سيسكو
SISCO
الشركة السعودية للخدمات الصناعية
Saudi Industrial Services Company

Annual Report 2020

Your Partner in

Ports & Terminals | Logistics Parks & Services | Water Solutions

بسم الله الرحمن الرحيم

In the Name of Allah, the Most Beneficent, the Most Merciful

This report has been prepared in line with the requirements of the Capital Markets Authority (CMA) particularly with regards to Corporate Governance guidelines and Listing rules. In addition, special consideration has been given to the applicable laws of the Ministry of Commerce and Investment (MoCI) and international best practices of good governance and transparency.

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Corporate Information

Board Of Directors

Aamer Abdullah Alireza
(Chairman)

Adnan Abdulfattah Soufi
(Vice Chairman)

Abdulaziz Abdullatif Jazzar

Saleh Ahmed Hefni

Muneerah Hejab Aldossary

Talal Nasser Aldakhil

Ahmad Mohammed Alrabiah

Management

Mohammed M. Kamal Al-Mudarres
(Chief Executive Officer)

Mahmood Hussain
(Chief Financial Officer)

Saleem Raza Sheikh
(Chief Legal Officer)

Hesham El Gindy
(Chief Audit Executive)

Richard Fourie
(Chief Corporate Affairs Officer)

Maqbool O. Aswni
(Admin & Shareholder Affairs Manager)

Youssef M. Abu Olyyan
(Board Secretary)

Abdullah M. Habadi
(Group Head of IT)

Banks

Al-Jazira Bank

National Commercial Bank

Saudi British Bank

Riyadh Bank

Auditors

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Share Registrar

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Chairman's Message

Aamer A. Alireza
Chairman of the Board

In the Name of Allah, the Most Compassionate, the Most Merciful.
Praise be to Allah, prayer and peace be upon the Messenger of Allah.

Dear Shareholders,

On behalf of the Board, I am delighted to introduce SISCO's Annual Report for 2020. This is my first letter to our shareholders since accepting the role of SISCO's Chairman in 2020. I would like to warmly welcome our fellow new Board Members who joined us in 2020, bringing unique expertise and diversity to SISCO. I am confident that the new Board will build on the Company's achievements.

I would also like to extend my immense gratitude to our previous Board and, in particular our outgoing Chairman, Mr. Mohamed Ahmed Alireza, who has played a pivotal role over a 19-year period in shaping SISCO to become one of the leading national companies in its sector. His perseverance and incisiveness were instrumental in building the solid foundations for our businesses. It is also with great sadness that we bid farewell to, and remember with fondness, our much-respected, Mr. Adnan A. Maimani, for his dedicated service as a previous Board member, who passed away in 2020. May God rest his soul in peace.

2020 was an extraordinary and challenging year dominated by the COVID-19 pandemic that continues to impact the world with probable economic consequences for some time to come. Despite the challenges presented by the pandemic, we have steadfastly remained focused and resolutely committed towards protecting our employees, supporting our customers, and contributing to wider society and engaging with our other key stakeholders.

I take this opportunity to thank all the employees at SISCO, and our subsidiaries and affiliates, who overcame the pandemic challenges, and resolutely continued to serve our clients and ensured successful business continuity.

Financial Performance

2020 has been a year of substantial progress for SISCO and its operating companies, with some notable milestones. The Group delivered a strong and resilient trading performance in particularly challenging markets. We closed the year with the highest revenue in the Company's history and a robust balance sheet - a testament to our strong business model which operates in key strategic areas such as ports, logistics and water services.

SISCO's operating revenue (excluding special accounting adjustment) has increased by 27.5% to reach 861.6 million Saudi Riyals, with a net income of 139.4 million Saudi Riyals (including some extraordinary items), an increase of 173% compared to 2019. A detailed variance analysis is presented later in this report, shedding light on some factors which impacted on business results.

Portfolio Review

Ports & Terminal Sector

2020 was a monumental year for Red Sea Gateway Terminal Company (RSGT), during which the new 30-year concession with Saudi Ports Authority "Mawani" commenced in the second quarter. This has enabled RSGT to become a significant player in the Kingdom and the leading terminal operator in the Red Sea region, and as a result, RSGT generated record financial performance. The numbers, however, do not fully reflect the potential scale and volume expected by RSGT in the coming years. The company will continue to serve as a gateway for KSA commerce through its continued investment and development of Jeddah Islamic Port, logistics chain integration and digitalization.

RSGT's next phase of strategic growth will be to replicate its success in KSA and focused regional markets.

Logistics & Services Sector

LogiPoint's strategy of investing in high-quality warehousing assets in prime locations is reaping rewards, as global supply-chains are constrained, and e-commerce is witnessing exponential growth in the Kingdom.

LogiPoint is well positioned to capitalize on the changing market dynamics by providing high quality infrastructure and unique service offering to its blue-chip customers with whom it has developed successful long-term relationships.

We aim to transform LogiPoint from an industrial landlord to a key logistics enabler by providing integrated logistics services.

In 2021, our capital spending is expected to increase significantly, as our focus will be on fast-tracking the construction of projects in the pipeline and diversifying the revenue base by establishing presence in new locations.

Despite the challenging year for the global petrochemical industry particularly in logistics and supply chain, SA TALKE was able to maintain its market leading position and deliver another successful year due to the company's direct measures in responding proactively to evolving market conditions. The company was able to retain all of its current clients, and handled the highest volumes in the company's history, while maintaining a conspicuous safety record.

Water Solutions Sector

Although the water sector continues to face short term challenges, we remain committed towards our long-term strategy of strengthening our presence in this sector.

Kindasa continues to lead the way in the private water sector, producing and distributing water to Jeddah Industrial Cities, and other industrial clients in Jeddah and Rabigh, where the recently built desalination plant in Rabigh entered 1st phase of operation in 2020. Kindasa plans to grow the business in the coming years, through participation in selective and high yield PPP programs, working towards the 2030 vision, and engaging in active participation in the O&M business for the water sector.

Tawzea also had its share of success in 2020 by winning the Taif ISTP project and achieving financial closure for the project. The project is 25-year BOT contract giving Tawzea 50% shareholding with the Spanish company, Cobra. The project is scheduled to be completed with construction and commissioning during the third quarter of 2023. Tawzea was also able to expand its footprint in additional industrial cities in Sudair, Kharj and Madina. As the company proceeds from strength, it will expand and enhance its business through increasing the level of services provided in all industrial cities in the Kingdom.

Strategic Value Creation

During the year, we also took a significant step towards our long-term strategy of maximizing the build-out and monetization of our existing asset base, through the divestment of SISCO's direct equity stake in RSGT (along with other minority shareholders of RSGT) to the Public Investment Fund (PIF) and COSCO Shipping Ports Limited (CSPL).

The partnership with PIF and CSPL is expected to add long term strategic value to RSGT, as follows:

- PIF - KSA's sovereign wealth fund with an agenda to promote and support the domestic and international growth of national champions such as RSGT.

- CSPL - a key global strategic player bringing-in additional technical know-how, expertise and additional transshipment volume.

Attracting prominent investors like PIF and COSCO is a testament to our strong positioning, robust governance structure and delivery track record achieved over the years through extensive teamwork. We believe this transaction will not only enhance RSGT's position as major regional and international port operator, but also shed light to the financial value of some of our underlining assets. SISCO will continue to consolidate RSGT on its books through its remaining ownership of the company, creating long-term shareholder value for the coming years. The transaction will also enable SISCO to meet its established objective of providing long term sustainable returns to its shareholders, through a balanced and diversified portfolio.

Sustainability

If the Coronavirus pandemic has taught us anything, it is that Environmental, Social and Governance (ESG) issues are now more important than ever. As a responsible stakeholder and investor, we are continually developing our ESG strategy to ensure that sustainability and business continuity remain a focus across the SISCO Group of companies, and our future investments.

Furthermore, our portfolio companies will continue to focus on building a strong and diversified workforce and management teams. This will empower and create new opportunities for young Saudis, and a greater representation of the proportion of women in various roles.

Looking Ahead

SISCO and its operating companies have made excellent progress this year on many fronts despite considerable challenges. Although we expect the year ahead to be no less challenging, the strategic steps we undertook during 2020 should enable us to deliver a resilient performance in the shorter term, and to benefit from the opportunities that our markets offer over the medium and longer term.
We enter 2021 with a high level of optimism.

We will continue to be an enabler for the industrial diversification of the Kingdom, and the buildout of the national infrastructure in line with Vision 2030 objectives.

In particular we plan to:

1. Support our Group companies in expanding their businesses, both locally and internationally, including an international expansion of RSGT.

2. Drive growth through attractive M&A opportunities both in KSA and regionally, that would complement our businesses, and where we have a competitive advantage that meet our investment criteria.

3. Continue to execute our business plan and implement best governance practices to ensure optimum capital allocation.

I would like to extend our sincere thanks and gratitude to SISCO's shareholders for your continued support and engagement during 2020. I also wish to thank my colleagues on the Board of Directors, members of the committees and the executive management for their dedication and commitment in ensuring the continued stability and growth of the group.

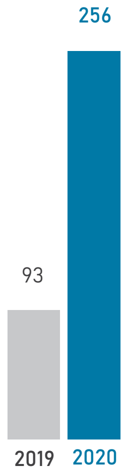
> Our portfolio companies will continue to focus on building a strong and diversified workforce and management teams. This will empower and create new opportunities for young Saudis, and a greater representation of the proportion of women in various roles.

How Our Business Performed In 2020

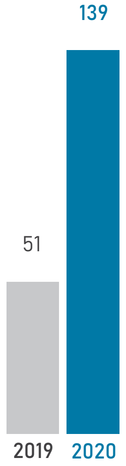
2020 Performance Highlights
(in SAR million)

Revenue
SAR 862 mn
+27.5% ↑

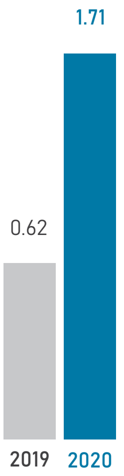
* Revenue excludes non-operating accounting revenue of SAR 159 million



Operating Profit
SAR 256 mn
+174.3% ↑



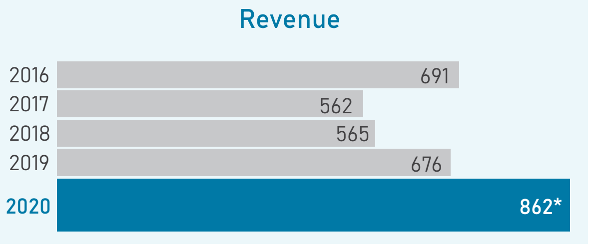
Net Income
SAR 139 mn
+173.8% ↑



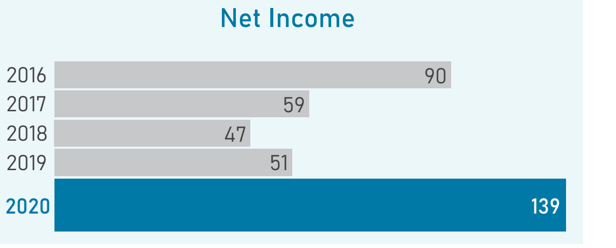
Earning Per Share
SAR 1.71 / share
+175.8% ↑

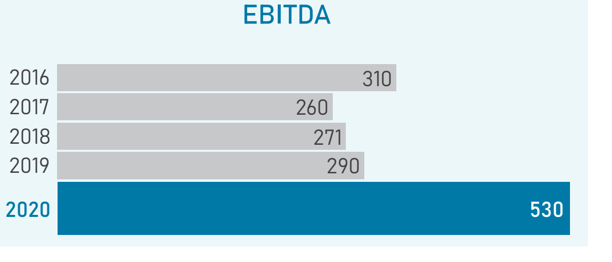
Dividend Per Share
SAR 0.8 / share
+33.3% ↑

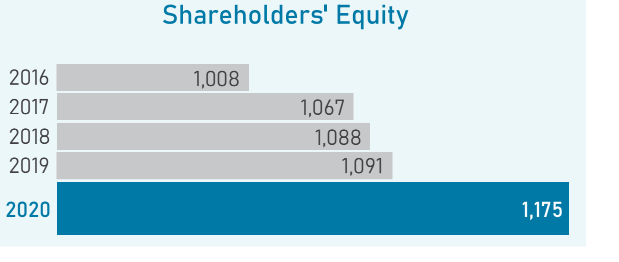
Performance At A Glance
(in SAR million)

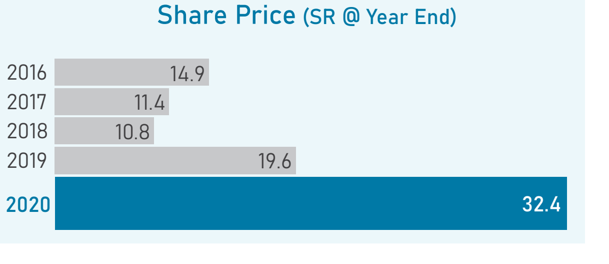


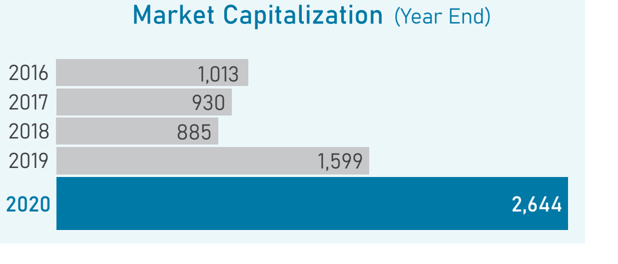
* Revenue excludes non-operating accounting revenue of SAR 159 million.











Analysis of Financial Results
(in SAR million)

SISCO reported positive growth during 2020 with an increase in revenue to SAR 862 million (excluding accounting revenue of SAR 159 million) and net income of SAR 139 million respectively. The Company achieved the highest ever top line in its history. The key driver for growth was Ports & Terminals segment where revenue increased by 67% driven by consolidation of NCT terminal and an improvement in volumes.

A summarized analysis of the 2020 results and its comparison with 2019 is presented in the table below:

(SAR million)	2020	2019	VARIANCE	%	NOTES
Operating Revenue	862	676	186	28	Revenue growth was mainly due to the increase in port segment revenue by SAR 180 million driven by an increase in volumes. Reported revenue also included an increase in accounting revenue of SAR 159 million.
Construction Revenue	159	-	159	100	
Total Revenue	**1,021**	**676**	**345**	**51**	
Cost of Revenue	(438)	(416)	(22)	5.3	Cost of revenue increased due to ports segment mainly due to an increase in employees related expenses relating to the takeover of NCT terminal, and depreciation. The increase of SAR 181 also includes notional accounting cost of SAR 159 million.
Cost of Construction	(159)	-	**(159)**	**100**	
Total Cost	**(597)**	**(416)**	**(181)**	**44**	
Gross Profit	**424**	**260**	**164**	**63%**	
Selling / G&A Expenses	(168)	(167)	(1)	1%	
Operating Profit	**256**	**93**	**163**	**175%**	
Net Finance Cost	(133)	(47)	(86)	183%	Increase in finance charges is due to capitalization of fixed and guaranteed variable fees. The increase is offset by one off IFRS 9 gain on modification of long-term loan of SAR 31.9 million.
Share of Result of Associates	22	27	(5)	-19%	Net decline in results from Tawzea and Saudi WESSCO which is offset by improvement in results from SA Talke.
Other Income	88	11	77	700%	Other income increased due to reversals of some old liabilities and a release of provision for asset replacement costs of SAR 75 million.
Zakat & Income Tax	(16)	(6)	(10)	167%	
Group Net Profit	**217**	**78**	**139**	**178%**	
Non-Controlling Interest	(78)	(27)	(51)	189%	Changes in NCI are in accordance with results of individual subsidiaries.
Net Profit	**139**	**51**	**88**	**173%**	

2020 results and its comparison with 2019
(in SAR million)

Operating Revenue	Total Revenue	Gross Profit
862	**1,021**	**424**
+28%	+51%	+63%

Operating Profit	Group Net Profit	Net Profit
256	**217**	**139**
+175%	+178%	+173%

BUSINESS REVIEW

Business Sectors

Over the past few years, SISCO has adopted the strategy of becoming a strategic investment parent company. This has been achieved through implementing and applying strategy and growth management policies, as well as being responsible for the operating companies' results in performance, decision making and corporate governance framework that govern the relationship between the Group and its operating companies.

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سيسكو
SISCO

SISCO subsidiaries and associated companies are grouped under three main business sectors.

Ports & Terminals	Logistics Parks & Services	Water Solutions
Red Sea Ports Development Co. (RSPD)	Saudi Trade & Export Development Co. (LOGIPOINT)	Kindasa Water Services Co. (KINDASA)
Red Sea Gateway Terminal Co. (RSGT)	Support Services Operation Co. (ISNAD)	International Water Distribution Co. (TAWZEA)
	Saudi Aljabr Talke Co. (SA TALKE)	

Subsidiary Companies

Consolidated companies are those where in which SISCO either owns directly or through other subsidiaries, more than half of the capital of the company or control the composition of the board.

Details of the subsidiary companies are as follows:

COMPANY & ITS BUSINESS	SHARE CAPITAL	DIRECT OWNERSHIP	HEAD OFFICE	COUNTRY OF INCORPORATION
Red Sea Ports Development Company Development, construction, operation and maintenance of container terminals, handling and unloading services and shipping, navigation and marine support services necessary to provide ships with water, energy, sewage treatment and the excavation and backfill and investment in these activities.	SAR 333 million	53 %	Jeddah	Saudi Arabia
Red Sea Gateway Terminal Company Development, construction, operation and maintenance of container terminals, handling and unloading services and shipping, navigation and marine support services necessary to provide ships with water, energy, sewage treatment and the excavation and backfill and investment in these activities.	SAR 555 million	21.2 %	Jeddah	Saudi Arabia
Saudi Trade and Export Development Companyy Storage and Re-export of cars / containers provide container storage yards and perform container handling operation, examination of customs for export and re-export, provide warehouses for different types of goods, and provide packaging and re-handling services for goods in warehouses and open yards.	SAR 140 million	76 %	Jeddah	Saudi Arabia
Kindasa Water Services Company Construction and operation of sea-water desalination plants.	SAR 77 million	65 %	Jeddah	Saudi Arabia
Support Services Operations Company Limited Services to projects in the industrial cities; operate gas stations and vehicle maintenance shops; logistics support services for ports; water transport services; trade in industrial machinery and spare parts.	SAR 15 million	97 %	Jeddah	Saudi Arabia

Associated Companies

Associated companies are those where SISCO has substantial long-term interest and where SISCO is in a position to exercise a significant influence over the associated company by participating in their financial and operating policy decisions.

Details of the associated companies are as follows:

COMPANY & ITS BUSINESS	SHARE CAPITAL	DIRECT OWNERSHIP	HEAD OFFICE	COUNTRY OF INCORPORATION
International Water Distribution Company Construction of public works of water, sewage, irrigation and sanitation (water and storm water drainage); and mechanical works, waterworks, sewage technology and pumping stations; maintenance and operation of water facilities, sewage and running channeling water to various networks.	SAR 146 million	50 %	Jeddah	Saudi Arabia
Saudi Al-Jabr Talke Company Implementation of contracting construction, operation and maintenance of warehouses and logistics for the petrochemical sector contracts.	SAR 21 million	33.33 %	Jubail	Saudi Arabia

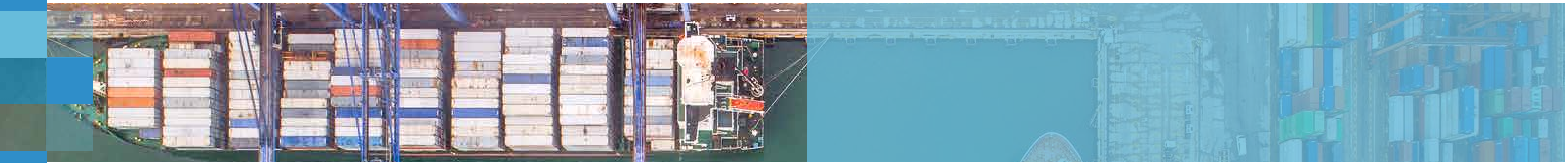
OTHER INVESTMENTS

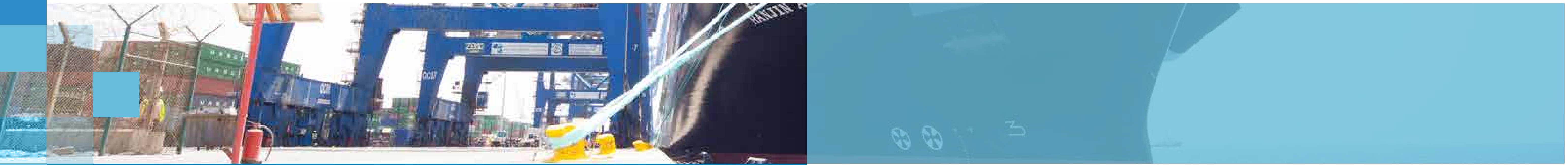
- SISCO has invested USD 2.5 million (SAR 9.4 million) in Growth Gate Corporation BSC (Bahrain). SISCO's investment represents 1.17% of Growth Gate's total share capital of USD 213.3 million.

- SISCO has indirect investment in Water and Environment Saudi Service Company Limited ("WESSCO") through its subsidiary Kindasa Water Services Company, which owns 49% of WESSCO.

- SISCO has indirect investment in Xenmet SA, Vaduz ("Xenmet") through its subsidiary Saudi Trade and Export Development Company, which owns 25% of Xenmet SA.

شركة البحر الأحمر لتطوير الموانئ
RED SEA PORTS DEVELOPMENT COMPANY





Red Sea Ports Development Co. (RSPD)

Established	2009
Company Type	Closed Joint Stock Company
Principal Place of Operations	Jeddah, Saudi Arabia
Main Business	Development, Management, and Operation of Container Terminals
Share Capital	SAR 333.125 million
No. of Shares	33,312,500 of SAR 10 each
Impact on SISCO Financials	
RSPD owns 60% of RSGT, which is eliminated in group consolidation. Therefore, there is no impact on SISCO financials.	

SHARE STRUCTURE

COMPANY	NO. OF SHARES	%
SISCO	17,655,625	53.0%
CITY ISLAND HOLDING	6,662,500	20.0%
XENEL INDUSTRIES	5,330,000	16.0%
SAUDI TRADE AND EXPORT DEVELOPMENT CO.	3,331,250	10.0%
XENEL MAINTENANCE	333,125	1.0%
TOTAL	**33,312,500**	**100%**

RED SEA GATEWAY TERMINAL

Impact on SISCO Financials

Revenues	Assets	Net Profit
82.6%	80.2%	86.7%

Red Sea Gateway Terminal Co. Limited (RSGT)

Established	2007
Company Type	Limited Liability Co.
Principal Place of Operations	Jeddah, Saudi Arabia
Main Business	Development, Management, and Operation of Container Terminals.
Share Capital	SAR 555.207 million
No. of Shares	555,207 of SAR 1,000 each
Impact on SISCO Financials	
Revenues	82.6%
Assets	80.2%
Net Profit	86.7%

SHARE STRUCTURE

COMPANY	NO. OF SHARES	%
RED SEA PORTS DEVELOPMENT	333,125	60.0%
SISCO	117,704	21.2%
CITY ISLAND HOLDING	44,416	8.0%
XENEL INDUSTRIES	37,754	6.8%
SAUDI TRADE AND EXPORT DEVELOPMENT CO.	22,208	4.0%
TOTAL	555,207	100%

Business Analysis:

The Kingdom's GDP growth in 2020 contracted by 410 basis points compared to the previous year, mainly due to the COVID-19 pandemic that affected both oil and non-oil sector activities (e.g., tourism). In addition, curtailed oil production, the VAT hike, and a weaker labor market depressed private consumption affecting economic output.
Source: Central Department of Statistics & Information.

Total container volume handled in 2020 by major container terminals in KSA was approximately 9.3 million TEUs, registering 4% growth over the previous year. This growth was driven primarily by an 8% increase in Transshipment volume. Gateway volume increased by 1%, with import remaining at similar levels to last year, while export container volume increased by 2%. Transshipment accounted for about 42% of the total volume in the KSA, in line with the previous year.

The total number of import containers coming through the Jeddah Wider Area (Jeddah Islamic Port and King Abdullah Port) increased by 3% to 1.38 million TEU in 2020. Export containers (empty and full) also witnessed an increase of 3% to 1.39 million TEU in 2020, subsequently resulting in a 3% growth in gateway container volume. Transshipment container volume recorded noticeable growth of 9% as major shipping lines consolidated volume and reworked network within the Gulf / Red sea region. Total container volume in Jeddah Islamic Port (JIP) in 2020 was approximately SAR 4.6 million TEUs representing an increase of 6% over 2019. This growth was primarily driven by transshipment which increased by 12% over the previous year.

Overall, RSGT's market share in JIP increased to 58% in 2020 from 44% in 2019. Gateway volume grew by 23% to 1.2 million TEU, with import and export volumes increasing by 21% and 24%, respectively. Transshipment volumes grew by 51% in 2020 to 1.4 million TEU. RSGT's annual throughput grew 36% while maintaining its customer base.

2020 was a year full of significant milestones for RSGT:

- In April 2020, RSGT took over the Northern Container Terminal and began expansion work, receiving the first order of new equipment in November 2020, which increased capacity from 2.5 million TEU to 4.8 million TEU.

- In April 2020, RSGT started handling vessels for the new CMA Service JEDDEX.

- RSGT built several commercial initiatives focusing on the local importers and traders to build a better value proposition to improve customer experience and loyalty and pave the way to increase RSGT's market share. Such initiatives include implementing a customer relations management system, digitalizing services, door-to-door solutions, and increased active interaction with customers.

Such milestones were accompanied by record results in 2020:

- In 2020, RSGT recorded its highest annual volume of 2.6 million TEU handled in 2020 compared to 1.9 million TEU in 2019, becoming the biggest terminal in KSA.

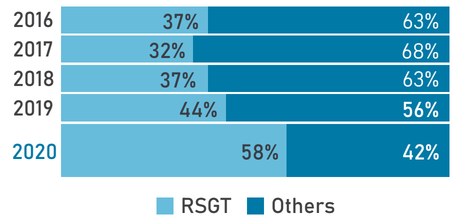
- In 2020, RSGT handled 1087 vessel calls, which marks the highest number of ships handled in a year since the start of the operations.

- In August 2020, RSGT handled 264,000+ TEU, registering the highest monthly volume recorded by a Terminal in KSA.

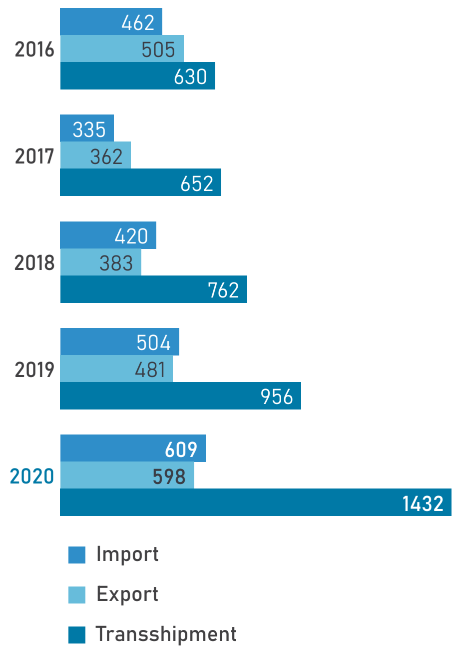
- The number of mega vessels called increased by 37% to 310 calls from 226 calls in 2019.

The number of mega vessel calls is expected to increase in the coming years, as shipping lines are proceeding with the upgrade to bigger vessels, which will cascade into the routes calling Jeddah.

RSGT Market Share



RSGT Throughput
(TEUs '000)



Impact on SISCO Financials

Revenues	Assets	Net Profit
4.6%	10.7%	0.1%

Saudi Trade & Export Development Co. (LogiPoint)

Established	1999
Company Type	Limited Liability Co.
Principal Place of Operations	Jeddah, Saudi Arabia
Main Business	Development, Management, and Operation of Logistics Parks and Zones
Share Capital	SAR 140 million
No. of Shares	140,000 of SAR 10,000 each
Impact on SISCO Financials	
Revenues	4.6%
Assets	10.7%
Net Profit	0.1%

SHARE STRUCTURE

COMPANY	NO. OF SHARES	%
SISCO	106,400	76.0%
XENEL INDUSTRIES	33,600	24.0%
TOTAL	**140,000**	**100%**

Business Analysis:

2020 was a challenging year for LogiPoint due to the impact of COVID-19. The Saudi Arabian demand and spending patterns demonstrated a major shift.

Warehousing

Warehousing occupancy remained consistent at the Bonded and Re-Export Zone. The demand for Bonded Warehousing remained high during COVID-19, as it completely changed the global supply chain landscape. Companies looking for efficient & cost-effective solutions to serve their customers always find Bonded Warehousing offering as a viable option to cater to their customer needs. The demand for Bonded Warehousing is expected to remain strong and the phenomenal growth of the E-Commerce segment has further established that LogiPoint need to increase its Bonded Warehousing capacity to fulfill the needs for this growing segment.

Open Yards

The downward trend in the demand for open yards continued in 2020. Saudi Arabia increased the Value Added Tax (VAT) to 15%, which greatly impacted the automobile sector, that was the highest occupier of open yards. The auto industry revisited their import and inventory strategies in light of the VAT increase and the impact of COVID on the local economy. Additionally, construction projects suffered greatly due to the economic pressures on the consumers that were directly impacted by the pandemic restrictions and limitations. This ultimately impacted the company's ability to increase the utilization of open yards. However the company did witness some relief in the fourth quarter of 2020 by contracting a few profitable short-term deals with an automotive importer and a global 3PL customer.

شركة تشغيل الخدمات المسانده
ISNAD Support Services Operation Company

Impact on SISCO Financials

Revenues	Assets	Net Profit
3.7%	1.07%	7.6%

Support Services Operation Company Limited

(Logipoint Services)

Established	2004
Company Type	Limited Liability Co.
Principal Place of Operations	Jeddah, Riyadh Saudi Arabia
Main Business	Logistics Operation Management and services including investing and developing logistics services hubs, logistics operations, and, value added services.
Share Capital	SAR 15 Million
No. of Shares	15,000 of SAR 1,000 each
Impact on SISCO Financials	
Revenues	3.7%
Assets	1.07%
Net Profit	7.6%

SHARE STRUCTURE

COMPANY	NO. OF SHARES	%
SISCO	14,550	97.0%
LOGIPOINT	450	3.0%
TOTAL	**15,000**	**100%**

Business Analysis:

Support Services Operation Company (branded as LogiPoint Services) designed and offered the concept of export HUB to Aramco, which was launched successfully during 2020. The plan is to further expand the company's offerings to multiple segments and position LogiPoint as the Leading HUB solution provider in the region.

LogiPoint Services successfully introduced customized solutions in the market during 2020. Companies dealing in perishable commodities looking for faster transit times were targeted with bonded Multimodal Solutions Such as Sea to Air and Air to Sea along with cross-border transit movements. LogiPoint worked with the well-renowned global logistics companies like Maersk & CEVA for the sea-land bonded movement between Jeddah Port and Kuwait which resulted in a reduced lead time of approximately 09 days. The end-to-end process was controlled by LogiPoint without any service failures.

LogiPoint Services offerings for labeling the FMCG products are very well received in the market. The company witnessed very impressive penetration in the market for this offering and will continue to focus on developing this further in 2021.

The re-exporting of vehicles is another success story for 2020. These were discharged at Jeddah Port, where they were containerized in the Bonded & Re-Export zone and were re-exported to their destinations.

On the operational front, real-time information is essential in allowing not only timely execution, but equally important, resource planning. Therefore, the main focus of the operational division of LogiPoint Services in 2020 was dedicated to Planning, Shipment Visibility / Milestones of Execution Data Integrating across operational platforms providing E2E visibility, Capacity Planning & Management.

S.A. TALKE
س.أ.تالكي

Impact on SISCO Financials

Revenues	Assets	Net Profit
260.7 million	201.1 million	40.1 million

Al-Jabr Talke Company Ltd. (S.A. TALKE)

Established	2004
Company Type	Limited Liability Co.
Principal Place of Operations	Jubail, Saudi Arabia
Main Business	Packaging, Material Handling, Distribution of Petro-chemical and / or Hazardous materials.
Share Capital	SAR 21.099 million
No. of Shares	21,099 of SAR 1,000 each
Impact on SISCO Financials	
S.A. TALKE is not a consolidated subsidiary of SISCO group; therefore, there is no direct contribution towards SISCO's Consolidated Assets or Revenues.	
Revenues	SAR 260.7 million
Assets	SAR 201.1 million
Net Profit	SAR 40.1 million

SHARE STRUCTURE

COMPANY	NO. OF SHARES	%
SISCO	7,033	33.3%
TALKE GmbH	7,033	33.3%
AZMEEL International	5,627	26.7%
Abdullatif Mogahed	1,406	6.7%
TOTAL	21,099	100%

Business Analysis:

Despite the challenging environment and COVID-19 outbreak, 2020 was a good year for SAT's growth. The company retained all of its existing projects and acquired two new projects.

In 2020, the company's volume throughput in Saudi Arabia was more than 18 million tonnes of chemical products. S.A. TALKE currently operates 16 projects in the Kingdom of Saudi Arabia.

COVID-19 had a significant impact on the operations during H1 2020 with demand being impacted due to the decline in the petrochemical sector. In addition, work on some projects was impacted in the short term due to strict lockdown measures in Saudi Arabia which restricted movement of people and goods. To mitigate this impact.

S.A. Talke took various proactive and preventative measures including setting up special facilities for operational staff thus to ensure continuity of operations. Despite the challenging market conditions, the company acquired 2 new projects during 2020 resulting in an increase in the demand for additional workforce. However, recruitment of new employees presented a challenge due to travel restrictions.

The company also continued its drive for growth and commenced services in Yanbu by securing 3 year contracts with potential additional two year extension. The company plans to add additional assets to in the coming years to improve both the offering and volume handling capacity for current and potential clients.

The company also celebrated a new milestone — the achievement of 12 million safe man-hours without a lost-time injury (LTI). This has resulted from a continuous effort to create an organizational culture where safety is a core value and always comes first. All employees are continuously encouraged to drive the safety performance forward and are rewarded for generating creative ideas.

S.A. Talke's Act Safety Program (ASP), Behaviour-Based Safety (BBS), and Leadership Safety (L.S.) are a few of the programs which are implemented in S.A. TALKE, seeking to continuously improve awareness through a series of focused and interactive quarterly safety campaigns.

Impact on SISCO Financials

Revenues	Assets	Net Profit
9%	4%	1.7%

Kindasa Water Services Co.

Established	2000
Company Type	Closed Joint Stock Co.
Principal Place of Operations	Jeddah, Saudi Arabia
Main Business	Construction and Operation of Water Desalination Plants and Water Distribution.
Share Capital	SAR 77.3 million
No. of Shares	7,730,000 of SAR 10 each.
Impact on SISCO Financials	
Revenues	9%
Assets	4 %
Net Profit	1.7%

SHARE STRUCTURE

COMPANY	NO. OF SHARES	%
SISCO	5,024,500	65.0%
M. Abdul Latif Jameel Co.	2,705,500	35.0%
TOTAL	7,730,000	100%

Business Analysis:

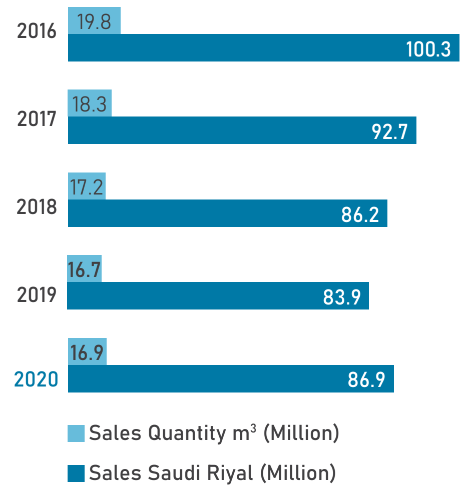
Total quantity sold during 2020 was 16.9 million cubic meters compared to 16.7 million cubic meters sold in 2019 due to the increased demand in Rabigh.

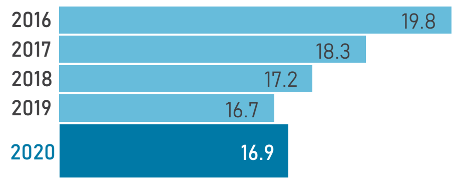
Kindasa's design capacity is 24.6 million cubic meters per year, and during 2020 the plant operated at 68.7% utilization.

Kindasa has expanded its business in 2018 through the sale of water to third industrial zone in Jeddah, and it is seeking to invest in new projects to compensate for the decline in first industrial city in Jeddah sales.

In 2019, Rabigh desalination plant was completed with its operations kicking off in July of the same year. The plant has a design capacity of 6,000 cubic meters per day expandable to 12,000 cubic meters per day. By the end of the year 2020 sales averaged around 3,000 cubic meters per day which is roughly half of its production capacity.

Kindasa uses cost-effective Reverse Osmosis (RO) desalination technology, which has minimal environmental impact. Further, Kindasa has commissioned hybrid pre-treatment system consisting of conventional Dual Media Filtration in conjunction with state-of-the-art Ultra Filtration (UF) process to produce stable RO feed-water quality that remains unaffected by seasonal changes in sea water quality. In fact, Kindasa's water quality is implying to the World Health Organization (WHO) and Saudi Arabian Standards Organization (SASO).





Water Sales m³ (Million)

	2016	2017	2018	2019	2020
Sales SR (Million)	100.3	92.7	86.2	83.9	86.9
Sales QTY m³ (Million)	19.8	18.3	17.2	16.7	16.9

Tawzea

الشركة الدولية لتوزيع المياه المحدودة

International Water Distribution Co. Ltd

Impact on SISCO Financials

Revenues	Assets	Net Profit
260.7 million	276 million	14.4 million

International Water Distribution Company Ltd. (TAWZEA)

Established	2006
Company Type	Limited Liability Co.
Principal Place of Operations	Jeddah, Riyadh, Qassim Saudi Arabia
Main Business	Potable Water Distribution and Wastewater Treatment and use of re-cycled water for irrigation.
Share Capital	SAR 146 million
No. of Shares	146,000 of SAR 1,000 each
Impact on SISCO Financials	
TAWZEA is not a consolidated subsidiary of SISCO group; therefore, there is no direct contribution towards SISCO's Consolidated Assets or Revenues.	
Revenues	SAR 260.7 million
Assets	SAR 276 million
Net Profit	SAR 14.4 million

SHARE STRUCTURE

COMPANY	NO. OF SHARES	%
SISCO	73,000	50.0%
AMIWATER (AMIANTIT)	73,000	50.0%
TOTAL	146,000	100%

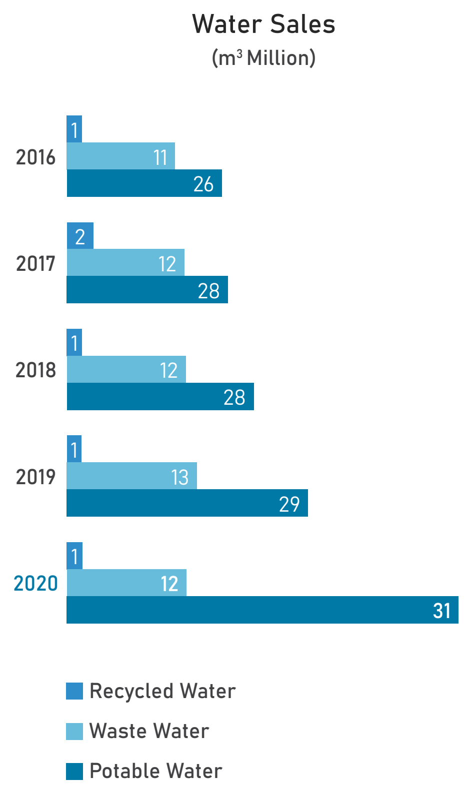
Business Analysis:

Tawzea is engaged in providing potable and wastewater services to industrial cities under concession agreement from Saudi Industrial Property Authority (MODON). Tawzea specializes in Management of industrial cities, operation and maintenance of Potable Water, and Waste Water facilities in cities like Jeddah, Riyadh, and Qassim among others. It is also one of the first companies that have been successful in the privatization of the water sector in the Kingdom of Saudi Arabia and PPP projects.

Tawzea's joint venture with Aquapur Company to secure supply and maintenance concession for Jeddah Industrial City 2nd and 3rd at the end of 2016 has contributed in increasing the revenue of 2020.

As part of Saudi Arabia's Vision 2030, Tawzea in consortium with Cobra, won the bid for the development of Taif ISTP at the end of 2019 the consortium successfully achieved financial close and the project is in the construction stage now. The completion of the project is expected by 4th quarter of 2022.

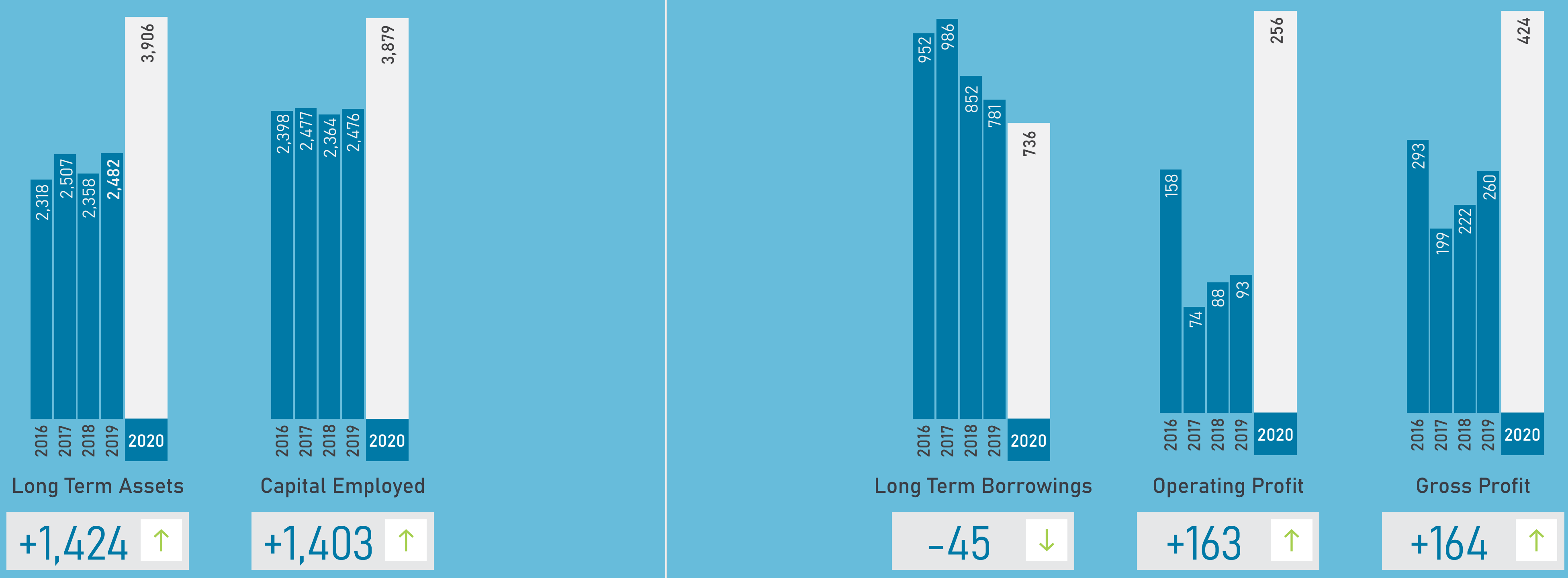
Furthermore during last two years Tawzea won a number of O&M contracts as part of its long term strategy to diversify its business thereby reducing concentration on one particular revenue stream. In long run Tawzea will continue its participation in privatization projects and O&M contracts in line with its strategy to increase market share.



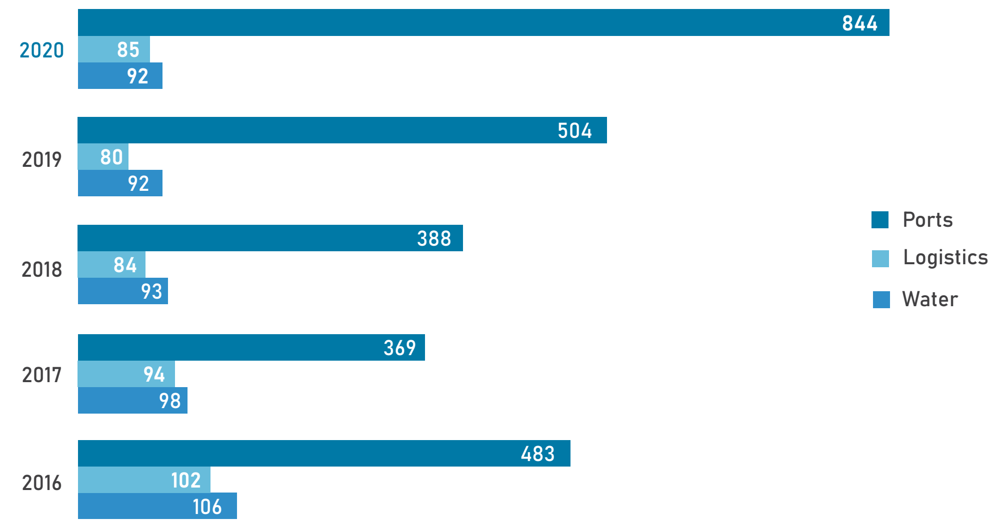
FINANCIAL REVIEW

03

Key Financial Indicators
(in SAR million)



Segment Wise Revenue
(in SAR million)



Balance Sheet

(SAR '000)	2020	20 VS. 19 % CHANGE	2018	2017	2016	2015
ASSETS						
CURRENT ASSETS						
Bank Balances and Cash	336,534	14.0%	295,101	180,584	150,708	195,404
Receivables	144,990	30.3%	111,274	117,953	101,588	113,962
Inventories	19,628	8.0%	18,172	21,303	25,503	31,120
	501,152	**18.0%**	**424,546**	**319,840**	**277,799**	**340,486**
NON-CURRENT ASSETS						
Investments	160,672	2.5%	156,737	147,792	180,297	117,473
Property, Plant and Equipment	514,436	-49.0%	1,008,201	1,039,960	1,079,520	892,863
Right of Use Assets	86,918	-64.1%	241,825	-	-	-
Other Non-Current Assets	3,143,976	192.5%	1,074,792	1,170,143	1,247,218	1,307,795
	3,906,002	**57.4%**	**2,481,556**	**2,357,895**	**2,507,036**	**2,318,131**
TOTAL ASSETS	**4,407,154**	**51.7%**	**2,906,102**	**2,677,735**	**2,784,835**	**2,658,617**
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Payables	**457,050**	**140.8%**	**189,769**	**160,605**	**161,938**	**144,520**
Short-term Loans	70,671	-70.6%	240,712	153,414	146,391	116,018
	527,721	**22.6%**	**430,480**	**314,019**	**308,329**	**260,538**
NON-CURRENT LIABILITIES						
Long Term Bank Loans	665,663	23.2%	540,390	699,027	839,710	836,402
Other Non-Current Liabilities	1,371,469	1,464.9%	87,641	66,042	66,041	54,602
Lease Liabilities	84,598	-61.0%	217,086	-	-	-
Employees' End of Service Benefits	48,126	21.9%	39,470	27,216	26,693	21,884
	2,169,856	**145.3%**	**884,587**	**792,285**	**932,444**	**912,888**
SHAREHOLDERS' EQUITY						
Share Capital	816,000	-	816,000	816,000	816,000	680,000
Share Premium	36,409	-	36,409	36,409	36,409	36,409
Reserves	90,324	18.3%	76,383	71,290	66,616	59,629
Other Non-Distributable Reserves	(16,482)	73.2%	(9,517)	5,907	10,697	8,061
Retained Earnings / (Loss)	248,330	44.5%	171,818	158,627	137,569	224,218
Equity Attributable to Parent Company	**1,174,581**	**7.7%**	**1,091,093**	**1,088,233**	**1,067,292**	**1,008,317**
Non-Controlling Interest	534,996	**7.0%**	499,942	483,198	476,769	476,875
Total Equity	**1,709,577**	**7.5%**	**1,591,035**	**1,571,431**	**1,544,061**	**1,485,192**
TOTAL LIABILITIES AND EQUITY	**4,407,154**	**51.7%**	**2,906,102**	**2,677,735**	**2,784,835**	**2,658,617**

Balance Sheet

(Horizontal Analysis)

Horizontal analysis is done using 2016 as the base year and shows the development in key elements of the balance sheet over last 5 years.

(2016 as base year)	2020	2019	2018	2017	2016
ASSETS					
CURRENT ASSETS					
Bank Balances and Cash	172	151	92	77	100
Receivables	127	98	104	89	100
Inventories	63	58	68	82	100
	147	**125**	**94**	**82**	**100**
NON-CURRENT ASSETS					
Investments	137	133	126	153	100
Property, Plant and Equipment	58	113	116	121	100
Right of Use Assets	100	100	100	100	-
Other Non-Current Assets	240	82	89	95	100
	168	**107**	**102**	**108**	**100**
TOTAL ASSETS	**166**	**109**	**101**	**105**	**100**
LIABILITIES AND EQUITY					
CURRENT LIABILITIES					
Payables	316	131	111	112	100
Short-term Loans	61	207	132	126	100
	203	**165**	**121**	**118**	**100**
NON-CURRENT LIABILITIES					
Long Term Bank Loans	80	65	84	100	100
Other Non-Current Liabilities	2,512	161	121	121	100
Lease Liabilities	100	100	100	100	-
Employees' End of Service Benefits	220	180	124	122	100
	238	**97**	**87**	**102**	**100**
SHAREHOLDERS' EQUITY					
Share Capital	120	120	120	120	100
Share Premium	100	100	100	100	100
Reserves	151	128	120	112	100
Other Non-Distributable Reserves	(204)	(118)	73	133	100
Retained Earnings / (Loss)	111	77	71	61	100
Equity Attributable to Parent Company	**116**	**108**	**108**	**106**	**100**
Non-Controlling Interest	112	105	101	100	100
Total Equity	**115**	**107**	**106**	**104**	**100**
TOTAL LIABILITIES AND EQUITY	**166**	**109**	**101**	**105**	**100**

Balance Sheet
(Vertical Analysis)

Vertical analysis is done using Total Assets of the year as base and reflects the proportion of key balance sheet elements as compared to Total Assets of that year.

(Total Assets as the base)	2020	2019	2018	2017	2016
ASSETS					
CURRENT ASSETS					
Bank Balances and Cash	7.6	10.2	6.7	5.4	7.3
Receivables	3.3	3.8	4.4	3.6	4.3
Inventories	0.5	0.6	0.8	1.0	1.2
	11.4	**14.6**	**11.9**	**10.0**	**12.8**
NON-CURRENT ASSETS					
Investments	3.6	5.4	5.5	6.5	4.4
Property, Plant and Equipment	11.7	34.7	38.8	38.8	33.6
Right of Use Assets	2.0	8.3	-	-	-
Other Non-Current Assets	71.3	37.0	43.8	44.7	49.2
	88.6	**85.4**	**88.1**	**90.0**	**87.2**
TOTAL ASSETS	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**
LIABILITIES AND EQUITY					
CURRENT LIABILITIES					
Payables	10.4	6.5	6.0	5.7	5.4
Short-term Loans	1.6	8.3	5.7	5.3	4.4
	12.0	**14.8**	**11.7**	**11.0**	**9.8**
NON-CURRENT LIABILITIES					
Long Term Bank Loans	15.1	18.6	26.1	30.2	31.5
Other Non-Current Liabilities	31.1	3.0	2.5	2.4	2.1
Lease Liabilities	1.9	7.5	-	-	-
Employees' End of Service Benefits	1.1	1.4	1.0	1.0	0.8
	49.2	**30.4**	**29.6**	**33.6**	**34.4**
SHAREHOLDERS' EQUITY					
Share Capital	18.5	28.1	30.5	29.3	25.6
Share Premium	0.8	1.3	1.4	1.3	1.4
Reserves	2.0	2.6	2.7	2.4	2.2
Other Non-Distributable Reserves	(0.4)	(0.3)	0.2	0.4	0.3
Retained Earnings / (Loss)	5.6	5.9	5.9	4.9	8.4
Equity Attributable to Parent Company	**26.5**	**37.5**	**40.7**	**38.3**	**37.9**
Non-Controlling Interest	12.3	17.2	18.0	17.1	17.9
Total Equity	**38.8**	**54.7**	**58.7**	**55.4**	**55.8**
TOTAL LIABILITIES AND EQUITY	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

Statement of Income

(SAR '000)	2020	20 VS. 19 % CHANGE	2019	2018	2017	2016
Revenue(1)	1,020,865	51.0%	675,884	564,705	562,407	690,772
Direct Costs(1)	(597,125)	43.7%	(415,577)	(342,639)	(363,720)	(398,063)
GROSS PROFIT	**423,740**	**62.8%**	**260,307**	**222,066**	**198,687**	**292,709**
Selling & Distribution Expenses	(20,825)	-36.6%	(32,863)	(16,395)	(19,467)	(13,287)
General & Administrative Expenses	(146,672)	9.4%	(134,036)	(117,592)	(105,300)	(121,439)
OPERATING PROFIT	**256,242**	**174.3%**	**93,408**	**88,078**	**73,920**	**157,983**
Finance Costs	(133,481)	179.7%	(47,727)	(50,780)	(34,994)	(36,279)
Share of Results from Associates	21,609	-21.1%	27,372	23,745	20,736	11,650
Other Income / (Loss)	88,728	720.2%	10,818	9,283	28,162	12,013
Net Income before Zakat	**233,099**	**177.9%**	**83,872**	**70,327**	**87,824**	**145,367**
Zakat & Income Tax	(16,430)	174.2%	(5,993)	(4,806)	(6,702)	(9,330)
Group Net Income	**216,669**	**178.2%**	**77,879**	**65,520**	**81,122**	**136,037**
Group Net Income Attributable to:						
Non-Controlling Interest	77,256	186.6%	26,956	18,775	22,311	45,781
Parent Company	139,413	173.8%	50,923	46,745	58,811	90,256

Notes:
- Revenue and cost of revenue in 2020 include accounting revenue and cost of SAR 159 million.
- Certain comparative figures in the financial statements have been reclassified to conform to this year's presentation.
- Main variances in profitability and operating results are explained in the sections of 'Analysis of Financial Results' and for each business under each company's profile.

Statement of Income
(Horizontal Analysis)

Horizontal analysis is done using 2016 as the base year, and shows the development in key elements of the income statement over the last 5 years.

(2016 as base year)	2020	2019	2018	2017	2016
Revenue	148	98	82	81	100
Direct Costs	150	104	86	91	100
GROSS PROFIT	**145**	**89**	**76**	**68**	**100**
Selling & Distribution expenses	157	247	123	147	100
General & Administrative expenses	121	110	97	87	100
OPERATING PROFIT	**162**	**59**	**56**	**47**	**100**
Finance Costs	368	132	140	96	100
Share of results from associates	185	235	204	178	100
Other Income / (Loss)	739	90	77	234	100
Net Income before Zakat	**160**	**58**	**48**	**60**	**100**
Zakat & Income Tax	176	64	52	72	100
Group Net Income	**159**	**57**	**48**	**60**	**100**
Group Net Income Attributable to:					
Non-Controlling Interest	169	59	41	49	100
Parent Company	154	56	52	65	100

Statement of Income
(Vertical Analysis)

Vertical analysis is done using Revenue of the year as base and reflects the proportion of key income statement elements as compared to Total Revenue of that year.

(Revenue as the base)	2020	2019	2018	2017	2016
Revenue	100.0	100.0	100.0	100.0	100.0
Direct Costs	(58.5)	(61.5)	(60.7)	(64.7)	(57.6)
GROSS PROFIT	**41.5**	**38.5**	**39.3**	**35.3**	**42.4**
Selling & Distribution Expenses	(2.0)	(4.9)	(2.9)	(3.5)	(1.9)
General & Administrative Expenses	(14.4)	(19.8)	(20.8)	(18.7)	(17.6)
OPERATING PROFIT	**25.1**	**13.8**	**15.6**	**13.1**	**22.9**
Finance Costs	(13.1)	(7.1)	(9.0)	(6.2)	(5.3)
Share of Results from Associates	2.1	4.0	4.2	3.7	1.7
Other Income / (Loss)	8.7	1.6	1.6	5.0	1.7
Net Income before Zakat	**22.8**	**12.4**	**12.5**	**15.6**	**21.0**
Zakat & Income Tax	(1.6)	(0.9)	(0.9)	(1.2)	(1.4)
Group Net Income	**21.2**	**11.5**	**11.6**	**14.4**	**19.6**
Group Net Income Attributable to:					
Non-Controlling Interest	7.5	4.0	3.3	4.0	6.6
Parent Company	13.7	7.5	8.3	10.4	13.0

Key Ratios

	2020	2019	2018	2017	2016
Liquidity Ratios					
Current Ratio	**0.9**	1.0	1.0	0.9	1.3
Quick Ratio	**0.9**	0.9	1.0	0.8	1.2
Cash to Current Liabilities	**0.6**	0.7	0.6	0.5	0.8
Cash Flow from Operations to Sales	**0.3**	0.4	0.3	0.4	0.4
Capital Structure Ratios					
Debt-Equity Ratio	**0.4**	0.5	0.5	0.6	0.6
Financial Leverage Ratio	**0.6**	1.2	1.4	1.2	1.3
Interest Cover Ratio	**2.7**	2.8	2.4	3.5	5.0
Activity Ratios					
Average Collection Period	**43.7**	48.0	55.6	48.3	47.3
Fixed Assets Turnover	**0.3**	0.3	0.3	0.2	0.3
Total Assets Turnover	**0.2**	0.2	0.2	0.2	0.3
Accounts Receivables Turnover	**7.0**	6.1	4.8	5.5	6.1
Profitability Ratios					
Gross Profit Margin (%)	**41.5**	38.5	39.3	35.3	42.4
Operating Profit Margin (%)	**25.1**	13.8	17.2	18.0	24.4
Net Profit Margin (%)	**22.8**	12.4	12.5	15.6	21.0
Return on Assets (%)	**4.9**	2.7	2.4	2.9	5.1
Return on Equity (%)	**12.7**	4.9	4.2	5.3	9.2
EBITDA Margin to Sales (%)	**52.0**	42.8	48.0	46.3	44.9
Investment / Market Ratio					
Price Earnings Ratio	**18.9**	31.6	19.0	15.8	13.4
Market Price per Share (SAR)					
At the end of the year	**32.4**	19.6	10.8	11.4	14.9
Highest during the year	**33.5**	19.9	16.2	13.5	16.9
Lowest during the year	**13.1**	10.7	10.8	9.9	9.5
Book Value per Share (SAR)	**14.4**	13.4	13.3	13.1	14.8
EBITDA Multiple	**5.0**	5.5	3.3	3.6	3.3
EV / EBITDA	**6.7**	8.9	7.5	8.6	7.2

Key Financial Data

	2020	2019	2018	2017	2016
Balance Sheet (SAR '000)					
Share Capital	**816,000**	816,000	816,000	816,000	680,000
Reserves	**90,324**	76,383	71,290	66,616	59,629
Shareholders` Equity	**1,174,581**	1,091,093	1,088,234	1,067,292	1,008,317
Long-term Borrowing	**665,663**	540,390	699,027	839,710	836,402
Capital Employed	**3,879,433**	2,475,622	2,363,717	2,476,506	2,398,080
Property, Plant, & Equipment	**514,436**	1,008,201	1,039,960	1,079,520	892,863
Right of Use Assets	**86,918**	241,825	-	-	-
Other Non-Current Assets	**3,141,574**	1,070,385	1,162,103	1,238,841	1,307,795
Profit & Loss (SAR '000)					
Sales	**1,020,865**	675,884	564,705	562,407	690,772
Gross Profit	**423,740**	260,307	222,066	198,687	292,709
Operating Profit	**256,242**	93,408	88,078	73,920	157,983
Profit before Zakat and NCI	**233,099**	83,872	70,327	87,824	145,367
Net Profit	**139,413**	50,923	46,745	58,811	90,256
EBITDA	**530,424**	289,543	220,193	225,416	273,685
Earnings per Share	**1.71**	0.62	0.57	0.72	1.11
Cash-flow (SAR '000)					
Cash Flows from Operating Activities	**355,907**	256,064	183,951	243,550	262,440
Cash Flows from Investing Activities	**(194,694)**	(23,726)	20,742	(296,071)	(268,930)
Cash Flows from Financing Activities	**(119,779)**	(117,821)	(174,817)	7,824	(50,775)
Change in Cash and Cash Equivalents	**41,433**	114,517	29,876	(44,696)	(57,265)
Closing Cash and Cash Equivalents	**336,534**	295,101	180,584	150,708	195,404
Capitalization					
Closing Price (SAR per Share)	**32.4**	19.60	10.84	11.40	14.89
Market Capitalization (SAR million)	**2,643,840**	1,599	885	930	1,013
Enterprise Value (SAR million)	**3,579**	2,585	2,040	2,242	2,246
Numbers of Shares Issued (SAR million)	**81,600**	81,600	81,600	81,600	68,000
Operational Statistics					
Containers ('000 TEUs)	**2,667**	1,959	1,581	1,363	1,614
No. of Vehicles	**1,761**	4,688	7,348	8,304	14,160
General Cargo (metric tons)	**48,505**	73,881	63,720	38,280	44,739
Water Production (million m3)	**16.9**	16.7	17.3	18.3	19.8

Geographical Analysis of Revenue

The Group's consolidated subsidiaries principally operate in western region of the Kingdom.

COMPANY (SAR '000)	2020			2019		
	WESTERN	CENTRAL	EASTERN	WESTERN	CENTRAL	EASTERN
RSGT	843,524	-	-	504,359	-	-
LOGIPOINT	46,960	-	-	48,833	-	-
KINDASA	92,247	-	-	91,769	-	-
ISNAD	38,133	-	-	30,923	-	-
TOTAL	**1,020,864**	**-**	**-**	**675,884**	**-**	**-**
		1,020,864			**675,884**	

SISCO's associated entities, whose revenues are not consolidated in SISCO's financial statements, operate across the Kingdom and their revenue break-down is as follows:

COMPANY (SAR '000)	2020			2019		
	WESTERN	CENTRAL	EASTERN	WESTERN	CENTRAL	EASTERN
TAWZEA	111,859	133,747	-	117,938	145,375	-
SA TALKE	64,207	-	196,493	76,196	-	182,671
TOTAL	**176,066**	**133,747**	**196,493**	**194,134**	**145,375**	**182,671**
		506,306			**506,854**	

Bank Loans and Debt Instruments

COMPANY (SAR '000)	LENDER	START YEAR	ORIGINAL PRINCIPAL	BALANCE 1/1/2020	DRAWDOWNS	REPAYMENTS	BALANCE 31/12/2020
RSGT	Al Rajhi / BSF	2016	260,000	203,138	-	(203,138)	-
		2008	1,271,061	590,632	-	(590,632)	-
	Al Rajhi / BSF	2020	793,771	-	793,771	(50,246)	743,525
		2020	750,000	-	45,000	-	45,000
KINDASA	SABB	2016	24,000	5,757	-	(886)	4,871
TOTAL			**3,098,832**	**799,527**	**838,771**	**(844,902)**	**793,396**

Repayment Profile

COMPANY (SAR '000)	RSGT		KINDASA	TOTAL
Lender	**Al-Rajhi / BSF (1)**	**Al-Rajhi / BSF (2)**	**SABB**	
Less than one year	68,899	-	1,771	**70,670**
From 1 to 2 years	71,439	-	1,771	**73,210**
From 2 to 5 years	230,749	10,809	1,329	**242,887**
More than 5 years	372,438	34,191	-	**406,629**
Closing Balance of the Period	**743,525**	**45,000**	**4,871**	**793,396**

Payments to Government Authorities

INSTITUTION (SAR '000)	2020		DESCRIPTION
	PAID DURING THE YEAR	DUE UP TO END OF 2020 AND HAS NOT BEEN PAID	
General Authority of Zakat and Tax	15,086	-	
General Organization of Social Insurance	11,470	260	Received after the year end.
Ministry of Interior for Passport / Visa Services	3,557	-	
Department of Customs	12,452	-	
Saudi Ports Authority	144,438	152	Received after the year end.
TOTAL	**187,003**	**412**	

Dividend Policy

The Company's dividend policy is governed by Articles (45) and (46) of its Articles of Association.

Article 45 mandates the following regarding distribution of the company's annual Net Profits:

1. The Company sets aside ten (10) percent of Net Profits after Zakat as statutory reserve until the reserve reaches thirty (30) percent of the company's paid up share capital.
2. The Company has the right to set aside other reserves to the extent that benefits the company and stabilizes the dividends paid to shareholders. In addition, the company can cut off some of the Net Profits to be used in either establishing or contributing to social institutions for the company's employees.
3. The remaining amount, if any, would be used in distributing at least ten (10) percent of the Company's annual Net Profits to shareholders based on Board's suggestion and partner's approval.

The Company may choose to distribute dividends quarterly or semi-annually if it meets the following requirements:

- The Board's resolution/ decision should be renewed annually.
- The company should maintain good/stable profits.
- The company should have adequate liquidity, and it should be able to anticipate its future profits clearly.
- The company should have an adequate amount of Profits, based on the final audited financial statements, to cover the amount proposed to be distributed as dividends after deducting what has been distributed or used as capital beyond the date of the financials.

Article (46) states that the shareholders are authorized to receive their dividends based on the Company's/ Board's resolution, which should include the ex-dividend date and the distribution/payment date for the dividends. Shareholders are eligible for the dividends if they are registered in the company's record by end of the ex-dividend date.

Historical Dividends Paid by the Company:

	2015	2016	2017	2018	2019	2020 (PROPOSED)
Dividend/Share	0.5	*	0.3	0.4	0.6	0.8
Distribution %	5% of share capital which is SAR 680 Million	*	3% of share capital which is SAR 816 Million	4% of share capital which is SAR 816 Million	6% of share capital which is SAR 816 Million	8% of share capital which is SAR 816 Million
TOTAL	SAR 34 Million	*	SAR 24.4 Million	SAR 32.6 Million	SAR 48.9 Million	SAR 65.2 Million

** Bonus shares were granted to all shareholders by issuing one bonus share for each five shares as approved by the General Assembly of Shareholders on 16 April 2017.*

MANAGEMENT FRAMEWORK

04

Management Structure and Philosophy

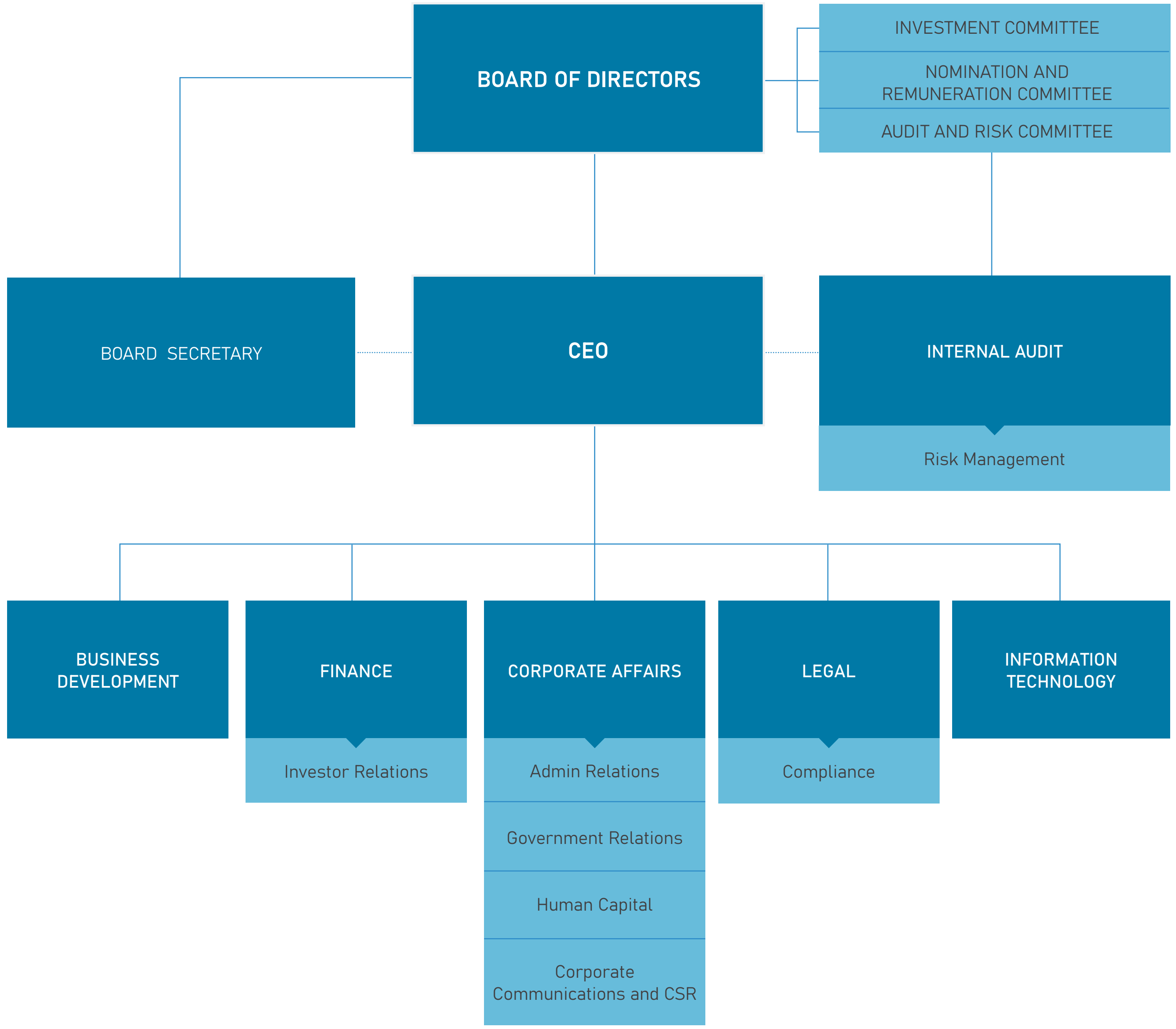
SISCO manages its group companies with the concept of strategic long-term investment, where the individual business companies focus on growth within their respective sector, and corporate center supports the unit through key advisory functions to bring in synergies.

SISCO's Board has a top down view as the custodian of stakeholders' interests and works with the CEO in deciding overall strategic vision and direction of the company and implementation of that vision. The Board is assisted by a number of Board Committees in making decisions related to Audit, Risk, Investments, Remunerations and Nomination.

Each SISCO company (both subsidiaries and associated) is governed by an independent board, which appoints an independent CEO to the respective company, who is responsible for implementing the direction set by the Board into tangible results. SISCO is represented in each consolidated and associated company's board in-line with its shareholding position. This approach of managing its investments ensures accountability without impeding the flexibility and entrepreneurial spirit within each company, translating in to SISCO group's continued growth.

Corporate functions provide the Board and CEO with a set of functional strengths and enable a 'portfolio-oriented' management of SISCO's investments. The core responsibility of the Corporate Center is to advise and support in establishing a system and mechanism across the group, which is in accordance with highest standards of integrity, and provides a uniform set of reporting, risk management, and compliance procedures.

Organization Chart



Board and Committee Members

AAMER ABDULLAH ALIREZA
Chairman of the Board

On SISCO Board Since 2003
Investment Committee Member and Nomination & Remuneration Committee Member

Membership In Companies

Incorporation Type : Closed Joint Stock
- Red Sea Ports Development
- Tabadul (Previously)
- Al Balad Development Co.

Incorporation Type : Listed /Joint Stock
- BUPA Arabia for Co-operative Insurance (Previously)

Incorporation Type : Limited Liability
- Xenel Industries Co.
- Red Sea Gateway Terminal Co.
- Saudi Trade & Export Development Co.
- Support Services Operation Co.
- Aecom Arabia Ltd.
- Magrabi Hospitals & Centers
- NEOM – Industrial City (Under Formation)
- Green Dome Investments (United Arab Emirates)

Current Position
- Executive Chairman of the board of directors (LogiPoint)
- Executive Chairman of the Board of Directors RSGT
- Board Member of Xenel Industries Ltd. And Managing Director of its Services Division in Xenel Industries Co.
- Chairman of the Board of Aecom Arabia Ltd.

Previous Position
- SISCO Vice Chairman
- CEO and Board Member of LogiPoint
- CEO and Board Member of RSGT

Qualifications
- BA in Economics and Political Science
- He has also taken part in various management executive programs at the University of California, Singularity University and Harvard University.

Experience
A Board Member of the Xenel Group of Companies, the Managing Director of Services Division, and a Board Member of a number of its subsidiaries and affiliates.

He is the Chairman of the Board of AECOM Arabia Ltd. Previously a Board Member of Tabadul and BUPA Arabia.

He also serves on the board of directors for Friends of Jeddah Parks, a non-profit organization.

ADNAN ABDULFATTAH SOUFI
Vice Chairman

On SISCO Board Since 2020
Investment Committee Chairman

Membership In Companies

Incorporation Type : Closed Joint Stock
- NCB Capital Company (and Nomination & Remuneration Committee Member)
- Panda Retail Company (and Investment Committee Member)
- Wadi Jeddah Company (and Investment Committee Member)

Incorporation Type : Listed /Joint Stock
- The Savola Group (and Investment Committee Member)
- Fitaihi Holding Group (and Audit Committee Member)

Current Position
Co-founder and Executive Partner, Dr. Adnan Abdel Fattah Soufi Office for Management Consultancy.

Previous Position
He has previously held several positions in many companies and positions such as a member of the Capital Market Authority Board, CEO of SEDCO Holding Company, and the Dean of the Faculty of Economics at King Abdulaziz University.

Qualifications
- PhD in Business Administration from George Washington University, USA.
- Master's in Business Administration from Seattle University, USA.

Experience
22 years' experience in corporate management, membership of the Boards, governance, business development, strategies, management change, transformation programs and institutional investment.

ABDULAZIZ ABDULLATIF JAZZAR

On SISCO Board Since 2014

Nomination & Remuneration Committee Chairman and Audit Committee Member

Membership In Companies

Incorporation Type : Closed Joint Stock
- Malaz Capital
- Initiatives Co. For IT & Telecom (Previously)

Incorporation Type : Listed /Joint Stock
- Salama Cooperative Insurance Co. (Previously)

Incorporation Type : Limited liability
- Korom Ajyad Ltd.
- Malaz Group Co.

Current Position
- Executive and Managing Partner of Malaz Capital.
- Chairman of the Board of Directors (Malaz Group).

Previous Position
Managing Director of Saudi Research and Publishing Co (SRPC).

Qualifications
- Doctorate in Computer Science
- Masters in System Engineering
- Bachelor Degree in Computer & Communications Engineering

Experience
The President/CEO of International Systems Engineering Ltd (ISE) a company formed in partnership with The Boeing Company.

Between 1976-1993 he was an officer in the Royal Saudi Airforce. He retired as the Director of computing, HQ. His Public assignments include Board Membership of the Riyadh Chamber of Commerce & Industry (2000 -2004) and the chairman of the organizing committee for Riyadh Economic Forum (2002 – 2006). He was also a member of the board of Trustees of the Centennial Fund and a Member of the board of directors of the Economic Cities Authority and of the National Industrial Cluster Development Program.

SALEH A. HEFNI

On SISCO Board Since 1998

Investment Committee Member

Membership In Companies

Incorporation Type : Listed /Joint Stock
- Halwani Brothers Co. (Previously)
- Al-Ahli Takaful (and Executive Committee, Risk Committee Member)
- Middle East Healthcare Company - MEAHCO (Previously)
- Saudi Ground Services Co. (and NRC, Executive Committee Member)

Incorporation Type : Closed Joint Stock
- Kindasa Water Services Co.
- Halwani Brothers Co. (Egypt) (Previously)

Incorporation Type : LLC
- Saudi Trade & Export Development Co.

Current Position
- CEO of Omar Kassem
- Al-Esayi Marketing Co.

Previous Position
Managing Director and CEO of Halwani Brothers Co.

Qualifications
- Bachelor of Science in Civil Engineering
- Master's degree in Civil Engineering

Experience
Experience in management and aiding companies to structure and in business development.

MUNEERA HEJAB AL-DOSSARY

On SISCO Board Since 2020

Investment Committee Member

Membership In Companies

Incorporation Type : Closed Joint Stock
- Rugove European Water Company "Kosovo"

Current Position
- CEO of the Mulkia Investment Company.
- Chairman of Capital Market Financial Institutions Committee.
- Vice Chairman of National Committee of Financial & Insurance Sectors at Conical of Saudi Chambers.
- Member of Investment & Securities Committee at Riyadh Chamber of Commerce.

Previous Position
She has previously held several positions such as Head of Equity Investments with Saudi Fransi Capital, and MIS Administrator – Budget & Planning Department at the Saudi Fransi Bank. Vice Chairman of Taleem REIT.

Qualifications
- Bachelor's degree in Business Administration Studies/ MIS from Arab Open University.
- Banking Operations Diploma from Institute of Public Administration.

Experience
Over 15 years of experience in Banking and Asset Management.

TALAL NASIR AL-DAKHIL

On SISCO Board Since Since 2020

Nomination & Remuneration Committee Member

Membership In Companies

Incorporation Type : Limited liability
- Washmen Holding Limited

Current Position
Senior Banker Corporate Banking Division at Banque Saudi Fransi.

Previous Position
He has previously held several positions such as Senior Relationship Manager for Corporate Banking at the Saudi Fransi Bank, and a Relationship Officer for Corporate Banking at the Saudi Fransi Bank.

Qualifications
- Bachelor's degree in Finance from King Saud University.

Experience
10 years' experience in banking relations.

AHMED MOHAMMED AL-RABIAH

On SISCO Board Since 2020

Nomination & Remuneration Committee Member

Membership In Companies in KSA

Incorporation Type : Limited liability
- Innovative Foods Company
- Saudi Trade & Export Development Co.

Current Position
Investment and strategic Manager in Innovative Foods Company.

Previous Position
He has previously held several positions such as a Director of Wealth and Investment Management at Audah Capital, and Senior Director of Corporate Banking Relations at Saudi British Bank.

Qualifications
Bachelor's degree in Computer Science from Boston University, USA.

Experience
14 years' experience in wealth management, investment and banking relationships.

Committee Members

WALEED ABDULAZIZ KAYYAL
Audit Committee Chairman

Membership In Companies in KSA
Incorporation Type : Closed Joint Stock
- Kinan International Co. (Member of Remuneration Committee) (Previously)
- Itqan Capital (Previously)
- AMS BAESHEN & CO. (Audit Committee Member)

Incorporation Type : Listed /Joint Stock
- Middle East Healthcare Company – MEAHCO (Audit Committee member)
- SABB Takaful (Previously)

Current Position
Businessman

Previous Position
Regional Director in Saudi British Bank

Qualifications
Bachelor`s degree in Commerce

Experience
Depth experience of banking business gained through his employment with Saudi British Bank, and other companies.

ABUBAKER ALI BAGABIR
Audit Committee Member

Membership In Companies in KSA
Incorporation Type : Listed /Joint Stock
- SABB Takaful
- Anfaal Capital (Previously)

Incorporation Type : Limited Liability
- Al-Nahdi Medical Company
- Abdel Latif Jameel Finance Company
- AMS BAESHEN & CO. (Previously)

Current Position
- Associable Professor in University of Business and Technology.
- Financial and Management Consulting Office (Dr. Abu Bakr Bajabir Office).

Previous Position
Head of Finance & Accounting Division (Group Responsibilities) in The National Commercial Bank (NCB).

Qualifications
- Doctor of Philosophy (Ph.D.) Accountancy and Finance, University of Strathclyde, UK.
- Master's degree (M. Soc. Sc.) Accounting, University of Birmingham UK.
- Bachelor of Science (B.Sc.) Accounting, University of Khartoum, Sudan,
- (Fellow Chartered Certified Accountant, UK (FCCA).

Experience
Depth experience of banking business gained through his employment with The National Commercial Bank (NCB).

THAMER SAEED AL-HARTHI
Nomination and Remuneration Committee Member

Current Position
Independent Senior Consultant

Previous Position
- Executive Manager
- Human Capital Management in Fakeeh Care

Qualifications
Bachelor's degree in Law

Experience
Long experience in Human Capital Management gained through his employment with several entities as Bupa Arabia, Fonterra, NCB, and Nicholson International.

Executive Members

MOHAMMED M. KAMAL AL-MUDARRES
Chief Executive Officer

Previous Position
- Stork Cooperheat, ME Regional Manager

- SIEMENS, GM Power General Division

Qualifications
- M.Sc. & B.Sc.
- Electrical Engineering, Colorado (USA)

Experience
- Extensive experience (27+ years) in Management of National and International Companies.
- Board Member in RSGT, LogiPoint, ISNAD, S A Talke, Kindasa and Tawzea.
- Committees Member in SISCO Subsidiaries and Associated.

MAHMOOD HUSSAIN
Chief Financial Officer

Previous Position
- Head of Investment Banking and Head of Proprietary Investments at Alkhabeer Capital.

Qualifications
- MA (Hons) in Accounting Management
- ACA
- CISI

Experience
Extensive experience (21+ years) in Financial and Investment Management with National and International Companies.

Human Capital Development

We at SISCO and our group of companies have worked hard to develop a culture of respecting and valuing our people. We are constantly looking for ways to improve and develop our people and processes to ensure that we become the employer of choice for top Saudi talent, as well as needed expert expatriate talent. We pride ourselves on our high rate of retention but are always looking to improve.

Our ability to create and develop high performance teams in a culture of transparency, inclusiveness, professionalism and excellence is what drives our success more than any other factor. We place great emphasis on the pursuit of knowledge and training - a commitment that we have designed to motivate and inspire our people in delivering unbeatable quality, value and services to the company.

As a parent company, SISCO strives to create a 'one firm' culture to ensure that we leverage the most in terms of the synergies between our businesses. To this end, a unified talent management model has been developed to ensure that the firm is maximizing its ability to attract, retain and nurture highly skilled employees with diverse skills and abilities across the board.

Nationalization of operational and managerial positions has been the cornerstone of the group's HR philosophy. SISCO has driven forward the nationalization of numerous positions in all its companies by training and developing Saudi nationals, this will remain a priority for the coming years.

Today SISCO companies increased the number of Saudi Nationals employed has increased from 757 to 896 of our total workforce. We have focused on employing Saudi women, where appropriate, and have 51 women currently employed, not only in traditional roles but as engineers and planning functions. In addition, 85% of SISCO companies have a Platinum Nitaqat status, with the remaining 15% at high green.

SISCO entities pride themselves in maintaining the highest standards in health and safety at our facilities, monitoring carefully potential risks to our employees and our operations, so that we could provide a safe working environment for our team members, contractors, suppliers, and customers.

HR Performance

Committed to our resolve to establish a sustainable institutional mechanism to hire and retain people, the group inculcates the culture of employee engagement at all levels of the work force.

A culture of continuous improvement is now part of the SISCO way and as such, SISCO, as a group of companies, engaged in 34,785-man hours of training during 2020 despite the challenges of dealing the social distancing measures of COVID and the closure of boarders. Included in this training is behavioral training, English, professional development and operational excellence training, and plan to try increase this number even further in 2021 by implementing the SISCO management development program (LEAD), the start of our graduate program and continued English language training.

SISCO carries out a summer internship program, and this year we had 7 female interns in our IT department over the summer. The training was conducted virtually, and each participant received a total of 200 hours each.

Our HR Philosophy

- Talent Assessment & Development
- Employee Engagement
- Performance Management & Rewards
- Diversity & Inclusion
- Cotinuous Improvement

Composition of Total Employees by Companies

COMPANY	2020	2019
Saudi Industrial Services Co. (SISCO)	39	39
Red Sea Gateway Terminal (RSGT)	1,436	1,011
Saudi Trade and Export Development (LOGIPOINT)	142	129
Kindasa Water Services (KINDASA)	133	138
Support Services Operation Co. (ISNAD)	28	30
International Water Distribution Co. (TAWZEA)	299	247
Al-Jabr Talke Co. (SA TALKE)	1,698	1,768
TOTAL	**3,775**	**3,362**
Total Number of National Employees	898	757
Total Number of Expatriate Employees	2877	2,605

SUSTAINABILITY

Sustainability at SISCO Group

A winning approach to sustainability seeks to capture financial business benefits while pushing for a positive environmental impact. Fostering a sustainable green economy is a powerful way to maintain and strengthen the Kingdom's economic, environmental, and social development, reinforcing its international competitiveness. We believe our sustainability efforts, will further expand our businesses in key markets to achieve diversified and sustainable results.

The following section presents the summary Environment, Social and Governance (ESG) performance across SISCO and its subsidiaries.

05

Our ESG Framework

For SISCO Group, sustainability means permanently creating value for all stakeholders: customers, employees, investors, business partners and society as a whole. For us, sustainability is not an isolated area where we take action, but an integral part of our corporate strategy.

SISCO's sustainability framework encapsulates the essence of sustainability for the SISCO Group by identifying the key areas that need to be addressed and well-adjusted. Our sustainability framework comprises of four pillars that align with SISCO Group's corporate mission and values. These pillars have been aligned with our material issues.

Empowering our People

- Talent Attraction, Development and Retention.
- Health and Safety
- Diversity and Equality

Good Governance and Strong Intuiton

- Governance, Ethics and Compliance
- Data Privacy and Cyber Security
- Financial Performance

Supporting our Communities

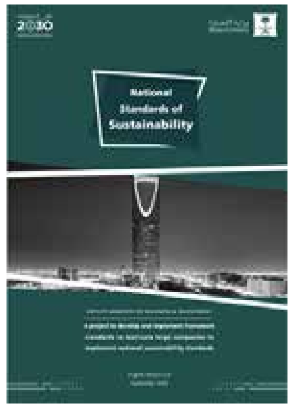
- Community Investment and Engagement
- Sustainable Procurement
- Customer Experience

Sustainable Environmental and Infrastructure

- Climate Change and Energy
- Technology and Innovation
- Environmental Management
- Water and Waste Management

Alignment with National, and International standards and guidelines.

We have aligned SISCO Group's material issues with the GRI Standards, UN SDGs, SASB Guidelines, Saudi Vision 2030 and the National Standards of Sustainability (Ministry of Commerce and Industry).



2020 ESG Highlights

Red Sea Gateway Terminal (RSGT) was named winner of the 2020 Sustainability Award at the 17th Annual Seatrade Maritime Awards, Middle East, Indian Subcontinent & Africa.

LogiPoint, has successfully developed an environmental policy with the objective of assessing compliance and monitoring energy and natural resources consumption. Audits and inspections regularly assist in maintaining adequate implementation of the preventive maintenance.

S.A Talke, invested SAR 4.5 million in acquiring two additional accommodation premises for blue collared workers to implement appropriate social distancing among workers.

S.A Talke also implemented an energy saving reminder programme "Go Green", which monitors and measures the direct consumption of energy from operations, reported monthly.

Kindasa, along with SISCO, RSGT and LogiPoint, donated SAR 1 million to the Makkah COVID - 19 relief fund " under supervising of Emirate of Makkah Province" , as well as Iftar meals during Ramadan to various deserving parts of the community.

Tawzea designed a sewage system to treat residential-strength and industrial wastewater to be used for irrigation. The subsurface system also caters to customers for industrial city irrigation. The treated sewage effluent (TSE) has reduced reliance on an independent source or third party to provide irrigation water.

Tawzea was also able to bring the NRW (water loss in networks) to 3%-5% only within the industrial cities under its jurisdiction, where this number is much higher in other municipalities in KSA or even internationally.

Empowering our People

Our employees play an integral role in the success of SISCO Group. We ensure that our employees are deeply appreciated and valued. We seek to attract the best talent while also promoting nationalisation efforts and pride ourselves in maintaining the highest standards in health and safety at our facilities, monitoring carefully potential risks to our employees and our operations, to provide a safe working environment for our workforce.

Material Issues Covered	- Talent Attraction, Development and Retention - Health and Safety - Diversity and Equality
Saudi Vision 2030 Pillars	A THRIVING ECONOMY; A VIBRANT SOCIETY; AN AMBITIOUS NATION
Sustainable Development Goals	3 GOOD HEALTH AND WELL-BEING; 5 GENDER EQUALITY; 8 DECENT WORK AND ECONOMIC GROWTH; 10 REDUCED INEQUALITIES

Talent Attraction, Development and Retention

Our efforts to attract and retain staff, provide equal opportunities and increase diversity in our workforce, are fundamental to our ability to operate. SISCO is a diverse Group. We strive to treat everyone fairly and without discrimination, creating value for our employees by supporting them in reaching their potential. To remain the industry leader, it is imperative that we continue to retain high-calibre experts across the SISCO and its subsidiaries.

By using vocational, technical and tertiary compliance training, we ensure that our employees across the Group retain the necessary certifications and qualifications and continue their professional growth. SISCO Group provides the learning and development opportunities through on - the - job training, internal training opportunities through our Professional Learning & Development Programme and external training.

The way we acquire, manage, develop, and engage people across the Group is divided into four foundational areas: talent acquisition, engagement and well-being, talent development and remuneration. The majority of SISCO Group's talent management programmes are created and delivered at the local level, based on each affiliate's needs. However, the top line strategy remains the same across the Group, encompassing performance management, leadership development, succession management and employee capability building.

Employee Engagement and Satisfaction

We want SISCO Group to be a great place to work. We respect and value our people, their rights and their conditions of employment. We provide opportunities for them to grow and develop and, we create an environment where all individuals feel valued and there is equal opportunity for all.

Every two years, SISCO Group undertakes a comprehensive employee engagement survey which covers sustainable engagement, strategy and direction, senior leadership, line management, performance management, training, communication, culture and values, quality and customer focus, development opportunities, work organisation, remuneration considerations, safety and other SISCO Group and subsidiary-specific questions. The survey is intended to provide SISCO Group insight on areas of strength and weakness. We gather the feedback from the surveys and undertake a benchmarking assessment of the results as well as develops action plans to enhance employee satisfaction.

89% employee engagement vs. 83% average response rate for global high performing companies 12% Turnover rate.

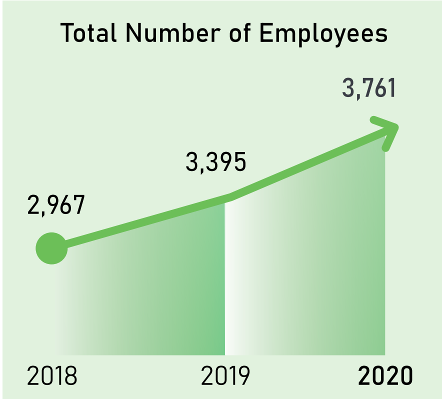
Training & Development

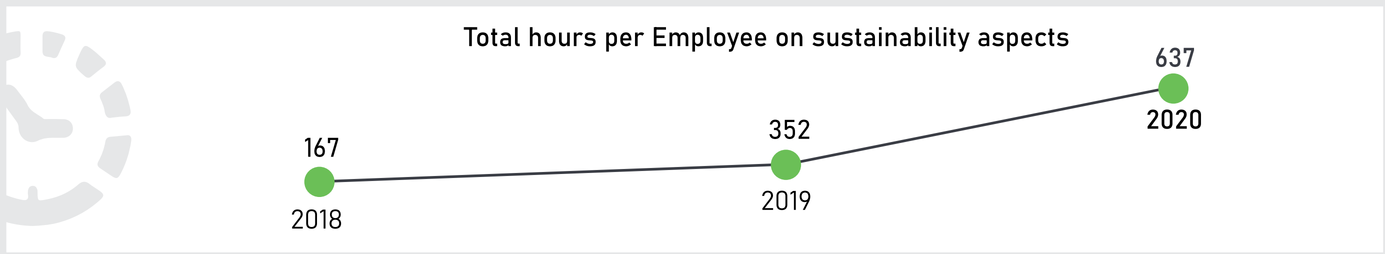
We invest in learning and development, as it is key for SISCO Group and is targeted at supporting both the long- and short-term commercial needs of the company as well as the empowerment of our workforce. We provide support mechanisms and resources to increase individual and internal team capabilities, developing management standards and, enhancing performance levels - providing a platform for career development. In addition to internal programmes and function-based training, all employees have the opportunity to discuss and identify external specialist courses or areas of interest that enhance individual and company performance.

- Kindasa aims to train a minimum of 20% of employees annually, based on employee's training needs and their performance on a yearly basis.

- S.A Talke developed distinct policies and programs including an Employee Performance Appraisal Evaluation Policy and Employee Recognition Program.

- LogiPoint utilizes a Performance Management System to manage employee progress, performance, and personal development in relation to the overall organizational goals.





Health and Safety

SISCO and our subsidiaries work tirelessly to ensure the safety of our employees over this time. All necessary social distancing was implemented, and mandatory PPE requirements implemented with all necessary PPE made available to the staff. Where necessary we acquired additional accommodation for our staff to ensure the appropriate quarantine and social distancing measures were meet. Work from home measures were implemented and encouraged where possible.

As a group we believe that Health and Safety is a priority. All employees and visitors to our places of work have the right to:

- Return home safely
- Earn a living in an environment that is safe
- Not suffer any long-term effects from working for a SISCO company
- To an environment where profit is not put above the wellbeing of our people

We have worked hard this year to ensure that the companies have the appropriate level of expertise to develop and strengthen our HSSE systems and programmes. The culture we endeavour to install is one of "Safety First" where we are all responsible for ensuring that work is carried out in a safe manner, and to ensue any unsafe act is reported, investigated and changes made as needed.

During the COVID-19 pandemic in 2020, SISCO Group instituted the necessary precautions, including allowing remote working for half of the workforce – with a special focus on high-risk employees. Employees across SISCO Group's operations were required to comply with ministry recommendations of wearing masks, keeping hygiene, and sanitising workstations. Designated quarantine areas were made for workers across the group.

In 2020, S.A Talke, invested SAR 4.5 million in acquiring two additional accommodation premises for blue collared workers to implement appropriate social distancing among workers. Our other subsidiaries followed similar health and safety measures in line with the requirements of the Saudi Government.

37% reduction in employee total recordable injuries between 2019 and 2020.

Zero employee fatalities since 2018.

Healthy Living and Group Activities

SISCO held our second annual group football tournament in 2020 prior to the COVID outbreak, with 10 teams competing with LogiPoint emerging the winners after a hard day of knockout football.

Diversity and Equality

SISCO Group is a diverse company. We strive to treat everyone fairly and without discrimination, creating value for our employees by supporting them in reaching their potential. We have placed a significant emphasis on recruiting KSA Nationals to achieve strong performance for today and sustainable talent for tomorrow.

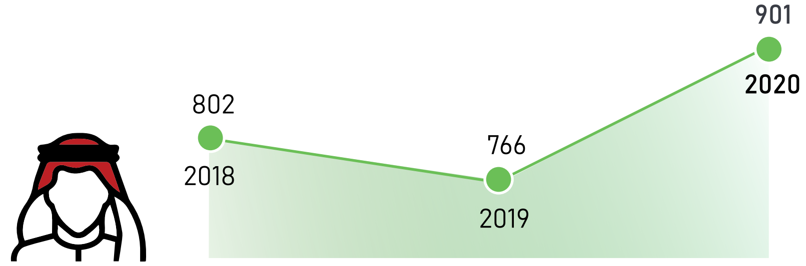
In line with the Saudi Vision 2030, we are increasing our hires of women in the workforce, in an effort to reduce the gender employment gap. SISCO Group has also ensured that there is a zero gender pay gap for individuals engaged in the same role. In 2020, we appointed the first female Board member to the Group. We encourage an environment where female employees feel welcomed. Additionally, recruitment efforts do not discriminate between candidates based on gender identity – nor any other related identity categories.

10% increase in female employment rate between 2019 and 2020.

21% increase in youth workforce hires.

LEAD
Leadership • Excellence • Action • Development

SISCO Group is leading the way for recruiting KSA Nationals for all positions Our leadership management programme LEAD is focused on hiring Saudi nationals. In additional, the Group runs a graduate programme runs on a two-year cycle for newly graduate Saudi Nationals, with the first programme completed in 2020. As per our Saudization plan for recruitment we are targeting professional agencies for senior level positions and using the Group's media platforms to attract Saudi applicants.



Nationals among total full-time workforce

Good Governance and Strong Intuition

Sisco group is committed to conducting its business with the highest standards of integrity, transparency, and accountability. Our robust governance structure is guided by a sound risk management framework. We work diligently to eliminate all sorts of fraud, bribery, corruption, and all forms of financial crime, while advocating human rights. We continuously aim to create value for our stakeholders, by keeping a solid balance sheet with an impressive track record both financially and operationally and ensuring we take into account the effects on stakeholders in decision making.

Material Issues Covered

- Governance, Ethics and Compliance
- Data Privacy and Cyber Security
- Financial Performance

Saudi Vision 2030 Pillars

Sustainable Development Goals

Governance, Ethics and Compliance

To provide our customers confidence our busines we have to maintain the exceptionally high standards of integrity on which this trust is built. We do not seek to compromise our integrity or threaten our assets, brand, people or intellectual property. All our operations are aligned with the KSA labour law, which complies with all current labour regulations and protects the rights of employees.

The Group's corporate strategy is based on developing and expanding its core business activities of port terminals, logistics and water solutions. The value proposition is that the SISCO and its subsidiaries add value to projects in alignment with the mission and vision statements. The compliance role at SISCO Group oversees and ensures our compliance with regulatory rules and regulations, reviews constitutional documents and labour contracts.

We carry out several initiatives to guarantee adherence to the industry governance laws. Staff is periodically trained on compliance with applicable laws and regulations impacting SISCO Group. We provide an induction programme for new Board members, showcasing transparency on the policies, governance, and the strategy of the company. The Group provides trainings for subsidiary and associated companies on ethical issues. Our 'Whistleblowing Box' has been set up for receiving anonymous reports on environmental, health, corruption, fraud and any illegal activities received by internal auditors. The Internal Audit Department set in place conducts periodical Fraud Risk Assessments, audits and investigations. Zero incidents of non-compliance with laws and regulations in 2020.

0

- Zero incidents of non-compliance with laws and regulations in 2020.
- Zero non-monetary sanctions since 2018.
- Zero incidents of complaints or issues from internal reporting mechanisms since 2018.

Data Privacy and Cyber Security

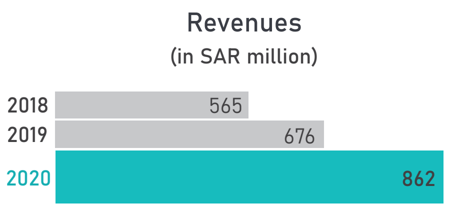
Protecting personal data, compliance with privacy laws and strengthening cybersecurity are essential commitments for the SISCO Group. We recognise that any breach would affect our ability to operate as normal and, the integrity of our shareholders and commercially sensitive customer information.

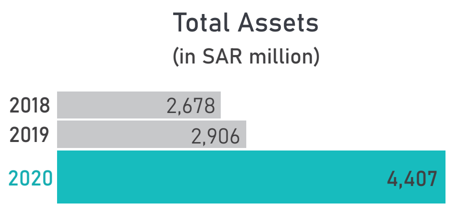
As a business, we implement the best security controls, based on international standards and best practices. Our IT infrastructure management team ensures effective crisis management planning systems are in place to deal with any eventuality including data recovery. SISCO Group's IT management team works closely with our Business Continuity team to ensure effective crisis management planning systems are in place to deal with any eventuality.

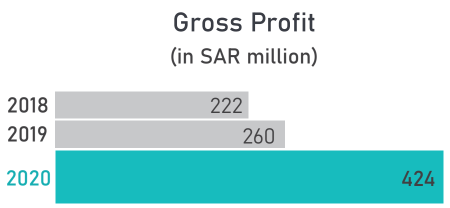
Financial Performance

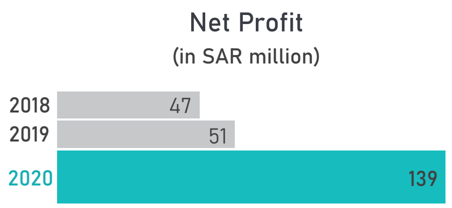
Our financial stability creates value for our stakeholders and the economic growth of KSA. We aim to achieve continual, stable financial growth, maintaining low costs and high operating efficiency, while ensuring adequate capital reserves to absorb losses, retained earnings for growth, and meet obligations in the event of adverse operating conditions. By adopting a sustainable business model to achieve financial and performance gains we aim not only to positively contribute to the economic vitality of country, but also ensure the overall attainment of the Saudi Vision 2030.

Despite the economic downturn due to COVID-19 Pandemic across the globe, SISCO Group was able to achieve the highest ever revenue and profits through its subsidiaries and investee companies. Through automation we were able to improve investor engagement by successfully conducting online investor conferences and earning calls. For further details on our financial performance, please refer to the Financial Statements of the 2020 Annual Report.









Supporting our Communities

Sisco group believes that as a contributor to the economic future of KSA, we also need to contribute to the community. Community development initiatives uplift, making the lives of people better through our engagement. Through our products and services, we guarantee a rich customer experience. Additionally, we are committed to ethical sourcing. At the group, we foster mutually rewarding relationships with our suppliers. SISCO is proud of our "*Making a Difference*" CSR program. We are aware that as a contributor to the economic future of the Kingdom of Saudi Arabia we also need to contribute to the community and environment we find ourselves in.

We, as a group, focus our energy on the following three areas:

1. The ocean and coastline boarded on the Kingdom, both the Red Sea and the Arabian Gulf.
2. Community development and up lift, making the lives of people better through our engagement.
3. Regular one-off high participation low cost activities (Blood drives,Charity help, etc.,).

Material Issues Covered	- Community Investment and Engagement - Sustainable Procurement - Customer Experience
Saudi Vision 2030 Pillars	AN AMBITIOUS NATION A VIBRANT SOCIETY
Sustainable Development Goals	1 NO POVERTY 3 GOOD HEALTH AND WELL-BEING 11 SUSTAINABLE CITIES AND COMMUNITIES 12 RESPONSIBLE CONSUMPTION AND PRODUCTION 13 CLIMATE ACTION 17 PARTNERSHIPS FOR THE GOALS

Community Investment and Engagement

We are committed to investing in the communities where we operate in a way that has a positive, measurable and lasting effect. As a responsible corporate citizen, we endeavour to not have any significant negative impacts on our communities. As in previous years, SISCO Group carried out several social programmes during the year under review During the COVID-19 pandemic, the Group rolled out several initiatives.

In 2020, S.A Talke successfully initiated an educational programme at an orphanage, in collaboration with Petro Rabigh Company (PRC). The same year we donated SAR 1 million to the Makkah COVID - 19 relief fund "under supervising of Emirate of Makkah Province", as well as Iftar meals during Ramadan to various deserving parts of the community. The company was able to measure the success of specific community initiatives by realising the total beneficiaries of the particular activity.

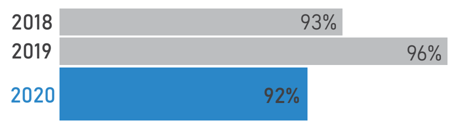
Total Value of Community investment (SAR)

2020	1,265,000
2018	200,000
2019	250,000

Sustainable Procurement

Our engagement with suppliers and associates in fostering commitment to sustainability continues to gather momentum. As a responsible major purchaser, we ensure that goods and services are sourced sustainably. In our efforts to promote local suppliers and SMEs, increased our SME supplier engagements as well as our procurement spending on local suppliers compared to the previous year.

Percentage of spending on local suppliers



Customer Experience

Customers are a key stakeholder for SISCO Group and engaging with them is critical to ensuring the Group's continued survival and growth. SISCO Group takes into consideration the requirements, perceptions, and preferences of customers when developing new products and services.

We regularly conduct online surveys to understand our customers better and gauge their level of satisfaction. Keeping our customers in the forefront we re-designed, our websites to include customer care features across our customer relationship management (CRM) systems. SISCO Group also seeks to strengthen relationships with its customers through customer insights activities.

92% of overall procurement spending dedicated to local suppliers.

18% increase in number of local suppliers engaged between 2019 and 2020.

59% decrease in incidents of non-compliance with related to health and safety of products and services between 2019 and 2020.

Sustainable Environment and Infrastructure

We aim to manage our environmental impact through reducing the negative adverse effects our operations have on it. We seek to reduce our water consumption and waste generation. In our attempt to safeguard our planet, we set out to combat climate change and reduce energy consumption. SISCO Group also relies on implementing cost-effective technology and infrastructure, which also has minimal environmental impact.

Material Issues Covered

- Climate Change and Energy
- Technology and Innovation
- Environmental Management
- Water and Waste Management

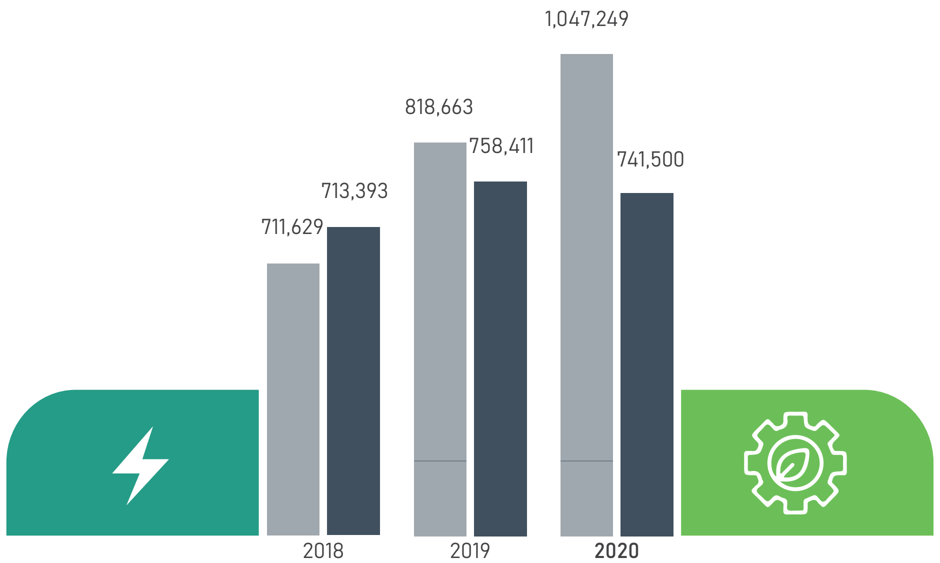
Saudi Vision 2030 Pillars

Sustainable Development Goals

Climate Change and Energy

We feel that it is important for us to show leadership in worldwide efforts to mitigate the adverse effects of climate change, by reducing our carbon emissions. We recognise that we operate in an energy intensive sector, therefore, we concentrate our efforts to reduce energy consumption and implement initiatives that positively impact the environment. The SISCO Group, monitors and tracks its carbon emissions generated by both its direct and indirect energy consumption.

Over the past several years, energy efficiency and energy conservation has been at the forefront at SISCO Group. We have implemented several initiatives during the reviewed year, across business sectors to ensure reduction in company-wide energy consumption We recognise that there is still scope for improving our energy efficiency performance in the years ahead.



Total direct energy consumption (GJ)   Total indirect energy consumption (GJ)

- In 2020, RSGT continued maintenance of combustion and electrical prime movers, ensuring continued efficient power generation and consumption. RSGT also plans to launch a program in 2021, to replace conventional lighting systems with LED or low energy consuming lighting, as already being done at LogiPoint and S.A Talke.
- LogiPoint, has successfully developed an environmental policy with the objective of assessing compliance and monitoring energy and natural resources consumption. Audits and inspections regularly assist in maintaining adequate implementation of the preventive maintenance.
- S.A Talke also implemented an energy saving reminder program "Go Green", which monitors and measures the direct consumption of energy from operations, reported monthly.

Technology and Innovation

At a time of rapid digitalisation when traditional thinking is being challenged, our ability to innovate keeps SISCO Group ahead of the curve. By fostering a technologically savvy workforce, we ensure that our people are prepared for a digital future. We are committed to the development of innovative services that benefit our customers and better processes that enable SISCO Group to deliver our products and services more efficiently.

In 2020, RSGT announced the arrival of the first consignment of new advanced terminal equipment, which includes terminal trucks and trailers that will accelerate and speed up port and quay operations at the Northern Part of Jeddah Islamic Port (JIP), the biggest and busiest port in Saudi Arabia to redevelop and modernize the Northern Part of Jeddah Islamic Port in a more environmentally friendly manner.

The new Terminal Trucks and Trailers, the newest of its kind in the Kingdom, come equipped with the latest and most demanding safety features, which will significantly contribute to increasing productivity and performance at JIP. This comes in the wake of the 30-year concession mega contract

Environmental Management

SISCO Group is committed to managing its environmental impact and protecting natural resources through Health, Safety Environment & Social Policy, where environmental measures are managed through our Integrated Management Moreover, SISCO Group is ISO 14001 certified for environmental management.

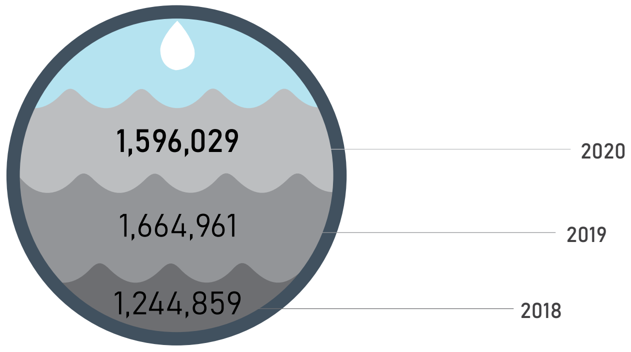
RSGT was named winner of the 2020 Sustainability Award at the 17th Annual Seatrade Maritime Awards, Middle East, Indian Subcontinent & Africa, hosted virtually from Dubai. RSGT was recognized for its exceptional sustainable maritime commerce initiative by the panel of industry experts. RSGT remains dedicated to pursuing environmentally sustainable operations at KSA's largest container terminal, through its CSR program. RSGT has also established artificial reefs on the outskirts of the port area in support of biodiversity and marine life.

S.A Talke introduced the international Operation Clean Sweep® (OCS) program to prevent the loss of plastic granules (pellets, flakes and powders) during handling by the various entities in the plastics value chain and their release into the environment.

Water and Waste Management

The Group is conscious of its environmental responsibilities and seeks to limit its environmental footprint. We seek to boost our waste recycling efforts. We aim to achieve this through our reliance on electronic systems rather than paper-based systems. We also aim to keep our water ways clean by treating our operational waste. At SISCO Group we are committed to reducing our water consumption and using water more responsibly.

In 2020, Tawzea designed a sewage system to treat residential-strength and industrial wastewater to be used for irrigation. The subsurface system also caters to customers for industrial city irrigation. The TSE has reduced reliance on an independent source or third party to provide irrigation water.



Total Waste Water Generated (KG)

CORPORATE GOVERNANCE

06

Governance Performance

A robust Corporate Governance structure ensures the Group's continued high performance and integrity, while retaining the trust of its stakeholders. Maintaining effective corporate governance is, therefore, a key priority for the board, and this is achieved through implementing the principles and best practices and guidelines promulgated by the Capital Markets Authority of Saudi Arabia and other relevant regulations as well as international best practices.

The Board

Every three years the shareholders elect a new board of directors that is responsible to the shareholders for the direction of the Group. The board has the ultimate and overall responsibility to set up a robust corporate governance structure, to envisage the Group's strategic direction and help in achieving the business objectives. The CEO, with the direction of the board, is responsible for implementing the acquisition and divestment policies, major capital expenditures and the consideration of significant financial matters while the board monitors the Group's key business risks and reviews the direction of individual business units, and other investments.

Article (15) of SISCO's Articles of Association states that the Board of Directors is to comprise 7 members, which complies with paragraph (a), Article (12) of the Corporate Governance Regulation issued by the Capital Market Authority.

A total of five meetings of the board of directors were held during the financial year 2019, and the attendance record of each of the directors was as follows:

For the term ended on 30 June 2020

NAME OF THE BOARD MEMBER	DATE AND ATTENDANCE OF THE BOARD MEETINGS	
	26 February	06 May
Mohamed Ahmed Alireza	√	√
Aamer Abdullah Alireza	√	√
Adnan Abdullah Maimani	√	√
Saleh Ahmed Hefni	√	√
Alawi Mohammed Kamel	√	√
Abdul-Aziz Abdullatif Jazzar	√	√
Abdul-Aziz Hamad Al-Meshal	√	√

For the term started on 1 July 2020

NAME OF THE BOARD MEMBER	DATE AND ATTENDANCE OF THE BOARD MEETINGS				
	01 July	24 August	28 October	15 November	17 December
Aamer Abdullah Alireza	√	√	√	√	√
Adnan Abdulfattah Soufi	√	√		√	√
Abdul-Aziz Abdullatif Jazzar	√	√	√	√	√
Saleh Ahmed Hefni	√	√	√	√	√
Muneerah Hejab Al Dossary	√	√	√	√	√
Talal Nasser Aldakhil	√	√	√	√	√
Ahmed Mohammed Alrabiah	√	√	√	√	√

The current Board was appointed by the Shareholders' General Assembly on 28 June 2020 for period of three years, starting 1 st July 2020.

The dates of the General Assembly Meeting (GAM, EGAM) held in 2020 and the board of director's attendance:

NAME OF THE BOARD MEMBER	EGAM NO. 17 on 13 April	GAM NO. 29 on 28 June
Mohamed Ahmed Alireza	√	√
Aamer Abdullah Alireza	√	√
Adnan Abdullah Maimani	√	
Saleh Ahmed Hefni	√	√
Alawi Mohammed Kamel	√	√
Abdul-Aziz Abdullatif Jazzar	√	√
Abdul-Aziz Hamad Al-Meshal	√	

Board Balance

SISCO's board is balanced and complies with the independent members criteria set out under the requirements of the Capital Markets Authority. All the seven board members are non-executive and three of them are independent members with expertise in different fields, bringing independent judgment on matters of strategy, performance and utilization of resources of the Group. They provide unbiased views and their presence improves corporate accountability.

The following table provides the classification of each member of the board of directors:

For the term ended on 30 June 2020

NAME OF THE BOARD MEMBER	TITLE	INDEPENDENT	EXECUTIVE	NON-EXECUTIVE
Mohamed Ahmed Alireza	Chairman			√
Aamer Abdullah Alireza	Vice Chairman			√
Adnan Abdullah Maimani	Member			√
Saleh Ahmed Hefni	Member			√
Alawi Mohammed Kamel	Member	√		√
Abdul-Aziz Abdullatif Jazzar	Member	√		√
Abdul-Aziz Hamad Al-Meshal	Member	√		√

For the term started on 01 July 2020

NAME OF THE BOARD MEMBER	TITLE	INDEPENDENT	EXECUTIVE	NON-EXECUTIVE
Aamer Abdullah Alireza	Chairman			√
Adnan Abdulfattah Soufi	Vice Chairman	√		√
Abdul-Aziz Abdullatif Jazzar	Member	√		√
Saleh Ahmed Hefni	Member			√
Muneerah Hejab Al Dossary	Member	√		√
Talal Nasser Aldakhil	Member	√		√
Ahmed Mohammed Alrabiah	Member			√

Overall, the board comprises an appropriate mix of diverse academic and professional backgrounds to provide a collective range of skills, expertise and experience relevant to support the growth and address the complexities, competition and changes in SISCO's business environment.

Board Committees

The Board has established three committees, comprising of board members, and external independent experts, these committees have specific charters approved by the Board.

These committees are:

Audit Committee

For the term ended on 30 June 2020

NAME OF THE COMMITTEE MEMBER	DATE AND ATTENDANCE OF THE COMMITTEE MEETINGS	
	25 February	05 May
Waleed Abdulaziz Kayyal (Chairman)		√
Adnan Abdullah Maimani	√	√
Alawi Mohammed Kamel	√	√
Abu Baker Ali Bagabir	√	√

For the term started on 01 July 2020

NAME OF THE COMMITTEE MEMBER	DATE AND ATTENDANCE OF THE COMMITTEE MEETINGS		
	24 August	27 October	22 December
Waleed Abdulaziz Kayyal (Chairman)	√	√	√
Abu Baker Ali Bagabir	√	√	√
Abdul-Aziz Abdullatif Jazzar	√	√	√

Responsibilities

The committee meets at least once every quarter and assists the Board in fulfilling its oversight responsibilities; primarily in reviewing quarterly and annual financial statements, reporting financial and non-financial information, reviewing systems of internal controls, risk management, the audit process, and the related party transactions. The Audit Committee has also been assigned by the Board to oversee the Risk Function of the company. SISCO has a designated risk officer whose main responsibilities are to coordinate with all subsidiaries in related to risk management matters and gather related information to be reviewed and evaluated by the audit committee and presented to the board.
The current Audit Committee was appointed by the Shareholders' General Assembly on 28 June 2020 for period of three years, starting 1 July 2020.

INTERNAL CONTROL FRAMEWORK

The Board is responsible for SISCO's system of internal control and for reviewing its effectiveness. The Board, while maintaining its overall responsibility for managing risk within the Group, has delegated the review of the detailed design and operation of the system to Audit Committee which comprising of board members and external experts while the responsibility of maintaining a robust framework of internal controls rests with SISCO management.

The Group maintains an effective internal control framework comprising clear structures, authority limits, accountabilities, well understood policies and procedures, and annual budgets. The Board meets regularly to consider SISCO's financial performance, business growth and development plans, capital expenditure proposals and other key performance indicators.

INTERNAL AUDIT FUNCTION

The Audit Committee annually reviews the appropriateness of resources and capabilities of the internal audit function. The Chief Audit Executive functionally reports to the Audit Committee. The Audit Committee approves the annual audit plan, based on an annual risk assessment. The internal audit function undertakes audit of financial, operational, and compliance controls, and reports the audit results to the Audit Committee.

The boards of all subsidiary and associated companies have established their own audit committees with dedicated internal audit resources. SISCO monitors their internal audit functions by having its nominated members in the respective audit committees of those companies.

Investment Committee

For the term ended on 30 June 2020

NAME OF THE COMMITTEE MEMBER	
Aamer Abdullah Alireza (Chairman)	No meeting held
Mohamed Ahmed Alireza	
Waleed Abdulaziz Kayyal	
Abdul-Aziz Abdullatif Jazzar	

For the term started on 01 July 2020

NAME OF THE COMMITTEE MEMBER	DATE AND ATTENDANCE OF THE COMMITTEE MEETINGS
	07 December
Adnan Abdulfattah Soufi (Chairman)	√
Aamer Abdullah Alireza	√
Saleh Ahmed Hefni	√
Muneerah Hejab Al Dossary	√

Responsibilities

The committee assists the Board in reviewing the Group's major investment transactions and performances, oversees the Group's financial resources and advises on future financial strategy. The Committee meets on as needed basis.

The current Investment Committee was appointed by the Board on 01 July 2020 for period of three years, starting 01 July 2020.

Nomination And Remuneration Committee

For the term ended on 30 June 2020

NAME OF THE COMMITTEE MEMBER	DATE AND ATTENDANCE OF THE COMMITTEE MEETINGS	
	03 February	19 May
Abdul-Aziz Abdullatif Jazzar (Chairman)	√	√
Aamer Abdullah Alireza	√	√
Saleh Ahmed Hefni	√	√
Thamer Saeed Al-Harthi	√	√

For the term started on 01 July 2020

NAME OF THE COMMITTEE MEMBER	DATE AND ATTENDANCE OF THE COMMITTEE MEETINGS
	15 December
Abdul-Aziz Abdullatif Jazzar (Chairman)	√
Aamer Abdullah Alireza	√
Talal Nasser Aldakhil	√
Ahmed Mohammed Alrabiah	√
Thamer Saeed Al-Harthi	√

Responsibilities

The committee meets at least twice a year, to assist the Board of Directors in reviewing and approving the compensation to be provided to SISCO Corporation, Board members, Chief Executive Officer and employees. In addition, the Committee is responsible for overseeing the development, screening and nomination of qualified individuals for membership of the Board and its committees.

The current Nomination and Remuneration Committee was appointed by the Board on 01 July 2020 for period of three years, starting 01 July 2020.

Audit Committee Report

Audit Committee met for five times during the year 2020. The committee's primary role was to assist the Board of Directors (Board) in fulfilling its oversight responsibilities related to the internal and financial control systems and risk management systems in the company to ensure its adequate and effective implementation. Also, the committee has the main following responsibilities:

- Assists the Board in fulfilling its responsibilities by recommending the approval of the company's quarterly and annual financial statements after discussing them with the company's management.

- Met the external auditor to obtain their independent opinion related to their assessments of the Group's internal control systems and other matters related to the audit process.

Additionally, The Committee performed the following:

- Overseeing the company's Internal Audit function and verifying its effectiveness by reviewing the submitted Internal Audit reports and Following-up on the corrective action included in these reports.

- Analyzing the summited external audit proposals, submit recommendations to the Board of Directors and the General Assembly regarding the appointment of the company's external auditors for next year based on the applicable standards.

- Review and approve the annual Internal Audit plan.

- Review the external audit plan and makes necessary comments (if any).

- Discussing and follow up on the observations included in the company's external auditor management report.

- Overseeing the Company's whistleblowing program and investigations (if any).

- Recommend to the Board the approval of related party transactions.

In addition to the responsibilities mentioned above, the Audit Committee carries out any other tasks assigned to them by the Board of Directors.

Governance Performance and Internal Audit Results

The Company follows a comprehensive approach towards governance programs and internal control to ensure maximum transparency and disclosure. The Internal Audit functions designs audit programs to timely detect internal control weaknesses and monitor follow up mechanisms to take the corrective measures in reasonable time. The Audit Committee highlighted that during 2020, the Company's Internal Audit function followed up on all the high-priority findings which dealt with and closed by Company's management.

The Audit Committee confirms that nothing came to its attention to cause it to believe that there are significant deficiencies in the internal and financial control systems and risk management systems established by the Company and its subsidiaries. The Audit Committee's efforts are continuously focused to developing and improving the effectiveness and efficiency of the internal and financial control systems and risk management systems.

Audit Committees have been established in all SISCO subsidiaries and affiliates, these committees are carrying out their responsibilities in assisting their Boards in overseeing the governance and internal control Systems. In addition, SISCO Audit Committee has not been informed of any significant deficiencies in the internal control System in SISCO subsidiaries and affiliates.

Risk Management

Risk Management is an integral part of SISCO's overall management philosophy. SISCO follows a combination of top-down and bottom-up approaches to identify and assess the risks faced by its group and develops mitigation plans accordingly. During 2020, management teams of all group companies participated in this process, and risk-register was updated incorporating recent market / economic conditions and trends.

Risks across the group companies were monitored throughout the year, and appropriate actions were taken to ensure that the risks are properly mitigated.

POTENTIAL RISK	MITIGATING ACTIONS
Business Concentration The Group is highly dependent on the port segment. If this segment was affected, it might have a major impact on SISCO's turnover.	The Group is continuously reviewing its portfolio of investments to diversify its sectors as well as developing the non-port related businesses, which will balance the dependence on the three business segments.
Macroeconomic and Geographical Environment Market conditions in the sectors can be challenging due to macroeconomic or geographical issues which can potentially impact growth and profitability as well as investment in new assets.	The Group's subsidiaries are exploring opportunities to expand globally in order to reduce its geographical concentration risk in the market. Economic and political environments of countries in which the Group is willing to operate are carefully evaluated and examined.
Regulatory Compliance Risk SISCO's underlying investments operate in highly regulated industries and there is a probability of regulatory changes, which presents implementation challenges and hence risk of non-compliance. As a result, any change in regulations or laws may adversely impact SISCO or its underlying investee companies.	The Group monitors changes to regulations across its portfolio to ensure that appropriate steps are taken to mitigate the effect of any change in regulations and ensure compliance is continuously managed. SISCO also has a central legal team to support its portfolio companies to manage and comply with regulatory changes.
Credit Risk and debt collection The current market condition might negatively affect the customers' credit strength and liquidity causing delay in collecting receivables.	Group companies have improved their credit control and customer collection procedures through regular follow up with customers, updating the credit policy, and strengthening the controls over granting credit lines.
Financing Constraints Risk The Group may encounter difficulty in obtaining new facilities for future investments.	The Company manages its financing constraints by ensuring it is maintaining a balanced debt coverage ratio.
Information Technology (IT) and Cyber Security The evolving sophistication of IT environment might expose the Group and its subsidiaries to IT and cyber security threats.	In order to avoid cyber security threats, IT systems, software, and IT security processes are regularly reviewed. All software and systems are upgraded or patched regularly to ensure minimizing any vulnerabilities.
Business Continuity The risk of business interruptions from a range of internal and external incidents or threats including environmental and climatic issues, terrorism, economic instabilities, pandemic and operational incidents.	The Group and its subsidiaries are enhancing their operational resilience framework to strengthen their responses to disruptions. They are also updating their disaster recovery and business continuity plans to minimize disruption to operations from natural disasters.

Liquidity Management Policy

Cash is managed and controlled separately by the parent company and each subsidiary and associate and is carried out in accordance with the policies approved by the respective Boards of each company after thorough consultation. The purpose of the policies is to ensure that adequate cost-effective funding is available at all times and exposure to financial risk is minimized. The risks managed are liquidity risk, interest rate risk, and currency exchange rate risk. Derivative financial instruments like hedging strategies are applied to manage exposure to interest rate risk and currency risk. Derivative financial instruments are not used for speculative or profiteering purposes.

SISCO's liquidity policy objectives include implementation of good business practices such as repayment of obligations on a timely basis that assist in building the image of the company for future funding requirements and meeting business commitments on a timely basis. Liquidity risk is mitigated by careful monitoring of cash flow needs, regular communication with our credit providers, and careful selection of financial strategies and appropriate financial partners.

Related Party Transactions

Various group companies had transactions with related parties of the Group. These transactions follow the same conditions and principles as dealing with third parties. The related parties include: The Group board members, major shareholders, senior executives and any of their first-degree relatives pursuant to the CMA and Ministry of Commerce and Investment regulations. All related party transactions are carried out according to best practices and as per the companies approved procurement procedures and policies.

The following table sets out all related party transactions where the relation is through the Board Member of SISCO and are required to be approved by the General Assembly in accordance with Article 71 of the Saudi Company Law:

RELATED PARTY	RELATIONSHIP	NATURE OF TRANSACTION	AMOUNT OF TRANSACTION
Karam Fedics	Xenel Industries (SISCO shareholder) is also a shareholder of Karam Fedics. Also, Mr. Aamer A. Alireza (SISCO Chairman) is a board member of Karam Fedics.	- Purchase of goods and services including catering and employee housing by RSGT.	18,557,097
Xenel Industries Limited (XIL)	XIL is a shareholder of SISCO and Mr. Mohammed A. Alireza (SISCO Ex-Chairman) and Mr. Aamer A. Alireza (SISCO Chairman) are also board members of XIL.	- Payments made by the Group on behalf of shareholder.	315,628
		- Expenses incurred by shareholder on behalf of the Group.	160,845
		- Dividend paid by LogiPoint to XIL	5,040,000
		- Dividend paid by RSGT/RSPD to XIL	8,195,319
Al Jabr Talke Co. Ltd. (SA Talke)	SA Talke is an associated company of SISCO and Mr. Aamer A. Alireza (SISCO Chairman) is a board member of SA Talke.	- Expenses incurred by Group on behalf of associate.	342,000
		-Dividend received from associate.	11,025,967
		- Expenses cross charged by Group to associate	127,100
Saudi Cables Co.	Xenel Industries (SISCO shareholder) is also a significant shareholder in Saudi Cable. Mr. Mohammed A. Alireza (SISCO Ex-Chairman), Mr. Mr. Aamer Alireza (SICO Chairman) are board members of XIL. Also, Mr. Adnan A. Maimani (SISCO Ex-board member) is a board member of Saudi Cables.	- Lease of land and warehouses by LogiPoint.	306,165
Arabian Bulk Trade Co. Ltd (ABT)	ABT is owned by Xenel Industries (SISCO shareholder). Mr. Mohammed A. Alireza (SISCO Ex-Chairman) and Mr. Aamer A. Alireza (SISCO Chairman) are also board members of ABT.	- Sale of goods and services by LogiPoint.	69,510
		- Expenses incurred by Group on behalf of associate	6,193
Haji Abdullah Ali Reza & Co. (GENTEC)	Mr. Mohammed A. Alireza (SISCO Ex-Chairman) is a shareholder of the holding company of GENTEC.	- Purchase of Goods by RSGT.	657,736

In addition to the above table, following are the additional related party transactions required to be disclosed in accordance with Listing Rules and Corporate Governance Guideline issued by Capital Market Authority.

RELATED PARTY	RELATIONSHIP	NATURE OF TRANSACTION	AMOUNT OF TRANSACTION
International Water Distribution Co. Ltd. (Tawzea)	SISCO owns 50% of Tawzea. Mr. Mohammed Mudarres (SISCO CEO) is board member of TAWZEA.	- Sales of water by Kindasa. - Expenses incurred by SISCO on behalf of associate. - Expenses incurred by associate on behalf of SISCO. - Dividend received from associate.	65,195,102 843,704 10,088 4,000,000
Water & Environmental Services Saudi Co. Ltd.	Kindasa (SISCO subsidiary) owns 49% of WESSCO.	- Sale of operation and management services by Kindasa.	5,019,904
Red Sea Gateway Terminal Company Limited ("RSGT")	RSGT is a subsidiary of SISCO. Mr. Mohammed A. Alireza (SISCO Ex-Chairman), Mr. Aamer A. Alireza (SISCO Chairman) and Mr. Mohammed Mudarres (SISCO CEO) are board members of RSGT.	- Expenses incurred by SISCO on behalf of subsidiary.	1,005,067
Saudi Trade and Export Development Company Limited ("LogiPoint")	LogiPoint is a subsidiary of SISCO. Mr. Aamer A. Alireza (SISCO Chairman), Mr. Saleh A. Hefni (SISCO board member) and Mr. Mohammed Mudarres (SISCO CEO) are board members of LogiPoint.	- Expenses incurred by SISCO on behalf of subsidiary. - Expenses incurred by subsidiary on behalf of SISCO.	1,174,160 133,412
Kindasa Water Services Company ("Kindasa")	Kindasa is a subsidiary of SISCO. Mr. Mohammed A. Alireza (SISCO Ex-Chairman), Mr. Saleh A. Hefni (SISCO board members), Mr. Adnan Maimani (SISCO Ex-board member) and Mr. Mohammed Mudarres (SISCO CEO) are board members of Kindasa.	- Expenses incurred by SISCO on behalf of subsidiary.	945,962
Support Services Operation Company Limited ("ISNAD")	ISNAD is subsidiary of SISCO. Mr. Aamer A. Alireza (SISCO Chairman)) and Mr. Mohammed Mudarres (SISCO CEO) are board members of ISNAD.	Expenses incurred by SISCO on behalf of subsidiary.	8,400
Ambro Limited	Ambro is an affiliate of Xenmet which is 25% owned by SISCO subsidiary LogiPoint.	Purchase of services from LogiPoint.	39,091

Board and Management Remuneration

SISCO' Board and committee members are compensated through annual remuneration and meeting attendance fee based on the rules and regulations stipulated by the Ministry of Commerce and Investment and in accordance with the Company's Articles of Association.

Compensation paid to Board Members from 1/1/2020 until 30/6/2020 is as follows:

BOARD MEMBERS	FIXED REMUNERATION				VARIABLE REMUNERATION		END OF SERVICE BENEFITS	TOTAL
	Specific Amount (committee Remuneration)	Allowance for Attending Board Meetings	Total Allowance for attending committee meetings committee	TOTAL	Periodic remunerations (Board Remuneration)	TOTAL		
Independent Members								
Alawi M. Kamel	50,000	20,000	20,000	90,000	100,000	100,000	-	190,000
AbdulAziz Jazzar	-	20,000	20,000	40,000	-	0	-	40,000
Abdul-Aziz Al-Meshal	-	20,000	-	20,000	100,000	100,000	-	120,000
TOTAL	50,000	60,000	40,000	150,000	200,000	200,000	0	350,000
Non-Executive Members								
Mohamed A. Zainal	37,500	10,000	10,000	57,500	175,000	175,000	-	232,500
Aamer A. Alireza	-	20,000	20,000	40,000	-	0	-	40,000
Adnan Abdullah Maimani	50,000	20,000	20,000	90,000	100,000	100,000	-	190,000
Saleh A. Hefni	-	20,000	20,000	40,000	-	0	-	40,000
TOTAL	87,500	70,000	70,000	227,500	275,000	275,000	0	502,500

Compensation paid to Board Members from 1/7/2020 until 31/12/2020 is as follows:

BOARD MEMBERS	FIXED REMUNERATION				VARIABLE REMUNERATION		END OF SERVICE BENEFITS	TOTAL
	Specific Amount (committee Remuneration)	Allowance for Attending Board Meetings	Total Allowance for attending committee meetings committee	TOTAL	Periodic remunerations (Board Remuneration)	TOTAL		
Independent Members								
AbdulAziz Jazzar	187,500	50,000	40,000	277,500	182,500	182,500	-	460,000
Adnan Abdulfattah Soufi	37,500	40,000	10,000	87,500	125,000	125,000	-	212,500
Muneerah Hejab Al Dossary	37,500	50,000	10,000	97,500	100,000	100,000	-	197,500
Talal Nasser Aldakhil	37,500	50,000	10,000	97,500	100,000	100,000	-	197,500
TOTAL	300,000	190,000	70,000	560,000	507,500	507,500	0	1,067,500
Non-Executive Members								
Aamer A. Alireza	150,000	50,000	20,000	220,000	237,500	237,500	-	457,500
Saleh A. Hefni	75,000	50,000	10,000	135,000	200,000	200,000	-	335,000
Ahmed Mohammed Alrabiah	37,500	50,000	10,000	97,500	100,000	100,000	-	197,500
TOTAL	262,500	150,000	40,000	452,500	537,500	537,500	0	990,000

Compensation paid to Committee Members from 1/1/2020 until 30/6/2020 is as follows:

COMMITTEE MEMBERS	FIXED REMUNERATION (except for the allowance for attending board meetings)	ALLOWANCE FOR ATTENDING BOARD MEETINGS	TOTAL
Audit Committee Members			
Waleed A. Kayyal	-	10,000	**10,000**
Abubaker Ali Bagabir	-	20,000	**20,000**
AbdulAziz Jazzar	-	-	**0**
Alawi M. Kamel	50,000	20,000	**70,000**
Adnan Abdullah Maimani	50,000	20,000	**70,000**
TOTAL	**100,000**	**70,000**	**170,000**
Nomination and Remuneration Committee Members			
AbdulAziz Jazzar	-	20,000	**20,000**
Aamer A. Alireza	-	20,000	**20,000**
Thamer Al-Harthi	-	20,000	**20,000**
Saleh A. Hefni	-	20,000	**20,000**
TOTAL	**0**	**80,000**	**80,000**
Investment Committee Members			
Aamer A. Alireza	-	-	**0**
Saleh A. Hefni	-	-	**0**
AbdulAziz Jazzar	-	-	**0**
Waleed A. Kayyal	-	-	**0**
Mohamed A. Zainal	37,500	-	**37,500**
TOTAL	**37,500**	**0**	**37,500**

Compensation paid to Committee Members from 1/7/2020 until 31/12/2020 is as follows:

COMMITTEE MEMBERS	FIXED REMUNERATION (except for the allowance for attending board meetings)	ALLOWANCE FOR ATTENDING BOARD MEETINGS	TOTAL
Audit Committee Members			
Waleed A. Kayyal	150,000	30,000	**180,000**
Abubaker Ali Bagabir	100,000	30,000	**130,000**
AbdulAziz Jazzar	50,000	30,000	**80,000**
TOTAL	**300,000**	**90,000**	**390,000**
Nomination and Remuneration Committee Members			
AbdulAziz Jazzar	100,000	10,000	**110,000**
Aamer A. Alireza	75,000	10,000	**85,000**
Talal Nasser Aldakhil	37,500	10,000	**47,500**
Ahmed Mohammed Alrabiah	37,500	10,000	**47,500**
Thamer Al-Harthi	75,000	10,000	**85,000**
Saleh A. Hefni	37,500	0	**37,500**
TOTAL	**362,500**	**50,000**	**412,500**
Investment Committee Members			
Adnan Abdulfattah Soufi	37,500	10,000	**47,500**
Aamer A. Alireza	75,000	10,000	**85,000**
Saleh A. Hefni	37,500	10,000	**47,500**
Muneerah Hejab Al Dossary	37,500	10,000	**47,500**
Waleed A. Kayyal	37,500	-	**37,500**
AbdulAziz Jazzar	37,500	-	**37,500**
TOTAL	**262,500**	**40,000**	**302,500**

Management Remuneration

Compensation and benefits paid to Senior Executives (Including CEO & CFO) during 2020 are as follows:

EXECUTIVES	FIXED REMUNERATION				VARIABLE REMUNERATION		END OF SERVICE BENEFITS
	Salaries	Allowances	Other benefits	TOTAL	Periodic Remunerations	TOTAL	
Chief Executive Officer	1,140,000	834,000	50,000	**2,024,000**	1,187,500	**1,187,500**	1,373,329
Chief Financial Officer	780,000	363,000	32,500	**1,175,500**	212,500	**212,500**	76,932
Chief Corporate Affairs Officer	642,000	359,200	64,660	**1,065,860**	251,750	**251,750**	154,146
Chief Audit Executive	642,000	289,200	26,750	**957,950**	226,750	**226,750**	163,842
Chief Legal Counsel	582,000	233,700	24,250	**839,950**	248,500	**248,500**	223,422
TOTAL	3,786,000	2,079,100	198,160	6,063,260	2,127,000	2,127,000	1,991,671

Remuneration Policy

The Company pays annual bonuses and expenses for attendance and any other relevant expenses for Board of Directors and Committee members in accordance with regulations stipulated by Ministry of Commerce and Investment and in accordance with Company Bylaws and approved charters.

Article (19) of the Company Bylaw's states that:

The remuneration of the Board of Directors consists of a combination of, attendance fees for the required meetings or a percentage of the net profits. Two or more of the benefits may be combined as approved by the Board of Directors and within the limits stipulated by the Companies Law and its regulations as specified by relevant authorities. The report of the Board of Directors to the General Assembly should include a comprehensive statement of all remuneration, fees, and other benefits received by the members during the fiscal year. The report should also include a statement of payments to the members as an employee, administrator or otherwise for technical, administrative or consulting service for the Company. The report should include a statement of the number of meetings, list of attendees of Board and General Assembly meetings.

Remuneration and Allowances Policy of the Board members and Board secretary in accordance with the Board charter:

a. Based on Article 19 of the Articles of Association of the Company and the Company Law, the total remuneration of each member including all benefits shall not exceed five hundred thousand Saudi Riyals annually.
b. Ten Thousand Saudi Riyals for each member for attending each Board meeting and Committee meeting.
c. The company provides first class travel tickets, transportation, and accommodation for non-resident members.
d. The Board of Directors determines the annual remuneration of the Secretary of the Board. The Company also covers the expenses such as travel tickets, accommodation, and all matters pertaining to the Board.
e. The remuneration, attendance fees, and other allowances as mentioned above should be paid at the end of the financial year, except in the case of termination of membership before the end of the financial year; where remuneration is paid at termination.

Executive Remuneration

The Company pays salaries, allowances and any other remuneration and benefits for its executive based on their contracts and performance.
- The benefits paid are in compliance with the Company's reward and benefit policy.
- Members of the Board of Directors have not taken any amount from the Company for any administrative, technical or advisory work. All members of the Board of Directors are non-executive.

Board and Management Perfomance

The Nomination and Remuneration Committee evaluates the Board performance through an annual review of the necessary skills and expertise required for board membership and executive management functions to:

- Verify annually that there are no conflicts of interest
- Identify weaknesses and strengths of the Board
- Propose solutions to address the weaknesses of the Board
- Verify independency of the independent members
- Evaluates the performance of SISCO's Executive Management through the review of Corporate KPI Scorecard achievement for the current year and agree the Corporate KPI Scorecard for the next year.

Board Declaration / Confirmation

In accordance with the requirements of Article (90) of the Corporate Governance Regulations, and Articles (76-4) and (126-2) of the Companies Law and Articles 7 – 15 - 40 of the Regulatory Rules and Procedures issued pursuant to the Companies Law relating to Listed Joint Stock Companies. To ensure the Board's commitment to highlight the applicable and non-applicable requirements under these Articles, the Board confirms the following:

Not applicable items from Article (90) of the Corporate Governance Regulations:

ARTICLE NO.	DESCRIPTION	REASON FOR NON-COMPLIANCE
9	Any punishment, penalty, precautionary procedure or preventive measure imposed on the Company by the Authority or any other supervisory, regulatory or judiciary authority, describing the reasons for non-compliance, the imposing authority and the measures undertaken to remedy and avoid such non-compliance in the future;	Not Applicable
11	The audit committee's recommendation on the need for appointing an internal auditor for the Company, if there is no internal auditor	Not Applicable
12	The audit committee's recommendation with conflict with Board resolution or those which the Board disregards relating to the appointment, dismissal, assessment or determining the remuneration of an external auditor, as well as justifications for those recommendations and reasons for disregarding them.	Not Applicable
21	Any inconsistency with the standards approved by the Saudi Organizations for Certified Public Accountant.	Not Applicable
25	A description of any interest in a class of voting shares held by persons (other than the company's directors, Senior Executives and their relatives) who have notified the company of their holdings pursuant to Article 45 of Listing Rules, together with any change to such interests during the last fiscal year;	Not Applicable
26	A description of any interest, contractual securities or rights issue of the Board members, Senior Executives and their relatives on shares or debt instruments of the company or its affiliates, and any change on these interest or rights during the last fiscal year.	Not Applicable
28	A description of the class and number of any convertible debt instruments, contractual securities, preemptive right or similar rights issued or granted by the company during the fiscal year, as well as stating any compensation obtained by the company in this regard.	Not Applicable
29	A description of any conversion or subscription rights under any convertible debt instruments, contractually based securities, warrants or similar rights issued or granted by the company;	Not Applicable
30	Description of any redemption, purchase or cancellation by the company of any redeemable debt instruments and the value of such securities outstanding, distinguishing between those listed securities purchased by the company and those purchased by its affiliates.	Not Applicable
35	A description of any arrangement or agreement under which a director or a Senior Executive of the company has waived any remuneration.	Not Applicable
36	A description of any arrangement or agreement under which a shareholder of the company has waived any rights to dividends.	Not Applicable
38	A statement as to the value of any investments made or any reserves set up for the benefit of the employees of the company.	Not Applicable
40	If the external auditor's report contains reservations on the annual financial statements, the Board report shall highlight this mentioning the reasons and any relevant information.	Not Applicable
41	If the Board recommended replacing the external auditor before the end of its term, the report shall indicate this mentioning the reasons for the replacement recommendation.	Not Applicable

Pursuant to sub-clause (39) of article (90) of Corporate Governance Regulations, the Board of Directors of the Company hereby declare that:

a) The Group's accounting records were properly prepared.
b) The Group's internal control systems and procedures were properly developed and effectively executed.
c) There are no doubts about the Group's ability to continue its business activities.

Not applicable items from the Regulatory Rules and Procedures issued pursuant to the Companies Law relating to Listed Joint Stock Companies:

ARTICLE NO.	DESCRIPTION	REASON FOR NON-COMPLIANCE
15	The Board annual report must contain details relating to Treasury Shares retained by the company and details on the use of these shares.	Not Applicable

Shareholding Interests

Information of the shareholding required under the reporting framework is as follows:

Number and dates of shareholders requests

REQUEST NO.	REQUEST DATE	SHAREHOLDER LIST DATE	REQUEST REASON
1	19/01/2020	19/01/2020	Others
2	08/02/2020	06/02/2020	Others
3	02/03/2020	02/03/2020	Others
4	12/03/2020	12/03/2020	Company Procedures
5	06/04/2020	06/04/2020	Company Procedures
6	07/04/2020	07/04/2020	Company Procedures
7	13/04/2020	13/04/2020	GAM
8	15/04/2020	15/04/2020	Dividend File
9	20/04/2020	15/04/2020	Dividend File
10	16/06/2020	16/06/2020	Company Procedures
11	23/06/2020	22/06/2020	Company Procedures
12	28/06/2020	28/06/2020	GAM
13	24/08/2020	24/08/2020	Company Procedures
14	03/11/2020	02/11/2020	Company Procedures
15	03/11/2020	30/09/2020	Company Procedures

Shareholders holding more than 5% of the paid-up voting share capital of the Company

COMPANY NAME	NO. OF SHARE AS OF 01/01/2020	% OF CAPITAL	NO. OF SHARE AS OF 31/12/2020	% OF CAPITAL	CHANGE	
					NO.	%
Xenel Industries Limited	11,992,924	14.7	11,992,924	14.7	0	-

Board Members and Senior Executives Interest and changes during the year

NAME	NO. OF SHARE AS OF 01/01/2020	% OF CAPITAL	NO. OF SHARE AS OF 30/06/2020	% OF CAPITAL	CHANGE	
					SHARES	%
Mohamed A. Alireza	938,345	1.14	1,015,056	1.24	76,711	0.100
Adnan A. Maimani	544,102	0.67	644,102	0.79	100,000	0.120
Alawi M. Kamel	5,513	0.001	5,513	0.006	-	0.005
Saleh A. Hefni	1,200	0.00	26,000	0.032	24,800	0.032
Aamer A. Alireza	31,677	0.04	50,927	0.062	19,250	0.022
Abdulaziz Al-Meshal	1,152,000	1.4	700,000	0.86	(452,000)	(0.54)
Abdulaziz A. Jazzar	20,400	0.03	29,400	0.036	9,000	0.006

NAME	NO. OF SHARE AS OF 01/07/2020	% OF CAPITAL	NO. OF SHARE AS OF 31/12/2020	% OF CAPITAL	CHANGE	
					SHARES	%
Aamer A. Alireza	50,927	0.062	50,927	0.062	-	-
Adnan Abdulfattah M. Soufi	100	-	100	-	-	-
Saleh A. Hefni	26,000	0.032	26,000	0.032	-	-
Abdulaziz A. Jazzar	29,400	0.036	29,400	0.036	-	-
Muneerah Hejab AL Dossary	2,000	0.002	8,100	0.010	6,100	0.008
Ahmed Mohammed A. Alrabiah	20,000	0.025	20,000	0.025	-	-
Talal Naser AlDakhil	250,000	0.306	275,000	0.337	25,000	0.031

Shareholding Pattern as of 31 December 2020

OWNERSHIP OF SHARES	SHAREHOLDERS		SHARES	
	NO.	%	NO.	%
Less than 20 shares	1,681	16.6	7,156	0.01
From 20 to 99 shares	1,350	13.4	72,998	0.09
From 100 to 499 shares	2,938	29.1	711,615	0.87
From 500 to 999 shares	1,197	11.8	813,748	1.00
From 1,000 to 19,999 shares	2,609	25.8	9,397,549	11.52
From 20,000 to 99,999 shares	238	2.4	9,632,864	11.80
From 100,000 to 999,999 shares	71	0.7	17,426,958	21.36
From 1,000,000 to 4,999,999 shares	18	0.2	31,544,188	38.66
More than 5,000,000 shares	1	0.0	11,992,924	14.70
TOTAL	10,103	100.0%	81,600,000	100.00%

Shareholder Categories as of 31 December 2020

CATEGORY OF SHAREHOLDER	NO. OF INVESTORS	TOTAL SHARES OWNED	%
Companies	21	23,815,368	29.2
Funds	71	6,385,536	7.8
Individuals	10,011	51,399,096	63.0
TOTAL	10,103	81,600,000	100.00%

Nationality of shareholders as of 31 December 2020

NATIONALITY	CURRENT BALANCE	%
Saudi	77,679,859	95.2
USA	2,347,697	2.9
Others (23 Countries)	1,572,444	1.9
TOTAL	81,600,000	100.00%

Shareholder Proposal

If the company receives any proposal, note or enquiry from a shareholder, the liaison officer directly informs executive management to address and respond to the enquiry. The Secretary of the Board shall notify the Board for discussion, if necessary.

Future Outlook

The COVID-19 pandemic, one of our era's defining black swan events, made a significant impact to businesses and people's livelihood throughout the global economy. In Saudi Arabia, the government introduced various lockdown measure to curb the spread of the virus which amongst other included the suspension of travel and cancellation of Hajj and Umrah. These measures coupled with falling oil prices resulted in a contraction of GDP in 2020.

The outlook for 2021 is more optimistic with an expectation of a broad-based recovery of the Saudi economy. The rollout of the COVID-19 vaccine will result in relaxation of restrictions that will positively impact all sectors, in particular entertainment and domestic tourism activities notably Umrah and Hajj. In addition, the construction sector is also expected to experience an increase in activity as work on mega projects recommence. The subsequent recovery in oil price should also boost the economy.

A strong level of growth, in particular in the non-oil sector, should improve local activity and keep imports at healthy levels. We expect this to translate into further growth for all our business segments.

National Transformation Program 2020

VISION 2030
رؤية
المملكة العربية السعودية
KINGDOM OF SAUDI ARABIA

G20
SAUDI ARABIA 2020

** This section of the annual report includes statements subject to risks and uncertainties that are based on several economic and political factors out of SISCO's control.*

Segment performance and outlook:

On 1 April 2020, SISCO's subsidiary Red Sea Gateway Terminal (RSGT) completed the takeover and consolidation of the adjacent North Container Terminal on 1 April 2020 to become the largest container terminal in Saudi Arabia. The enlarged terminal gives RSGT a significant competitive advantage and increased capability to handle mega vessels, which are expected to increase in the coming years as shipping lines are moving towards upgrading to larger vessels. This should contribute to an increase in RSGT's volume throughput and market share in the coming years.

Separately, Mawani also announced a tariff increase on 24 September 2020 which came into effect on 1 January 2021. This is expected to positively impact the financial performance of the port segment in 2021 and beyond.

The logistics sector continues to be in high demand, in particular the requirement of logistic hubs and warehouse space as businesses shift towards e-commerce post COVID. In response to the challenges faced on its open yard utilization and the increase in e-commerce activity, LogiPoint has accelerated its plans to develop additional warehouse space in the bonded zone coupled with the development of its logistic hubs in MODON and Khumrah. Additional growth opportunities are also being considered through mergers and acquisitions of selective logistics businesses.

The water sector in the Kingdom is currently undergoing major changes as the 2030 vision is implemented. SISCO is actively seeking to take advantage of this vision 2030 privatization program in this sector through its affiliate companies Kindasa and Tawzea.

SISCO also made significant progress in the water sector through its affiliate Tawzea securing financing and commencing construction of the Taif Independent Sewerage Plant Project. Tawzea aims to build on this success and is currently part of the bidding process for additional water treatment and sewerage projects across the Kingdom.

CONSOLIDATED FINANCIAL STATEMENTS

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For the Year Ended 31 December 2020

Contents

Building a better working world

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INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDERS OF SAUDI INDUSTRIAL SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of 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 2020, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Certified Public 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 *"Auditors' Responsibilities for the Audit of the Consolidated Financial Statements"* section of our report. We are independent of the Group in accordance with professional code of conduct and ethics endorsed in the Kingdom of Saudi Arabia, that are relevant to our audit of the consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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 key audit 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.

INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDERS OF SAUDI INDUSTRIAL SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY) (continued)

Report on the Audit of the Consolidated Financial Statements (continued)

Key audit matter	How our audit addressed the key audit matter
New Concession Agreement Effective from 1 April 2020 (the Effective date), the Group entered into a New Concession Agreement with Saudi Sea Ports Authority ("SPA" or "MAWANI") to manage the North Container Terminal at Jeddah Islamic Port for a period of 30 years from the Effective date, under Built-Operate-Transfer (BOT) arrangement. This agreement also covers currently managed port terminal which the Group has been managing under BOT agreement with MAWANI. The Group applied significant judgement, including use of external accounting advise, in the determination of appropriate accounting treatment arising from the New concession agreement. The judgment includes: • Interpretation and assessment of the key clauses of the New Concession Agreement, consistent with the BOT Agreement, to ensure that it meets the requirements of "intangible asset" model under IFRIC 12 – Service Concession Arrangements with no derecognition of previously recorded intangible asset. • assessment of fixed and variable payments for the recognition of financial liability with corresponding recognition of intangible asset arising from the fee of fixed in nature, payable to MAWANI over the life of the New Concession Agreement. • determination of amount of the Group's provision required under the BOT Agreement for its obligation to maintain and replace certain equipment ("the Equipment"). Given the significance of the New Concession Agreement and that management applied significant judgments to determine the value of the intangible asset and corresponding financial liability, for concession arrangement and related other accounting implications, we considered this area as a key audit matter. Refer to Note 3 for the summary of accounting and financial reporting matters, significant judgments in note 2.4, accounting policy in note 4.5 and related disclosures in note 8.2 and 36.	In order to evaluate management's interpretation and assessment of the New Concession Agreement and its impact on the consolidated financial statement, we: • obtained the management's interpretation and assessment of the key clauses of the New Concession Agreement and its potential impact on the consolidated financial statements considering IFRSs requirements. • analysed and discussed with management, the key terms of the New Concession Agreement. • wherever required, involved our subject matter specialists to assess and conclude on the requirements of IFRSs, including the review of external accounting advise. • assessed that the Group's accounting policies are appropriately applied. With respect to continuation of the application of IFRIC 12 and other significant accounting and reporting matters, we • evaluated the terms and conditions of the future fee payable over the life of the New Concession Agreement to MAWANI including whether or not the fee payable is fixed or variable in nature. • Involved subject matter expert to review and assess the appropriateness of the discount rate and assessed the present value of the financial liability and corresponding intangible asset. • Discussed and assessed the overall approach by management to develop the Equipment replacement plan over the life of the New Concession Agreement and its impact on the reasonableness of provisions at the reporting date. We also assessed the appropriateness of the related disclosures in the consolidated financial statements.

Key audit matter	How our audit addressed the key audit matter
Impairment assessment of intangible assets and property, plant and equipment At 31 December 2020, the carrying value of the Group's intangible assets amounted to SR 3,141.6 million (2019: SR 1,070.4 million) and its property, plant and equipment including capital work in progress, amounted to SR 386.4 million (2019: SR 874.4 million). Intangible assets mainly comprise of port concession rights as well as terminal assets resulting from concession arrangements with MAWANI. The Group's property, plant and equipment primarily comprise of desalination plants, and other moveable and immoveable assets. For impairment assessment, the Group grouped combined the intangible assets and property, plant and equipment as smallest group of assets that generates cash flow from continuing use (cash generating unit or CGU) that are largely independent of cash flows of other assets or other CGUs. The present value of estimated cash flows from CGUs (recoverable amount) are then compared with the carrying values to arrive at an impairment amount. The Group's assessment of the recoverable amount of CGU involves use of significant judgement. This involves use of modelling techniques and requires a significant amount of judgement and estimation uncertainty. It also requires estimates of future cash flows and associated discount and growth rates based on management's view of future business prospects at the time of assessment. We considered impairment assessment of intangible assets and property plant and equipment as a key audit matter due to involvement of significant judgements and estimation uncertainty. *Refer to notes 4.4 and 4.5 for the accounting policy relating to property, plant and equipment and intangible assets, respectively, significant judgements in 2.4 and related disclosure in notes 6 and 7.*	In order to evaluate management's assessment of impairment estimate of the CGU, we performed, among other audit procedures, the following: • discussed with the management the overall process and key inputs of the impairment estimation. • evaluating and testing the assumptions, methodologies, CGU determination, the discount rates and other data used by the Group. • evaluating the financial forecast, the methodology of the financial forecast preparation process and the reasonability of the forecasts at the level of individual entities as well as at the Group level. • evaluated with the help of subject matter expert, management's outlook in the explicit period as well as the long term growth rate, in particular around forecasted revenues, earnings and capital expenditures • assessed whether the CGU structure is aligned with the organizational structure; We also assessed the appropirateness of the related disclosures in the consolidated financial statements.

Other information included in the Group's 2020 annual report

Other information consists of the information included in the Group's 2020 annual report, other than the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information in its annual report. The Group's 2020 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 Group's 2020 annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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 International Financial Reporting 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 Companies' Law and the 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 are responsible for overseeing the Group's financial reporting process.

Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs 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.

Building a better working world

INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDERS OF SAUDI INDUSTRIAL SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY) (continued)

Report on the Audit of the Consolidated Financial Statements (continued)

Auditors' responsibilities for the audit of the consolidated financial statements (continued)

As part of an audit in accordance with ISAs that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- 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 auditors' 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 auditors' 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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance 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, related safeguards.

Building a better working world

INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDERS OF SAUDI INDUSTRIAL SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY) (continued)

Report on the Audit of the Consolidated Financial Statements (continued)

Auditors' responsibilities for the audit of the consolidated financial statements (continued)

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 auditors' 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

Ahmed I.Reda
Certified Public Accountant
Licence No. 356

ERNST & YOUNG & Co. PUBLIC ACCOUNTANTS
PROFESSIONAL LICENCE No. 45

20 Rajab 1442H
4 March 2021G

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2020

	Notes	*31 December 2020 SR*	*31 December 2019 SR*
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	7	**268,481,533**	766,963,479
Capital work in progress	7.5	**117,954,228**	107,456,458
Intangible assets	8	**3,141,574,145**	1,070,384,638
Right of use assets	23	**86,918,253**	241,825,240
Investment properties	9	**128,000,604**	133,781,349
Investment in associates	10	**136,922,460**	132,421,768
Financial assets carried at FVOCI	11	**14,972,714**	15,538,283
Goodwill	12	**8,776,760**	8,776,760
Deferred tax asset	29	**2,401,519**	4,407,665
TOTAL NON-CURRENT ASSETS		**3,906,002,216**	2,481,555,640
CURRENT ASSETS			
Inventories, net	13	**19,627,992**	18,171,701
Trade receivables, prepayments and other receivables	14	**132,706,458**	100,088,944
Cash and cash equivalents	15	**336,533,927**	295,100,801
Due from related parties	31	**12,283,133**	11,185,041
TOTAL CURRENT ASSETS		**501,151,510**	424,546,487
TOTAL ASSETS		**4,407,153,726**	2,906,102,127
EQUITY AND LIABILITIES			
EQUITY			
Share capital	16	**816,000,000**	816,000,000
Share premium		**36,409,063**	36,409,063
Statutory reserve	17	**90,324,076**	76,382,784
Other components of equity		**(16,481,536)**	(9,516,848)
Retained earnings		**248,329,774**	171,818,142
Equity attributable to the shareholders' of the Parent		**1,174,581,377**	1,091,093,141
Non-controlling interests		**534,995,715**	499,942,039
TOTAL EQUITY		**1,709,577,092**	1,591,035,180
NON-CURRENT LIABILITIES			
Obligation under service concession arrangement	36	**1,355,424,493**	-
Long term loans and bank facilities	18	**665,662,576**	540,389,501
Employees' end-of-service benefits	19	**48,126,455**	39,470,059
Long term provisions	20	**1,984,224**	74,537,556
Derivative financial instrument	21	**14,060,566**	13,103,655
Lease liability	23	**84,597,772**	217,085,900
TOTAL NON- CURRENT LIABILITIES		**2,169,856,086**	884,586,671
CURRENT LIABILITIES			
Obligation under service concession arrangement	36	**190,530,528**	-
Current portion of long term loans	18	**70,670,666**	240,711,549
Trade payables, accrued and other current liabilities	22	**259,448,794**	158,857,771
Lease liabilities	23	**7,033,955**	29,930,538
Due to related parties	31	**36,605**	980,418
TOTAL CURRENT LIABILITIES		**527,720,548**	430,480,276
TOTAL LIABILITIES		**2,697,576,634**	1,315,066,947
TOTAL EQUITY AND LIABILITIES		**4,407,153,726**	2,906,102,127

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the year ended 31 December 2020

	Notes	***2020 SR***	*2019 SR*
Revenues	24	**861,631,306**	675,883,929
Construction revenue	37	**159,233,442**	-
Total revenue		**1,020,864,748**	675,883,929
Direct costs	25	**(437,891,731)**	(415,577,044)
Cost of construction	37	**(159,233,442)**	-
Total cost		**(597,125,173)**	(415,577,044)
GROSS PROFIT		**423,739,575**	260,306,885
OPERATING EXPENSES			
Selling and distribution expenses	26	**(20,825,318)**	(32,862,592)
General and administrative expenses	27	**(146,671,759)**	(134,036,372)
TOTAL OPERATING EXPENSES		**(167,497,077)**	(166,898,964)
OPERATING INCOME		**256,242,498**	93,407,921
Finance costs, net	39	**(133,480,825)**	(45,895,217)
Other income	28	**88,727,888**	8,986,729
Share in results from equity accounted associates, net	10	**21,609,171**	27,372,268
PROFIT BEFORE ZAKAT AND INCOME TAX		**233,098,732**	83,871,701
Zakat and income tax	29	**(16,429,831)**	(5,992,979)
NET PROFIT FOR THE YEAR		**216,668,901**	77,878,722
ATTRIBUTABLE TO:			
Shareholders' of the parent company		**139,412,924**	50,922,990
Non-controlling interests		**77,255,977**	26,955,732
		216,668,901	77,878,722
EARNINGS PER SHARE			
Basic and diluted earnings per share from net profit for the year attributable to the Shareholders' of the Parent	30	**1.71**	0.62

SAUDI INDUSTRIAL SERVICES COMPANY
(A Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2020

	Notes	***2020*** ***SR***	*2019* *SR*
NET PROFIT FOR THE YEAR		**216,668,901**	77,878,722
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified to profit or loss			
Loss from re-measurement of employees' end-of-service benefits, net	19	**(5,864,921)**	(8,847,677)
Net change in fair value of financial assets at FVOCI	11	**(565,569)**	(2,361,614)
Share of actuarial losses of equity accounted associates	10	**(2,082,512)**	(1,796,618)
Items that are or may be reclassified subsequently to profit or loss			
Cash flow hedges – effective portion of changes in fair value	21	**(956,911)**	(8,565,681)
OTHER COMPREHENSIVE LOSS		**(9,469,913)**	(21,571,590)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**207,198,988**	56,307,132
ATTRIBUTABLE TO:			
Shareholders' of the parent company		**132,448,236**	35,498,811
Non-controlling interests		**74,750,752**	20,808,321
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**207,198,988**	56,307,132

SAUDI INDUSTRIAL SERVICES COMPANY
(A Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2020

	Equity attributable to the shareholders' of the Parent										
				-----------Other components of equity-----------							
	Share Capital SR	***Share Premium SR***	***Statutory Reserve SR***	***Effect of changes in shareholding percentage in subsidiaries SR***	***Actuarial valuation reserves SR***	***Cash flow hedging reserve SR***	***Fair value reserve on financial assets at FVOCI SR***	***Retained Earnings SR***	***Total SR***	***Non - controlling interests SR***	***Total Equity SR***
Balance at 1 January 2020	816,000,000	36,409,063	76,382,784	1,133,474	(8,677,640)	(7,940,815)	5,968,133	171,818,142	1,091,093,141	499,942,039	1,591,035,180
Profit for the year	-	-	-	-	-	-	-	139,412,924	139,412,924	77,255,977	216,668,901
Other comprehensive income	-	-	-	-	(5,819,231)	(579,888)	(565,569)	-	(6,964,688)	(2,505,225)	(9,469,913)
Total comprehensive income	-	-	-	-	(5,819,231)	(579,888)	(565,569)	139,412,924	132,448,236	74,750,752	207,198,988
Transfer to statutory reserve	-	-	13,941,292	-	-	-	-	(13,941,292)	-	-	-
Dividends paid (note 16)	-	-	-	-	-	-	-	(48,960,000)	(48,960,000)	(39,578,599)	(88,538,599)
Net movement in non-controlling interest	-	-	-	-	-	-	-	-	-	(118,477)	(118,477)
Balance at 31 December 2020	**816,000,000**	**36,409,063**	**90,324,076**	**1,133,474**	**(14,496,871)**	**(8,520,703)**	**5,402,564**	**248,329,774**	**1,174,581,377**	**534,995,715**	**1,709,577,092**

SAUDI INDUSTRIAL SERVICES COMPANY
(A Saudi Joint Stock Company)
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)
For the year ended 31 December 2020

Equity attributable to the shareholders' of the Parent Company

	Share capital SR	Share premium SR	Statutory reserve SR	Effect of changes in shareholding percentage in subsidiaries SR	Actuarial valuation reserves SR	Cash flow hedging reserve SR	Fair value reserve on financial assets at FVOCI SR	Retained earnings SR	Total SR	Non-controlling interests SR	Total equity SR
				Other components of equity							
Balance at 1 January 2019	816,000,000	36,409,063	71,290,485	1,133,474	(805,878)	(2,750,012)	8,329,747	158,627,451	1,088,234,330	483,198,445	1,571,432,775
Profit for the year	-	-	-	-	-	-	-	50,922,990	50,922,990	26,955,732	77,878,722
Other comprehensive income	-	-	-	-	(7,871,762)	(5,190,803)	(2,361,614)	-	(15,424,179)	(6,147,411)	(21,571,590)
Total comprehensive income	-	-	-	-	(7,871,762)	(5,190,803)	(2,361,614)	50,922,990	35,498,811	20,808,321	56,307,132
Transfer to statutory reserve	-	-	5,092,299	-	-	-	-	(5,092,299)	-	-	-
Dividends paid (note 16)	-	-	-	-	-	-	-	(32,640,000)	(32,640,000)	(4,200,000)	(36,840,000)
Net movement in non-controlling interest	-	-	-	-	-	-	-	-	-	135,273	135,273
Balance at 31 December 2019	816,000,000	36,409,063	76,382,784	1,133,474	(8,677,640)	(7,940,815)	5,968,133	171,818,142	1,091,093,141	499,942,039	1,591,035,180

SAUDI INDUSTRIAL SERVICES COMPANY
(A Saudi Joint Stock Company)
CONSOLIDATED STATEMENT OF CASH FLOW
For the year ended 31 December 2020

	Notes	2020 SR	2019 SR
OPERATING ACTIVITIES			
Profit for the year before zakat and income tax		**233,098,732**	83,871,701
Adjustments for:			
Depreciation and amortization	7, 8 & 9	**156,626,110**	149,506,113
Depreciation of right of use assets		**7,218,597**	8,437,952
Provision for employees' end-of-service benefits	19	**7,237,006**	5,381,511
Loss on disposal of property, plant and equipment	28	**3,498,773**	47,709
Share of results from equity accounted associates, net	10	**(21,609,171)**	(27,372,268)
Impairment allowance	34	**1,047,551**	15,849,444
Capital work in progress written-off	7	**1,219,418**	2,013,709
Amortization of deferred revenue		**63,425**	(16,363)
Provision for dismantling cost	20	**79,185**	79,185
Amortization of advance rentals		**7,549,298**	5,056,341
Allowance for slow moving and obsolete inventories		**3,660,891**	2,675,448
Provision for asset replacement cost		-	11,851,373
Reversal of provision for asset replacement costs	28	**(75,165,206)**	-
Financial charges		**133,480,825**	47,726,965
		458,005,434	305,108,820
Changes in operating assets and liabilities			
Trade receivables, prepayments and other receivables		**(34,763,157)**	(12,682,735)
Inventories		**(5,117,182)**	455,506
Trade payables, accrued and other current liabilities		**(19,075,572)**	17,874,314
Cash from operating activities		**399,049,523**	310,755,905
Finance costs paid		**(28,162,044)**	(41,550,833)
Employees' end-of-service benefits paid	19	**(4,445,531)**	(1,974,846)
Zakat and income tax paid	29	**(10,535,130)**	(6,110,197)
Net cash from operating activities		**355,906,818**	261,120,029
INVESTING ACTIVITIES			
Dividends received from equity accounted associates	10	**15,025,967**	14,268,855
Purchase of intangibles, property, plant and equipment	7, 8 & 9	**(206,471,507)**	(38,046,060)
Additions to right of use assets		**(3,600,000)**	-
Proceeds from disposal of property, plant and equipment		**351,288**	51,551
Net cash used in investing activities		**(194,694,252)**	(23,725,654)
FINANCING ACTIVITIES			
Long term loans and bank facilities paid, net		**(21,956,898)**	(81,452,383)
Dividend paid	16	**(48,960,000)**	(32,640,000)
Dividends paid to non-controlling interests by subsidiaries		**(39,578,599)**	(4,200,000)
Payment of lease liability		**(9,402,420)**	(4,720,647)
Net movement in non-controlling interests		**118,477**	135,273
Net cash used in financing activities		**(119,779,440)**	(122,877,757)
Net increase in cash and cash equivalents		**41,433,126**	114,516,618
Cash and cash equivalents at the beginning of the year	15	**295,100,801**	180,584,183
Cash and cash equivalents at the end of the year	15	**336,533,927**	295,100,801

SUPPLEMENTARY NON CASH INFORMATION

	Note	***31 December 2020 SR***	*31 December 2019 SR*
Cash flow hedges – effective portion of change in fair value	21	**(956,911)**	(8,565,681)
Obligation under service concession arrangement	36	**1,546,967,635**	-
Transfer of assets from property plant and equipment to intangibles	7.3	**489,210,493**	-
Modification of lease contracts	23	**(146,694,649)**	(134,568)
Re-measurement of employees' end-of-service benefits liability	19	**5,864,921**	8,847,677
Modification gain on loan arrangement	18	**(31,959,301)**	-
Transfers from intangible assets to Right of use assets	23	**-**	(26,162,609)
Right of use assets from lease liability and prepayments	23	**-**	(230,459,708)
Deferred tax	29	**(2,006,146)**	4,407,665

1 ORGANIZATION AND ACTIVITIES

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

The registered head office of the Parent Company is located at the following address:

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

These 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 2020**	**2019**	**Principal activities**
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.
Kindasa Water Services Company – Closed Joint Stock Company ("Kindasa")	Saudi Arabia	**65%**	65%	Water desalination and treatment plant and sale of water.
Support Services Operation Company Limited ("ISNAD")	Saudi Arabia	**99.28%**	99.28%	Development and operation of industrial zones, construction and operation of restaurants, catering and entertainment centers, construction of gas stations, auto servicing and maintenance workshops, and purchase of land for the construction of building thereon and investing the same through sale or lease.
Red Sea Gateway Terminal Company Limited ("RSGT")	Saudi Arabia	**60.6%**	60.6%	Development, construction, operation and maintenance of container terminals and excavation and back filling works.
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.

Subsequent to the year end, SISCO and its subsidiary TUSDEER agreed to sell their 21.2% and 4% equity stake, respectively, in RSGT to potential investors with whom the share purchase agreements have been signed. The sale is expected to complete in fiscal year 2021, subject to meeting certain conditions precedent.

2 BASIS OF PREPARATION

2.1 Statement of compliance

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards "IFRS" that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Certified Public Accountants ("SOCPA").

2 BASIS OF PREPARATION (continued)

2.2 Basis of measurement

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

2.3 Functional and presentation currency

The consolidated financial statements are presented in Saudi Arabian Riyals (SR), which is the functional and presentation currency of the Group.

2.4 Significant accounting judgements, estimates and assumptions

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

Judgements

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

- Decision related to control over investee (note 4.1)
- Classification of investment property (note 4.6)
- Lease classification (note 4.7)
- Provisions (4.12)

Volume rebate

Certain contracts for the provision of services include volume rebates that give rise to variable consideration. In estimating the variable consideration, the Group is required to use either the expected value method or the most likely amount method based on which method better predicts the amount of consideration to which it will be entitled.

The Group determined that the most likely amount method is the appropriate method to use in estimating the variable consideration for the provision of services with volume rebate as the selected method better predicts the amount of variable consideration driven by customers' rebate entitlement based on volume thresholds.

Before including any amount of variable consideration in the transaction price, the Group considers whether the amount of variable consideration is constrained. The Group determined that the estimates of variable consideration are not constrained based on its historical experience, business forecast and the current economic conditions. In addition, the uncertainty, if any, on the variable consideration will be resolved within a short time frame.

Going concern

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

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

The Group's management determines the estimated useful lives of its property, plant and equipment 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.

2 BASIS OF PREPARATION (continued)

2.4 Significant accounting judgements estimates and assumptions (continued)

Allowance for inventory losses

The Group recognizes an allowance for inventory losses due to factors such as obsolescence, technical faults, physical damage etc. The estimation of such losses includes the consideration of factors including but not limited to introduction of new models or technology by the specific manufacturer and both existing and emerging market conditions.

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.

Provision for equipment replacement cost

Provision for equipment replacement cost is assessed periodically based on the Build, Operate and Transfer Agreement and is discounted at a rate reflective of the term of the obligation. Significant assumptions included in the determination of this estimate are disclosed in note 3 (c).

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. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

Defined benefit plan

The cost of the defined benefit plan and the present value of the obligation are determined using actuarial valuations. 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, mortality rates and employee turnover rate. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate, management considers the market yield on high quality Corporate/Government bonds. The mortality rate is based on publicly available mortality tables for the country. Those mortality tables tend to change only at intervals in response to demographic changes. Future salary increases are based on expected future inflation rates for the country. Further details about employee benefits obligations are provided in note 19.

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the consolidated statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments. Contingent consideration, resulting from business combinations, is valued at fair value at the acquisition date as part of the business combination. When the contingent consideration meets the definition of a financial liability, it is subsequently re-measured to fair value at each reporting date. The determination of the fair value is based on discounted cash flows. The key assumptions take into consideration the probability of meeting each performance target and the discount factor.

Provisions

Provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

2 BASIS OF PREPARATION (continued)

2.4 Significant accounting judgements estimates and assumptions (continued)

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.

Impact of COVID-19
In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic, which continues to spread throughout the globe including Saudi Arabia. During the year ended 31 December 2020, the Saudi Arabian government rightly took many initiatives to contain the spread of virus, which included restrictions on travel, gathering of people and enactment of curfew timings. This resulted in many non-essential businesses to curtail or suspend activities until further notice. Considering these factors, the Group's management carried out an impact assessment on the overall Group's operations and business aspects and concluded that, as at the issuance date of these financial statements, the Group did not have significant impact on its operations and businesses due to COVID-19 pandemic and no significant changes are required to the judgements, assumptions and key estimates.

The activities of the Group were not significantly impacted by the restrictions imposed on account of COVID-19.

The operational and financial impacts of the COVID-19 pandemic to date have been reflected in these financial statements. The strong financial position, including access to funds, nature of activities coupled with the actions taken by the Group to date and the continued activity at the terminal ensures that the Group has the capacity to continue through the challenges caused by impacts of the COVID-19 pandemic. However, in view of the current uncertainty, any future change in the assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future periods. As the situation is rapidly evolving with future uncertainties, management will continue to assess the impact based on prospective developments.

3 NEW CONCESSION AGREEMENT

Saudi Trade and Export Development Company, a subsidiary of the Group, had entered into a Build-Operate-Transfer (the "BOT" or the "agreement") agreement with Saudi Arabian Seaports Authority ("MAWANI" or the "grantor") for the construction of a container terminal at the Re-export Zone of Jeddah Islamic Port. The agreement was, subsequently, novated by Saudi Trade and Export Development Company to RSGT (another subsidiary of the Group), effective from 22 Shawal 1428H (corresponding to 3 November 2007). The period of the Agreement originally was 32 years.

However, on 23 December 2019, RSGT (a subsidiary of the Company), entered into a New Concession Agreement (the New Concession Agreement) with MAWANI whereby RSGT has acquired rights to operate North Container Terminal in addition to the terminal operated under the BOT agreement, effective from 1 April 2020 (the effective date) for a period of 30 years from the effective date. On the basis that the new concession falls under IFRIC 12 intangible asset model, then the existing rights to operate the terminal operated under the BOT agreement shall still represent an intangible asset under the new agreement with no derecognition of existing intangible assets.

Summary of changes due to application of New Concession Agreement
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".

3 NEW CONCESSION AGREEMENT (continued)

Summary of changes due to application of New Concession Agreement (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 interim condensed consolidated statement of profit or loss as and when incurred.

Subsequently, these intangible assets are carried at cost less accumulated amortization and any impairment in value. Subsequent expenditures or replacement of parts of it are normally recognized in the interim condensed consolidated statement of profit or loss as these are incurred to maintain the expected future economic benefits embodied in the concession rights. Expenditures that will contribute to the increase in revenue from operations are recognized as an intangible asset. Amortization is computed using the expected pattern of the usage of the underlying intangible assets over life of the New Concession Agreement. In addition, the Intangible is assessed annually for impairment or whenever there is an indication that the asset may be impaired.

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 interim condensed consolidated statements of profit or loss. As a result of New Concession Agreement, the following adjustments have been made as of the effective date:

Statement of financial position	*Note*	*31 March 2020 SR*	*Impact of new agreement SR*	*1 April 2020 SR*
NON-CURRENT ASSETS				
Property, plant and equipment, net	a)	900,240,692	(489,210,493)	411,030,199
Intangible assets	a), b)	1,053,968,944	2,023,738,909	3,077,707,853
SHAREHOLDERS' EQUITY				
Retained earnings	c)	198,419,070	75,165,205	273,584,275
NON-CURRENT LIABILITIES				
Long-term provisions	c)	77,090,700	(75,165,205)	1,925,495
Obligation under service concession arrangement	b)	-	1,361,930,569	1,361,930,569
CURRENT LIABILITIES				
Current portion of obligation under service concession arrangement	b)	-	172,597,847	172,597,847

Statement of profit or loss	*Note*	*Impact for the year ended 31 December 2020 SR*
Other income	c)	75,165,205

a) Certain items of property and equipment with a cost of SR 633.68 million and accumulated depreciation of SR 144.47 million, which were previously owned by the Group and used for terminal operations (being classified as non-concession arrangement assets), were transferred to intangible assets as they are now part of the concession arrangements as per the New Concession Agreement. In addition, as a result of New Concession Agreement and in accordance with the adopted accounting policy to depreciate assets at lower of useful life or concession period, the Group changed the useful lives of certain items of intangible assets (underlying property, plant and equipment), prospectively. Had the Group not changed the useful lives of those items of intangible assets, the amortization charge for the year would have been higher by SR 17.07 million.

b) The New Concession Agreement stipulates payment of the fixed and guaranteed variable fee on the specified rates over the life of the agreement. These fees are recorded as intangible asset under the guidance of IFRIC 12 'Service Concession Arrangements', with a corresponding liability is recognized as obligation under service concession arrangement and measured in accordance with IFRS 9 "Financial Instruments". All other variable fee is charged to interim condensed consolidated statement of profit or loss as and when incurred. Unamortised portion of 'intangible assets' and the 'obligation under service concession arrangement' is presented in 'note 8.2' and note 36 and on the face of the consolidated statement of financial position, respectively.

3 NEW CONCESSION AGREEMENT (continued)

Summary of changes due to application of New Concession Agreement (continued)

c) There is no obligation under the New Concession Agreement for the Group to undertake an asset replacement program at the end of the term of the agreement. Accordingly, the total provision for asset replacement cost of SR 75.16 million that was recorded under the previous BOT agreement of RSGT has been reversed, being no longer required and has been recognised as "other income" in the consolidated statement of profit or loss (note 28).

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently, except for new standards adopted during the year as disclosed in note 5, in the preparation of these consolidated financial statements.

4.1 Basis of consolidation

The Group's consolidated financial statements comprise the financial statements of the Parent Company and its subsidiary is as at 31 December 2020. 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

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 subsidiary and ceases when the Group loses control of the subsidiary. 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 subsidiary.

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 into 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 the consolidated statement of profit or loss. Any investment retained is recognised at fair value. These consolidated financial statements comprising the financial statements the Company and its subsidiaries as set out in note 1. The financial statements of the subsidiaries are prepared for the same reporting period as that of the Company.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in general and administrative expenses.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.1 Basis of consolidation (continued)

Business combinations and goodwill (continued)

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in the statement of profit or loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in the consolidated statement of profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

Investments in associates and jointly controlled entities

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 or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries. The Group's investment in its associate and joint venture are accounted for using the equity method.

Under the equity method, the investment in an associate or a joint venture 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 or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment separately.

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

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. 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 or joint venture and its carrying value, and then recognises the loss as 'Share of profit of an associate and a joint venture' in the statement of profit or loss.

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

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.1 Basis of consolidation (continued)

Investments in associates and jointly controlled entities (continued)
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 obligation.

4.2 Foreign currencies
The Group's consolidated financial statements are presented in Saudi Riyals, which is also the Parent Company's functional currency. For each entity, 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.

4.3 Current versus non-current classification

Assets
The Group presents assets and liabilities in the consolidated statement of financial position based on current/non-current classification. An asset is current when:

- It is expected to be realised or intended to be sold or consumed in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is expected to be realised within twelve months after the reporting period; or
- It is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.3 Current versus non-current classification (continued)

Liabilities
A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

4.4 Property, plant and equipment

Recognition and measurement
Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

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 significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

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

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.

Capital work-in-progress
Capital work-in-progress are carried at cost less any recognised impairment loss and is capitalized as property, plant and equipment when ready for the intended use.

Depreciation
Depreciation represents the systematic allocation of the depreciable amount of an asset over its estimated useful life. Depreciable amount represents cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is recognised 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 least annually and adjusted prospectively if required. For discussion on impairment assessment of property and equipment, please refer note 6.

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
Machinery and equipment	2 – 25 years
Motor vehicles	5 – 10 years
Fixtures and furnishing	5 – 10 years
Computers and equipment	2 - 5 years

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.5 Intangibles

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 intangibles, 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.

Port concession rights
The Group's port terminal operations are conducted pursuant to a long-term concession arrangement. 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 also 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 the service concession arrangement.

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.

The port concession rights include all costs incurred towards construction of the container terminal. The port concession rights are stated at cost, less amortization of cost. 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 (see note 8)

Other intangible assets
Other intangible assets, including softwares, 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 other intangibles is from 2 to 5 years.

4.6 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.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.6 Investment properties (continued)

Investment properties are derecognised either when they have been disposed of (i.e., at the date the recipient obtains control) or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in consolidated statement of profit or loss in the period of derecognition. The amount of consideration to be included in the gain or loss arising from the derecognition of investment property is determined in accordance with the requirements for determining the transaction price in IFRS 15 – "*Revenue from Contract with Customers*".

Transfers are made to (or from) investment property 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 in use. If owner-occupied property becomes an investment property, the Group account for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

4.7 Leases

The Company 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 effect of adoption of IFRS 16 as at 1 January 2019 was as follows:

	SR
Assets	
Right-of-use assets (note 23)	**230,459,708**
Prepayments	**(2,937,500)**
Transfers	**26,162,609**
Total assets	**253,684,817**
Liabilities	
Lease liabilities (note 23)	**241,835,939**
Other non-current and current liabilities	**(14,313,731)**
Total liabilities	**227,522,208**

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 (s) Impairment of non-financial assets.

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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.7 Leases (continued)

ii) Lease liabilities (continued)

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.

iii) Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. 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. Contingent rents are recognised as revenue in the period in which they are earned.

4.8 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.

4.9 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 cash flows, cash and cash equivalents consist of cash on hand, bank balances and Murabaha deposits.

4.10 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.

The Group's financial assets consist of cash and bank balances, trade receivables, investments at fair value through other comprehensive income, investment in associates, due from related parties and financial liabilities consist of long term loans and bank facilities, trade and other payables.

i) Financial assets

Initial recognition and measurement

Financial assets at initial recognition, are measured at their fair values. Subsequent measurement of a financial asset is dependent on its classification and is either at amortised cost or fair value through other comprehensive income (OCI) or 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 receivables that do not contain a significant financing component, 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 receivables that do not contain a significant financing component are measured at the transaction price determined under IFRS 15.

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.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.10 Financial instruments (continued)

i) Financial assets (continued)

Initial recognition and measurement

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 the Group commits to purchase or sell the asset.

Subsequent measurement

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

a) Financial assets at amortised cost
b) Financial assets at fair value through OCI (FVOCI)
c) Financial assets at fair value through profit or loss (FVTPL)

a) Financial assets at amortised cost (debt instruments)

The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

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.

b) Financial assets at fair value through OCI

Debt instruments

The Group measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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.

Equity instruments

Upon initial recognition, the Group 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 consolidated statement of profit or loss when the right of payment has been established, except when the Group 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.

c) 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 consolidated 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.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.10 Financial instruments (continued)

i) Financial assets (continued)

c) Financial assets at fair value through profit or loss

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.

Business model assessment

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

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realizing cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated- e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Group stated objective for managing the financial assets is achieved and how cash flows are realized.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Group's original expectations, the Group does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward. Financial assets that are held for trading and whose performance is evaluated on a fair value basis are measured at FVIS because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

Assessments whether contractual cash flows are solely payments of principal and profit ("SPPP" criteria)

For the purposes of this assessment, 'principal' is the fair value of the financial asset on initial recognition. 'Profit' is the consideration for the time value of money, the credit and other basic lending risk associated with the principal amount outstanding during a particular period and other basic financing costs (e.g. liquidity risk and administrative costs), along with profit margin.

In assessing whether the contractual cash flows are solely payments of principal and profit, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Group considers:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse asset arrangements); and
- features that modify consideration of the time value of money- e.g. periodical reset of profit rates.

ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss or at amortised cost. All financial liabilities are recognised initially at fair value and, in the case of financing and payables, net of directly attributable transaction costs.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.10 Financial instruments (continued)

ii) Financial liabilities (continued)

Subsequent measurement

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

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

Gains or losses on liabilities held for trading are recognised in the consolidated statement of profit or loss. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied.

Financial liabilities at amortised cost

After initial recognition, financial liabilities, other than at fair value through profit or loss are measured at amortised cost using the EIR method. Gains and losses as a result of unwinding of profit cost through EIR amortization process and on de-recognition of financial liabilities are recognized in the consolidated statement of profit or loss.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the consolidated statement of profit or loss.

iii) Derecognition

Financial assets

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.

Financial liabilities

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.

iv) 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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.10 Financial instruments (continued)

iii) Derecognition (continued)

Financial assets (continued)

4.11 Impairment of financial and non-financial assets

Financial assets
The Group assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and a loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter into bankruptcy or other financial reorganization and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as economic conditions that correlate with defaults.

The Group recognises an allowance for expected credit losses (ECL) for all debt instruments not held at fair value through profit or loss. For trade receivables, the Group applies a simplified approach in calculating ECL. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECL 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 90 days past due. 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 CGU's fair value less costs of disposal and its value in use. The fair value less costs of disposal is determined by taking into account recent market transactions. If no such transactions can be identified, an appropriate valuation model is used. The value in use is assessed by discounting the estimated future cash flows to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. 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 group of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses are recognised in the statement of profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGUs, and then to reduce the carrying amounts of the other assets in the CGU (group of units) on a pro rata basis.

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.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.12 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.

4.13 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.

Post-employment benefits
The Group's obligation under employee end of service benefit is accounted for as an unfunded defined benefit plan and is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods and discounting that amount. The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. Re-measurement of the net defined benefit liability, which comprise actuarial gains and losses are recognised immediately in OCI. The Group determines the net interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability, taking into account any changes in the net defined benefit liability during the period as a result of benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in employee costs in the statement of profit or loss.

4.14 Cash dividend and non-cash distribution to equity holders of the Parent

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 bye-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 equity.

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

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.15 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. The Group has elected to recognize the cost for freight and shipping, if any, when control is transferred to the customer as an expense in direct cost.

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 mostly sells standard products with observable standalone sales with single performance obligation.

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.

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. The Group then applies the requirements on constraining estimates of variable consideration and recognises a liability for the expected future rebates.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.16 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 intangibles, directly attributable employee related costs etc.

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.

4.17 Borrowing costs
Borrowing 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. Borrowing costs comprise of interest expense on loans and bank facilities, unwinding of the discount on long term provisions.

4.18 Finance income
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.

4.19 Zakat and taxation

Zakat
The Group is subject to zakat in accordance with the regulations of the General Authority of Zakat and Tax ("GAZT"). 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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.19 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 assets 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 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 GAZT 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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.20 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

The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2020. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.:

Amendments to IFRS 3: Definition of a business
The amendment to IFRS 3 Business Combinations clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that, together, significantly contribute to the ability to create output. Furthermore, it clarifies that a business can exist without including all of the inputs and processes needed to create outputs. These amendments had no impact on the financial statements of the Group, but may impact future periods should the Group enter into any business combinations.

Amendments to IFRS 7, IFRS 9 and IAS 39 Interest Rate Benchmark Reform
A fundamental review and reform of major interest rate benchmarks is being undertaken globally. The International Accounting Standards Board ("IASB") is engaged in a two-phase process of amending its guidance to assist in a smoother transition away from IBOR.

Phase (1) - The first phase of amendments to IFRS 9 Financial Instruments, IAS 39 Financial Instruments: Recognition and Measurement and IFRS 7 Financial Instruments: Disclosures focused on hedge accounting issues. The final amendments, issued in September 2019, amended specific hedge accounting requirements to provide relief from the potential effects of the uncertainty caused by IBOR reform. The amendments are effective from 1 January 2020 and are mandatory for all hedge relationships directly affected by IBOR reform.

Phase (2) - The second phase relates to the replacement of benchmark rates (IBOR) with alternative risk-free rates (RFR). The Phase 2 amendments are effective for annual periods beginning on or after 1 January 2021 and early application is permitted. Now that the Phase 2 Amendments have been finalised, the Branch will complete its assessment of the accounting implications of the scenarios it expects to encounter as the transition from IBORs to RFRs in order to accelerate its programmes to implement the new requirements. The Phase 2 Amendments introduce new areas of judgement, the Branch needs to ensure it has appropriate accounting policies and governance in place.

5 NEW AND AMENDED STANDARDS AND INTERPRETATIONS (continued)

Amendment to IAS 1 and IAS 8: Definition of Material
The amendments provide a new definition of material that states, "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements.

A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the financial statements of, nor is there expected to be any future impact to the Group.

Conceptual Framework for Financial Reporting issued on 29 March 2018
The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the IASB in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards. This will affect those entities which developed their accounting policies based on the Conceptual Framework. The revised Conceptual Framework includes some new concepts, updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. These amendments had no impact on the financial statements of the Group.

Amendments to IFRS 16 Covid-19 Related Rent Concessions
On 28 May 2020, the IASB issued Covid-19-Related Rent Concessions - amendment to IFRS 16 Leases The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification. The amendment applies to annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted. This amendment had no impact on the financial statements of the Group.

6 STANDARDS ISSUED BUT NOT YET EFFECTIVE

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

IFRS 17 Insurance contracts
In May 2018, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts.

IFRS 17 is effective for reporting periods beginning on or after 1 January 2023, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. This standard is not applicable to the Group.

6 STANDARDS ISSUED BUT NOT YET EFFECTIVE (continued)

Amendments to IAS 1: Classification of Liabilities as Current or Non-current
In January 2020, IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement;
- That a right to defer must exist at the end of the reporting period;
- That classification is unaffected by the likelihood that an entity will exercise its deferral right;
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. The Group is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

Reference to the Conceptual Framework – *Amendments to IFRS 3*
In May 2020, the IASB issued Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework. The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements.

The Board also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 Levies, if incurred separately.

At the same time, the Board decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the framework for the preparation and presentation of financial Statements.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and apply prospectively. The amendments are not expected to have a material impact on the Group.

Amendments to IAS 16 : Property, plant and equipment
The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment is effective for annual periods beginning on or after 1 January 2022 and must be applied retrospectively only to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

The amendments are not expected to have a material impact on the Group.

Amendments to IAS 37: Provisions – costs to fulfil a contract
In May 2020, the IASB issued amendments to IAS 37 - Provisions, Contingent Liabilities and Contingent Assets, to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.

The amendments apply a 'directly related cost approach'. The costs that relate directly to a contract to provide goods or services include both incremental costs (e.g., the costs of direct labour and materials) and an allocation of costs directly related to contract activities (e.g., depreciation of equipment used to fulfil the contract as well as costs of contract management and supervision). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

Amendments to IAS 37: Provisions – costs to fulfil a contract (continued)
The amendments are effective for annual reporting periods beginning on or after 1 January 2022. The Group will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.

6 STANDARDS ISSUED BUT NOT YET EFFECTIVE (continued)

IFRS 1 *First-time Adoption of International Financial Reporting Standards* – Subsidiary as a first-time adopter
As part of its 2018-2020 annual improvements to IFRS standards process, the IASB issued an amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards. The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to IFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The amendments are not expected to have a material impact on the Group.

IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities
As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The Group will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendments are not expected to have a material impact on the Group.

IAS 41 *Agriculture* – Taxation in fair value measurements
As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IAS 41 Agriculture. The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of IAS 41.

An entity applies the amendment prospectively to fair value measurements on or after the beginning of the first annual reporting period beginning on or after 1 January 2022 with earlier adoption permitted.

The amendments are not expected to have any impact on the Group.

7 PROPERTY, PLANT AND EQUIPMENT

	31 December 2020 SR	*31 December 2019 SR*
Property, plant and equipment (note 7.1)	**204,962,895**	227,004,427
Property and equipment of bonded and re-export project (note 7.2)	**28,634,885**	29,393,479
Property and equipment – port terminal operations (note 7.3)	**34,883,753**	510,565,573
	268,481,533	766,963,479

7 PROPERTY, PLANT AND EQUIPMENT (continued)

7.1 The movement in property, plant and equipment is as follows:

	Land SR	*Leasehold improvements SR*	*Motor vehicles & tankers SR*	*Tools & equipment's SR*	*Furniture & fixtures SR*	*Computers SR*	*Desalination plants SR*	***31 December 2020 SR***
Cost								
At the beginning of the year	66,808,150	131,943	19,067,583	15,152,227	13,719,985	5,202,580	353,819,529	**473,901,997**
Additions during the year	-	-	491,775	599,688	897,889	132,140	1,970,323	**4,091,815**
Disposals during the year	-	-	(396,310)		(26,758)	(9,992)	(4,915,311)	**(5,348,371)**
Transfer from capital work in progress (note 7.5)	-	-	-	835,135	-	-	1,255,568	**2,090,703**
Transfer (note 7.2)	-	-	-		(2,177,911)	(2,456,460)	-	**(4,634,371)**
Reclassifications during the year	-	-	124,797	(3,048,814)	552,874	-	2,371,143	-
At the end of the year	66,808,150	131,943	19,287,845	13,538,236	12,966,079	2,868,268	354,501,252	**470,101,773**
Accumulated depreciation								
At the beginning of the year	-	131,943	12,526,094	10,472,073	9,260,505	3,279,588	211,227,367	**246,897,570**
Charge for the year	-	-	1,267,677	609,252	1,529,653	294,591	21,903,183	**25,604,356**
Disposals during the year	-	-	(361,560)	-	(26,092)	(4,764)	(4,078,580)	**(4,470,996)**
Transfer (note 7.2)	-	-	-	-	(1,939,142)	(952,910)	-	**(2,892,052)**
Reclassifications during the year	-	-	-	(435,575)	435,575	-	-	-
At the end of the year	-	131,943	13,432,211	10,645,750	9,260,499	2,616,505	229,051,970	**265,138,878**
Net book amounts								
As at 31 December 2020	**66,808,150**	**-**	**5,855,634**	**2,892,486**	**3,705,580**	**251,763**	**125,449,282**	**204,962,895**

7 PROPERTY, PLANT AND EQUIPMENT (continued)

7.1 The movement in property, plant and equipment is as follows (continued):

	Land SR	Leasehold improvements SR	Motor vehicles & tankers SR	Tools & equipment's SR	Furniture & fixtures SR	Computers SR	Desalination plants SR	31 December 2019 SR
Cost								
At the beginning of the year	66,808,150	131,943	16,168,793	15,230,854	12,082,613	6,193,123	320,572,681	437,188,157
Additions during the year	-	-	2,247,050	174,916	165,004	192,407	1,079,222	3,858,599
Disposals during the year	-	-	(84,804)	(256,781)	(1,308,281)	(1,182,950)	(336,250)	(3,169,066)
Transfers during the year	-	-	736,544	3,238	2,780,649	-	32,503,876	36,024,307
At the end of the year	66,808,150	131,943	19,067,583	15,152,227	13,719,985	5,202,580	353,819,529	473,901,997
Accumulated depreciation								
At the beginning of the year	-	131,943	11,479,045	10,230,928	8,827,912	3,810,151	191,332,837	225,812,816
Charge for the year	-	-	1,131,853	496,188	1,737,955	596,470	20,199,764	24,162,230
Disposals during the year	-	-	(84,804)	(255,043)	(1,305,362)	(1,127,033)	(305,234)	(3,077,476)
At the end of the year	-	131,943	12,526,094	10,472,073	9,260,505	3,279,588	211,227,367	246,897,570
Net book amounts								
As at 31 December 2019	66,808,150	-	6,541,489	4,680,154	4,459,480	1,922,992	142,592,162	227,004,427

7 PROPERTY, PLANT AND EQUIPMENT (continued)

a) The desalination plant and filling stations are situated on land leased from the Jeddah Islamic Port for a period of 20 years from 7 March 2000 corresponding to 1 Dhul Hijjah 1420H. A subsidiary of the group has the option of renewing the lease agreement on expiry of the initial lease term.

7.2 Property and equipment of bonded and re-export project

The movement in property and equipment of bonded and re-export project is as follows:

	Leasehold improvements ***SR***	*Buildings on leasehold land* ***SR***	*Equipment* ***SR***	*31 December 2020* ***SR***
Cost				
At the beginning of the year	27,281,790	20,983,336	1,162,575	**49,427,701**
Additions during the year	9,000	415,058	29,082	**453,140**
Transfer from property plant and equipment (note 7.1)	-	-	4,634,371	**4,634,371**
At the end of the year	27,290,790	21,398,394	5,826,028	**54,515,212**
Accumulated depreciation				
At the beginning of the year	13,659,727	5,211,920	1,162,575	**20,034,222**
Charge for the year	1,027,658	957,640	968,755	**2,954,053**
Transfer from property plant and equipment (note 7.1)	-	-	2,892,052	**2,892,052**
At the end of the year	14,687,385	6,169,560	5,023,382	**25,880,327**
Net book value				
At 31 December 2020	**12,603,405**	**15,228,834**	**802,646**	**28,634,885**

	Leasehold improvements SR	*Buildings on leasehold land SR*	*Equipment SR*	*31 December 2019 SR*
Cost				
At the beginning of the year	27,281,790	20,564,261	1,203,875	49,049,926
Disposals during the year	-	-	(41,300)	(41,300)
Transfer from capital work in progress	-	419,075	-	419,075
At the end of the year	27,281,790	20,983,336	1,162,575	49,427,701
Accumulated depreciation				
At the beginning of the year	12,620,116	4,309,735	1,203,875	18,133,726
Charge for the year	1,039,611	902,185	-	1,941,796
Disposals during the year	-	-	(41,300)	(41,300)
At the end of the year	13,659,727	5,211,920	1,162,575	20,034,222
Net book value				
At 31 December 2019	13,622,063	15,771,416	-	29,393,479

The buildings and leasehold improvements are situated on a plot of land leased from 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.

7. PROPERTY, PLANT AND EQUIPMENT (continued)

7.3 Property and equipment – port terminal operations

The movement in property and equipment – port terminal operations is as follows:

	Leasehold improvements SR	*Motor vehicles SR*	*Furniture and fixtures SR*	*Computers and equipment SR*	*Machinery and equipment SR*	*31 December 2020 SR*
Cost						
At the beginning of the year	333,650,236	5,209,919	19,374,819	9,566,395	350,061,513	**717,862,882**
Additions during the year	-	579,896	2,355,056	2,572,316	16,253,858	**21,761,126**
Transfers from capital work in progress (note 7.5)	-	-	17,002	1,763,456	8,974,080	**10,754,538**
Transfer to port concession rights (note 3 & 8.1)	(309,476,260)	(3,692,924)	(3,502,402)	3,790,775	(320,801,270)	**(633,682,081)**
Disposals during the year (see note 'c' below)	(24,086,976)	(337,200)	(868,066)	(48,529)	(2,234,529)	**(27,575,300)**
At the end of the year	87,000	1,759,691	17,376,409	17,644,413	52,253,652	**89,121,165**
Accumulated depreciation						
At the beginning of the year	62,511,326	3,279,869	13,295,344	7,891,374	120,319,396	**207,297,309**
Charge for the year	5,702,663	274,222	1,581,376	1,396,609	7,958,857	**16,913,727**
Transfer to port concession rights (see note 3 & 8.1)	(45,812,664)	(2,083,279)	(2,110,869)	3,790,775	(98,255,551)	**(144,471,588)**
Disposals during the year (see note 'c' below)	(22,330,949)	(299,998)	(685,447)	(48,530)	(2,137,112)	**(25,502,036)**
At the end of the year	70,376	1,170,814	12,080,404	13,030,228	27,885,590	**54,237,412**
Net book value						
At 31 December 2020	**16,624**	**588,877**	**5,296,005**	**4,614,185**	**24,368,062**	**34,883,753**

a) The Group's property and equipment – port terminal operations has been pledged against the Ijara facility (note 18).

b) As mentioned in note 3 (a), property and equipment with net book value of SR 489.2 million was transferred from port terminal assets to port concession rights in accordance with the new concession agreement.

c) Disposals includes an amount derecognised in respect of leasehold improvements for lease of yard in Jeddah Islamic Port. During the year ended 31 December 2020, the lease was terminated and consequently leasehold improvements with a total net book value of SAR 3.3 million have been derecognised.

7. PROPERTY, PLANT AND EQUIPMENT (continued)

7.3 Property and equipment – port terminal operations (continued)

	Leasehold improvements SR	*Motor vehicles SR*	*Furniture and fixtures SR*	*Computers and equipment's SR*	*Machinery and equipment's SR*	*31 December 2019 SR*
Cost						
At the beginning of the year	333,471,636	4,365,328	18,459,424	8,808,682	349,449,826	714,554,896
Additions during the year	178,600	844,591	978,590	958,955	797,687	3,758,423
Disposals during the year	-	-	(63,195)	(201,242)	(186,000)	(450,437)
At the end of the year	333,650,236	5,209,919	19,374,819	9,566,395	350,061,513	717,862,882
Accumulated depreciation						
At the beginning of the year	42,225,549	2,625,733	11,409,013	7,120,754	97,779,740	161,160,789
Charge for the year	20,285,777	654,136	1,941,856	971,862	22,725,656	46,579,287
Disposals during the year	-	-	(55,525)	(201,242)	(186,000)	(442,767)
At the end of the year	62,511,326	3,279,869	13,295,344	7,891,374	120,319,396	207,297,309
Net book value						
At 31 December 2019	271,138,910	1,930,050	6,079,475	1,675,021	229,742,117	510,565,573

7 PROPERTY, PLANT AND EQUIPMENT (continued)

7.4 Depreciation charge for the year has been allocated as follows:

	31 December 2020 SR	*31 December 2019 SR*
Direct costs	**33,835,062**	60,656,617
Selling and distribution expenses (note 26)	**7,431,279**	7,449,090
General and administrative expenses (note 27)	**4,205,795**	4,577,606
	45,472,136	72,683,313

7.5 CAPITAL WORK IN PROGRESS

The capital work in progress represent the payments made to suppliers for civil works, equipment and intangible assets to be supplied. The movement in the capital work in progress is summarized below:

	31 December 2020 SR	*31 December 2019 SR*
Opening balance	**107,456,458**	101,258,303
Additions during the year	**101,630,625**	44,789,814
Transfer to property and equipment (note 7.1)	**(2,090,703)**	(36,443,382)
Transfer to investment property (note 9)	**(3,314,973)**	(134,568)
Transfer to port terminal operations (note 7.3)	**(10,754,538)**	-
Transfer to intangibles port concession rights (note 8.1)	**(72,065,880)**	-
Transfer to intangibles software (note 8.3)	**(1,687,343)**	-
Write off during the year	**(1,219,418)**	(2,013,709)
At the end of the year	**117,954,228**	107,456,458

8 INTANGIBLE ASSETS

Intangible assets comprise of the following:

	31 December 2020 SR	*31 December 2019 SR*
Port concession rights (note 8.1)	**1,625,893,154**	1,067,739,776
Intangible assets related to fixed and guaranteed variable fee (note 8.2)	**1,511,355,369**	-
Other intangible assets (note 8.3)	**4,325,622**	2,644,862
	3,141,574,145	1,070,384,638

8.1 Port concession rights

Saudi Trade and Export Development Company (Tusdeer), a subsidiary of the Group, had an agreement with Saudi Ports Authority ("SPA" or "MAWANI") for the construction of a container terminal at the Re-export Zone of Jeddah Islamic Port. This Build-Operate-Transfer (BOT) Service Concession Agreement ("the Agreement") with MAWANI has been novated by Tusdeer to another subsidiary of the Group i.e. RSGT, effective from 22 Shawal 1428 H (corresponding to 3 November 2007), and the duration of this agreement is 32 years. As per BOT agreement, at the end of the concession period, the property and equipment underlying the port concession rights shall be transferred to MAWANI. RSGT commenced its initial commercial operations effective from 22 December 2009 (corresponding to 5 Muharram 1431 H). Port concession rights are being amortised over the useful lives of the underlying assets (representing the property and equipment) or the remaining term of concession, whichever is shorter. All amortization charge for the year has been allocated to direct cost (note 37).

Intangible assets – port concession rights are secured against the Ijara facilities obtained from local banks (note 18).

8 INTANGIBLE ASSETS (continued)

8.1 Port concession rights (continued)

The movement in port concession rights is as follows:

	31 December 2020 SR	*31 December 2019 SR*
Cost		
At the beginning of the year	**1,710,555,638**	1,710,555,638
Additions	**75,426,303**	-
Transfer from capital work in progress(note 7.5)	**72,065,880**	-
Disposal	**(2,401,843)**	-
Transfer from port terminal operations (note 7.3)	**632,182,081**	-
At the end of the year	**2,487,828,059**	1,710,555,638
Amortization		
At the beginning of the year	**642,815,862**	577,473,248
Charge for the year	**76,989,549**	65,342,614
Disposal during the year	**(2,342,094)**	-
Transfer from port terminal operations (note 7.3)	**144,471,588**	-
At the end of the year	**861,934,905**	642,815,862
Net book value	**1,625,893,154**	1,067,739,776

8.2 Intangible assets related to fixed and guaranteed variable fee

	31 December 2020 SR
Cost:	
Intangible assets recorded in accordance with IFRIC 12 (note 3 (b))	**1,534,528,416**
Accumulated amortization:	
Charge for the year	**23,173,047**
Net book value	**1,511,355,369**

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:

	31 December 2020 SR	*31 December 2019 SR*
Cost		
At the beginning of the year	**22,690,481**	20,791,908
Additions during the year	**1,889,077**	1,898,573
Transfers from capital work-in-progress (note 7.5)	**1,687,343**	-
At the end of the year	**26,266,901**	22,690,481
Amortization		
At the beginning of the year	**20,045,619**	17,934,292
Charge for the year	**1,895,660**	2,111,327
At the end of the year	**21,941,279**	20,045,619
Net book value	**4,325,622**	2,644,862

8 INTANGIBLE ASSETS (continued)

8.3 Other intangible assets (continued)

Amortization charge for the year has been allocated as follows:

	31 December 2020 SR	*31 December 2019 SR*
Direct costs	**7,183**	1,198
Selling and distribution expenses (note 26)	**125,025**	138,309
General and administrative expenses (note 27)	**1,763,452**	1,971,820
	1,895,660	2,111,327

9 INVESTMENT PROPERTIES

The movement in investment property is as follows:

Cost	***Leasehold improvements SR***	***Buildings on leasehold land SR***	***31 December 2020 SR***	*31 December 2019 SR*
At the beginning of the year	107,998,677	132,667,392	**240,666,069**	240,531,501
Transfer from Capital Work in progress (note 7.5)	-	3,314,973	**3,314,973**	134,568
	107,998,677	135,982,365	**243,981,042**	240,666,069
Accumulated depreciation				
At the beginning of the year	43,665,685	63,219,035	**106,884,720**	97,515,861
Charge for the year	1,903,972	7,191,746	**9,095,718**	9,368,859
At the end of the year	45,569,657	70,410,781	**115,980,438**	106,884,720
Net book value:				
At 31 December 2020			**128,000,604**	
At 31 December 2019	64,332,992	69,448,357		133,781,349

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

The buildings and leasehold improvements are situated on a plot of land leased from Jeddah Islamic Seaport Authority 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. The fair value of the property is valued at SR 311.5 million by Advisory Corp, licensed by "Saudi Authority for Accredited Valuers".

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

10 INVESTMENT IN ASSOCIATES

	31 December 2020 SR	*31 December 2019 SR*
As at 1 January	**132,421,768**	121,114,973
Share in results of associates, net	**21,609,171**	27,372,268
Share of actuarial losses of associates recognized in OCI	**(2,082,512)**	(1,796,618)
Dividend received during the year	**(15,025,967)**	(14,268,855)
As at 31 December	**136,922,460**	132,421,768

10.1 As at 31 December 2020, the investment in associates comprises the following:

Associates	*Principal activity*	*Country of incorporation*	*Effective shareholding percentage*		*Carrying amount*	
			2020	***2019***	***31 December 2020***	***31 December 2019***
International Water Distribution Company Limited (note a)	Water/waste works, water treatment and lease of water equipment	Kingdom of Saudi Arabia	**50%**	50%	**84,044,946**	81,610,509
Saudi Water and Environmental Services Company(note b)	Electrical, water and mechanical works and related operation and maintenance	Kingdom of Saudi Arabia	**31.85%**	31.85%	**6,660,855**	7,685,124
Saudi Al Jabr Talke Company Limited	Contracting, construction, operation and maintenance of factories and warehouses	Kingdom of Saudi Arabia	**33.3%**	33.3%	**43,814,661**	41,480,770
Xenmet SA, Vaduz (note c)	Trading, storage and brokerage of commodities	Principality of Liechtenstein	**19%**	19%	**2,401,998**	1,645,365
					136,922,460	132,421,768

a) The Parent Company does not have any direct control over management and operations of "International Water Distribution Company" accordingly, it is classified as investment in associates and accounted for as such.

b) Saudi Water and Environmental Services Company is 49% owned by Kindasa Water Services Company (a subsidiary), which is 65% owned by the Parent Company.

c) Xenmet SA, Vaduz is 25% owned by Saudi Trade and Export Development Company Limited (a subsidiary), which is 76% owned by the Parent Company.

10 INVESTMENT IN ASSOCIATES (continued)

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

Associates	*International Water Distribution Company Limited*	*Saudi Water and Environmental Services Company*	*Al Jabr Talke Company Limited*	*Xenmet SA, Vaduz*
	SR	**SR**	**SR**	**SR**
31 December 2020				
Assets	**265,802,311**	**14,291,619**	**201,130,789**	**10,698,273**
Liabilities	**99,620,968**	**699,641**	**89,360,924**	**909,858**
Revenues	**231,288,549**	**7,917,623**	**260,700,113**	**2,443,008**
Net income	**13,430,571**	**14,833**	**40,138,159**	**2,331,325**
Share of OCI	**(756,436)**	**-**	**(1,326,076)**	**-**
Share of profit	**7,190,873**	**(1,024,270)**	**14,685,934**	**756,633**

Associates	*International Water Distribution Company Limited*	*Saudi Water and Environmental Services Company*	*Al Jabr Talke Company Limited*	*Xenmet SA, Vaduz*
	SR	*SR*	*SR*	*SR*
31 December 2019				
Assets	262,735,075	14,533,941	189,037,153	7,052,408
Liabilities	100,420,912	956,796	83,479,440	492,048
Revenues	233,306,395	20,334,370	258,866,775	3,485,784
Net income	19,770,081	4,431,184	38,443,336	2,448,178
Share of OCI	(637,607)	-	(1,159,011)	-
Share of profit	10,338,282	2,171,280	14,076,861	785,845

11 FINANCIAL ASSETS CARRIED AT FVOCI

Equity investment comprise of investment in shares of Growth Gate Capital Corporation B.S.C. Movement in investment is as follows:

	31 December 2020 SR	*31 December 2019 SR*
At the beginning of the year	**15,538,283**	17,899,897
Changes in fair value	**(565,569)**	(2,361,614)
At the end of the year	**14,972,714**	15,538,283

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 resulting in net carrying value of SR 8.8 million (31 December 2019: SR 8.8 million).

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

During the year ended 31 December 2020, the carrying amount of goodwill was reviewed and no impairment indicators were identified.

13 INVENTORIES, NET

	31 December 2020 SR	*31 December 2019 SR*
Spare parts	**30,367,000**	25,199,480
Raw materials and chemicals	**218,467**	235,335
Fuel, oil and desalinated water	**715,002**	748,472
	31,300,469	26,183,287
Less: allowance for slow moving and obsolete inventories	**(11,672,477)**	(8,011,586)
	19,627,992	18,171,701

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

	31 December 2020 SR	*31 December 2019 SR*
At the beginning of the year	**8,011,586**	5,635,851
Charge for the year	**3,660,891**	2,675,448
Write off during the year	**-**	(299,713)
At the end of the year	**11,672,477**	8,011,586

14 TRADE RECEIVABLES, PREPAYMENTS AND OTHER RECEIVABLES

	31 December 2020 SR	*31 December 2019 SR*
Trade receivables, net (note 34)	**102,696,717**	69,043,545
Prepayments and other receivables	**19,727,609**	20,349,646
Margin deposits (note 32)	**2,770,225**	2,254,980
Advances to suppliers	**7,511,907**	8,440,773
	132,706,458	100,088,944

15 CASH AND CASH EQUIVALENTS

	31 December 2020 SR	*31 December 2019 SR*
Cash on hand	**234,090**	318,714
Cash at banks (note 15.1)	**336,299,837**	259,782,087
Murabaha deposits (note 15.2)	**-**	35,000,000
	336,533,927	295,100,801

15.1 SR 0.88 million (31 December 2019: SR 0.54 million) held with a commercial bank in respect of accumulated unclaimed dividends.

15.2 Murabaha deposits were placed with local commercial banks having original maturity of less than three months and yield financial income at prevailing market rates. During the current year the deposits were withdrawn.

16 SHARE CAPITAL

As at 31 December 2020, the authorized and paid up capital of the Company is divided into 81.6 million shares (31 December 2019: 81.6 million shares) of SR 10 each.

On 20 Sha'ban 1441H (corresponding to 13 April 2020), the shareholders of the Company in their Annual General meeting approved the dividend amounting to SR 48.96 million (SR 0.6 per share) (On 7 May 2019, dividend amounting to SR 32.6 million (SR 0.4 per share).

17 STATUTORY RESERVE

In accordance with the Company's By-laws, the Company sets aside 10% of its net income in each year to a statutory reserve until such reserve equals to 30% of the share capital. This reserve is currently not available for distribution to the shareholders of the Company.

18 LONG-TERM LOANS AND BANK FACILITIES

	31 December 2020	*31 December 2019*
Long-term loans	**736,333,242**	781,101,050
Less: current portion	**(70,670,666)**	(240,711,549)
Non-current portion	**665,662,576**	540,389,501

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 of RSGT (note 7). The loan was to be repaid in semi-annual installments ending in December 2023.The loan carried special commission rate of SIBOR plus an agreed margin (see note(c) below).

b) On 28 September 2016, RSGT entered into an Ijara arrangement with two local commercial banks to obtain a loan of SR 260 million for expansion of its existing berths. This facility was also secured against the port concession rights of RSGT (note 8.1). The loan was to be repaid in semi-annual installments ending in December 2023. The loan carried special commission rate of SIBOR plus an agreed margin (see note (c) below).

c) During the year ended 31 December 2020, RSGT and the banks mutually agreed to amend the terms of the loan agreements above. These amendments, among others, included modification of the applicable rate from six months SIBOR to three months SIBOR, lowered the agreed margin, modified the repayment frequency from biannual to quarterly payment and extended the maturity period from year 2023 to 2030. The Ijara facilities are secured against property and equipment of RSGT. The modifications of the terms were assessed qualitatively and 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 as at the effective date of the modification of the terms of the loans (note 39). Un-amortised balance of the modification gain as at 31 December 2020 is of SR 27.85 million which will be amortised over the remaining period of the Ijara facility, using effective interest rate.

d) The amount represents unamortized portion of the advance rentals and other fees paid to the banks, and will be amortized over the remaining period of the Ijara facility, using effective interest rate approach.

e) During the year, RSGT obtained a facility with sanctioned limit of SR 750 million towards its consolidation and expansion works. Out of which SR 45 million was drawn as of the date of statement of financial position. RSGT pays an agreed commitment fee on the undrawn balance and an agreed profit payable at SIBOR plus a margin on the drawn balance. The commitment fee paid has been deferred and amortised as part of effective interest rate on the basis that a full draw down of the loan is expected to occur in future years. The loan will be repaid in quarterly instalments starting from 2023 and ending in 2033. The loan is secured against assets relating to the consolidation and expansion works.

18 LONG-TERM LOANS AND BANK FACILITIES (continued)

	31 December 2020	*31 December 2019*
Long-term loans	**731,461,973**	775,344,095
Less: current portion (note below)	**(68,899,295)**	(238,940,177)
Non-current portion	**662,562,678**	536,403,918

f) During 2016, Kindasa (a subsidiary of the Company) entered into an agreement for a long-term facility with a commercial bank for SR 24 million to finance the construction of a new water desalination facility. The loan carries commission at commercial rates (SIBOR plus an agreed margin) and is repayable in quarterly instalments commencing one year after the first drawdown. The loan is secured by secondary mortgage over Kindasa's property and equipment. As at 31 December 2020, Kindasa has drawn down SR 8.5 million out of total facility of SR 24 million.

	31 December 2020 SR	*31 December 2019 SR*
Long-term loan	**4,871,269**	5,756,954
Less: current portion	**(1,771,371)**	(1,771,371)
Long-term portion	**3,099,898**	3,985,583

19 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:

	31 December 2020 SR	*31 December 2019 SR*
At the beginning of the year	**39,470,059**	27,215,717
Included in statement of profit or loss		
Current service cost	**6,045,092**	4,172,387
Interest cost	**1,191,914**	1,209,124
	7,237,006	5,381,511
Included in statement of other comprehensive income		
Actuarial loss	**5,864,921**	8,847,677
Benefits paid	**(4,445,531)**	(1,974,846)
At the end of the year	**48,126,455**	39,470,059

19 EMPLOYEES' END-OF-SERVICE BENEFITS (continued)

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:

	31 December 2020	*31 December 2019*
Discount rate	**2.75%**	3.2%
Future salary growth / expected rate of salary increase	**3%**	3%
Price inflation rate	**2%**	2%
Retirement age	**60 years**	60 years

The weighted average duration of the defined benefit obligation is 12.53 years (2019: 12.53 years).

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

	31 December 2020 SR	*31 December 2019 SR*
Increase in discount rate	**(8,001,986)**	(4,948,361)
Decrease in discount rate	**8,001,986**	4,948,361

20 LONG-TERM PROVISIONS

	31 December 2020 SR	*31 December 2019 SR*
Provision for asset replacement cost (note 3 (c))	**-**	72,632,517
Provision for dismantling cost (note a)	**1,821,257**	1,742,072
Others	**162,967**	162,967
	1,984,224	74,537,556

a) Provision for dismantling cost

It represents cost to remove the plant pertaining to Kindasa, a subsidiary from land leased by MAWANI for a period of 17 years.

21 DERIVATIVE FINANCIAL INSTRUMENT

During the year ended 31 December 2018, RSGT entered into another Profit Rate Swap contract maturing on 30 June 2023.

For the purpose of hedge accounting, hedging instrument is classified as cash flow hedge. The fair value and notional amount of the derivative is as follows:

	31 December 2020 SR	*31 December 2019 SR*
Notional amount	**332,898,300**	430,051,555
Negative fair value	**14,060,566**	13,103,655

21 DERIVATIVE FINANCIAL INSTRUMENT (continued)

The Profit Rate Swap contract is assessed to be effective and as at 31 December 2020, net un-realised loss of SR 0.96 million (2019: SR 8.57 million) has been included in the consolidated statement of other comprehensive income', as 'cash flow hedging reserve'.

The amount shown as cash flow hedging reserve in the consolidated statement of other comprehensive income as at 31 December 2020 is expected to affect the consolidated statement of profit or loss in forthcoming years.

22 TRADE PAYABLES ACCRUED AND OTHER LIABILITIES

	31 December 2020 SR	*31 December 2019 SR*
Accrued liabilities	**133,635,842**	100,557,487
Deferred revenue	**6,124,716**	5,161,030
Trade payables	**75,507,450**	7,429,797
Advances from customers	**1,147,018**	4,310,587
Zakat and tax payable (note 29)	**12,331,613**	8,443,058
Other payables	**30,702,155**	32,955,812
	259,448,794	158,857,771

23 RIGHT OF USE ASSETS

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

	31 December 2020 SR	*31 December 2019 SR*
Cost:		
At the beginning of the year:	**256,622,317**	-
IFRS transition adjustments	**-**	230,459,708
Transfer from intangible on the date of application of IFRS 16, net (note 8.2)	**-**	26,162,609
Lease contracts modification (note below)	**(147,340,195)**	-
Additions during the year	**4,552,274**	-
Lease contract terminated during the year	**(12,753,328)**	-
	101,081,068	256,622,317
Depreciation:		
Accumulated depreciation	**(14,797,077)**	-
Depreciation for the year	**(6,866,680)**	(8,437,952)
Depreciation for the year (classified in capital work in progress)	**(351,917)**	(6,359,125)
Relating to modified and terminated contract	**7,852,859**	-
Accumulated depreciation	**(14,162,815)**	(14,797,077)
Net value at end of the year	**86,918,253**	241,825,240

23 RIGHT OF USE ASSETS (continued)

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

	31 December 2020 SR	*31 December 2019 SR*
At the beginning of the year:	**247,016,438**	-
IFRS transition adjustments	**-**	241,835,939
Lease contracts modification (note below)	**(147,340,195)**	-
Interest charge for the year	**2,342,544**	1,994,535
Unwinding of lease liability (classified in capital work in progress)	**3,923,274**	9,901,143
Payment of lease liabilities during the year	**(9,402,420)**	(6,715,179)
Relating to modified and terminated contract	**(4,907,914)**	-
At the end of the year	**91,631,727**	247,016,438

Current lease liability	**7,033,955**	29,930,538
Non-current lease liability	**84,597,772**	217,085,900
	91,631,727	247,016,438

During the year, TUSDEER, a subsidiary of the Parent Company, entered into a revised contract with "Jeddah Development and Urban Regeneration Company (JDURC)" with respect to lease of land for construction and development of a logistics park. According to the revised lease agreement, the land area is lower than before with corresponding decrease in annual rental for the current and future years.

The following are the amounts recognized in profit or loss:

	31 December 2020 SR	*31 December 2019 SR*
Depreciation expense of right-of-use assets	**7,218,597**	14,797,077
Interest charge on lease liabilities	**2,342,544**	1,994,535
Total amount recognized in profit or loss	**9,561,141**	16,791,612

24 REVENUES

	31 December 2020 SR	*31 December 2019 SR*
Shipping and unloading services	**684,290,565**	504,359,819
Sale of potable water	**92,247,906**	91,768,225
Rentals and support services	**85,092,835**	79,755,885
	861,631,306	675,883,929

25 DIRECT COSTS

	31 December 2020 SR	*31 December 2019 SR*
Cost of shipping and unloading services	**321,744,904**	309,714,794
Cost of sale of potable water	**65,892,074**	66,722,105
Cost of rentals and support services	**50,254,753**	39,140,145
	437,891,731	415,577,044

26 SELLING AND DISTRIBUTION EXPENSES

	31 December 2020 SR	*31 December 2019 SR*
Depreciation (note 7.4)	**7,431,279**	7,449,090
Salaries, wages and benefits	**5,047,552**	6,275,782
Utilities and telecommunication	**452,914**	667,485
Advertising and marketing	**4,448,285**	997,063
Expected credit losses on trade receivables (note 34)	**1,047,551**	15,849,444
Amortization (note 8.3)	**125,025**	138,309
Right of use assets depreciation	**412,113**	375,444
Others	**1,860,599**	1,109,975
	20,825,318	32,862,592

27 GENERAL AND ADMINISTRATIVE EXPENSES

	31 December 2020 SR	*31 December 2019 SR*
Salaries, wages and benefits	**97,050,337**	90,891,723
Legal and professional fees	**12,910,651**	14,218,393
Utilities, telecommunication and office supplies	**3,071,385**	2,404,640
Depreciation (note 7.4)	**4,205,795**	4,577,606
Travelling	**1,924,933**	6,107,145
Amortization of intangibles (note 8.3)	**1,763,452**	1,971,820
Right of use assets depreciation	**-**	44,130
Others	**25,745,206**	13,820,915
	146,671,759	134,036,372

28 OTHER INCOME

	31 December 2020 SR	*31 December 2019 SR*
Reversal of provision for asset replacement cost (note 3 (c))	**75,165,205**	-
Reversal of provisions no longer required	**11,612,137**	5,604,747
(Loss) / gain on disposal of property and equipment	**(3,498,773)**	47,709
Others	**5,449,319**	3,334,273
	88,727,888	8,986,729

29 ZAKAT AND INCOME TAX

Zakat for the year comprise of:

	31 December 2020 SR	*31 December 2019 SR*
Zakat charge for the year related to Saudi partners (note 29.1)	**8,603,634**	5,892,112
Income tax charge / (reversal) for the year related to non-Saudi partners (note 29.2)	**7,903,635**	(1,254,660)
Adjustments related to prior years (notes 29.1 and 29.2)	**(77,438)**	1,355,527
	16,429,831	5,992,979

29.1 Movement in provision for zakat is as follows:

	31 December 2020 SR	*31 December 2019 SR*
At the beginning of the year	**6,716,894**	4,586,438
Charge for the year	**8,603,634**	5,892,112
Adjustments relating to prior year	**(91,593)**	1,007,850
Amounts paid during the year	**(6,419,440)**	(4,769,506)
At the end of the year	**8,809,495**	6,716,894

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

	31 December 2020 SR	*31 December 2019 SR*
At the beginning of the year	**1,726,164**	(433,827)
Charge relating to current year	**5,897,489**	3,153,005
Adjustment related to prior years	**14,155**	347,677
Paid during the year	**(4,115,690)**	(1,340,691)
At the end of the year	**3,522,118**	1,726,164

29 ZAKAT AND INCOME TAX (continued)

29.3 Major components of income tax are as follows:

	31 December 2020 SR	*31 December 2019 SR*
Current income tax (see note 29.2)	**5,897,489**	3,153,005
Deferred income tax (see note 29.4)	**2,006,146**	(4,407,665)
	7,903,635	(1,254,660)

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

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

	31 December 2020 SR	*31 December 2019 SR*
At the beginning of the year	**4,407,665**	-
Deferred tax (expense) / credit during the year charged to income statement	**(2,006,146)**	4,407,665
At the end of the year	**2,401,519**	4,407,665

29.5 Zakat assessments status

Parent Company

Based on the ongoing discussions, subsequent to the current year end, the Parent Company received an offer by the General Authority of Zakat and Tax ("GAZT") Settlement Committee to pay SR 8 million as a full and final settlement against zakat and tax years from 2002 to 2013. Management of the Parent Company confirmed their acceptance to the GAZT Settlement Committee and, simultaneously, requested to adjust SR 3.9 million already paid by the Parent Company for those years. Pending the final invoice and confirmation by GAZT Collection Department, the Parent Company reversed in these consolidated financial statements an amount of SR 8 million representing the provision no longer required.

The GAZT raised assessments for the years 2014 and 2015 with an additional liability of SR 0.69 million. The Parent Company has filed an appeal against the GAZT's assessments. The GAZT has issued a revised assessment with reduced liability of SR 0.52 million. An appeal against the remaining amount was filed by the Company with the GSTC. Hearing dates for each of the cases transferred to the GSTC are yet to be assigned. The GAZT has also raised withholding tax assessments for the years 2014 and 2015 with an additional liability of SR 0.042 million. The Company accepted and paid the imposition of withholding tax amounting to SR 0.009 million for the year 2014. An appeal against the remaining amount of withholding tax assessment for the year 2015 of SR 0.033 million was filed by the Company with the GSTC. The Company, however, is planning to settle the same and request the waiver of delay fine in line with the GAZT's amnesty.

The GAZT has also raised assessments for the years 2016, 2017 and 2018 with an additional liability of SR 1.44 million. The Company accepted and paid the imposition of Zakat amounting to SR 0.04 million. An appeal against the remaining amount was filed by the Company with the GAZT. The GAZT has issued its decision against the appeal filed by the Parent Company. The Parent Company has filed an appeal with the GSTC. Hearing dates for each of the cases transferred to the GSTC are yet to be assigned.

The Parent Company has filed its Zakat returns for the years upto 31 December 2019. Up to the date of these consolidated financial statements, GAZT is yet to raise the assessment for the year 2019.

29 ZAKAT AND INCOME TAX (continued)

29.5 Zakat assessments status (continued)

Subsidiaries

Red Sea Gateway Terminal Company Limited and Red Sea Ports Development Company ("the Subsidiaries")
RSGT has finalized its Zakat and income tax assessments with GAZT up to 2013 and has filed its Zakat and income tax returns up to the year 2019. GAZT is yet to raise the assessment for the years from 2014 to 2019.

RSPD has filed its Zakat and income tax returns up to the year 2019. Up to the date of these consolidated financial statements, GAZT is yet to raise assessments.

Saudi Trade and Export Development Company Limited ("the Subsidiary")
The Subsidiary has finalized its Zakat assessments with GAZT up to 2008 and has filed its Zakat returns up to 2019. Upto the date of these consolidated financial statements, GAZT is yet to raise the assessment for the years from 2009 to 2019.

Support Services Operation Company Limited ("the Subsidiary")
The Subsidiary has finalized its Zakat assessments with GAZT for the years 2007,2008 and 2018 and has filed its Zakat returns up to 2019. GAZT has not raised the assessment for the years from 2009 to 2017 and also for the year 2019.

Kindasa Water Service Company ("the Subsidiary")
The Subsidiary has finalized its Zakat assessments with GAZT up to 2008 and has filed its Zakat returns up to 2019. Upto the date of these consolidated financial statements, GAZT is yet to raise the assessment for the years from 2009 to 2019.

30 EARNINGS PER SHARE

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

	31 December 2020 SR	*31 December 2019 SR*
Profit for the period attributable to ordinary equity holders of the Parent Company	**139,412,924**	50,922,990
Weighted average number of ordinary shares in issue	**81,600,000**	81,600,000
Basic and diluted earnings per share	**1.71**	0.62

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

31 RELATED PARTY TRANSACTIONS AND BALANCES

Related parties represent the shareholders, directors and key management personnel of the Company, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Company's management.

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***	
			31 December 2020 SR	*31 December 2019 SR*	***31 December 2020 SR***	*31 December 2019 SR*
International Water Distribution Company	Associate	Sales of goods and services	**65,195,702**	62,909,118	**11,206,981**	10,376,904
		Services rendered to associate	**726,000**	693,000	**73,430**	-
		Expenses incurred by associate on behalf of the Group	**(10,088)**	(38,081)	-	-
		Expenses incurred by Group on behalf of the associate	**117,704**	188,734	-	-
		Dividend received from associate	**4,000,000**	-	-	-
Arabian Bulk Trade Limited	Affiliate	Sales of goods and services	**69,510**	13,858	**74,293**	5,237
		Expenses incurred by Group on behalf of the Associate	**6,193**	-	**-**	-
Ambro limited	Affiliate	Purchase of services	**(39,091)**	(14,841)	-	-
Al Jabr Talke Company Limited	Associate	Services rendered to associate	**342,000**	499,331	**23,000**	-
		Dividend received from associate	**11,025,967**	8,444,856		10,420
		Expenses cross charged by Group to associate	**127,100**	10,420		
Saudi Water and Environmental Services Company Limited	Associate	Sales of goods and services	**5,019,904**	5,010,303	**249,996**	309,637
Saudi Cable Company	Affiliate	Lease of land and warehouses	**306,165**	244,047	**234,469**	210,035

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31 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

Related party	*Relationship*	*Description*	*Amount of transaction*		*Balance as at*	
			31 December 2020 SR	*31 December 2019 SR*	***31 December 2020 SR***	*31 December 2019 SR*
Aecom Arabia Limited	Affiliate	Payments made by the Group on behalf of affiliate	**(47,250)**	-	**-**	64,226
Xenel Industries Limited	Shareholder	Payments made by the Group on behalf of the Shareholder	**315,628**	329,295		-
		Expenses incurred by the shareholder on behalf of the Group	**(160,845)**	(133,828)	**420,964**	208,582
Total					**12,283,133**	11,185,041

Due to related parties

Related party	*Relationship*	*Description*	*Amount of transaction*		*Balance as at*	
			31 December 2020 SR	*31 December 2019 SR*	***31 December 2020 SR***	*31 December 2019 SR*
Al Karam Fedics Services Company	Affiliate	Purchase of goods and services	**(18,557,097)**	(10,219,308)	**-**	980,418
Haji Abdullah Ali Reza & Co. Limited - General Technical Division	Affiliate	Purchase of goods and services	**(657,736)**	**-**	**36,605**	-
Total					**36,605**	980,418

31 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

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

	31 December 2020	*31 December 2019*
Short term employee benefits	**13,608,875**	9,877,991
Post-employment benefits	**434,626**	563,811
	14,043,501	10,441,802

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

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

	31 December 2020	*31 December 2019*
Meeting attendance fees	**744,000**	805,000
Other remuneration	**6,842,500**	5,340,400
	7,586,500	6,145,400

32 COMMITMENTS AND CONTINGENCIES

At 31 December 2020, the Group's bankers have issued letters of guarantee amounting to SR 156.3 million (31 December 2019: SR 67.1 million) against which cash margin of SR 2.77 million (31 December 2019: SR 2.25 million) was deposited.

As at 31 December 2020, the Group has commitments for capital work in progress amounting to SR 4.8 million (31 December 2019: SR 141.7 million) mainly relating to new logistic hub and park construction project and new desalination plant construction and development project.

33 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 business segments are located within the Kingdom of Saudi Arabia and are the Group's strategic business units.

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 2020	***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 total revenues	843,524	85,093	93,210	1,021,827	-	**1,021,827**
Inter-segment revenue	-	-	(963)	(963)	-	**(963)**
Segment revenue	843,524	85,093	92,247	1,020,864	-	**1,020,864**
External total direct costs	481,941	50,255	65,892	598,088	-	**598,088**
Inter-segment direct costs	(963)	-	-	(963)	-	**(963)**
Segment cost	480,978	50,255	65,892	597,125	-	**597,125**
Segment gross profit	362,546	34,838	26,355	423,740	-	**423,740**
Profit / (loss) attributable to shareholders of the Parent Company	120,868	10,873	2,360	134,101	5,312	**139,413**
Segment assets	3,536,229	416,201	188,050	4,140,480	266,674	**4,407,154**
Segment liabilities	2,530,370	112,289	30,998	2,673,657	31,919	**2,705,577**

33 BUSINESS SEGMENTS (continued)

	Reportable segments					
31 December 2019	*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 revenues	504,827	82,270	92,728	679,825	-	679,825
Inter-segment revenue	(468)	(2,514)	(959)	(3,941)	-	(3,941)
Segment revenue	504,359	79,756	91,769	675,884	-	675,884
Direct costs	313,189	39,607	66,722	419,518	-	419,518
Inter-segment direct costs	(3,474)	(467)	-	(3,941)	-	(3,941)
Segment cost	309,715	39,140	66,722	415,577	-	415,577
Segment gross profit	194,644	40,616	25,047	260,307	-	260,307
Profit attributable to shareholders of the Parent Company	42,142	2,596	2,773	47,511	3,412	50,923
Segment assets	1,906,314	522,672	236,847	2,665,833	240,269	2,906,102
Segment liabilities	994,452	259,342	32,374	1,286,168	28,899	1,315,067

34 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 uses derivative financial instruments to hedge certain risk exposures.

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 4.6 million (31 December 2019: SR 3.6 million).

34 FINANCIAL RISK MANAGEMENT (continued)

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:

Financial assets	***31 December 2020 SR***	*31 December 2019 SR*
Trade receivables, net	**102,696,717**	69,043,545
Due from related parties	**12,283,133**	11,185,041
Balances with banks	**336,299,837**	294,782,087
	451,279,687	375,010,673

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. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. As at 31 December 2020, 6 largest customers (31 December 2019: 6 largest customers) account for approximately 74% (31 December 2019: 72%) of outstanding trade receivables.

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 2020					
	Current SR	***<90 days SR***	***90–180 days SR***	***271–365 days SR***	***>1 year SR***	***Total SR***
Exposure at default	**54,063,225**	**40,875,286**	**7,240,466**	**1,596,796**	**17,196,262**	**120,972,035**
Expected credit loss	**598,377**	**772,574**	**230,471**	**698,761**	**15,975,135**	**18,275,318**
	53,464,848	**40,102,712**	**7,009,995**	**898,035**	**1,221,127**	**102,696,717**

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34 FINANCIAL RISK MANAGEMENT (continued)

Credit risk (continued)

	31 December 2019					
	Current SR	*<90 days SR*	*90–180 days SR*	*271–365 days SR*	*>1 year SR*	*Total SR*
Exposure at default	34,552,243	30,323,345	1,900,998	7,029,056	12,465,670	86,271,312
Expected credit loss	144,054	251,788	81,306	4,744,489	12,006,130	17,227,767
	34,408,189	30,071,557	1,819,692	2,284,567	459,540	69,043,545

Movement of impairment allowance against trade receivables is as follows:

	31 December 2020	*31 December 2019*
At the beginning of the year	**17,227,767**	1,444,845
Charge during the year	**1,047,551**	15,849,444
Written off during the year	**-**	(66,522)
At the end of the year	**18,275,318**	17,227,767

Credit risk on bank balances is limited as the bank balances are held with banks with sound credit ratings ranging from A2 to A1 based on Moody's credit rating. 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.

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 2020	***Within 1 year SR***	***1 to 5 years SR***	***More than 5 years SR***	***Total SR***
Bank borrowings	**70,670,666**	**316,097,397**	**406,628,205**	**793,396,268**
Obligation under service concession arrangement	**190,530,528**	**620,367,716**	**735,056,777**	**1,545,955,021**
Trade payables, accrued and other liabilities	**209,143,292**	**-**	**-**	**209,143,292**
Due to related parties	**36,605**	**-**	**-**	**36,605**
	470,381,091	**936,465,113**	**1,141,684,982**	**2,548,531,186**
31 December 2019				
Bank borrowings	240,711,549	540,389,501	-	781,101,050
Trade payables, accrued and other liabilities	107,987,284	-	-	107,987,284
Due to related parties	980,418	-	-	980,418
	349,679,251	540,389,501	-	890,068,752

35 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.

	***31* December 2020 SR**	*31 December 2019 SR*
Total liabilities	**2,697,576,634**	1,315,066,947
Less: Cash and cash equivalents	**(336,533,927)**	(295,100,801)
Net debt	**2,361,042,707**	1,019,966,146
Equity	**1,709,577,092**	1,591,035,180
Total capital	**4,070,619,799**	2,611,001,326
Gearing ratio	**58%**	39%

36 OBLIGATION UNDER SERVICE CONCESSION AGREEMENT

The classification of obligations under service concession agreement amounts is given below:

	31 December 2020 SR
Balance at 31 December	**1,545,955,021**
Less: current portion	**(190,530,528)**
Non current portion	**1,355,424,493**

37 CONSTRUCTION REVENUE AND CONSTRUCTION COST

	2020 SR	*2019 SR*
Construction revenue	**159,233,442**	-
Cost of construction	**(159,233,442)**	-

In accordance with IFRIC 12 "Service Concession Agreements", the Group has recorded construction revenue of SR 159.23 million on construction of a container terminal for the period from 1 April 2020 (i.e. the effective date of the new concession agreement) to 31 December 2020. 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.

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.

All assets and liabilities for which fair value is measured or disclosed in the 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.

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

The following table shows the carrying amount and fair values of the financial assets and financial liabilities, including their levels and fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying value is a reasonable approximation of fair value.

31 December 2020	***Carrying value SR***	***Level 3 SR***
FINANCIAL ASSETS		
Amortised cost		
Trade receivables and other receivables	**105,466,942**	
Due from related parties	**12,283,133**	
Cash and cash equivalents	**336,533,927**	
FVOCI		
Investment in equity securities	**14,972,714**	**14,972,714**
	469,256,716	**14,972,714**
FINANCIAL LIABILITIES		
Loans and bank facility	**736,333,242**	
Obligation under service concession arrangements	**1,545,955,021**	
Trade payables and other liabilities	**209,143,292**	
Due to related parties	**36,605**	
Derivative financial instrument	**14,060,566**	**14,060,566**
	2,505,528,726	**14,060,566**

31 December 2019	*Carrying value SR*	*Level 3 SR*
FINANCIAL ASSETS		
Amortised cost		
Trade receivables and other receivables	71,298,525	-
Due from related parties	11,185,041	-
Cash and cash equivalents	295,100,801	-
FVOCI		
Investment in equity securities	15,538,283	15,538,283
	393,122,650	15,538,283
FINANCIAL LIABILITIES		
Loans and bank facility	781,101,050	-
Trade payables and other liabilities	107,987,284	-
Due to related parties	980,418	-
Derivative financial instrument	13,103,655	13,103,655
	903,172,407	13,103,655

None of the Group's financial assets and liabilities are classified under level 1 and level 2 .

39 FINANCE COST, NET

	31 December 2020 SR	*31 December 2019 SR*
Financial charges on loans and bank facilities including amortization of advance rentals	**34,944,116**	43,792,346
Finance charges on obligation under service concession arrangement (note 3 (b))	**126,491,836**	-
Modification gain on loan arrangements	**(31,959,301)**	-
Unwinding of provision for asset replacement cost	**933,146**	1,119,791
Financial charges on right of use liabilities	**2,342,544**	1,994,535
Finance income-others	**-**	(1,831,748)
Other financial charges	**728,484**	820,293
	133,480,825	45,895,217

40 MATERIAL PARTLY-OWNED SUBSIDIARIES

	31 December 2020 SR	*31 December 2019 SR*
Non -controlling interest	**395,634,489**	346,622,791

Summarised financial information of material non-controlling interest in "Red Sea Gateway Terminal Company Limited" and "Red Sea Ports Development Company Limited", is disclosed in note 33 to the consolidated financial statements under "Port development and operations" segment.

41 COMPARATIVE FIGURES

Certain of the prior year amounts have been reclassified to conform with the presentation in the current year. However, there was no impact on the total comprehensive income or equity of such reclassifications.

42 APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

These consolidated financial statements were approved and authorised to issue by the Board of Directors on 25 February 2021 (corresponding to 13 Rajab 1442H).

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