36. BUSINESS SEGMENTS (continued)

The Company'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 year ended 31 December:

	Reportable segments					
31 December 2024	*Port development and operations (SR'000)*	*Logistic parks and support services (SR'000)*	*Water desalination and distribution (SR'000)*	*Total (SR'000)*	*Unallocated (SR'000)*	*Total (SR'000)*
External revenue						
Point in time	1,039,221	83,498	98,189	**1,220,908**	-	**1,220,908**
Over period of time	66,469	67,079	-	**133,548**	-	**133,548**
Total external revenue	1,105,690	150,577	98,189	**1,354,456**	-	**1,354,456**
Inter-segment revenue	-	(31,517)	(1,983)	**(33,500)**	-	**(33,500)**
Segment revenue	1,105,690	119,060	96,206	**1,320,956**	-	**1,320,956**
Geographical markets						
Kingdom of Saudi Arabia	1,061,073	119,060	96,206	**1,276,339**	-	**1,276,339**
Bangladesh	44,617	-	-	**44,617**	-	**44,617**
Segment revenue	1,105,690	119,060	96,206	**1,320,956**	-	**1,320,956**
Cost of revenue	559,044	98,080	48,388	**705,512**	-	**705,512**
Inter-segment cost of revenue	(1,420)	(24,488)	-	**(25,908)**	-	**(25,908)**
Segment cost	557,624	73,592	48,388	**679,604**	-	**679,604**
Segment gross profit	548,066	45,468	47,818	**641,352**	-	**641,352**
Finance cost	279,185	11,387	1,930	**292,502**	173	**292,675**
Depreciation and amortization	200,491	26,717	9,013	**236,221**	920	**237,141**
Profit attributable to:						
Shareholders of the Parent Company	34,280	8,635	13,214	**56,129**	(56,871)	**(742)**
Non-controlling interests	59,004	7,117	8,140	**74,261**	-	**74,261**
Segment assets	4,491,359	590,227	207,250	**5,288,836**	741,800	**6,030,636**
Additions to non-current assets	83,138	38,229	9,930	**131,297**	2,737	**134,034**
Segment liabilities	3,273,205	249,751	61,156	**3,584,112**	38,977	**3,623,089**
Net assets	1,218,154	340,476	146,095	**1,704,725**	702,823	**2,407,548**

36. BUSINESS SEGMENTS (continued)

	Reportable segments					
31 December 2023	*Port development and operations (SR'000)*	*Logistic parks and support services (SR'000)*	*Water desalination and distribution (SR'000)*	*Total (SR'000)*	*Unallocated (SR'000)*	*Total (SR'000)*
External revenue						
Point in time	844,758	95,625	94,277	1,034,660	-	1,034,660
Over period of time	550,988	61,115	-	612,103	-	612,103
Total external revenue	1,395,746	156,740	94,277	1,646,763	-	1,646,763
Inter-segment revenue	-	(41,804)	(1,530)	(43,334)	-	(43,334)
Segment revenue	1,395,746	114,936	92,747	1,603,429	-	1,603,429
Geographical markets						
Kingdom of Saudi Arabia	1,395,746	114,936	92,747	1,603,429	-	1,603,429
Bangladesh	-	-	-	-	-	-
Segment revenue	1,395,746	114,936	92,747	1,603,429	-	1,603,429
Cost of revenue	960,201	95,685	47,934	1,103,820	-	1,103,820
Inter-segment cost of revenue	(1,530)	(36,995)	-	(38,525)	-	(38,525)
Segment cost	958,671	58,690	47,934	1,065,295	-	1,065,295
Segment gross profit	437,075	56,246	44,813	538,134	-	538,134
Finance cost	237,716	4,991	1,097	243,804	-	243,804
Addition to non-current assets	565,161	98,880	8,156	672,197	104	672,301
Depreciation and amortization	166,857	14,224	9,722	190,803	350	191,153
Profit attributable to:						
Shareholders of the Parent Company	26,005	16,624	15,129	57,758	13,445	71,203
Non-controlling interests	42,765	6,260	8,847	57,872	-	57,872
Segment assets	4,542,145	551,817	178,563	5,272,525	717,456	5,989,981
Segment liabilities	3,394,098	228,733	39,873	3,662,704	12,555	3,675,259
Net assets	1,148,047	323,084	138,690	1,609,821	704,901	2,314,722

37. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including interest rate risks, currency risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on robust liquidity management as well as monitoring of various relevant market variables, thereby consistently seeking to minimize potential adverse effects on the Group's financial performance. The Group may use derivative financial instruments to hedge certain risk exposures.

37. FINANCIAL RISK MANAGEMENT (continued)

Market risk
Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include long-term loans and long-term liabilities.

Interest rate risk
Interest rate risk is the exposure to various risks associated with the effect of fluctuations in the prevailing interest rates on the Group's financial position and cash flows. The Group manages the interest rate risk by regularly monitoring the interest rate profiles of its interest-bearing financial instruments.

Majority of the Group's borrowings are at floating rate of interest and are subject to re-pricing on a regular basis. Management regularly monitors the changes in interest rates. The Group enters into Interest Rate Swaps ("IRS") (Derivative financial instruments) to manage its exposure to interest rate risk. Such IRS is designated as a Cash flow hedge.

Increase / decrease in variable rate by 1% with all other variables held constant, the impact on the equity and profit before zakat and income tax for the year would have been SR 12.8 million (31 December 2023: SR 13.4 million).

Foreign currency risk
Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group's transactions are principally in Saudi Riyals and United States Dollar. Other transactions in foreign currencies are not material. The Group's management believes that their exposure to currency risk is limited as US Dollar is pegged to Saudi Riyal. Currency risk is managed on a regular basis and fluctuation in the exchange rates are monitored on a continuous basis.

Other price risk
The Group does not hold quoted instruments, accordingly, not exposed to other price risk.

Credit risk
Credit risk is the risk that one party to financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. To reduce exposure to credit risk, the Group has developed a formal approval process whereby credit limits are applied to its customers. The management also continuously monitors the credit exposure towards the customers and makes provision against those balances considered doubtful of recovery. To mitigate the risk, the Group has a system of assigning credit limits to its customers based on an extensive evaluation based on customer profile and payment history.

The Groups gross maximum exposure to credit risk at the reporting date is as follows:

	2024	*2023*
	SR	*SR*
Financial assets		
Trade receivables, net	**173,573,417**	146,081,898
Due from related parties	**15,445,125**	12,950,389
Margin deposits	**31,305,700**	12,968,501
Cash at banks including term deposits	**1,003,691,728**	1,166,405,656
	1,224,015,970	1,338,406,444

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. As at 31 December 2024, 6 largest customers (31 December 2023: 6 largest customers) account for approximately 60% (31 December 2023: 77%) of outstanding trade receivables.

37. FINANCIAL RISK MANAGEMENT (continued)

Credit risk (continued)
An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. Outstanding customer receivables are regularly monitored. Some customers are also secured, where possible, by way of cash promissory note, security deposit or advance, which are considered integral part of trade receivables and considered in the calculation of impairment.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

	31 December 2024					
	Current SR	**<90 days SR**	**90–180 days SR**	**181–365 days SR**	**>1 year SR**	**Total SR**
Exposure at default	**62,622,785**	**88,198,075**	**20,804,568**	**3,291,002**	**19,640,247**	**194,556,677**
% of expected credit loss	**0.4%**	**1.2%**	**6.4%**	**64.2%**	**82.6%**	**10.8%**
Expected credit loss	**230,722**	**1,078,845**	**1,330,422**	**2,112,394**	**16,230,877**	**20,983,260**
	62,392,063	**87,119,230**	**19,474,146**	**1,178,608**	**3,409,370**	**173,573,417**

	31 December 2023					
	Current SR	<90 days SR	90–180 days SR	181–365 days SR	>1 year SR	Total SR
Exposure at default	54,823,369	55,503,846	10,260,724	2,356,436	23,137,523	146,081,898
% of expected credit loss	0.41%	0.94%	10.77%	27.73%	83.93%	15.01%
Expected credit loss	224,329	521,558	1,104,946	653,322	19,420,332	21,924,487
	54,599,040	54,982,288	9,155,778	1,703,114	3,717,191	124,157,411

Movement of impairment allowance against trade receivables is as follows:

	2024 SR	*2023 SR*
At the beginning of the year	**21,924,487**	18,658,706
Charge during the year	**2,729,564**	3,872,533
Written off during the year	**(3,670,791)**	(606,752)
At the end of the year	**20,983,260**	21,924,487

Credit risk on bank balances is limited as the bank balances are held with banks with high credit ratings. All bank accounts are held with banks within Kingdom of Saudi Arabia.

Financial position of related parties is stable. There were no past due or impaired receivables from related parties.

37. FINANCIAL RISK MANAGEMENT (continued)

Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulty in in meeting its obligations associated with financial liabilities that are settled by delivery of cash or another financial asset. Liquidity risk may result from an inability to sell a financial asset quickly at an amount close to its fair value. Liquidity risk is managed by monitoring on a regular basis that sufficient funds are available through committed credit facilities to meet any future commitments as well as close monitoring of cash inflows and outflows from operations. The table below summarises the maturity profile of the Group's financial liabilities based on contractual payments:

31 December 2024	**Within 1 year SR**	**1 to 5 years SR**	**More than 5 years SR**	**Total SR**
Bank borrowings	**246,357,254**	**923,354,975**	**437,373,626**	**1,607,085,855**
Obligation under service concession arrangement	**162,744,035**	**739,891,161**	**4,813,205,713**	**5,715,840,909**
Trade payables, accrued and other liabilities	**447,154,062**	**-**	**-**	**447,154,062**
Lease liabilities	**12,198,156**	**33,566,180**	**175,847,075**	**221,611,411**
	868,453,507	**1,696,812,316**	**5,426,426,414**	**7,991,692,237**

31 December 2023	Within 1 Year SR	1 to 5 Years SR	More than 5 years SR	Total SR
Bank borrowings	256,343,097	1,053,156,397	1,040,993,381	2,350,492,875
Obligation under service concession arrangement	168,953,693	653,667,150	4,658,698,024	5,481,318,867
Trade payables, accrued and other liabilities	425,648,844	-	-	425,648,844
Short term loans due to related parties	148,843,578	-	-	148,843,578
Lease liabilities	11,154,560	40,966,032	145,325,700	197,446,292
	1,010,943,772	1,747,789,579	5,845,017,105	8,603,750,456

38. 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 to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

If the inputs used to measure the fair value of an asset or liability falls into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest input level that is significant to the entire measurement.

The Group's financial assets majorly comprise of trade and other receivables, due from related parties, short term deposits, cash and cash equivalents and investment in equity securities. Its financial liabilities consist of long-term and short-term loans, obligation under service concession arrangements, lease liabilities, trade payables and other liabilities. The fair values of the financial instruments are not materially different from their carrying values as these are either short-term in nature or carry interest at the market rates.

None of the Group's financial assets and liabilities are classified under level 1 and level 2. Investment in equity securities measured at level 3. There is no transfer between levels of the fair value hierarchy during the year.

39. CAPITAL MANAGEMENT

For the purpose of the Group's capital management, capital includes issued capital, share premium, statutory reserve and retained earnings attributable to the equity holders of the Parent Company. The primary objective of the Group's capital management is to maximize the shareholders' value. The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus debt.

	2024 *SR*	*2023* *SR*
Total liabilities	**3,623,088,569**	3,675,258,714
Less: Cash and cash equivalents	**(885,073,460)**	(1,166,405,656)
Net debt	**2,738,015,109**	2,508,853,058
Equity	**2,407,547,817**	2,314,722,581
Total capital	**5,145,562,926**	4,823,575,639
Gearing ratio	**53%**	52%

40. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

These consolidated financial statements were approved and authorised to issue by the Board of Directors on 11 Ramadan 1446H (corresponding to 11 March 2025).