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

CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023
together with the Independent Auditors' Report

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

CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2023

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

Headquarters in Riyadh

كي بي إم جي للاستشارات المهنية
مركز زهران للأعمال
شارع الأميرسلطان
ص. ب. 55078
جـده 21534
المملكة العربية السعودية
سجل تجاري رقم 4030290792

المركز الرئيسي في الرياض

Independent Auditor's Report

To the Shareholders of Sustained Infrastructure Holding Company (formerly, "Saudi Industrial Services Company")

Opinion

We have audited the consolidated financial statements of Sustained Infrastructure Holding Company (formerly, "Saudi Industrial Services Company ") ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2023, the consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards") that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards), that is endorsed in the Kingdom of Saudi Arabia, that are relevant to our audit of the consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with the Code's 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 our opinion thereon, and we do not provide a separate opinion on these matters.

Independent Auditor's Report (continued)

To the Shareholders of Sustained Infrastructure Holding Company (formerly, "Saudi Industrial Services Company")

<table>
<tr><th colspan="2">Key Audit Matters (continued)</th></tr>
<tr><td colspan="2">Accounting for intangible assets relating to ongoing service concession arrangements</td></tr>
<tr><td colspan="2">Refer note 4.5 for the accounting policy and note 8 and note 20 for related disclosures.</td></tr>
<tr><td>The key audit matter</td><td>How the matter was addressed in our audit</td></tr>
<tr><td>As at 31 December 2023, the carrying value of Group's intangible assets amounted to SR 3,487 million (2022: SR 3,010 million) and the related amortisation expense was SR 144 million (2022: SR 129 million).

The intangible assets mainly relate to ongoing long-term port concession arrangement, wherein the Group has been contracted to develop (or upgrade), operate and maintain the concession assets and as operator has right to charge users for services rendered. The Group has recognised the concession arrangement in accordance with the IFRIC 12 Service Concession Arrangements.

We have focused on the accounting for intangible assets relating to the ongoing concession arrangements due to the significance of amounts involved, complexities and judgements relating to recognition and measurement of the concession arrangement assets including related additions, amortisation and assessment for any internal or external indicators of impairment.</td><td>We performed the following audit procedures in relation to intangible assets relating to service concession arrangements:

▪ Assessed the service concession arrangement by assessing the contract arrangement and related documentation to consider whether accounting for the concession assets continue to be in accordance with the requirements of IFRIC 12 Service Concession Arrangements;

▪ Assessed the appropriateness of the Group's accounting policies including recognition and measurement of contract intangible assets and assumptions related to margin during construction phase, as well as methods of estimating the present value of the concession fees and the life and amortisation of the concession intangible assets and tested mathematical accuracy of related models;

▪ Evaluated the impairment indicators assessment and compared forecasts to historical experience and applied our understanding of the future prospects of the business from internal and external sources;

▪ Considered the adequacy of the Group's disclosures for the long-term concession arrangements, in terms of applicable accounting standards that are endorsed in the Kingdom of Saudi Arabia.</td></tr>
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Independent Auditor's Report (continued)

To the Shareholders of Sustained Infrastructure Holding Company (formerly, "Saudi Industrial Services Company")

<table>
<tr><th colspan="2">Key Audit Matters (continued)</th></tr>
<tr><td colspan="2">Revenue recognition from sale of goods and services</td></tr>
<tr><td colspan="2">Refer note 4.16 for the accounting policy relating to revenue recognition and note 26 and note 27 for related disclosure.</td></tr>
<tr><td>The key audit matter</td><td>How the matter was addressed in our audit</td></tr>
<tr><td>During the year ended 31 December 2023, the Group recognised total revenue of SR 1,603 million (year ended 31 December 2022: SR 993 million).

The Group's most significant revenue streams include shipping and unloading services, sale of potable water, income from rental and provision of services. Revenue is recognized at point in time and over time when control over the goods are transferred to the customer on delivery of the goods in accordance with IFRS 15 -Revenue from contracts with customers.

Revenue is one of the core indicators for measuring performance, and consequently, there are inherent risks through recognizing revenue with more than its actual value or not recognizing in correct accounting period, in order to increase profitability. Therefore, the revenue recognition process has been considered as a key audit matter.</td><td>We performed the following audit procedures in relation to revenue recognition:

▪ Evaluated the Group's revenue recognition and accounting policies including method of estimating the variable consideration, accounting policy decisions and significant judgements;

▪ Assessed the design and implementation, and tested the operating effectiveness of the Group's internal controls, including anti-fraud controls procedures;

▪ Obtained an understanding of the nature of the revenue contracts entered by the Group and tested a sample of sales contracts to confirm that the revenue recognised is in accordance with the accounting policy and sales contracts;

▪ Performed analytical procedures by comparing revenue expectations based on trend analysis information, taking into account transaction volumes and our understanding of each business segment, with actual revenues and analysing the variances;

▪ Inspected, on a sample basis, revenue transactions and verified the related supporting documents to ensure the accuracy and completeness of revenue recognition;

▪ Tested on a sample basis, revenue transactions recorded before and after the reporting date with underlying documentation to verify cut-off.; and

▪ Assessed the adequacy of the disclosures relating to the revenue in the accompanying consolidated financial statements.</td></tr>
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Independent Auditor's Report (continued)

To the Shareholders of Sustained Infrastructure Holding Company (formerly, "Saudi Industrial Services Company")

Other Information

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

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

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

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

Responsibilities of Management and Those Charged with Governance for the Consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, the applicable requirements of the Regulations for Companies and Company's By-laws and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

Independent Auditor's Report (continued)

To the Shareholders of Sustained Infrastructure Holding Company (formerly, "Saudi Industrial Services Company")

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

- 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, then we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- 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 of Sustained Infrastructure Holding Company ("the Company") and its subsidiaries ("the Group"). We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, actions taken to eliminate threats or safeguards applied.

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

KPMG Professional Services

Ebrahim Oboud Baeshen
License No: 382

Jeddah, 18 March 2024
Corresponding to 8 Ramadan 1445 AH

SUSTAINED INFRASTRUCTURE HOLDING COMPANY
(formerly, "SAUDI INDUSTRIAL SERVICES COMPANY")
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CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2023

	Notes	2023 SR	2022 SR
ASSETS			
Non-current assets			
Property, plant and equipment	6	**256,879,290**	257,239,057
Work in progress assets	7	**203,734,674**	317,731,977
Intangible assets	8	**3,486,787,609**	3,010,723,741
Investment properties	9	**288,619,190**	163,831,725
Equity-accounted investees	10	**263,225,190**	251,827,074
Financial assets at fair value through other comprehensive income (FVOCI)	11	**11,586,472**	14,218,328
Goodwill	12	**8,776,760**	8,776,760
Right-of-use assets	24	**48,637,659**	45,496,556
Deferred-tax asset	34	**6,057,112**	5,748,284
Total non-current assets		**4,574,303,956**	4,075,593,502
Current assets			
Derivative financial instrument	13	**--**	923,823
Inventories	14	**22,048,792**	26,054,119
Due from related parties	36	**12,950,389**	12,365,829
Trade receivables, prepayments and other receivables	15	**214,272,502**	155,521,566
Short-term deposits	16	**--**	279,986,229
Cash and cash equivalents	16	**1,166,405,656**	507,885,834
Total current assets		**1,415,677,339**	982,737,400
Total assets		**5,989,981,295**	5,058,330,902
EQUITY AND LIABILITIES			
Equity			
Share capital	17	**816,000,000**	816,000,000
Share premium		**36,409,063**	36,409,063
Statutory reserve	18	**106,905,167**	99,784,859
Treasury shares	17	**(6,622,592)**	--
Other components of equity		**387,088,914**	393,450,994
Retained earnings		**169,079,592**	170,276,817
Equity attributable to the shareholders of the Parent		**1,508,860,144**	1,515,921,733
Non-controlling interests	19	**805,862,437**	800,268,156
Total equity		**2,314,722,581**	2,316,189,889
Liabilities			
Non-current liabilities			
Obligation under service concession arrangement	20	**1,406,042,609**	1,391,741,067
Long term loans	21	**1,198,444,510**	685,960,123
Employees' end-of-service benefits	22	**49,428,264**	42,468,127
Long term provisions	23	**2,048,195**	2,060,448
Lease liabilities – non-current portion	24	**95,451,499**	94,086,028
Total non- current liabilities		**2,751,415,077**	2,216,315,793
Current liabilities			
Current portion of obligation under service concession arrangement	20	**168,953,693**	164,607,341
Current portion of long-term loans	21	**145,169,030**	87,791,382
Short term loans due to related parties	36	**148,843,578**	--
Trade payables, accrued and other current liabilities	25	**425,648,844**	248,355,733
Zakat and income tax payable	34	**22,356,447**	13,878,605
Lease liabilities – current portion	24	**12,872,045**	11,192,159
Total current liabilities		**923,843,637**	525,825,220
Total liabilities		**3,675,258,714**	2,742,141,013
TOTAL EQUITY AND LIABILITIES		**5,989,981,295**	5,058,330,902

The accompanying notes 1 to 43 form an integral part of these consolidated financial statements.

SUSTAINED INFRASTRUCTURE HOLDING COMPANY
(formerly, "SAUDI INDUSTRIAL SERVICES COMPANY")
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CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the year ended 31 December 2023

	Notes	2023 SR	2022 SR
REVENUE			
Revenues from sale of goods and services	26	**1,052,441,593**	854,844,428
Construction revenue	27	**550,987,528**	138,992,575
TOTAL REVENUES		**1,603,429,121**	993,837,003
Direct costs	28	**(514,307,210)**	(438,693,983)
Cost of construction	27	**(550,987,528)**	(138,992,575)
COST OF REVENUE		**(1,065,294,738)**	(577,686,558)
GROSS PROFIT		**538,134,383**	416,150,445
OPERATING EXPENSES			
Selling and distribution expenses	29	**(10,911,898)**	(12,786,583)
General and administrative expenses	30	**(203,986,871)**	(170,667,113)
Impairment loss on trade receivables	39	**(3,872,533)**	(2,695,907)
TOTAL OPERATING EXPENSES		**(218,771,302)**	(186,149,603)
PROFIT FROM OPERATIONS		**319,363,081**	230,000,842
Finance income	31	**25,867,549**	12,337,816
Finance costs	32	**(243,803,891)**	(213,579,543)
Other income	33	**23,751,090**	14,101,799
Share of profit of equity-accounted investees, net	10	**30,503,809**	30,831,042
PROFIT BEFORE ZAKAT AND INCOME TAX		**155,681,638**	73,691,956
Zakat and income tax charge, net	34	**(26,606,145)**	(18,163,332)
PROFIT FOR THE YEAR		**129,075,493**	55,528,624
Profit attributable to:			
Owners of the Company		**71,203,083**	36,729,508
Non-controlling interests		**57,872,410**	18,799,116
		129,075,493	55,528,624
Earnings per share:			
Basic and diluted earnings per share from net profit for the year attributable to the Shareholders' of the Parent Company	35	**0.87**	0.45

The accompanying notes 1 to 43 form an integral part of these consolidated financial statements.

SUSTAINED INFRASTRUCTURE HOLDING COMPANY
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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2023

	Notes	**2023** **SR**	2022 SR
PROFIT FOR THE YEAR		**129,075,493**	55,528,624
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified to profit or loss			
(Loss) / gain from re-measurement of employees' end-of-service benefits, net	22	**(5,881,844)**	11,904,840
Changes in fair value of financial assets at fair value through other comprehensive income (FVOCI)	11	**(2,631,856)**	(691,204)
Share of actuarial (losses) / gain of equity accounted Investees	10	**(503,360)**	4,537,573
Items that are or may be reclassified subsequently to profit or loss			
Cash flow hedges – effective portion of changes in fair value – Group	13	**(923,823)**	6,586,184
Cash flow hedges – effective portion of changes in fair value - share of equity accounted investments	10	**57,136**	46,031,139
OTHER COMPREHENSIVE INCOME FOR THE YEAR		**(9,883,747)**	68,368,532
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**119,191,746**	123,897,156
Total comprehensive income attributable to:			
Owners of the Company		**64,841,003**	95,187,604
Non-controlling interests		**54,350,743**	28,709,552
		119,191,746	123,897,156

The accompanying notes 1 to 43 form an integral part of these consolidated financial statements.

SUSTAINED INFRASTRUCTURE HOLDING COMPANY
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(A Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2023

	Equity attributable to the shareholders' of the Parent											
					Other components of equity							
	Share capital SR	**Share premium SR**	**Statutory reserve SR**	**Treasury Shares SR**	**Effect of changes in ownership interest in subsidiaries SR**	**Actuarial valuation reserves SR**	**Cash flow hedging reserve SR**	**Fair value reserve SR**	**Retained earnings SR**	**Total SR**	**Non-controlling interests SR**	**Total equity SR**
Balance at 1 January 2023	816,000,000	36,409,063	99,784,859	--	343,683,752	(1,247,977)	46,367,041	4,648,178	170,276,817	1,515,921,733	800,268,156	2,316,189,889
Profit for the year	--	--	--	--	--	--	--	--	71,203,083	71,203,083	57,872,410	129,075,493
Other comprehensive income	--	--	--	--	--	(3,451,458)	(278,766)	(2,631,856)	--	(6,362,080)	(3,521,667)	(9,883,747)
Total comprehensive income	--	--	--	--	--	(3,451,458)	(278,766)	(2,631,856)	71,203,083	64,841,003	54,350,743	119,191,746
Treasury shares	--	--	--	(6,622,592)	--	--	--	--	--	(6,622,592)	--	(6,622,592)
Transfer to statutory reserve	--	--	7,120,308	--	--	--	--	--	(7,120,308)	--	--	--
Dividends paid (note 17)	--	--	--	--	--	--	--	--	(65,280,000)	(65,280,000)	(48,756,462)	(114,036,462)
Balance at 31 December 2023	**816,000,000**	**36,409,063**	**106,905,167**	**(6,622,592)**	**343,683,752**	**(4,699,435)**	**46,088,275**	**2,016,322**	**169,079,592**	**1,508,860,144**	**805,862,437**	**2,314,722,581**

The accompanying notes 1 to 43 form an integral part of these consolidated financial statements.

SUSTAINED INFRASTRUCTURE HOLDING COMPANY
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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)
For the year ended 31 December 2023

	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 ownership interest in subsidiaries SR	Actuarial valuation reserves SR	Cash flow hedging reserve SR	Fair value reserve SR	Retained earnings SR	Total SR	Non-controlling interests SR	Total equity SR
Balance at 1 January 2022	816,000,000	36,409,063	96,111,908	343,683,752	(11,971,402)	(2,058,834)	5,339,382	202,500,260	1,486,014,129	810,372,371	2,296,386,500
Profit for the year	--	--	--	--	--	--	--	36,729,508	36,729,508	18,799,116	55,528,624
Other comprehensive income	--	--	--	--	10,723,425	48,425,875	(691,204)	--	58,458,096	9,910,436	68,368,532
Total comprehensive income	--	--	--	--	10,723,425	48,425,875	(691,204)	36,729,508	95,187,604	28,709,552	123,897,156
Transfer to statutory reserve	--	--	3,672,951	--	--	--	--	(3,672,951)	--	--	--
Dividends paid (note 17)	--	--	--	--	--	--	--	(65,280,000)	(65,280,000)	(38,813,767)	(104,093,767)
Balance at 31 December 2022	816,000,000	36,409,063	99,784,859	343,683,752	(1,247,977)	46,367,041	4,648,178	170,276,817	1,515,921,733	800,268,156	2,316,189,889

The accompanying notes 1 to 43 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2023

	Notes	2023 SR	2022 SR
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before Zakat and income tax		**155,681,638**	73,691,956
Adjustments for:			
Depreciation and amortisation	6, 8,9 & 24	**190,663,584**	171,634,388
Provision for employees' end-of-service benefits	22	**8,549,885**	9,914,686
(Gain) / loss on disposal of property, plant and equipment	33	**(64,834)**	80,436
Share of profit of equity-accounted investees, net	10	**(30,503,809)**	(30,831,042)
Impairment loss on trade receivables	39	**3,872,533**	2,695,907
Work in progress assets written-off	7	**--**	616,840
Amortisation of deferred revenue		**54,884**	54,884
Provision for dismantling cost		**(12,253)**	26,421
Amortisation of advance Ijarah rentals		**7,520,916**	8,388,014
Allowance for slow moving and obsolete inventories	14	**1,895,607**	1,602,782
Loss on lease termination		**--**	1,200,000
Financial charges, net	32	**243,803,891**	213,579,543
		581,462,042	452,654,815
Changes in operating assets and liabilities			
Trade receivables, prepayments and other receivables		**(62,020,093)**	3,576,150
Due from related parties		**(584,560)**	(1,743,507)
Inventories		**2,109,720**	(1,721,904)
Trade payables, accrued and other current liabilities		**25,213,037**	(162,842,385)
Due to related parties		**--**	(1,602,928)
Cash generated from operating activities		**546,180,146**	288,320,241
Finance charges paid		**(67,719,076)**	(42,680,420)
Employees' end-of-service benefits paid	22	**(7,471,592)**	(8,296,442)
Zakat and income tax paid	34	**(18,437,131)**	(24,127,688)
Net cash from operating activities		**452,552,347**	213,215,691
CASH FLOWS FROM INVESTING ACTIVITIES			
Dividends received from equity-accounted investees	10	**25,019,429**	21,021,141
Investment in equity-accounted investee during the year	10	**(6,359,960)**	(3,428,000)
Short term deposit made during the year	16	**279,986,229**	(279,986,229)
Addition to property, plant and equipment, work in progress assets and investment properties	6, 7 & 9	**(628,807,328)**	(249,566,020)
Addition to intangible assets	8	**(43,494,139)**	(14,143,054)
Proceeds from disposal of property, plant and equipment		**484,250**	356,486
Net cash used in investing activities		**(373,171,519)**	(525,745,676)

The accompanying notes 1 to 43 form an integral part of these consolidated financial statements.

SUSTAINED INFRASTRUCTURE HOLDING COMPANY
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CONSOLIDATED STATEMENT OF CASH FLOWS (continued)
For the year ended 31 December 2023

	Notes	**2023** **SR**	2022 SR
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long-term loans		**(83,132,537)**	(73,210,528)
Receipt of long-term loans		**645,741,567**	117,216,625
Receipt of short-term loans from related parties		**148,843,578**	--
Dividend paid	17	**(65,280,000)**	(65,280,000)
Dividends paid to non-controlling interests by subsidiaries		**(48,756,462)**	(38,813,767)
Purchase of treasury shares	17	**(6,622,592)**	--
Lease liabilities paid	24	**(11,654,560)**	(11,870,602)
Net cash from / (used in) financing activities		**579,138,994**	(71,958,272)
Net increase / (decrease) in cash and cash equivalents		**658,519,822**	(384,488,257)
Cash and cash equivalents at the beginning of the year	16	**507,885,834**	892,374,091
Cash and cash equivalents at the end of the year	16	**1,166,405,656**	507,885,834
SUPPLEMENTARY NON-CASH INFORMATION			
Cash flow hedges – effective portion of change in fair value	13	**(335,902)**	6,586,184
Cash flow hedges – effective portion of changes in fair value - share of equity accounted investments	10	**57,136**	46,031,139
Re-measurement of employees' end-of-service benefits liability	22	**(5,881,844)**	11,904,840
Deferred tax asset	34	**(308,828)**	1,220,786

The accompanying notes 1 to 43 form an integral part of these consolidated financial statements.

1. ORGANIZATION AND ACTIVITIES

Sustained Infrastructure Holding Company (formerly, "Saudi Industrial Services Company") ("the Company" or "the Parent Company" or "SISCO") is a joint stock company incorporated in accordance with Saudi Arabian Regulations for Companies under the Ministry of Commerce Resolution No. 223 of 7 Rabi Al Awal 1409 H (corresponding to 18 October 1988) and registered under Commercial Registration No. 4030062502 dated 10 Rabi Al Thani 1409H (corresponding to 20 November 1988). The Group via its subsidiaries is engaged in the business of development and management of port terminal operations, maritime services, warehouse services, supply chain solutions, logistics services, associated development, and water desalination and treatment plant and sale of water. The principal activity of the Parent Company is investment and management of subsidiaries.

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 2023	Effective shareholding 2022	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. (Logistic parks and support services segment).
Support Services Operation Company Limited ("ISNAD")	Saudi Arabia	**99.28%**	99.28%	Development and operation of industrial zones, construction and operation of restaurants, catering and entertainment centers, construction of gas stations, auto servicing and maintenance workshops, and purchase of land for the construction of building thereon and investing the same through sale or lease. (Logistic parks and support services segment).

1. ORGANIZATION AND ACTIVITIES (continued)

Company	Country of incorporation	Effective shareholding 2023	2022	Principal activities
Kindasa Water Services Company – Closed Joint Stock Company ("Kindasa")	Saudi Arabia	**65%**	65%	Water desalination and treatment plant and sale of water. (Water desalination and distribution segment)
Red Sea Port Development Company – Closed Joint Stock Company ("RSPD")	Saudi Arabia	**60.6%**	60.6%	Development, construction, operation and maintenance of container terminals and excavation and back filling works. (Port development and operations segment).
Red Sea Gateway Terminal Company Limited ("RSGT") *	Saudi Arabia	**36.36%**	36.36%	Development, construction, operation and maintenance of container terminals and excavation and back filling works. (Port development and operations segment).
Red Sea Ports Development International Limited – ("RSPDI")	United Kingdom	**60.6%**	--	Development, construction, operation and maintenance of container terminals and excavation and back filling works. (Port development and operations segment).
Red Sea Gateway Terminal International Limited ("RSGTI") **	United Kingdom	**36.36%**	--	Development, construction, operation and maintenance of container terminals and excavation and back filling works. (Port development and operations segment).

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

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

(i) During the year, SISCO announced that its newly incorporated subsidiary RSGTI has signed 22 years concession agreement with the Chittagong Port Authority for Patenga Container Terminal ("PCT") the Bangladesh's primary port. Under the concession agreement, RSGTI will develop and operate a 500,000 Twenty Foot Equivalent Unit ('TEU') container terminal facility at PCT in Chittagong commencing in year 2024 (note 36 (b)).

2. BASIS OF PREPARATION

2.1 Statement of compliance

The consolidated financial statements of the Group have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board that are endorsed in the Kingdom of Saudi Arabia (IFRS Accounting Standards) and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants (SOCPA).

The new Companies Law issued through Royal Decree M/132 on 1/12/1443H (corresponding to 30 June 2022) (hereinafter referred as "the Law") came into force on 26/6/1444 H (corresponding to 19 January 2023). For certain provisions of the Law, full compliance is expected not later than two years from 26/6/1444H (corresponding to 19 January 2023). The management is in process of assessing the impact of the New Companies Law and will amend its bylaws for any changes to align the Articles to the provisions of the Law. Consequently, the Company shall present the amended Articles of bylaws to the shareholders in their Extraordinary/Annual General Assembly meeting for their ratification.

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

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 Parent Company.

2.4 Basis of consolidation

These consolidated financial statements comprising the consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and notes to the consolidated financial statements of the group include assets, liabilities and the results of the operations of the Company and its subsidiaries, as set out in note 1. Subsidiaries are entities controlled by the Group. Subsidiaries are consolidated from the date on which control commences until the date on which control ceases.

The Group accounts for the business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identified net assets acquired and fair value of pre-existing equity interest in the subsidiary. The excess of the cost of acquisition and amount of Non – Controlling Interest ("NCI") over the fair value of the identifiable net assets acquired is recorded as goodwill in the consolidated statement of financial position.

Intra-group balances and transactions and any unrealised income and expenses arising from intra-group transactions, are eliminated. Accounting policies of subsidiaries are aligned, where necessary, to ensure consistency with the policies adopted by the Group.

3. 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.

The key assumptions concerning the future and other key sources of judgements and 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:

Accounting for service concession arrangement

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

Management has assessed that certain of the Group's concession arrangements are in scope of IFRIC 12 as set out in note 4.5. Judgements and key sources of estimation uncertainty which affect the amounts relating to the accounting for concession arrangements pertain to the recognition, measurement and derecognition of the concession assets and related liabilities due to complexities inherent in the concession arrangements and assessment for any internal or external indicators of impairment.

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.

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 39.

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

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.

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 22.

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.

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES

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

4.1 Investments in associates

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

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.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired.

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.

4.2 Foreign currencies

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.2 Foreign currencies (continued)

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

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

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

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

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

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

4.3 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. Property and equipment controlled by the operator and used as part of port operations are classified as property and equipment – port terminal operations.

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.

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 calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives and is recognised in profit or loss. 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.

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

4.3 Property, plant and equipment (continued)

Depreciation (continued)

Depreciation methods, useful lives and residual values are reviewed least annually and adjusted prospectively, if required.

The estimated useful lives are as follows:

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

4.4 Work-in-progress assets

Work-in-progress assets comprise of non-current assets under construction and are carried at cost less any recognised impairment losses. The work in progress assets are capitalized as property, plant and equipment, investment property or intangible asset when ready for the intended use.

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.

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

4.5 Intangibles (continued)

Port concession rights

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

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

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

Intangible assets related to fixed and guaranteed variable fee

The Group is required to pay various fees under a concession agreement and these are accounted for under IFRIC 12 - Service Concession Arrangements. Out of the total fees, the fixed and guaranteed variable fees, the deferment of which is beyond the Group's control, are classified as "Intangible assets".

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 fees are charged to consolidated statement of profit or loss as and when incurred.

Subsequently, these intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any. Amortisation is computed using the expected pattern of the usage of the underlying intangible assets over life of the New Concession Agreement in term of containers handling.

Other intangible assets

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

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

Amortisation is calculated over the cost of the asset, or other amount substituted for cost, less its residual value. The estimated useful lives of software is from 2 to 5 years.

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

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. Investment properties are depreciated on a straight-line basis on shorter of lease term and useful life of 10 to 30 years.

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. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

4.7 Leases

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

Group as a lessee
At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. 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).

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, adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of the cost to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located 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.

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. 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.

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

4.7 Leases (continued)

Group as a lessee (continued)

The lease liability is measured at amortised cost using the effective interest method. 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 or a change in estimate of amount to be payable under a residual value guarantee.

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
At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices.

When the Group act as lessor, it determines at lease inception whether each lease is a finance lease or operating lease. Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. If this is not the case then the lease is classified as finance lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

The Group recognized lease payments received under the operating leases as income on a straight-line basis over the lease term. Contingent rents are recognised as revenue in the period in which they are earned.

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. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

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, 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.

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 marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

4.10 Financial instruments (continued)

i) Financial assets (continued)

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.

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

4.10 Financial instruments (continued)

i) Financial assets (continued)

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.

Financial assets at fair value through profit or loss are carried in the consolidated statement of financial position at fair value with net changes in fair value recognised in the consolidated statement of profit or loss.

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

4.10 Financial instruments (continued)

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.

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 amortisation 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.

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

4.10 Financial instruments (continued)

iii) Derecognition (continued)

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) Derivative financial instruments and hedge accounting

The Group holds derivative financial instruments such as interest rate swaps to hedge its cash flows exposed to risk of fluctuations in interest rates. The Group has elected to adopt the new general hedge accounting model in IFRS 9. This requires the Group to ensure that hedge accounting relationships are aligned with its risk management objectives and strategy and to apply a more qualitative and forward looking approach to assessing hedge effectiveness.

Initial recognition

Derivatives are recognised initially at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are either recognised in the consolidated statement of profit or loss or the consolidated statement of other comprehensive income.

The Group designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in interest rates. On initial designation of the derivatives as the hedging instrument, the Group formally documents the risk management objective and strategy for undertaking the hedge. The Group also documents the economic relationship between the hedging instrument and hedged item, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other together with the methods that will be used to assess the effectiveness of the hedging relationship.

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

4.10 Financial instruments (continued)

iv) Derivative financial instruments and hedge accounting (continued)

Subsequent measurement

Changes in the fair value of the derivative hedging instrument designated as a cash flow hedge are recognised directly in consolidated statement of other comprehensive income to the extent that the hedge is effective and presented in the hedging reserve in equity.

Any ineffective portion of changes in the fair value of the derivative is recognised immediately in the consolidated statement of profit or loss. When the hedged item is a non-financial asset, the amount recognised in the consolidated statement of other comprehensive income is transferred to the carrying amount of the asset when it is recognised. In other cases, the amount recognised in consolidated statement of other comprehensive income is transferred to the consolidated statement of profit or loss in the same period that the hedged item affects the consolidated statement of profit or loss.

Derivative instruments that are not designated as hedging instruments in hedge relationships are classified as financial liabilities or assets at fair value through profit or loss.

Derecognition

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognised in consolidated statement of other comprehensive income remains there until the forecast transaction or firm commitment occurs. If the forecast transaction or firm commitment is no longer expected to occur, then the balance in equity is reclassified to the consolidated statement of profit or loss.

(v) 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 MATERIAL ACCOUNTING POLICIES (continued)

4.11 Fair value measurement

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between markets at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. When one is available, the Group measures the fair value of an instrument using quoted price in an active market for that instrument. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. If there is no quoted price in an active market, then the Group uses valuation techniques that maximise the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Group measures assets and long positions at a bid price and liabilities and short positions at an ask price. The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received.

4.12 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 over 1 years 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.

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

4.12 Impairment of financial and non-financial assets (continued)

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.

4.13 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. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

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

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

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

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

4.15 Cash dividend and non-cash distribution

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

4.16 Revenue

The Group through its subsidiaries and associates is engaged in the following businesses:

- Development, construction and operation of container terminals and port facilities
- Management and operation of storage and re-export facilities on leased lands
- Water desalination and treatment plant and sale of water

The Group generally recognizes revenue at a point in time except for rental and construction related revenues which are recognized on time proportionate basis. The Group transfers control and recognizes revenue when the related performance obligation is satisfied. Management uses an observable price to determine the stand-alone selling price for separate performance obligations or a cost-plus margin approach when one is not available.

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

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 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 container handling, port & logistics services, transportation and support services, etc. The Group recognises revenue from rendering of these services based on the assessment of the work performed / completed (i.e. delivered and acknowledged / accepted) under the relevant contracts with customers. Revenue from these services is recognised at the point in time services are completed as the services are usually provided over a very short period of time.

Rental income
Rental income is generated from the lease of land, warehouses, etc. and is recognised over time as services are provided. Lease revenue received in advance 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.

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

4.16 Revenue (continued)

Construction and upgrade services

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

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.

4.17 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, amortisation 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.

4.18 Finance costs and finance income

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

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

4.19 Zakat and taxation

Zakat

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

Current income tax

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

Deferred income tax

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

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

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

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

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised

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

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

4.19 Zakat and taxation (continued)

Deferred income tax (continued)

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 ZATCA regulations, which is not recognized as an expense being the obligation of the counter party on whose behalf the amounts are withheld.

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

4.20 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.

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

4.20 Segment reporting *(continued)*

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

4.21 Borrowing costs

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. Other borrowing costs are expensed in the period in which they are incurred.

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

(a) New and amended standards adopted by the Group

Standard/ Interpretation	***Description***	***Effective from periods beginning on or after the following date***
IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)	1 January 2023
IAS 8	Definition of Accounting Estimate (Amendments to IAS 8)	1 January 2023
IAS 12	Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction – Amendments to IAS 12 Income Taxes	1 January 2023
IFRS 17	IFRS 17 Insurance Contracts and Amendments to IFRS 17	1 January 2023
IFRS 17	Initial Application of IFRS 17 and IFRS 9 – Comparative Information (Amendments to IFRS 17)	1 January 2023

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

5. NEW AND AMENDED STANDARDS AND INTERPRETATIONS AND STANDARDS NOT YET EFFECTIVE (continued)

(a) New and amended standards adopted by the Group (continued)

In addition, the Group adopted Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) from 1 January 2023. The amendments require the disclosure of 'material' rather than 'significant' accounting policies. Although the amendments did not result in any changes to the accounting policy themselves, they impacted the accounting policy information disclosed in certain instances.

(b) New standards and interpretations not yet adopted

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for 31 December 2023 reporting periods and have not been early adopted by the Group. These standards, amendments or interpretations are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

Standard/ Interpretation	***Description***	***Effective from periods beginning on or after the following date***
IAS 1	Classification of liabilities as current or non-current (Amendments to IAS 1)	1 January 2024
IFRS 16	Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)	1 January 2024
IAS 1	Non-current Liabilities with Covenants (Amendments to IAS 1)	1 January 2024
IAS 7 and IFRS 7	Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)	1 January 2024
IAS 21	Lack of Exchangeability (Amendments to IAS 21)	1 January 2025
IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)	Optional

(c) Following are the new IFRS sustainability disclosure standards effective for annual periods beginning on or after 1 January 2024 subject to endorsement of the standards by SOCPA.

(i) IFRS S1, 'General requirements for disclosure of sustainability-related financial information This standard includes the core framework for the disclosure of material information about sustainability-related risks and opportunities across an entity's value chain.

(ii) IFRS S2, 'Climate-related disclosures' This is the first thematic standard issued that sets out requirements for entities to disclose information about climate related risks and opportunities.

6. PROPERTY, PLANT AND EQUIPMENT

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

6. PROPERTY, PLANT AND EQUIPMENT (continued)

2022	Land SR	Leasehold improvements SR	Buildings on leasehold land SR	Motor vehicles & tankers SR	Tools & equipment's SR	Furniture & fixtures SR	Computers SR	Desalination plants (i) SR	31 December 2022 SR
Cost									
At the beginning of the year	66,808,150	27,893,666	21,472,720	20,493,517	73,757,758	32,196,689	20,044,006	355,839,968	618,506,474
Additions during the year	--	2,101,184	--	--	475,499	3,503,767	3,885,673	5,451,895	15,418,018
Disposals during the year	--	--	--	(73,150)	(91,527)	(984,480)	(5,035,638)	(1,356,704)	(7,541,499)
Transfers from work in progress assets (note 7)	--	19,848,604	--	--	952,331	1,234,124	623,408	--	22,658,467
Transfers	--	--	--	--	-	734,273	--	(734,273)	--
At the end of the year	66,808,150	49,843,454	21,472,720	20,420,367	75,094,061	36,684,373	19,517,449	359,200,886	649,041,460
Accumulated depreciation									
At the beginning of the year	--	15,851,330	7,156,531	14,853,792	47,172,798	23,844,088	14,527,906	249,750,355	373,156,800
Charge for the year	--	1,926,408	992,751	1,150,076	3,566,047	3,173,895	2,497,062	12,595,874	25,902,113
Disposals during the year	--	--	--	(73,150)	(89,861)	(983,883)	(5,030,276)	(1,079,340)	(7,256,510)
Transfers	--	--	--	--	--	734,242	--	(734,242)	--
At the end of the year	--	17,777,738	8,149,282	15,930,718	50,648,984	26,768,342	11,994,692	260,532,647	391,802,403
Net book value									
As at 31 December 2022	66,808,150	32,065,716	13,323,438	4,489,649	24,445,077	9,916,031	7,522,757	98,668,239	257,239,057

6. PROPERTY, PLANT AND EQUIPMENT (continued)

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

ii) The Group's property and equipment related to port terminal operations having a carrying value of SR 56.4 million (2022: SR 56.4 million) has been pledged against the Ijara facility (note 21).

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

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

	31 December 2023 SR	31 December 2022 SR
Direct costs	**13,768,437**	15,923,097
Selling and distribution expenses (note 29)	**1,499,914**	3,772,778
General and administrative expenses (note 30)	**8,880,695**	6,206,238
	24,149,046	25,902,113

7. WORK IN PROGRESS ASSETS

The work in progress assets represent the payments made to suppliers for civil works, equipment and contract assets related to concession agreement. The movement in the work in progress assets is summarized below:

	31 December 2023 SR	31 December 2022 SR
Opening balance	**317,731,977**	181,715,298
Additions during the year	**616,862,934**	231,483,865
Transfer to property, plant and equipment (note 6)	**(13,175,750)**	(22,658,467)
Transfer to intangibles port concession rights (note 8.1)	**(576,923,449)**	(71,661,441)
Transfer to investment properties	**(140,528,150)**	--
Transfer to other intangibles (note 8.3)	**(232,888)**	(530,438)
Write off during the year	**--**	(616,840)
At the end of the year	**203,734,674**	317,731,977

7. WORK IN PROGRESS ASSETS (continued)

	Expansion work on container terminal (i) SR	Investment properties under construction (ii) SR	Other projects SR	Total SR
Opening balance	**106,880,372**	**205,162,761**	**5,688,844**	**317,731,977**
Additions during the year	**500,136,008**	**98,308,144**	**18,418,782**	**616,862,934**
Transfer to property, plant and equipment (note 6)	**--**	**--**	**(13,175,750)**	**(13,175,750)**
Transfer to intangibles port concession rights (note 8.1)	**(576,923,449)**	**--**	**--**	**(576,923,449)**
Transfer to investment properties (note 9)	**--**	**(140,528,150)**	**--**	**(140,528,150)**
Transfer to other intangibles (note 8.3)	**--**	**--**	**(232,888)**	**(232,888)**
At the end of the year	**30,092,931**	**162,942,755**	**10,698,988**	**203,734,674**

(i) Work in progress assets include contract assets amounting to SR 30 million (2022: SR 106.8 million) which represents the amounts incurred by the Group for the consolidation and expansion work on container terminal under the New Service Concession Agreement. During the year addition to contract assets amounted to SR 500 million (2022: SR 125 million) and capitalization from contract asset to intangible assets – port concession rights amounted to SR 577 million (2022: SR 71.6 million).

(ii) During the year ended 31 December 2023, borrowing costs amounting to SR 5.9 million (2022: SR nil) and SR 2.5 million (31 December 2022: SR 2.7 million) were capitalized into expansion work on container terminal and investment properties under construction respectively (note 24).

8. INTANGIBLE ASSETS

Intangible assets comprise of the following:

	31 December 2023 SR	31 December 2022 SR
Port concession rights and assets (note 8.1)	**2,073,666,184**	1,562,259,897
Intangible assets related to fixed and guaranteed variable fee (note 8.2)	**1,411,674,556**	1,446,114,774
Other intangible assets (note 8.3)	**1,446,869**	2,349,070
	3,486,787,609	3,010,723,741

Tusdeer, a subsidiary of the Group, had entered into a Build-Operate-Transfer (the "BOT Agreement") agreement with Saudi Ports Authority ("MAWANI" or the "grantor") for the construction of a container terminal at the Re-export Zone of Jeddah Islamic Port.

8. INTANGIBLE ASSETS (continued)

The BOT Agreement was, subsequently, novated by Tusdeer to RSGT another subsidiary of the Group, effective from 22 Shawal 1428H (corresponding to 3 November 2007). The period of the BOT Agreement originally was for 32 years. However, on 23 December 2019, RSGT, entered into a new concession agreement (the New Concession Agreement) with MAWANI whereby RSGT acquired rights to built, update and operate North Container Terminal in addition to the terminal operated under the BOT Agreement, effective from 1 April 2020 (the effective date) for a period of 30 years from this date and has an option to renew the term before the expiry based on mutual agreement. As per the New Concession Agreement there is no explicit requirement to replace the concession assets, however there is a requirement of serviceability for 4 years at the end of the arrangement. Under the terms of the Concession, MAWANI stipulates the Tariffs to be applied by the Operator when providing services and has the right to review the published tariff structure. The group has right to charge users of the port for services provided in accordance with the New Concession Agreement. Intangible assets – port concession rights are secured against the Ijara facilities obtained from local banks (note 21).

The New Concession Agreement stipulates payment of the fixed and guaranteed variable fees on the specified rates over the life of the agreement. These fees have been recorded as intangible asset at the present value under the guidance of IFRIC 12 ‘Service Concession Arrangements’, with a corresponding liability recognized as obligation. All other variable fees under the New Concession Agreement are charged to consolidated statement of profit or loss as and when incurred. Unamortised portion of ‘intangible assets’ and the ‘obligation under service concession arrangement’ are presented in ‘note 8.2’ and note 36, respectively.

8.1 Port concession rights and assets

The movement in port concession rights is as follows:

	31 December 2023 SR	31 December 2022 SR
Cost		
At the beginning of the year	**2,605,576,600**	2,521,502,896
Additions	**43,154,326**	13,793,800
Transfer from work in progress assets (note 7)	**576,923,449**	71,661,441
Disposals	**(217,300)**	(1,381,537)
At the end of the year	**3,225,437,075**	2,605,576,600
Amortisation		
At the beginning of the year	**1,043,316,703**	951,189,645
Charge for the year	**108,524,570**	93,427,475
On disposals	**(70,382)**	(1,300,417)
At the end of the year	**1,151,770,891**	1,043,316,703
Net book value	**2,073,666,184**	1,562,259,897

Amortisation charged is included in the direct costs.

8. INTANGIBLE ASSETS (continued)

8.2 Intangible assets related to fixed and guaranteed variable fees

	31 December 2023 SR	31 December 2022 SR
Cost:		
Intangible assets related to fixed and guaranteed variable fees	**1,534,457,606**	1,534,528,416
Adjustments	**--**	(70,810)
	1,534,457,606	1,534,457,606
Accumulated amortisation:		
At the beginning of the year	**88,342,832**	55,097,197
Charge for the year	**34,440,218**	33,245,635
At the end of the year	**122,783,050**	88,342,832
Net book value	**1,411,674,556**	1,446,114,774

Amortisation charged is included in the direct costs.

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 2023 SR	31 December 2022 SR
Cost		
At the beginning of the year	**27,627,435**	26,747,743
Additions during the year	**339,813**	349,254
Transfers from capital work-in-progress (note 7)	**232,888**	530,438
Disposals	**(1,729,219)**	--
At the end of the year	**26,470,917**	27,627,435
Amortisation		
At the beginning of the year	**25,278,365**	23,639,332
On disposals	**(1,729,219)**	--
Charge for the year	**1,474,902**	1,639,033
At the end of the year	**25,024,048**	25,278,365
Net book value	**1,446,869**	2,349,070

8. INTANGIBLE ASSETS (continued)

Amortisation charge for the year has been allocated as follows:

	31 December 2023 SR	31 December 2022 SR
Selling and distribution expenses (note 29)	**6,854**	20,913
General and administrative expenses (note 30)	**1,468,048**	1,618,120
	1,474,902	1,639,033

9. INVESTMENT PROPERTIES

The movement in investment property is as follows:

	Leasehold land SR	Leasehold improvements SR	Buildings on leasehold land SR	**31 December 2023 SR**	31 December 2022 SR
Cost					
At the beginning of the year	63,851,155	113,793,840	136,763,435	**314,408,430**	244,798,958
Transfer from right of use assets	--	--	--	--	63,851,155
Transfers from work in progress assets (note 7)	--	--	140,528,150	**140,528,150**	--
Disposals	--	--	(3,003,008)	**(3,003,008)**	--
Additions during the year	--	845,954	212,413	**1,058,367**	5,758,317
	63,851,155	114,639,794	274,500,990	**452,991,939**	314,408,430
Accumulated depreciation					
At the beginning of the year	14,417,001	52,687,591	83,472,113	**150,576,705**	126,756,964
Transfer from right of use assets	--	--	--	--	11,839,396
Depreciation for the year (capitalized in work in progress assets)	350,956	--	--	**350,956**	350,956
Charge for the year	2,226,649	3,786,700	10,434,746	**16,448,095**	11,629,389
On disposals	--	--	(3,003,007)	**(3,003,007)**	--
At the end of the year	16,994,606	56,474,291	90,903,852	**164,372,749**	150,576,705
Net book value:					
At 31 December 2023	**46,856,549**	**58,165,503**	**183,597,138**	**288,619,190**	
At 31 December 2022	49,434,154	61,106,249	53,291,322		163,831,725

Investment properties represent warehouses rented to customers for storage and warehousing purposes. Rental income recognised by the Group during 2023 was SR 61.1 million (2022: SR 46.4 million) (note 24).

9. INVESTMENT PROPERTIES (continued)

The buildings and leasehold improvements are situated on a plot of land leased from Saudi Ports Authority for a nominal annual rental. The initial lease agreement was for 20 Hijra years starting from 15 Muharram 1419H (corresponding to 11 May 1998) with a grace period of two Hijra years, on 22 Ramadan 1424H (corresponding to 16 November 2003) the lease agreement was extended to 40 Hijra years. The fair value of the investment properties is valued at SR 468.7 million (2022: SR 410.6 million) by Advisory Corp (2022: 9200.Co for Real Estate Valuation), licensed by “Saudi Authority for Accredited Valuers”. The fair value for all of the investment properties is categorised as a Level 3 fair value. Discounted Cash flow method is used to measure the fair value of these properties using forecasted cashflows of these investment properties and related weighted average cost of Capital.

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

10. EQUITY-ACCOUNTED INVESTEES

	31 December 2023 SR	31 December 2022 SR
As at 1 January	**251,827,074**	188,020,461
Investment during the year	**6,359,960**	3,428,000
Share in results of associates, net	**30,503,809**	30,831,042
Share of actuarial losses of associates recognized in OCI	**(503,360)**	4,537,573
Share of effective portion of changes in fair value of cash flow hedges	**57,136**	46,031,139
Dividend received during the year	**(25,019,429)**	(21,021,141)
As at 31 December	**263,225,190**	251,827,074

10. EQUITY-ACCOUNTED INVESTEE (continued)

10.1 As at 31 December 2023, the investment in associates comprise the following:

	Principal activity	Country of incorporation	Effective shareholding percentage		Carrying amount	
			2023	2022	**31 December 2023 SR**	31 December 2022 SR
International Water Distribution Company Limited (note a)	Water/waste works, water treatment and lease of water equipment	Kingdom of Saudi Arabia	**50%**	50%	**141,840,731**	139,113,597
Saudi Water and Environmental Services Company (note b)	Electrical, water and mechanical works and related operation and maintenance	Kingdom of Saudi Arabia	**31.85%**	31.85%	**1,740,810**	1,740,810
Saudi Al Jabr Talke Company Limited	Contracting, construction, operation and maintenance of factories and warehouses	Kingdom of Saudi Arabia	**33.3%**	33.3%	**66,188,268**	60,599,624
Xenmet SA, Vaduz (note c)	Trading, storage and brokerage of commodities	Principality of Liechtenstein	**19%**	19%	**2,653,107**	3,081,329
Green Dome Holdings Limited	Investment and management of companies providing logistic services	United Arab Emirates	**31.67%**	24%	**50,802,274**	47,291,714
					263,225,190	251,827,074

10. EQUITY-ACCOUNTED INVESTEE (continued)

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

31 December 2023	**International Water Distribution Company Limited SR**	**Saudi Water and Environmental Services Company SR**	**Al Jabr Talke Company Limited SR**	**Xenmet SA, Vaduz SR**	**Green Dome Holdings Limited SR**	**Total SR**
As at 1 January	**139,113,597**	**1,740,810**	**60,599,624**	**3,081,329**	**47,291,714**	**251,827,074**
Investment during the year	**--**	**--**	**--**	**--**	**6,359,960**	**6,359,960**
Share in results of associates, net	**10,244,170**	**--**	**22,131,011**	**978,028**	**(2,849,400)**	**30,503,809**
Share of actuarial losses of associates recognized in OCI	**(574,172)**	**--**	**70,812**	**--**	**--**	**(503,360)**
Share of effective portion of changes in fair value of cash flow hedges	**57,136**	**--**	**--**	**--**	**--**	**57,136**
Dividend received during the year	**(7,000,000)**	**--**	**(16,613,179)**	**(1,406,250)**	**--**	**(25,019,429)**
As at 31 December	**141,840,731**	**1,740,810**	**66,188,268**	**2,653,107**	**50,802,274**	**263,225,190**

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

c) Xenmet SA, Vaduz is 25% owned by Saudi Trade and Export Development Company Limited (a subsidiary), which is 76% owned by the Parent Company, accordingly, it is classified as an associate and accounted for as such.

d) The Parent Company does not have any direct control over management and operations of Green Dome Holdings Limited (“Green Dome”) accordingly, it is classified as associate and accounted for as equity-accounted investee. During the year, upon capital call additional SR 6.3 million (2022: SR 3.4 million) were invested.

10. EQUITY-ACCOUNTED INVESTEE (continued)

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

Associates	International Water Distribution Company Limited SR	Saudi Water and Environmental Services Company SR	Al Jabr Talke Company Limited SR	Xenmet SA, Vaduz SR	Green Dome Holdings Limited SR	Total SR
31 December 2023						
Non-current assets	**339,939,731**	**--**	**59,830,558**	**6,020,419**	**116,206,537**	**521,997,245**
Current assets	**279,913,598**	**3,776,878**	**207,779,606**	**6,143,779**	**99,280,424**	**596,894,285**
Non-current liabilities	**(26,698,448)**	**--**	**(52,737,918)**	**--**	**(26,543,175)**	**(105,979,541)**
Current liabilities	**(315,775,825)**	**(83,829)**	**(39,210,055)**	**(1,950,788)**	**(43,313,146)**	**(400,333,643)**
Net assets (100%)	**277,379,056**	**3,693,049**	**175,662,191**	**10,213,410**	**145,630,640**	**612,578,346**
Revenue	**881,814,525**	**--**	**309,049,211**	**2,051,509**	**132,594,000**	**1,325,509,245**
Profit /(loss) for the year	**20,231,691**	**(2,889,695)**	**60,487,818**	**1,732,988**	**(8,820,000)**	**70,742,802**
Other comprehensive income	**(6,129,164)**	**--**	**212,458**	**--**	**--**	**(5,916,706)**
Total comprehensive income	**14,102,527**	**(2,889,695)**	**60,700,276**	**1,732,988**	**(8,820,000)**	**64,826,096**
Share of OCI	**(574,172)**	**--**	**70,812**	**--**	**--**	**(503,360)**
Share of profit / (loss)	**10,244,170**	**--**	**22,131,011**	**978,028**	**(2,849,400)**	**30,503,809**
Dividend received	**(7,000,000)**	**--**	**(16,613,179)**	**(1,406,250)**	**--**	**(25,019,429)**

10. EQUITY-ACCOUNTED INVESTEE (continued)

Associates	International Water Distribution Company Limited SR	Saudi Water and Environmental Services Company SR	Al Jabr Talke Company Limited SR	Xenmet SA, Vaduz SR	Green Dome Holdings Limited SR	Total SR
31 December 2022						
Non-current assets	287,186,959	3,031,671	45,630,564	6,276,206	110,907,233	453,032,633
Current assets	210,585,780	3,851,074	181,454,916	6,829,890	66,511,230	469,232,890
Non-current liabilities	(13,114,646)	--	(29,081,016)	--	(4,336,358)	(46,532,020)
Current liabilities	(201,215,146)	(300,000)	(40,026,193)	(752,336)	(61,272,990)	(303,566,665)
Net assets	283,442,947	6,582,745	157,978,271	12,353,760	111,809,115	572,166,838
Revenue	405,937,387	-	307,720,988	1,975,789	113,873,156	214,065,344
Profit for the year	22,320,185	(5,590,849)	60,491,216	3,573,439	(11,639,936)	69,154,055
Other comprehensive income	95,580,349	--	8,336,444	--	--	103,916,793
Total comprehensive income	117,900,534	(5,590,849)	68,827,660	3,573,439	(11,639,936)	173,070,848
Share of OCI	46,031,138	--	2,778,537	--	--	48,809,675
Share of profit / (loss)	11,291,666	(2,739,516)	20,036,029	893,360	1,349,503	30,831,042
Dividend received	(10,000,000)	--	(11,021,141)	--	--	(21,021,141)

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

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

	31 December 2023 SR	31 December 2022 SR
At the beginning of the year	**14,218,328**	14,909,532
Changes in fair value	**(2,631,856)**	(691,204)
At the end of the year	**11,586,472**	14,218,328

12. GOODWILL

The Group recorded a goodwill of SR 9.3 million on acquisition of Kindasa Water Services Company (Kindasa), a subsidiary of the Group. Subsequently, an impairment of SR 0.5 million was recorded in previous periods resulting in net carrying value of SR 8.8 million (2022: SR 8.8 million).

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

As at 31 December 2023, the carrying amount of goodwill was reviewed and no impairment was identified.

13. DERIVATIVE FINANCIAL INSTRUMENT

During the year ended 31 December 2018, RSGT entered into a Profit Rate Swap contract which matured 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 2023 SR	31 December 2022 SR
Notional amount	**--**	118,011,977
Positive / (negative) fair value	**--**	923,823

14. INVENTORIES

	31 December 2023 SR	31 December 2022 SR
Spare parts	**37,151,188**	37,854,670
Raw materials and chemicals	**47,989**	1,470,675
Fuel, oil and desalinated water	**136,425**	119,977
	37,335,602	39,445,322
Less: allowance for slow moving and obsolete inventories	**(15,286,810)**	(13,391,203)
	22,048,792	26,054,119

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

	31 December 2023 SR	31 December 2022 SR
At the beginning of the year	**13,391,203**	11,788,421
Charge for the year	**1,895,607**	1,602,782
At the end of the year	**15,286,810**	13,391,203

15. TRADE RECEIVABLES, PREPAYMENTS AND OTHER RECEIVABLES

	31 December 2023 SR	31 December 2022 SR
Trade receivables, net (note 39)	**124,157,411**	88,747,159
Prepayments and other receivables	**62,772,950**	49,116,728
Margin deposits (note 37)	**12,968,501**	6,952,551
Advances to suppliers	**14,373,640**	10,705,128
	214,272,502	155,521,566

16. CASH AND CASH EQUIVALENTS

	31 December 2023 SR	31 December 2022 SR
Cash on hand	**299,366**	462,738
Cash at banks	**520,738,301**	352,349,937
Murabaha deposits	**645,367,989**	435,059,388
	1,166,405,656	787,872,063
Less: Short-term Murabaha deposits with original maturities more than 90 days	**--**	(279,986,229)
	1,166,405,656	507,885,834

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

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

17. SHARE CAPITAL

	31 December 2023 SR	31 December 2022 SR
Ordinary share of Saudi Riyals 10 each *	**816,000,000**	816,000,000

As at 31 December 2023, the authorized and paid up capital of the Parent Company amounting to SR 816 million (2022: SR 816 million) is divided into 81.6 million shares of SR 10 each (31 December 2022: 81.6 million shares of SR 10 each).

(*) It includes treasury shares acquired during the year ended 31 December 2023.

17. SHARE CAPITAL (continued)

Dividends

On 18 Ramadan 1444H (corresponding to 9 April 2023), the Board of Directors of the Company approved dividend amounting to SR 32.64 million (SR 0.4 per share). Dividend was paid in full during the year ended 31 December 2023.

On 27 Muharram 1445H (corresponding to 24 August 2023), the Board of Directors of the Company approved dividend amounting to SR 32.64 million (SR 0.4 per share). Dividend was paid in full during the year ended 31 December 2023.

18. 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.

19. NON-CONTROLLING INTEREST

	31 December 2023 SR	31 December 2022 SR
Non -controlling interest	**805,862,437**	800,268,156

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

	31 December 2023 SR	31 December 2022 SR
Non-current assets	**3,623,866,490**	3,230,523,365
Current assets	**690,287,371**	345,454,521
Non-current liabilities	**2,542,396,449**	2,071,851,232
Current liabilities	**692,237,034**	457,955,059
Net assets – 100%	**1,079,520,378**	1,046,171,595
Carrying amount of NCI	**684,181,469**	660,642,462
Revenue	**1,395,745,950**	81,928,749
Profit for the year	**81,582,504**	16,007,276
Other Comprehensive Income ("OCI")	**(4,671,975)**	14,286,001
Total comprehensive income (100%)	**76,910,529**	30,293,277
Profit for the year allocated to NCI	**55,861,572**	10,713,243
Total comprehensive income allocated to NCI	**53,313,149**	20,039,292

20. OBLIGATION UNDER SERVICE CONCESSION AGREEMENT

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

	31 December 2023 SR	31 December 2022 SR
Balance at 31 December	**1,574,996,302**	1,556,348,408
Less: current portion	**(168,953,693)**	(164,607,341)
Non current portion	**1,406,042,609**	1,391,741,067

21. LONG-TERM LOANS

	31 December 2023 SR	31 December 2022 SR
Long-term loans	**1,343,613,540**	773,751,505
Less: current portion	**(145,169,030)**	(87,791,382)
Non-current portion	**1,198,444,510**	685,960,123

a) On 3 December 2007, RSGT (a subsidiary of the Company) entered into an Ijara arrangement with two local commercial banks to obtain a loan of SR 1,271 million. The Ijara facility was secured against the property and equipment / port concession rights of RSGT. The loan was repayable in semi-annual instalments ending in December 2023.The loan carried special commission rate of SIBOR plus an agreed margin (see note(c) below).

b) On 28 September 2016, RSGT entered into an Ijara arrangement with two local commercial banks to obtain a loan of SR 260 million for expansion of its existing berths. This facility was also secured against the port concession rights of RSGT (note 8.1). The loan was to be repaid in semi-annual 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 did not resulted in substantial 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-amortized balance of the modification gain as at 31 December 2023 is of SR 14.09 million (2022: SR 18.12 million) which will be amortized over the remaining period of the Ijara facility, using effective interest rate.

21. LONG-TERM LOANS (continued)

d) Unamortized portion of the advance rentals and other fees paid to the banks, are amortized over the remaining period of the Ijara facility, using effective interest rate approach.

e) During the year ended 31 December 2020, RSGT obtained a facility with sanctioned limit of SR 750 million towards its consolidation and expansion works which was fully drawn as of the date of the consolidated statement of financial position. RSGT pays an agreed commitment fee on the undrawn balance and an agreed profit payable at SIBOR plus a margin on the drawn balance. The commitment fee paid has been deferred and amortised as part of effective interest rate. The loan will be repaid in quarterly instalments starting from 2023 and ending in 2033. The loan is secured against assets relating to the consolidation and expansion works.

	31 December 2023 SR	31 December 2022 SR
RSGT		
Long-term loans	**1,240,655,288**	735,206,352
Less: current portion (note below)	**(140,437,002)**	(85,312,559)
Non-current portion	**1,100,218,286**	649,893,793

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 2023, Kindasa has drawn down SR 8.5 million (2022: SR 8.5 million) out of total facility of SR 24 million and was fully repaid during the year.

	31 December 2023 SR	31 December 2022 SR
Kindasa		
Long-term loan	**--**	1,328,528
Less: current portion	**--**	(1,328,528)
Long-term portion	**--**	--

21. LONG-TERM LOANS (continued)

g) During 2022, Tusdeer (a subsidiary of the Company) obtained a long-term loan facility with sanctioned limit of SR 290 million from a commercial bank towards the construction of new warehouse, out of which SR 107.6 million was drawn as of the date of the consolidated statement of financial position. The loan carries commission at commercial rates (SIBOR plus an agreed margin) and is repayable in quarterly instalments commencing 9 months after the first drawdown.

	31 December 2023 SR	31 December 2022 SR
Tusdeer		
Long-term loan	**102,958,252**	37,216,625
Less: current portion	**(13,461,285)**	(1,150,295)
Long-term portion	**89,496,967**	36,066,330

h) All the above loans carry certain financial covenants, which had been complied with as of the reporting date.

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

22. 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 2023 SR	31 December 2022 SR
At the beginning of the year	**42,468,127**	52,754,723
Included in statement of profit or loss		
Current service cost	**6,106,350**	8,475,934
Interest cost	**2,443,535**	1,438,752
	8,549,885	9,914,686
Included in statement of other comprehensive income		
Actuarial loss / (gain)	**5,881,844**	(11,904,840)
Benefits paid	**(7,471,592)**	(8,296,442)
At the end of the year	**49,428,264**	42,468,127

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.

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

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

	31 December 2023	31 December 2022
Discount rate	**5.00%**	5.45%
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 11.875 years (2022: 11.632 years).

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

	31 December 2023 SR	31 December 2022 SR
Increase in discount rate	**(5,855,808)**	(4,939,892)
Decrease in discount rate	**5,855,808**	4,939,893
Increase in salary growth	**8,030,397**	6,851,733
Decrease in salary growth	**(6,698,042)**	(5,715,640)

23. LONG-TERM PROVISIONS

	31 December 2023 SR	31 December 2022 SR
Provision for dismantling cost (note a)	**1,940,035**	1,940,035
Others	**108,160**	120,413
	2,048,195	2,060,448

a) Provision for dismantling cost

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

24. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

Leases as a lessee

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

	31 December 2023 SR	31 December 2022 SR
Cost:		
At the beginning of the year	**57,598,172**	110,682,500
Additions during the year	**8,767,856**	14,366,827
Transfer to investment properties (note 9)	**--**	(63,851,155)
Lease contract terminated during the year	**--**	(3,600,000)
	66,366,028	57,598,172
Depreciation:		
At the beginning of the year	**(12,101,616)**	(20,550,263)
Depreciation for the year	**(5,626,753)**	(5,790,743)
Transfer to investment properties (note 9)	**--**	11,839,390
Relating to terminated contract	**--**	2,400,000
Accumulated depreciation	**(17,728,369)**	(12,101,616)
Net value at end of the year	**48,637,659**	45,496,556

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

	31 December 2023 SR	31 December 2022 SR
At the beginning of the year:	**105,278,187**	97,535,689
Addition during the year	**8,767,856**	14,366,827
Interest charge for the year	**3,409,285**	2,503,052
Interest cost capatlised (capitalized in work in progress assets) (note 7)	**2,522,776**	2,743,221
Payment of lease liabilities during the year	**(11,654,560)**	(11,870,602)
At the end of the year	**108,323,544**	105,278,187
Current lease liability	**12,872,045**	11,192,159
Non-current lease liability	**95,451,499**	94,086,028
	108,323,544	105,278,187

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

The following are the amounts recognized in profit or loss:

	31 December 2023 SR	31 December 2022 SR
Depreciation on right-of-use assets	**5,626,753**	5,790,743
Interest charge on lease liabilities	**3,409,285**	2,503,052
Total amount recognized in profit or loss	**9,036,038**	8,293,795

Leases as a lessor

Operating lease

The Group leases out its investment properties. The Group has classified these leases as operating leases, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets.

Rental income recognised by the Group during 2023 was SR 61.1 million (2022: SR 46.4 million) (note 26).

25. TRADE PAYABLES, ACCRUED AND OTHER CURRENT LIABILITIES

	31 December 2023 SR	31 December 2022 SR
Accrued liabilities	**198,223,155**	136,331,482
Unearned revenue (note 25.1)	**2,163,305**	2,465,976
Trade payables	**125,964,968**	54,335,315
Advances from customers	**501,550**	381,550
Retention money payable	**20,534,578**	5,495,637
Payable to Jeddah Islamic Port Authority	**27,439,363**	30,570,541
Other payables	**50,821,925**	18,775,232
	425,648,844	248,355,733

25.1 Unearned revenue mainly relates to rent received in advance for which revenue is recognized over time. All of the unearned rent as at 31 December 2022 was recognized as revenue during the year ended 31 December 2023.

26. REVENUE FROM SALE OF GOODS AND SERVICES

	31 December 2023 SR	31 December 2022 SR
Revenue from contract with customers		
Revenue from shipping and unloading services	**844,758,423**	673,936,173
Revenue from Sale of potable water	**92,746,720**	87,444,851
Revenue from support services	**53,821,869**	47,055,034
	991,327,012	808,436,058
Other revenue		
Revenue from rentals services (note 24)	**61,114,581**	46,408,370
	1,052,441,593	854,844,428

	31 December 2023 SR	31 December 2022 SR
Timing of revenue recognition		
Revenue at a point in time	**991,327,012**	808,436,058
Revenue over time	**61,114,581**	46,408,370
	1,052,441,593	854,844,428

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

27. CONSTRUCTION REVENUE AND CONSTRUCTION COST

	31 December 2023 SR	31 December 2022 SR
Construction revenue	**550,987,528**	138,992,575
Cost of construction	**(550,987,528)**	(138,992,575)

In accordance with IFRIC 12 “Service Concession Agreements”, the Group has recorded construction revenue of SR 550.9 million (2022: SR 138.9 million) on construction of a container terminal during the year ended 31 December 2023. The construction revenue represents the fair value of the construction services provided in developing the container terminal and is recognised over time. No margin has been recognized, as in management’s opinion the fair value of the construction services provided approximates to the construction cost.

28. DIRECT COSTS

	31 December 2023 SR	31 December 2022 SR
Cost of shipping and unloading services	**407,682,931**	331,928,555
Cost of sale of potable water	**47,933,877**	54,667,655
Cost of rentals and support services	**58,690,402**	52,097,773
	514,307,210	438,693,983

29. SELLING AND DISTRIBUTION EXPENSES

	31 December 2023 SR	31 December 2022 SR
Salaries, wages and benefits	**6,534,002**	5,307,877
Depreciation (note 6 (iv))	**1,499,914**	3,772,778
Advertising and marketing	**1,055,796**	1,019,942
Right-of-use assets depreciation	**1,232,622**	852,172
Utilities and telecommunication	**564,068**	666,063
Amortisation (note 8.3)	**6,854**	20,913
Others	**18,642**	1,146,838
	10,911,898	12,786,583

30. GENERAL AND ADMINISTRATIVE EXPENSES

	31 December 2023 SR	31 December 2022 SR
Salaries, wages and benefits	**120,477,103**	102,931,122
Legal and professional fees	**22,552,173**	14,000,371
Utilities, telecommunication and office supplies	**10,448,061**	9,478,380
Depreciation (note 6 (iv))	**8,880,695**	6,206,238
Advertising and marketing	**7,365,482**	7,332,776
Travelling	**4,238,669**	3,935,263
Amortisation of intangibles (note 8.3)	**1,468,048**	1,618,120
Insurance	**1,071,296**	936,355
Others	**27,485,344**	24,228,488
	203,986,871	170,667,113

31. FINANCE INCOME

	31 December 2023 SR	31 December 2022 SR
Income from Murabaha deposits	**25,867,549**	12,337,816

32. FINANCE COST

	31 December 2023 SR	31 December 2022 SR
Financial charges on loans and bank facilities including amortisation of advance rentals	**67,336,140**	42,452,496
Finance charges on obligation under service concession arrangement	**170,825,076**	168,396,071
Financial charges on lease liabilities	**3,409,285**	2,503,052
Other financial charges	**2,233,390**	227,925
	243,803,891	213,579,543

33. OTHER INCOME

	31 December 2023 SR	31 December 2022 SR
Reversal of provisions no longer required	**3,514,495**	6,445,779
Gain /(loss) on disposal of property, plant and equipment	**64,834**	(80,436)
Management services fees and others (note (i) as below)	**20,171,761**	7,736,456
	23,751,090	14,101,799

(i) This includes SR 13.2 million of income recorded from provision of skilled manpower and human resource services relating to ongoing Neom Project and Land Sliding Project.

34. ZAKAT AND INCOME TAX CHARGE, NET

Zakat and income tax charge for the year comprise of:

	31 December 2023 SR	31 December 2022 SR
Zakat charge for the year related to Saudi partners (note 34.1)	**15,317,221**	12,783,049
Income tax charge for the year related to non-Saudi shareholders (note 34.3)	**11,288,924**	5,380,283
	26,606,145	18,163,332

34.1 Movement in provision for Zakat is as follows:

	31 December 2023 SR	31 December 2022 SR
At the beginning of the year	**13,315,613**	13,788,633
Charge for the year	**15,317,221**	12,783,049
Amounts paid during the year	**(12,696,002)**	(13,256,069)
At the end of the year	**15,936,832**	13,315,613

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

	31 December 2023 SR	31 December 2022 SR
At the beginning of the year	**562,992**	4,833,542
Charge relating to current year	**11,597,752**	6,601,069
Paid during the year	**(5,741,129)**	(10,871,619)
At the end of the year	**6,419,615**	562,992

34.3 Major components of income tax are as follows:

	31 December 2023 SR	31 December 2022 SR
Current income tax (see note 34.2)	**11,597,752**	6,601,069
Deferred income tax (see note 34.4)	**(308,828)**	(1,220,786)
	11,288,924	5,380,283

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

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%.

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

	31 December 2023 SR	31 December 2022 SR
At the beginning of the year	**5,748,284**	4,527,498
Deferred tax credit during the year charged to profit or loss	**308,828**	1,220,786
At the end of the year	**6,057,112**	5,748,284

34.5 Zakat assessments status

Parent Company
During the year ended 31 December 2021, ZATCA has raised the assessments for the years 2019 and 2020 with additional liability of SR 2.65 million. The Parent Company has filed an appeal with ZATCA in respect of these assessments and settled SR 0.66 million representing 25% of the assessed amount pursuant to the requirement under the New Zakat Regulation. Subsequent to filing of appeal, the ZATCA has issued its revised assessments with a reduced Zakat liability of SR 0.019 million which has accepted under protest. The Parent Company has received, during the first quarter of 2022, a refund from ZATCA for the additional Zakat paid of SR 0.64 million representing the difference between the accepted Zakat liability and 25% of previously assessed Zakat upon filing the appeal. The Parent Company has filed its Zakat returns up to the year 2022 and ZATCA is yet to raise assessment for year 2021 and 2022. The Company has filed the Zakat returns up to 2022 and obtained the Zakat certificate valid until 30 April 2024.

Subsidiaries
Red Sea Gateway Terminal Company Limited and Red Sea Ports Development Company ("the Subsidiaries")
RSGT has finalized its Zakat and income tax assessments with ZATCA up to 2013 and has filed its Zakat and income tax returns up to the year 2022. Tax / Zakat assessment for the year 2014 is considered as finalized under statute of limitation. During the year ended 31 December 2023, RSGT received assessments for the years 2015, 2016, 2017 and 2018 which was accepted and settled under protest. Up to the date of this financial statements, ZATCA is yet to raise the assessment for the years from 2019 through 2022.

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

Saudi Trade and Export Development Company Limited ("the Subsidiary")
The Company has finalized its Zakat assessments with ZATCA up to 2016 and has filed its Zakat returns up to 2021. ZATCA is yet to raise the assessment for the years from 2017 to 2022.

34. ZAKAT AND INCOME TAX, NET (continued)

34.5 Zakat assessments status (continued)

Subsidiaries (continued)

Support Services Operation Company Limited ("the Subsidiary")
The Company has finalized its Zakat assessment with ZATCA for the years from 2007 up to 2008 and 2016 up to 2018. During the 3rd quarter of 2022, ISNAD received the final assessment for year 2020 with additional Zakat liability of SR 2,243 which the Company accepted and settled under protest. ISNAD has filed its Zakat returns up to 2021. ZATCA has not raised the assessment for the years from 2009 up to 2015 and is yet to raise the assessments for years 2019 and 2022.

Kindasa Water Service Company ("the Subsidiary")
The Subsidiary has finalized its Zakat assessments with ZATCA up to 2016 and has filed its Zakat returns up to 2021. Up to the date of these consolidated financial statements, ZATCA is yet to raise the assessment for the years from 2016 to 2022.

35. 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 2023 SR	31 December 2022 SR
Profit for the year attributable to ordinary shareholders of the Parent Company	**71,203,083**	36,729,508
Weighted average number of ordinary shares in issue	**81,558,552**	81,600,000
Basic and diluted earnings per share	**0.87**	0.45

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

36. RELATED PARTY TRANSACTIONS AND BALANCES

Related parties represent the shareholders, directors and key management personnel of the Company, associates of the Group, and other entities (Affiliates) 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 2023 SR	31 December 2022 SR	**31 December 2023 SR**	31 December 2022 SR
International Water Distribution Company	Associate	Sales of goods and services	**70,446,445**	66,676,906	**12,489,007**	12,111,059
		Services rendered to associate	**--**	759,000		
		Expenses incurred by associate on behalf of the Group	**--**	(35,801)		
		Expenses incurred by Group on behalf of the associate	**68,206**	89,695		
		Dividend received from associate	**7,000,000**	10,000,000		
Arabian Bulk Trade Limited	Affiliate	Sales of goods and services	**--**	13,824	**--**	1,150
Al Jabr Talke Company Limited	Associate	Services rendered to associate	**569,581**	138,000	**--**	54,278
		Dividend received from associate	**16,613,179**	11,021,141		
		Expenses cross charged by Group to associate	**54,180**	479,650		
Saudi Water and Environmental Services Company Limited	Associate	Sales of goods and services	**--**	67,778	**--**	--

36. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

Due from related parties (continued)

Related party	***Relationship***	***Description***	***Amount of transaction***		***Balance as at***	
			31 December 2023 SR	31 December 2022 SR	**31 December 2023 SR**	31 December 2022 SR
Xenel Industries Limited	Shareholder	Expenses incurred by the Group on behalf of the Shareholder	**262,133**	346,273		
		Dividend received from associate	**1,406,250**	--		
		Expenses incurred by the shareholder on behalf of the Group	**(92)**	(147,008)	**461,382**	199,341
Al-Karam Al-Arabi Catering	Affiliate	Purchase of goods and services	**(20,037,835)**	(19,001,531)	**--**	--
Total					**12,950,389**	12,365,829

36. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

(b) **Short term loan due to related parties**

	31 December 2023 SR	31 December 2022 SR
Short term loan due to related parties (note (i) below)	**148,843,578**	--

(i) This represent loan obtained from Non-Controlling Interests which is convertible to equity shares in RSPDI, a subsidiary.

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

	31 December 2023 SR	31 December 2022 SR
Short term employee benefits	**12,010,260**	14,409,270
Post-employment benefits	**623,061**	779,988
	12,633,321	15,189,258

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

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

	31 December 2023 SR	31 December 2022 SR
Meeting attendance fees	**1,185,000**	780,000
Other short-term remuneration	**6,090,500**	7,097,500
	7,275,500	7,877,500

37. COMMITMENTS AND CONTINGENCIES

Contingencies relating to Zakat and income tax are disclosed in note 34.

At 31 December 2023, the Group's bankers have issued letters of guarantee amounting to SR 128.9 million (31 December 2022: SR 128.9 million) against which cash margin of SR 12.9 million (31 December 2022: SR 6.9 million) was deposited.

As at 31 December 2023, the Group has commitments for capital work in progress amounting to SR 27.4 million (31 December 2022: SR 551.6 million) mainly relating to new logistic hub and park construction project and new desalination plant construction and development project.

38. 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. All revenue are generated within Kingdom of Saudi Arabia.

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

38. BUSINESS SEGMENTS (continued)

31 December 2022	Reportable segments: *Port development and operations (SR'000)*	*Logistic parks and support services (SR'000)*	*Water desalination and distribution (SR'000)*	*Total (SR'000)*	*Unallocated (SR'000)*	*Total (SR'000)*
External revenue						
Point in time	673,936	80,225	88,717	842,878	-	842,878
Over period of time	138,993	54,755	-	193,748	-	193,748
Total external revenue	812,929	134,980	88,717	1,036,626	-	1,036,626
Inter-segment revenue	-	(41,517)	(1,272)	(42,789)	-	(42,789)
Segment revenue	812,929	93,463	87,445	993,837	-	993,837
Cost of revenue	472,193	91,329	54,668	618,190	-	618,190
Inter-segment cost of revenue	(1,272)	(39,231)	-	(40,504)	-	(40,504)
Segment cost	470,921	52,098	54,668	577,687	-	577,687
Segment gross profit	342,008	41,366	32,777	416,150	-	416,150
Finance cost	211,006	2,154	419	213,580	-	213,580
Depreciation and amortisation	139,383	16,922	15,651	171,956	-	171,956
Profit attributable to:						
Shareholders of the Parent Company	9,093	14,369	7,055	30,518	6,212	36,730
Non-controlling interests	10,713	3,968	4,118	18,799	-	18,799
Segment assets	3,552,415	549,670	164,941	4,267,026	791,305	5,058,331
Segment liabilities	2,525,257	164,106	35,831	2,725,194	16,947	2,742,141
Net assets	1,027,158	385,564	129,110	1,541,832	774,358	2,316,190

39. 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.

39. FINANCIAL RISK MANAGEMENT (continued)

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

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

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

Increase / decrease in variable rate by 1% with all other variables held constant, the impact on the equity and profit before zakat and income tax for the year would have been SR 13.4 million (31 December 2022: SR 7.7 million).

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

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

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

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

39. FINANCIAL RISK MANAGEMENT (continued)

Credit risk (continued)

	31 December 2023 SR	31 December 2022 SR
Financial assets		
Trade receivables	**146,081,898**	107,405,865
Due from related parties	**12,950,389**	12,365,829
Margin deposits	**12,968,501**	6,952,551
Cash at banks including term deposits	**1,166,405,656**	787,409,325
	1,338,406,444	914,133,570

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. As at 31 December 2023, 6 largest customers (31 December 2022: 6 largest customers) account for approximately 81% (31 December 2022: 85%) 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 2023					
	Current SR	**<90 days SR**	**90–180 days SR**	**181–365 days SR**	**>1 year SR**	**Total SR**
Exposure at default	**54,823,369**	**55,503,846**	**10,260,724**	**2,356,436**	**23,137,523**	**146,081,898**
% of expected credit loss	**0.41%**	**0.94%**	**10.77%**	**27.73%**	**83.93%**	**15.01%**
Expected credit loss	**224,329**	**521,558**	**1,104,946**	**653,322**	**19,420,332**	**21,924,487**
	54,599,040	**54,982,288**	**9,155,778**	**1,703,114**	**3,717,191**	**124,157,411**

	31 December 2022					
	Current SR	<90 days SR	90–180 days SR	181–365 days SR	>1 year SR	Total SR
Exposure at default	60,947,443	21,363,394	1,898,835	3,874,564	19,321,628	107,405,865
% of expected credit loss	1%	3%	16%	22%	85%	17%
Expected credit loss	586,869	549,322	311,402	865,351	16,345,762	18,658,706
	60,360,574	20,814,072	1,587,433	3,009,213	2,975,866	88,747,159

39. FINANCIAL RISK MANAGEMENT (continued)

Credit risk (continued)

Movement of impairment allowance against trade receivables is as follows:

	31 December 2023 SR	31 December 2022 SR
At the beginning of the year	**18,658,706**	16,494,047
Charge during the year	**3,872,533**	2,695,907
Written off during the year	**(606,752)**	(531,248)
At the end of the year	**21,924,487**	18,658,706

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

39. FINANCIAL RISK MANAGEMENT (continued)

***Liquidity risk* (continued)**

31 December 2022	Within 1 year SR	1 to 5 Years SR	More than 5 years SR	Total SR
Bank borrowings	91,497,144	418,986,911	318,906,110	829,390,165
Obligation under service concession arrangement	164,607,341	642,307,878	4,826,580,830	5,633,496,049
Trade payables, accrued and other liabilities	245,508,207	--	--	245,508,207
Lease liabilities	8,037,799	29,191,196	137,366,455	174,595,450
	509,650,491	1,090,485,985	5,282,853,395	6,882,989,871

40. 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.

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

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

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

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

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

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 2023	**Carrying value SR**	**Level 3 SR**
FINANCIAL ASSETS		
Amortised cost		
Trade receivables	**124,157,411**	
Due from related parties	**12,950,389**	
Cash and cash equivalents	**1,166,405,656**	
Financial assets at fair value through other comprehensive income (FVOCI)		
- Investment in equity securities	**11,586,472**	**11,586,472**
	1,315,099,928	**11,586,472**
FINANCIAL LIABILITIES		
Long term loans	**1,343,613,540**	
Obligation under service concession arrangements	**1,574,996,302**	
Short term loans due to related parties	**148,843,578**	
Lease liabilities	**108,323,544**	
Trade payables and other liabilities	**425,648,844**	
	3,601,425,808	**--**

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

31 December 2022	Carrying value SR	Level 3 SR
FINANCIAL ASSETS		
Amortised cost		
Trade receivables	88,747,159	
Due from related parties	12,365,829	
Derivative financial instrument	923,823	923,823
Cash and cash equivalents	787,872,063	
Financial assets at fair value through other comprehensive income (FVOCI)		
- Investment in equity securities	14,218,328	14,218,328
	904,127,202	15,142,151
FINANCIAL LIABILITIES		
Long term loans	773,751,505	
Obligation under service concession arrangements	1,556,348,408	
Lease liabilities	105,278,187	
Trade payables and other liabilities	245,958,207	
	2,576,058,120	--

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

41. 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 2023 SR	31 December 2022 SR
Total liabilities	**3,675,258,714**	2,742,141,013
Less: Cash and cash equivalents	**(1,166,405,656)**	(787,872,063)
Net debt	**2,508,853,058**	1,954,268,950
Equity	**2,314,722,581**	2,316,189,889
Total capital	**4,823,575,639**	4,270,458,839
Gearing ratio	**52%**	46%

42. SUBSEQUENT EVENT

In the opinion of the management, there have been no significant subsequent events since the year-end that require disclosure or adjustment in these consolidated financial statements.

43. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

These consolidated financial statements were approved and authorised to issue by the Board of Directors on 11 March 2024, corresponding to 1 Ramadan 1445 AH.