

SAUDI INDUSTRIAL SERVICES COMPANY
(A Saudi Joint Stock Company)

**CONDENSED CONSOLIDATED INTERIM
FINANCIAL STATEMENTS (UNAUDITED)**
For the three-month and nine-month periods ended
30 September 2022
together with the
Independent Auditors' Review Report

SAUDI INDUSTRIAL SERVICES COMPANY
(A Saudi Joint Stock Company)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
For the three-month and nine-month periods ended 30 September 2022

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KPMG Professional Services

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Prince Sultan Street
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Kingdom of Saudi Arabia
Commercial Registration No 4030290792

Headquarters in Riyadh

كي بي إم جي للاستشارات المهنية

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

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

To the Shareholders of Saudi Industrial Services Company

Introduction

We have reviewed the accompanying 30 September 2022 condensed consolidated interim financial statements of Saudi Industrial Services Company ("the Company") and its subsidiaries ("the Group"), which comprises:

- the condensed consolidated statement of profit or loss for the three-month and nine-month periods ended 30 September 2022;
- the condensed consolidated statement of comprehensive income for the three-month and nine-month periods ended 30 September 2022;
- the condensed consolidated statement of financial position as at 30 September 2022;
- the condensed consolidated statement of changes in equity for the nine-month period ended 30 September 2022;
- the condensed consolidated statement of cash flows for the nine-month period ended 30 September 2022; and
- the notes to the condensed consolidated interim financial statements.

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

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' that is endorsed in the Kingdom of Saudi Arabia. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

KPMG Professional Services, a professional closed joint stock company registered in the Kingdom of Saudi Arabia. With the paid-up capital of (25,000,000) SAR. (Previously known as "KPMG Al Fozan & Partners Certified Public Accountants") A non-partner member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

كي بي إم جي للاستشارات المهنية شركة مهنية مساهمة مغلقة، مسجلة في المملكة العربية السعودية، رأس ماله (25,000,000) ريال سعودي مدفوع بالكامل، المسماة سابقاً "شركة كي بي إم جي الفوزان وشركاه محاسبون ومراجعون قانونيون". و هي عضو غير شريك في الشبكة العالمية لشركات كي بي إم جي المستقلة والتابعة لـ كي بي إم جي العالمية المحدودة، شركة انجليزية محدودة بضمان. جميع الحقوق محفوظة

Commercial Registration of the headquarters in Riyadh is 1010425494.

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

To the Shareholders of Saudi Industrial Services Company (continued)

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 30 September 2022 condensed consolidated interim financial statements of Saudi Industrial Services Company and its subsidiaries are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia.

KPMG Professional Services



Ebrahim Oboud Baeshen
License No. 382



Jeddah, 7 November 2022
Corresponding to 13 Rabi Al-Thani 1444H

SAUDI INDUSTRIAL SERVICES COMPANY

(A Saudi Joint Stock Company)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS (UNAUDITED)

For the three-month and nine-month periods ended 30 September 2022

	<i>Note</i>	<i>For the three- month period ended 30 September 2022 SR</i>	<i>For the three- month period ended 30 September 2021 SR</i>	<i>For the nine- month period ended 30 September 2022 SR</i>	<i>For the nine- month period ended 30 September 2021 SR</i>
Revenue from contracts with customers					
Revenue from sale of goods and services	5	214,674,253	217,940,908	623,990,538	716,079,265
Construction revenue		46,349,594	5,329,460	93,015,545	17,637,092
TOTAL REVENUES		261,023,847	223,270,368	717,006,083	733,716,357
Direct costs					
Cost of construction		(108,863,605)	(120,921,767)	(328,281,112)	(360,616,416)
		(46,349,594)	(5,329,460)	(93,015,545)	(17,637,092)
COST OF REVENUE		(155,213,199)	(126,251,227)	(421,296,657)	(378,253,508)
GROSS PROFIT		105,810,648	97,019,141	295,709,426	355,462,849
OPERATING EXPENSES					
General and administration expenses		(42,882,773)	(38,550,145)	(125,962,648)	(110,089,321)
Selling and distribution expenses		(2,483,977)	(4,354,819)	(10,140,936)	(12,926,554)
TOTAL OPERATING EXPENSES		(45,366,750)	(42,904,964)	(136,103,584)	(123,015,875)
PROFIT FROM OPERATIONS		60,443,898	54,114,177	159,605,842	232,446,974
Finance income		4,368,157	--	8,011,709	--
Finance cost		(53,437,415)	(50,738,276)	(157,434,235)	(152,925,565)
Other income, net		962,274	4,064,655	4,821,921	11,949,888
Share of profit of equity accounted investees, net	11	8,178,173	7,578,508	22,973,501	19,423,291
PROFIT BEFORE ZAKAT AND INCOME TAX		20,515,087	15,019,064	37,978,738	110,894,588
Zakat and Income Tax	17	(2,529,216)	(7,644,279)	(14,111,116)	(16,819,811)
PROFIT FOR THE PERIOD		17,985,871	7,374,785	23,867,622	94,074,777
Profit attributable to:					
Shareholders of the Parent Company		14,378,355	3,983,625	18,289,638	58,731,380
Non-controlling interests		3,607,516	3,391,160	5,577,984	35,343,397
		17,985,871	7,374,785	23,867,622	94,074,777
Earnings per share:					
Basic and diluted earnings per share from profit for the period attributable to the shareholders of the Parent Company	6	0.18	0.05	0.22	0.72

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

SAUDI INDUSTRIAL SERVICES COMPANY
(A Saudi Joint Stock Company)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(UNAUDITED)

For the three-month and nine-month periods ended 30 September 2022

	<i>For the three- month period ended 30 September 2022 SR</i>	<i>For the three- month period ended 30 September 2021 SR</i>	<i>For the nine- month period ended 30 September 2022 SR</i>	<i>For the nine- month period ended 30 September 2021 SR</i>
Profit for the period	17,985,871	7,374,785	23,867,622	94,074,777
OTHER COMPREHENSIVE INCOME				
<i>Items that will not be reclassified to profit or loss</i>				
Change in fair value of financial assets at fair value through other comprehensive income ("FVOCI")	(691,204)	-	(691,204)	(63,182)
<i>Items that are or may be reclassified subsequently to profit or loss</i>				
Cash flow hedges – effective portion of changes in fair value	317,218	(2,780,745)	6,176,792	1,220,845
OTHER COMPREHENSIVE (LOSS) / INCOME FOR THE PERIOD	(373,986)	(2,780,745)	5,485,588	1,157,663
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	17,611,885	4,594,040	29,353,210	95,232,440
Total Comprehensive income attributable to:				
Shareholders of the Parent Company	13,802,492	3,859,110	19,844,316	60,968,647
Non-controlling interests	3,809,393	734,930	9,508,894	34,263,793
	17,611,885	4,594,040	29,353,210	95,232,440

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

SAUDI INDUSTRIAL SERVICES COMPANY
(A Saudi Joint Stock Company)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2022

		<i>30 September 2022 Unaudited SR</i>	<i>31 December 2021 Audited SR</i>
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	7	231,006,184	245,349,674
Work in progress assets	9	267,423,254	181,715,298
Intangible assets	8	3,032,604,249	3,052,852,881
Goodwill	10	8,776,760	8,776,760
Right-of-use assets	13	98,425,559	90,132,237
Investment properties		116,128,654	118,041,994
Equity-accounted investees	11	207,188,662	188,020,461
Financial assets at fair value through other comprehensive income (FVOCI)	12	14,218,328	14,909,532
Derivative financial instrument		514,431	-
Deferred tax assets		4,527,498	4,527,498
TOTAL NON-CURRENT ASSETS		3,980,813,579	3,904,326,335
CURRENT ASSETS			
Inventories		30,128,337	25,934,997
Trade receivables, prepayments and other receivables		184,424,842	161,793,623
Due from related parties	18	13,281,214	10,622,322
Short-term deposits	14.3	477,711,098	--
Cash and cash equivalents	14	179,133,876	892,374,091
TOTAL CURRENT ASSETS		884,679,367	1,090,725,033
TOTAL ASSETS		4,865,492,946	4,995,051,368
EQUITY AND LIABILITIES			
EQUITY			
Share capital	15	816,000,000	816,000,000
Share premium		36,409,063	36,409,063
Statutory reserve		96,111,908	96,111,908
Other components of equity		336,547,576	334,992,898
Retained earnings		155,509,898	202,500,260
Equity attributable to the shareholders of the Parent		1,440,578,445	1,486,014,129
Non-controlling interests		789,112,273	810,372,371
TOTAL EQUITY		2,229,690,718	2,296,386,500
NON-CURRENT LIABILITIES			
Obligation under service concession arrangement	8.3	1,381,835,609	1,369,299,805
Long-term loans and bank facilities	16	591,163,454	648,146,865
Employees' end of service benefits		57,453,855	52,754,723
Long-term provisions	17	2,073,620	2,034,027
Derivative financial instrument	16	--	5,662,361
Lease liabilities – non-current portion	13	94,930,355	88,796,113
TOTAL NON-CURRENT LIABILITIES		2,127,456,893	2,166,693,894
CURRENT LIABILITIES			
Current portion of obligation under service concession arrangement	8.3	162,092,600	169,027,713
Current portion of long-term loans and bank facilities	16	79,274,036	73,210,529
Trade payables, accrued and other current liabilities		243,858,018	260,768,053
Zakat and Income Tax payable		10,574,522	18,622,175
Current portion of lease liabilities	13	11,192,159	8,739,576
Due to a related party	18	1,354,000	1,602,928
TOTAL CURRENT LIABILITIES		508,345,335	531,970,974
TOTAL LIABILITIES		2,635,802,228	2,698,664,868
TOTAL EQUITY AND LIABILITIES		4,865,492,946	4,995,051,368

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

SAUDI INDUSTRIAL SERVICES COMPANY
(A Saudi Joint Stock Company)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine-month period ended 30 September 2022

	Equity attributable to the shareholders of the Parent Company										
	<i>Other components of equity</i>										<i>Total equity</i> SR
	<i>Share capital</i>	<i>Share premium</i>	<i>Statutory reserve</i>	<i>Effect of changes in shareholding percentage in subsidiaries</i>	<i>Actuarial valuation reserves</i>	<i>Cash flow hedging reserve</i>	<i>Unrealized gain on FVOCI investments</i>	<i>Retained earnings</i>	<i>Total</i>	<i>Non-controlling interests</i>	
SR	SR	SR	SR	SR	SR	SR	SR	SR	SR		
Balance at 1 January 2022 (audited)	816,000,000	36,409,063	96,111,908	343,683,752	(11,971,402)	(2,058,834)	5,339,382	202,500,260	1,486,014,129	810,372,371	2,296,386,500
Profit for the period	--	--	--	--	--	--	--	18,289,638	18,289,638	5,577,984	23,867,622
Other comprehensive income	--	--	--	--	--	2,245,882	(691,204)	--	1,554,678	3,930,910	5,485,588
Total comprehensive income	--	--	--	--	--	2,245,882	(691,204)	18,289,638	19,844,316	9,508,894	29,353,210
Dividends paid	--	--	--	--	--	--	--	(65,280,000)	(65,280,000)	(30,640,524)	(95,920,524)
Net movement in non-controlling interest	--	--	--	--	--	--	--	--	--	(128,468)	(128,468)
Balance at 30 September 2022 (unaudited)	816,000,000	36,409,063	96,111,908	343,683,752	(11,971,402)	187,048	4,648,178	155,509,898	1,440,578,445	789,112,273	2,229,690,718

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

SAUDI INDUSTRIAL SERVICES COMPANY
(A Saudi Joint Stock Company)

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

For the nine-month period ended 30 September 2022

	Equity attributable to the shareholders of the Parent Company											
				<i>Other components of equity</i>					Retained earnings	Total	Non-controlling interests	Total equity
	Share capital	Share premium	Statutory reserve	Effect of changes in ownership interest in subsidiaries	Actuarial valuation reserves	Cash flow hedging reserve	Unrealized gain on FVOCI investments					
SR	SR	SR	SR	SR	SR	SR	SR	SR	SR	SR	SR	
Balance at 1 January 2021 (audited)	816,000,000	36,409,063	90,324,076	1,133,474	(14,496,871)	(8,520,703)	5,402,564	248,329,774	1,174,581,377	534,995,715	1,709,577,092	
Profit for the period	--	--	--	--	--	--	--	58,731,380	58,731,380	35,343,397	94,074,777	
Other comprehensive income/(loss)	--	--	--	--	--	2,300,449	(63,182)	--	2,237,267	(1,079,604)	1,157,663	
Total comprehensive income	--	--	--	--	--	2,300,449	(63,182)	58,731,380	60,968,647	34,263,793	95,232,440	
Dividends paid	--	--	--	--	--	--	--	(65,280,000)	(65,280,000)	(52,727,201)	(118,007,201)	
Changes in ownership interests – sale of equity interest to Non-controlling interest	--	--	--	342,550,278	2,799,391	2,438,296	--	--	347,787,965	300,568,931	648,356,896	
Net movement in non-controlling interest	--	--	--	--	--	--	--	--	--	1,690,248	1,690,248	
Balance at 30 September 2021 (unaudited)	816,000,000	36,409,063	90,324,076	343,683,752	(11,697,480)	(3,781,958)	5,339,382	241,781,154	1,518,057,989	818,791,486	2,336,849,475	

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

SAUDI INDUSTRIAL SERVICES COMPANY
(A Saudi Joint Stock Company)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

For nine-month period ended 30 September 2022

	<i>Note</i>	<i>For the nine month period ended 30 September 2022 SR</i>	<i>For the nine month period ended 30 September 2021 SR</i>
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before Zakat and Income Tax		37,978,738	110,894,588
<i>Adjustments for:</i>			
Depreciation and amortization		128,682,335	129,373,265
Provision for employees' end of service benefits		9,707,808	7,532,415
Amortization of advance rental		3,749,810	2,084,097
Share of profits of equity accounted investees, net	11	(22,973,501)	(19,423,291)
Income from short-term deposits		(8,011,709)	--
Reversal of expected credit losses		(224,522)	(302,869)
Provision for slow moving and obsolete inventories		1,134,622	(19,597)
(Gain) / loss on disposal of property, plant and equipment		(1,088,937)	18,911
Provision for decommissioning cost		39,593	44,166
Reversals of provision no longer needed		--	(5,727,740)
Financial charges, net		157,434,235	152,925,565
		<u>306,428,472</u>	<u>377,399,510</u>
Changes in operating assets and liabilities:			
Trade receivables, prepayments and other receivables		(22,406,697)	(70,978,010)
Due from related parties		(2,658,892)	(513,215)
Inventories		(5,327,962)	(5,414,151)
Trade payable, accrued and other liabilities		(136,834,794)	(135,927,256)
Due to related parties		(248,928)	1,431,675
Cash generated from operating activities		<u>138,951,199</u>	<u>165,998,553</u>
Employees' end of service benefits paid		(5,008,676)	(2,729,658)
Financial charges paid		(29,487,137)	(17,617,047)
Zakat and Income Tax paid		(22,158,769)	(14,272,850)
Net cash from operating activities		<u>82,296,617</u>	<u>131,378,998</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Dividends received from an equity accounted investee	11	7,233,300	6,564,078
Investment in associate made during the period	11	(3,428,000)	(45,025,701)
Proceeds from sale of equity interest to NCI		--	648,356,896
Proceeds from disposal of property, plant and equipment		1,292,328	134,551
Additions to property, plant and equipment, capital work in progress, intangible assets and right of use assets		(172,277,227)	(67,496,228)
Investment in short-term deposits		(470,000,000)	--
Net cash (used in) / from investing activities		<u>(637,179,599)</u>	<u>542,533,596</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long-term loans		(54,669,918)	(52,764,868)
Lease liabilities paid		(7,638,323)	(8,353,144)
Receipt of long-term loans		--	65,000,000
Dividend paid	15	(65,280,000)	(65,280,000)
Dividends paid to non-controlling interests by subsidiaries		(30,640,524)	(52,727,201)
Net movement in non-controlling interests		(128,468)	1,690,248
Net cash used in financing activities		<u>(158,357,233)</u>	<u>(112,434,965)</u>
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS			
Cash and cash equivalents at the beginning of the period		(713,240,215)	561,477,629
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	14	<u>892,374,091</u>	<u>336,533,927</u>
		<u>179,133,876</u>	<u>898,011,556</u>
SUPPLEMENTARY NON-CASH INFORMATION			
Cash flow hedges – effective portion of change in fair value		(6,176,792)	3,659,141

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

SAUDI INDUSTRIAL SERVICES COMPANY
(A Saudi Joint Stock Company)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(UNAUDITED)

For the nine-month period ended 30 September 2022

1. ORGANISATION AND ACTIVITIES

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

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

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

<u>Company</u>	<u>Country of incorporation</u>	<u>Effective shareholding</u>		<u>Principal activities</u>
		<u>30 September 2022</u>	<u>30 September 2021</u>	
Saudi Trade and Export Development Company (“Tusdeer”)	Saudi Arabia	76%	76%	Management and operation of storage and re-export project situated on the land leased from Jeddah Islamic Port.
Kindasa Water Services Company – Closed Joint Stock Company (“Kindasa”)	Saudi Arabia	65%	65%	Water desalination and treatment plant and sale of water.
Support Services Operation Company (“ISNAD”)	Saudi Arabia	99.28%	99.28%	Development and operation of industrial zones, construction and operation of restaurants, catering and entertainment centers, construction of gas stations, auto servicing and maintenance workshops, and purchase of land for the construction of building thereon and investing the same through sale or lease.
Red Sea 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.
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.

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENT
(UNAUDITED)

For the nine-month period ended 30 September 2022

2. BASIS OF PREPARATION

2.1 Basis of accounting

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

These condensed consolidated interim financial statements do not include all of the information required for a complete set of the annual financial statements prepared in accordance with International Financial Reporting Standards (“IFRS”) that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants (SOCPA), and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2021 (last annual consolidated financial statements). However, selected explanatory notes are included to explain the events and transactions that are significant to an understanding of changes in the Group’s financial position and performance since the last annual consolidated financial statements.

2.2 Significant judgments, estimates and assumptions

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

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

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

2.3 Basis of measurement

These condensed consolidated interim financial statements have been prepared under the historical cost basis, except for financial assets at fair value through other comprehensive income (“FVOCI”), derivative financial instruments which are carried at their fair values and employee benefits, which are measured at the present value of defined benefit obligation using projected unit credit method.

2.4 Functional and presentation currency

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

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

For the nine-month period ended 30 September 2022

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in these condensed consolidated interim financial statements are the same as those applied in the Group's annual consolidated financial statements as at and for the year ended 31 December 2021.

Few amendments to standards became effective from 1 January 2022 which do not have a material effect on these condensed consolidated interim financial statements.

<u>Standard / Interpretation</u>	<u>Description</u>	<i>Effective from periods beginning on or after the following date</i>
IAS 37	Onerous contracts – cost of fulfilling a contract (Amendments to IAS 37)	1 January 2022
Annual Improvements	Annual Improvements to IFRS Standards 2018–2020	1 January 2022
IAS 16	Property, plant and equipment: proceeds before intended use (Amendments to IAS 16)	1 January 2022
IFRS 3	Reference to the conceptual framework (Amendments to IFRS 3)	1 January 2022

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

Standards, interpretations and amendments issued but not yet effective:

<u>Standard / Interpretation</u>	<u>Description</u>	<i>Effective from periods beginning on or after the following date</i>
IFRS 17	Insurance contracts	1 January 2023
IAS 1	Classification of liabilities as current or non-current (amendments to IAS 1)	1 January 2023
IAS 8	Definition of accounting estimates	1 January 2023
IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction`	1 January 2023
IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies	1 January 2023
IFRS 10 and IAS 28	Sale or contribution of assets between investor and its associate or joint venture (amendments to IFRS 10 and IAS 28)	Available for optional adoption / effective date deferred indefinitely

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

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5. REVENUE FROM SALE OF GOODS AND SERVICES

	<i>For the three-month period ended 30 September 2022 Unaudited SR</i>	<i>For the three- month period ended 30 September 2021 Unaudited SR</i>	<i>For the nine- month period ended 30 September 2022 Unaudited SR</i>	<i>For the nine- month period ended 30 September 2021 Unaudited SR</i>
Shipping and unloading services	167,023,941	165,189,110	489,040,056	564,730,851
Sale of potable water	22,353,148	26,072,852	64,669,658	73,992,694
Rentals and support services	25,297,164	26,678,946	70,280,824	77,355,720
	214,674,253	217,940,908	623,990,538	716,079,265

6. EARNINGS PER SHARE

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

	<i>For the three-month period ended 30 September 2022 Unaudited SR</i>	<i>For the three- month period ended 30 September 2021 Unaudited SR</i>	<i>For the nine-month period ended 30 September 2022 Unaudited SR</i>	<i>For the nine-month period ended 30 September 2021 Unaudited SR</i>
Profit for the period attributable to ordinary equity holders of the Parent	14,378,355	3,983,625	18,289,638	58,731,380
Weighted average number of ordinary shares in issue	81,600,000	81,600,000	81,600,000	81,600,000
Basic and diluted earnings per share	0.18	0.05	0.22	0.72

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

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7. PROPERTY, PLANT AND EQUIPMENT

	<i>30 September 2022 Unaudited SR</i>	<i>31 December 2021 Audited SR</i>
Property, plant and equipment - Others	173,293,032	184,193,503
Property, plant and equipment - Bonded and re-export project	25,063,813	26,453,022
Property, plant and equipment - Port terminal operations	32,649,339	34,703,149
	231,006,184	245,349,674

- a) During the nine-month period ended 30 September 2022, additions amounting to SR 3.18 million (year ended 31 December 2021: SR 3.58 million), SR 0.26 million (year ended 31 December 2021: SR 0.52 million), SR 2.81 million (year ended 31 December 2021: SR 3.38 million) were made to the property, plant and equipment - Others, Bonded and re-export project and Port terminal operations respectively.
- b) The Group's property, plant and equipment – port terminal operations have been pledged against the Ijara Facility. (see note 16)

8. INTANGIBLE ASSETS

	<i>30 September 2022 Unaudited SR</i>	<i>31 December 2021 Audited SR</i>
Port concession rights and assets (note 8.1)	1,575,983,650	1,570,313,251
Intangible asset related to fixed and guaranteed variable fee (note 8.2)	1,454,602,812	1,479,431,219
Other intangible assets	2,017,787	3,108,411
	3,032,604,249	3,052,852,881

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8. INTANGIBLE ASSETS (continued)

8.1 Port concession rights and assets

	<i>30 September 2022 Unaudited SR</i>	<i>31 December 2021 Audited SR</i>
<i>Cost</i>		
Balance at the beginning of the period / year	2,521,502,896	2,487,828,059
Additions during the period / year	5,287,229	10,075,212
Transfer from capital work in progress	69,487,403	24,209,591
Disposals during the period / year	(1,381,537)	(609,966)
	<hr/>	<hr/>
Balance at the end of the period / year	2,594,895,991	2,521,502,896
<i>Amortisation</i>		
Balance at the beginning of the period / year	951,189,645	861,934,905
Charge for the period / year	69,023,113	89,864,706
Disposals during the period / year	(1,300,417)	(609,966)
	<hr/>	<hr/>
Balance at the end of the period / year	1,018,912,341	951,189,645
Net book value	1,575,983,650	1,570,313,251
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8.2 Intangible assets related to fixed and guaranteed variable fee

	<i>30 September 2022 Unaudited SR</i>	<i>31 December 2021 Audited SR</i>
Cost:		
Intangible assets recorded in accordance with IFRIC 12 (see note 8.3)	1,534,528,416	1,534,528,416
	<hr/>	<hr/>
Accumulated amortisation:		
At the beginning of the period / year	55,097,197	23,173,047
Charge for the period / year	24,828,407	31,924,150
	<hr/>	<hr/>
At the end of the period / year	79,925,604	55,097,197
	<hr/>	<hr/>
Net book value	1,454,602,812	1,479,431,219
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8. INTANGIBLE ASSETS (continued)

8.3 Intangible assets related to fixed and guaranteed variable fee

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

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

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

9. WORK IN PROGRESS ASSETS

The carrying amount of work in progress assets represents amount paid to contractors and suppliers for the civil works, equipment and contract assets related to concession agreement. Once complete, these assets and their carrying amount will be transferred to respective asset category. Work in progress assets mainly comprise of Jeddah Logistic Hub and Jeddah Logistic Park Projects of Tusdeer and work in progress in respect of port terminal operations of RSGT. During the nine-month period additions of SR 155.43 million (year ended 31 December 2021:90.86 million) were made in work in progress assets of the Group.

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10. GOODWILL

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

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

11. EQUITY-ACCOUNTED INVESTEEES

	<i>30 September 2022 Unaudited SR</i>	<i>31 December 2021 Audited SR</i>	<i>30 September 2021 Unaudited SR</i>
Balance at the beginning of the period/year	188,020,461	136,922,460	136,922,460
Share in profit of equity accounted investees, net	22,973,501	23,682,459	19,423,291
Investment made during the year	3,428,000	44,544,436	45,025,701
Share of actuarial losses of associates recognized in other comprehensive income	--	(125,485)	--
Dividend received during the period / year	(7,233,300)	(17,003,409)	(6,564,078)
Balance at the end of the period/year	<u>207,188,662</u>	<u>188,020,461</u>	<u>194,807,374</u>

11.1 Equity-accounted investees

<u>Associates</u>	<u>Principal activities</u>	<u>Country of incorporation</u>	<u>Effective shareholding percentage</u>		<u>Carrying amount</u>	
			<i>30 September 2022 Unaudited</i>	<i>31 December 2021 Audited</i>	<i>30 September 2022 Unaudited SR</i>	<i>31 December 2021 Audited SR</i>
International Water Distribution Company Limited (note a)	Water/waste works, water treatment and lease of water equipment	Kingdom of Saudi Arabia	50%	50%	96,915,872	90,199,793
Saudi Water and Environmental Services Company (note b)	Electrical, water and mechanical works and related operation and maintenance	Kingdom of Saudi Arabia	31.85%	31.85%	4,010,329	4,480,326

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11. EQUITY-ACCOUNTED INVESTEEES (continued)

<u>Associates</u>	<u>Principal activities</u>	<u>Country of incorporation</u>	<u>Effective shareholding percentage</u>		<u>Carrying amount</u>	
			<u>30 September 2022</u> <i>Unaudited</i>	<u>31 December 2021</u> <i>Audited</i>	<u>30 September 2022</u> <i>Unaudited</i>	<u>31 December 2021</u> <i>Audited</i>
Saudi Al Jabr Talke Company Limited	Contracting, construction, operation and maintenance of factories and warehouses	Kingdom of Saudi Arabia	33.3%	33.3%	56,371,710	48,638,162
Xenmet SA, Vaduz (note c)	Trading, storage and brokerage of commodities	Principality of Liechtenstein	19%	19%	2,783,011	2,187,969
Green Dome (note d)	Investment and management of companies providing logistic services	United Arab Emirates	24%	24%	47,107,740	42,514,211
					<u>207,188,662</u>	<u>188,020,461</u>

- a) The Parent Company does not have any direct control over management and operations of “International Water Distribution Company” accordingly, it is classified as associate and accounted for as equity-accounted investee.
- b) Saudi Water and Environmental Services Company is 49% owned by Kindasa Water Services Company, a subsidiary which is 65% owned by the Parent Company.
- c) Xenmet SA, Vaduz is 25% owned by Saudi Trade and Export Development Company Limited, a subsidiary which is 76% owned by the Parent Company.
- d) Green Dome Holdings Limited (“Green Dome”) is 31.66% owned by Tusdeer, which is 76% owned by the SISCO. On 11 Shawwal 1443H (corresponding to 12 May 2022), the shareholders of SISCO in their Annual General Meeting approved the transfer of Tusdeer’s 31.66% shareholding in Green Dome to SISCO. As at the reporting date of these condensed consolidated interim financial statements, the legal and procedural formalities related to the transfer of Green Dome have not been completed. Consequently, there is no impact on these condensed consolidated interim financial statements.

12. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

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

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13. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

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

	<i>For the nine month period ended 30 September 2022</i>	<i>For the year ended 31 December 2021</i>
	<i>Unaudited</i>	<i>Audited</i>
	<i>SR</i>	<i>SR</i>
Cost:		
At the beginning of the period / year	110,682,500	101,081,068
Lease contracts modification	--	256,568
Additions during the period / year	14,366,827	9,344,864
	125,049,327	110,682,500
Depreciation:		
At the beginning of the period / year	(20,550,263)	(14,162,815)
Depreciation for the period / year	(5,811,009)	(6,038,415)
Depreciation for the period / year (capitalized in work in progress assets)	(262,496)	(349,033)
	(26,623,768)	(20,550,263)
Net value at the end of period / year	98,425,559	90,132,237

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

	<i>For the nine months period ended 30 September 2022</i>	<i>the year ended 31 December 2021</i>
	<i>Unaudited</i>	<i>Audited</i>
	<i>SR</i>	<i>SR</i>
At the beginning of the period / year	97,535,689	91,631,727
Addition during the period / year	14,366,827	9,509,292
Lease contracts modification	--	256,568
Interest charge for the period / year	2,040,404	2,597,779
Unwinding of lease liability (capitalized in work in progress assets)	1,858,320	2,462,357
Payment of lease liabilities during the period / year	(9,678,726)	(8,922,034)
At the end of the period / year	106,122,514	97,535,689

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

The classification of lease liabilities is as follows:

	<i>30 September 2022 Unaudited SR</i>	<i>31 December 2021 Audited SR</i>
Current lease liabilities	11,192,159	8,739,576
Non-current lease liabilities	94,930,355	88,796,113
	<u>106,122,514</u>	<u>97,535,689</u>

14. CASH AND CASH EQUIVALENTS

	<i>30 September 2022 Unaudited SR</i>	<i>31 December 2021 Audited SR</i>
Cash in hand	335,445	258,247
Cash at banks (see note 14.1)	155,798,431	687,072,718
Murabaha placements (see note 14.2)	23,000,000	205,043,126
	<u>179,133,876</u>	<u>892,374,091</u>

14.1 Out of the total cash at banks, SR 0.07 million (31 December 2021: SR 0.07 million) was held with a commercial bank in respect of accumulated unclaimed dividends.

14.2 Murabaha placements are placed with commercial banks having original maturity of less than three months and yield financial income at prevailing market rates.

14.3 Short-term deposits are placed with commercial banks having original maturity of more than three months and yield financial income at prevailing market rates.

15. SHARE CAPITAL AND DIVIDENDS

As at 30 September 2022, the authorised and paid up capital of the Group is divided into 81.6 million shares (31 December 2021: 81.6 million shares) of SR 10 each.

Dividends

On 28 Rajab 1443H (corresponding to 1 March 2022), the Board of directors of the Company approved final dividend amounting to SR 32.64 million (SR 0.4 per share). Dividend was paid in full during the nine month period ended 30 September 2022.

On 12 Muharram 1444H (corresponding to 10 August 2022), the Board of directors of the Company approved interim dividend amounting to SR 32.64 million (SR 0.4 per share). Dividend was paid in full during the nine-month period ended 30 September 2022.

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15. SHARE CAPITAL AND DIVIDENDS (continued)

Treasury shares

On 22 Muharram 1444H (corresponding to 20 August 2022), the Board of directors of the Company passed resolution to recommend to the Extraordinary General Assembly to approve the purchase of up to 10% of the Company's ordinary shares and to hold them as Treasury shares.

16. LONG-TERM LOANS AND BANK FACILITIES

	<i>30 September 2022 Unaudited SR</i>	<i>31 December 2021 Audited SR</i>
Long-term loans	670,437,490	721,357,394
Less: current portion	(79,274,036)	(73,210,529)
Non-current portion	<u>591,163,454</u>	<u>648,146,865</u>

- a) On 3 December 2007, RSGT (a subsidiary of the Company) entered into an Ijara arrangement with two local commercial banks to obtain a loan of SR 1,271 million. The Ijara facility was secured against the property and equipment / port concession rights of RSGT. The loan was repayable in semi-annual installments ending in December 2023. The loan carried special commission rate of SIBOR plus an agreed margin (see note(c) below).
- b) On 28 September 2016, RSGT entered into an Ijara arrangement with two local commercial banks to obtain a loan of SR 260 million for expansion of its existing berths. This facility was secured against the property and equipment / port concession rights of RSGT. The loan was payable in semi-annual installments ending in December 2023. The loan carried special commission rate of SIBOR plus an agreed margin (see note(c) below).
- c) During the year ended 31 December 2020, RSGT and the banks mutually agreed to amend the terms of the loan agreements above. These amendments, among others, included modification of the applicable rate from six months SIBOR to three months SIBOR, lowered the agreed margin, modified the repayment frequency from biannual to quarterly payment and extended the maturity period from year 2023 to 2030. The Ijara facilities are secured against property and equipment / port concession rights of RSGT. The modifications of the terms were assessed qualitatively and quantitatively in accordance with IFRS 9 "Financial Instruments" and, as a result, the management concluded that the changes in terms of agreement resulted in modification under the requirements of IFRS 9 "Financial Instruments". Accordingly, the modifications resulted in a day one gain of SR 31.96 million recorded in the statement of profit or loss as at the effective date of the modification of the terms of the loans. Un-amortised balance of the modification gain as at 30 September 2022 is of SR 19.2 million which will be amortised over the remaining period of the Ijara facility, using effective interest rate.
- d) The unamortized portion of the advance rentals (loan arrangement fee) and other fees paid to the banks are amortized over the remaining period of the Ijara facility, using effective interest rate approach.

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16. LONG-TERM LOANS AND BANK FACILITIES (continued)

- e) During the year ended 31 December 2020, RSGT obtained a facility with sanctioned limit of SR 750 million towards its consolidation and expansion works. Out of which SR 95 million was drawn as of the date of the condensed consolidated interim statement of financial position. RSGT pays an agreed commitment fee on the undrawn balance and an agreed profit payable at SIBOR plus a margin on the drawn balance. The commitment fee paid has been deferred and amortised as part of effective interest rate. 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.

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

	<i>30 September 2022 Unaudited SR</i>	<i>31 December 2021 Audited SR</i>
Long-term loans	668,666,119	718,257,496
Less: current portion	(77,502,665)	(71,439,158)
Non-current portion	<u>591,163,454</u>	<u>646,818,338</u>

- g) During 2016, Kindasa entered into an agreement for a long-term facility with a local bank for SR 24 million to finance the construction of a new water desalination facility. The loan carries commission at commercial rates (SIBOR plus an agreed margin) and is repayable in quarterly instalments commencing one year after the first drawdown. The loan is secured by secondary mortgage over Kindasa's property and equipment. As at 30 September 2022, Kindasa has cumulatively drawn down SR 8.5 million out of total facility of SR 24 million.

	<i>30 September 2022 Unaudited SR</i>	<i>31 December 2021 Audited SR</i>
Long-term loan	1,771,371	3,099,898
Less: current portion	(1,771,371)	(1,771,371)
Non-current portion	<u>--</u>	<u>1,328,527</u>

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17. ZAKAT AND INCOME TAX

Parent Company

During the year ended 31 December 2021, ZATCA has raised the assessments for the years 2019 and 2020 with an additional liability of SR 2.65 million. The Parent Company has filed an appeal with ZATCA in respect of these assessments and settled SR 0.66 million representing 25% of the assessed amount pursuant to the requirement under the New Zakat Regulation. Subsequent to filing of appeal, the ZATCA has issued its revised assessments with a reduced Zakat liability of SR 0.019 million which SISCO has accepted under protest. The Company has received, during the first quarter of 2022, a refund from ZATCA for the overpaid Zakat of SR 0.64 million which represents the difference between the accepted Zakat liability, under protest, of SR 0.019 million and 25% Zakat settled of SR 0.66 million upon filing the appeal.

The Parent Company has filed its Zakat returns up to the year 2021. Up to the date of these condensed consolidated interim financial statements, ZATCA is yet to raise assessments for year 2021.

Subsidiaries

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

RSGT has finalized its Zakat and Income Tax assessments with ZATCA up to 2013 and has filed its Zakat and Income Tax returns up to the year 2021. Tax / Zakat assessment for the year 2014 is considered as finalized under statute of limitation. RSGT has received assessments of SR 0.115 million and SR 0.082 million for years 2015 and 2016, respectively, which were accepted and settled under protest. Up to the date of this condensed consolidated interim financial statements, ZATCA is yet to raise the assessment for the years from 2017 through 2021.

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

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

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

Support Services Operation Company Limited (“the Subsidiary”)

The Subsidiary has finalized its Zakat assessments with ZATCA for the years from 2007 to 2008 and 2016 to 2018. During the nine-month period ended, the Subsidiary received the final assessment for year 2020 with additional zakat liability of SR 2,243 which the company accepted and settled “under protest”. The Subsidiary has filed its Zakat returns up to 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 2021.

Kindasa Water Service Company (“the Subsidiary”)

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

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18. RELATED PARTY TRANSACTIONS AND BALANCES

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

a) Significant related party transactions for the period ended 30 September are as follows:

Name	Relationship	Nature of transactions	Amount of transactions			
			Three-month period ended		Nine-month period ended	
			30 September 2022	30 September 2021	30 September 2022	30 September 2021
		Unaudited SR	Unaudited SR	Unaudited SR	Unaudited SR	
International Water Distribution Company Limited	Associate	Sales of goods and services	17,159,867	17,465,423	48,649,399	50,860,244
		Services rendered	189,750	189,750	569,250	569,250
		Expenses incurred on behalf of the Group	--	-	(30,323)	(4,362)
		Expenses incurred on behalf of the associate	5,504	1,016	89,194	63,298
Arabian Bulk Trade Limited	Affiliate	Sales of goods and services	--	341,270	13,824	341,270
		Lease of land and warehouses	--	4,630	--	3,393
Al Jabr Talke Company Limited	Associate	Services rendered	34,500	34,500	103,500	103,500
		Dividend received	3,445,458	3,666,657	7,233,300	3,666,657
		Expenses incurred on behalf of an Associate	25,730	-	372,926	264,925
Saudi Water and Environmental Services Company Limited	Associate	Sales of goods and services	5,047	337,728	14,308	2,004,993
Xenel Industries Limited	Shareholder	Payment made on behalf of the shareholder	132,007	126,995	338,274	264,918
		Expenses incurred on behalf of the Group	(44,885)	(23,786)	(138,914)	(33,981)
		Expenses cross charged to shareholder	--	3,600,957	--	3,600,957
Al Karam Al Arabi Catering	Affiliate	Purchase of goods and services	(4,838,663)	(4,822,338)	(13,994,542)	(14,379,434)
FERO DWC LLC	Affiliate	Purchase of goods and services	(292,270)	--	(292,270)	--

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18. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

b) Due from related parties

	<i>30 September 2022 Unaudited SR</i>	<i>31 December 2021 Audited SR</i>
International Water Distribution Company Limited	12,298,572	9,532,543
Saudi Water and Environmental Services Company Limited	26,171	14,675
Xenel Industries Limited	918,091	718,731
Al Jabr Talke Company Limited	37,230	--
Arabian Bulk Trade Limited	1,150	356,373
	<u>13,281,214</u>	<u>10,622,322</u>

c) Due to a related party

	<i>30 September 2022 Unaudited SR</i>	<i>31 December 2021 Audited SR</i>
Al Karam Al Arabi Catering	<u>1,354,000</u>	<u>1,602,928</u>

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

	<i>Three month period ended 30 September 2022 Unaudited SR</i>	<i>Three month period ended 30 September 2021 Unaudited SR</i>	<i>Nine month period ended 30 September 2022 Unaudited SR</i>	<i>Nine month period ended 30 September 2021 Unaudited SR</i>
Short-term employee benefits	2,018,100	2,050,000	10,870,070	10,292,720
Post-employment benefits	116,159	110,648	429,708	321,691
	<u>2,134,259</u>	<u>2,160,648</u>	<u>11,299,778</u>	<u>10,614,411</u>

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

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENT
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18. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

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

	<i>Three-months period ended 30 September 2022 Unaudited SR</i>	<i>Three-months period ended 30 September 2021 Unaudited SR</i>	<i>Nine-months period ended 30 September 2022 Unaudited SR</i>	<i>Nine-months period ended 30 September 2021 Unaudited SR</i>
Meeting attendance fees	155,000	276,000	550,000	684,000
Other remuneration	2,208,000	2,475,000	4,505,000	4,537,500
	2,363,000	2,751,000	5,055,000	5,221,500

19. COMMITMENTS AND CONTINGENCIES

As at 30 September 2022, the Group's bankers have issued letters of guarantee amounting to SR 131.35 million (31 December 2021: SR 149.5 million) against which cash margin of SR 7.27 million (31 December 2021: SR 5.9 million) was deposited.

As at 30 September 2022, the Group has commitments for capital work in progress amounting to SR 282.85 million (31 December 2021: SR 262.8 million) mainly relating to new logistic hub and park construction project, new desalination plant construction and consolidation and expansion work on the container terminal.

20. BUSINESS SEGMENTS

The Group has the following main business segments:

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

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

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

Information regarding the results of each reportable segment is included below. Performance is measured based on segment revenues, as included in the internal management reports that are reviewed by the top management. The following table presents segment information (assets, liabilities, revenue and net income) for each of the business segments as at and for the nine-month period ended 30 September:

SAUDI INDUSTRIAL SERVICES COMPANY
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20. BUSINESS SEGMENTS (continued)

	Reportable Segments			Total	Unallocated	Total
	<i>Port developmen t and operations</i>	<i>Logistic parks and support services</i>	<i>Water desalination and distribution</i>			
	-----SR 000'(Unaudited)-----					
30 September 2022						
External revenues						
Point in time	489,040	34,218	65,497	588,755	-	588,755
Over the period of time	93,016	36,063	-	129,079	-	129,079
Total external revenues	582,056	70,281	65,497	717,834	-	717,834
Inter-segment revenue	-	-	(828)	(828)	-	(828)
Segment revenue	582,056	70,281	64,669	717,006	-	717,006
Direct costs	340,098	38,239	43,788	422,125	-	422,125
Inter-segment direct costs	(828)	-	-	(828)	-	(828)
Segment cost	339,270	38,239	43,788	421,297	-	421,297
Segment gross profit	242,786	32,042	20,881	295,709	-	295,709
Profit attributable to shareholders of the Parent	1,378	11,350	3,499	16,227	2,063	18,290
Segment assets	3,458,511	477,209	190,203	4,125,923	739,570	4,865,493
Segment liabilities	2,454,891	115,836	44,189	2,614,916	20,886	2,635,802

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENT
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20. BUSINESS SEGMENTS (continued)

	Reportable Segments			Total	Unallocated	Total
	Port development and operations	Logistic parks and support services	Water desalination and distribution			
-----SR 000'(Unaudited)-----						
30 September 2021						
External revenues						
Point in time	564,731	30,620	74,702	670,053	-	670,053
Over the period of time	17,637	46,735	-	64,372	-	64,372
Total external revenues	<u>582,368</u>	<u>77,355</u>	<u>74,702</u>	<u>734,425</u>	<u>-</u>	<u>734,425</u>
Inter-segment revenue	-	-	(709)	(709)	-	(709)
Segment revenues	<u>582,368</u>	<u>77,355</u>	<u>73,993</u>	<u>733,716</u>	<u>-</u>	<u>733,716</u>
Direct costs	277,548	47,402	54,013	378,963	-	378,963
Inter-segment direct costs	(710)	-	-	(710)	-	(710)
Segment cost	<u>276,838</u>	<u>47,402</u>	<u>54,013</u>	<u>378,253</u>	<u>-</u>	<u>378,253</u>
Segment gross profit	<u>305,530</u>	<u>29,953</u>	<u>19,980</u>	<u>355,463</u>	<u>-</u>	<u>355,463</u>
Profit attributable to shareholders of the Parent	50,404	4,965	2,758	58,127	604	58,731
Segment assets	3,581,247	474,256	192,922	4,248,425	800,462	5,048,887
Segment liabilities	2,510,547	110,566	30,775	2,651,888	60,150	2,712,038

21. FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

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

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

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

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

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

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

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

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

There were no transfers between level 1 and level 3 during the nine-month period 30 September 2022 (31 December 2021: nil). There were no financial assets or financial liabilities classified under level 2.

There were no changes in valuation techniques during the period.

As at 30 September 2022, the financial assets of the Group comprised of trade receivables and other receivables, due from related parties, cash and cash equivalents which are recorded at amortised cost and investment in equity securities which is recorded at fair value and the Group's financial liabilities include loans and bank facilities, obligation under service concession agreement, trade payables and other liabilities and derivative financial instruments.

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

22. APPROVAL OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

These condensed consolidated interim financial statements were approved and authorised to issue by the Board of Directors on 2 November 2022, corresponding to 8 Rabi Al-Thani 1444H.