

SAUDI INDUSTRIAL SERVICES COMPANY
(A Saudi Joint Stock Company)

**CONDENSED CONSOLIDATED INTERIM
FINANCIAL STATEMENTS (UNAUDITED)**
For the three-month and six-month periods ended
30 June 2023
together with the
Independent Auditors' Review Report

SAUDI INDUSTRIAL SERVICES COMPANY
(A Saudi Joint Stock Company)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
For the six-month period ended 30 June 2023

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KPMG Professional Services

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Prince Sultan Street
P.O. Box 55078
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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
جدة 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 June 2023 condensed consolidated interim financial statements of Saudi Industrial Services Company ("the Company") and its subsidiaries ("the Group"), which comprises:

- the condensed consolidated statement of financial position as at 30 June 2023;
- the condensed consolidated statement of profit or loss for the three-month and six-month periods ended 30 June 2023;
- the condensed consolidated statement of comprehensive income for the three-month and six-month periods ended 30 June 2023;
- the condensed consolidated statement of changes in equity for the six-month periods ended 30 June 2023;
- the condensed consolidated statement of cash flows for the six-month periods ended 30 June 2023; and
- the notes to the condensed consolidated interim financial statements.

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

Scope of review

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

KPMG Professional Services, a professional closed joint stock company registered in the Kingdom of Saudi Arabia with a paid-up capital of SAR40,000,000 (previously known as "KPMG Al Fozan & Partners Certified Public Accountants") and 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 مالها (40,000,000) ريال سعودي مدفوع بالكامل، المسماة سابقاً "شركة كي بي إم جي الفوزان وشركاء محاسبين ومراجعين قانونيين". وهي عضو غير شريك في الشبكة العالمية لشركات كي بي إم جي المستقلة والتابعة لـ كي بي إم جي العالمية المحدودة، شركة انجليزية محدودة بضمن. 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 June 2023 condensed consolidated interim financial statements of Saudi Industrial Services Company and its subsidiaries are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia.

KPMG Professional Services



Ebrahim Oboud Baeshen
License No. 382

Jeddah, 13 August 2023
Corresponding to 26 Muharram 1445 AH



SAUDI INDUSTRIAL SERVICES COMPANY
(A Saudi Joint Stock Company)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 30 June 2023

		30 June 2023 (Unaudited) SR	31 December 2022 (Audited) SR
ASSETS	<i>Note</i>		
NON-CURRENT ASSETS			
Property, plant and equipment	7	252,362,841	257,239,057
Work in progress assets	9	447,256,813	317,731,977
Intangible assets	8	3,085,387,414	3,010,723,741
Goodwill	10	8,776,760	8,776,760
Right-of-use assets	13	50,945,377	45,496,556
Investment properties	14	218,770,008	163,831,725
Equity-accounted investees	11	260,327,408	251,827,074
Financial assets at fair value through other comprehensive income (FVOCI)	12	14,218,328	14,218,328
Deferred tax assets		5,748,284	5,748,284
TOTAL NON-CURRENT ASSETS		4,343,793,233	4,075,593,502
CURRENT ASSETS			
Inventories		24,692,916	26,054,119
Derivative financial instrument		-	923,823
Trade receivables, prepayments and other receivables		214,371,033	155,521,566
Due from related parties	19	11,733,023	12,365,829
Short-term deposits	15	--	279,986,229
Cash and cash equivalents	15	788,698,155	507,885,834
TOTAL CURRENT ASSETS		1,039,495,127	982,737,400
TOTAL ASSETS		5,383,288,360	5,058,330,902
EQUITY AND LIABILITIES			
EQUITY			
Share capital	16	816,000,000	816,000,000
Share premium		36,409,063	36,409,063
Statutory reserve		99,784,859	99,784,859
Other components of equity		396,240,489	393,450,994
Retained earnings		178,317,315	170,276,817
Equity attributable to the shareholders of the Parent		1,526,751,726	1,515,921,733
Non-controlling interests		831,570,199	800,268,156
TOTAL EQUITY		2,358,321,925	2,316,189,889
NON-CURRENT LIABILITIES			
Obligation under service concession arrangement	8.3	1,398,643,065	1,391,741,067
Long-term loans	17	851,665,314	685,960,123
Employees' end of service benefits		44,551,053	42,468,127
Long-term provisions		2,060,448	2,060,448
Lease liabilities – non-current portion	13	98,432,260	94,086,028
TOTAL NON-CURRENT LIABILITIES		2,395,352,140	2,216,315,793
CURRENT LIABILITIES			
Current portion of obligation under service concession arrangement	8.3	167,697,161	164,607,341
Current portion of long-term loans	17	92,355,298	87,791,382
Trade payables, accrued and other current liabilities		340,073,170	248,355,733
Zakat and Income Tax payable		15,012,321	13,878,605
Current portion of lease liabilities	13	12,822,045	11,192,159
Due to a related party	19	1,654,300	--
TOTAL CURRENT LIABILITIES		629,614,295	525,825,220
TOTAL LIABILITIES		3,024,966,435	2,742,141,013
TOTAL EQUITY AND LIABILITIES		5,383,288,360	5,058,330,902

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

SAUDI INDUSTRIAL SERVICES COMPANY
(A Saudi Joint Stock Company)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS (UNAUDITED)

For the six-month period ended 30 June 2023

		<i>For the three- month period ended 30 June 2023 SR (Unaudited)</i>	<i>For the three- month period ended 30 June 2022 SR (Unaudited)</i>	<i>For the six- month period ended 30 June 2023 SR (Unaudited)</i>	<i>For the six- month period ended 30 June 2022 SR (Unaudited)</i>
	<i>Note</i>				
Revenue from contracts with customers					
Revenue from sale of goods and services	5	261,431,856	213,168,366	500,283,262	409,316,285
Construction revenue		74,573,419	30,258,130	270,624,592	46,665,951
TOTAL REVENUES		336,005,275	243,426,496	770,907,854	455,982,236
Direct costs		(125,593,768)	(113,475,520)	(235,342,397)	(219,417,507)
Cost of construction		(74,573,419)	(30,258,130)	(270,624,592)	(46,665,951)
COST OF REVENUE		(200,167,187)	(143,733,650)	(505,966,989)	(266,083,458)
GROSS PROFIT		135,838,088	99,692,846	264,940,865	189,898,778
OPERATING EXPENSES					
General and administration expenses		(49,183,470)	(43,093,860)	(91,817,181)	(83,079,875)
Selling and distribution expenses		(4,956,241)	(3,879,936)	(7,548,784)	(7,656,959)
TOTAL OPERATING EXPENSES		(54,139,711)	(46,973,796)	(99,365,965)	(90,736,834)
PROFIT FROM OPERATIONS		81,698,377	52,719,050	165,574,900	99,161,944
Finance income		6,122,252	3,342,941	10,781,036	3,643,552
Finance cost, net		(60,837,825)	(53,352,484)	(118,889,349)	(103,996,820)
Other income, net		5,487,699	2,204,117	11,645,158	3,859,647
Share of profit of equity accounted investees, net	11	9,687,528	8,370,383	17,712,603	14,795,328
PROFIT BEFORE ZAKAT AND INCOME TAX		42,158,031	13,284,007	86,824,348	17,463,651
Zakat and income tax	18	(6,055,871)	(8,613,353)	(13,915,009)	(11,581,900)
PROFIT FOR THE PERIOD		36,102,160	4,670,654	72,909,339	5,881,751
Attributable to:					
Shareholders of the Parent Company		21,209,569	3,133,013	40,680,499	3,911,283
Non-controlling interests		14,892,591	1,537,641	32,228,840	1,970,468
		36,102,160	4,670,654	72,909,339	5,881,751
Earnings per share					
Basic and diluted earnings per share from profit for the period attributable to the shareholders of the parent	6	0.26	0.04	0.50	0.05

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 six-month period ended 30 June 2023

	<i>For the three-month period ended 30 June 2023 SR (Unaudited)</i>	<i>For the three-month period ended 30 June 2022 SR (Unaudited)</i>	<i>For the six- month period ended 30 June 2023 SR (Unaudited)</i>	<i>For the six- month period ended 30 June 2022 SR (Unaudited)</i>
Profit for the period	36,102,160	4,670,654	72,909,339	5,881,751
OTHER COMPREHENSIVE INCOME				
<i>Items that are or may be reclassified subsequently to profit or loss</i>				
Cash flow hedges – effective portion of changes in fair value	9,054,433	3,689,254	2,201,574	5,859,574
OTHER COMPREHENSIVE INCOME FOR THE PERIOD	9,054,433	3,689,254	2,201,574	5,859,574
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	45,156,593	8,359,908	75,110,913	11,741,325
Attributable to:				
Shareholders of the Parent Company	31,027,002	4,474,426	43,469,994	6,041,824
Non-controlling interests	14,129,591	3,885,482	31,640,919	5,699,501
	45,156,593	8,359,908	75,110,913	11,741,325




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)

For the six-month period ended 30 June 2023

Equity attributable to the shareholders of the Parent Company

Other components of equity

	Share capital SR	Share premium SR	Statutory reserve SR	Effect of changes in shareholding percentage in subsidiaries SR	Actuarial valuation reserves SR	Cash flow hedging reserve SR	Unrealized gain on FVOCI investments SR	Retained earnings SR	Total SR	Non-controlling interests SR	Total equity SR
Balance at 1 January 2023 (audited)	816,000,000	36,409,063	99,784,859	343,683,752	(1,247,977)	46,367,041	4,648,178	170,276,817	1,515,921,733	800,268,156	2,316,189,889
Profit for the period	--	--	--	--	--	--	--	40,680,499	40,680,499	32,228,840	72,909,339
Other comprehensive income	--	--	--	--	--	2,789,495	--	--	2,789,495	(587,921)	2,201,574
Total comprehensive income	--	--	--	--	--	2,789,495	--	40,680,499	43,469,994	31,640,919	75,110,913
Dividends paid (note 16)	--	--	--	--	--	--	--	(32,640,000)	(32,640,000)	--	--
Net movement in non-controlling interest	--	--	--	--	--	--	--	--	--	(338,876)	(338,876)
Balance at 30 June 2023 (unaudited)	816,000,000	36,409,063	99,784,859	343,683,752	(1,247,977)	49,156,536	4,648,178	178,317,315	1,526,751,726	831,570,199	2,358,321,925

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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 six-month period ended 30 June 2023

Equity attributable to the shareholders of the Parent Company											
	Other components of equity										
	Effect of changes in shareholding percentage in subsidiaries	Statutory reserve	Share premium	Share capital	Actuarial valuation reserves	Cash flow hedging reserve	Unrealized gain on FVOCI investments	Retained earnings	Total	Non-controlling interests	Total equity
	SR	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	--	--	--	--	--	--	--	3,911,283	3,911,283	1,970,468	5,881,751
Other comprehensive income	--	--	--	--	--	--	--	--	2,130,541	3,729,033	5,859,574
Total comprehensive income	--	--	--	--	--	2,130,541	--	3,911,283	6,041,824	5,699,501	11,741,325
Dividends paid	--	--	--	--	--	--	--	(32,640,000)	(32,640,000)	(30,640,524)	(63,280,524)
Net movement in non-controlling interest	--	--	--	--	--	--	--	--	--	(176,102)	(176,102)
Balance at 30 June 2022 (unaudited)	816,000,000	36,409,063	96,111,908	343,683,752	(11,971,402)	71,707	5,339,382	173,771,543	1,459,415,953	785,255,246	2,244,671,199

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SAUDI INDUSTRIAL SERVICES COMPANY
(A Saudi Joint Stock Company)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

For the six-month period ended 30 June 2023

		<i>For the six month period ended 30 June 2023 Unaudited SR</i>	<i>For the six month period ended 30 June 2022 Unaudited SR</i>
	<i>Note</i>		
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before Zakat and income tax		86,824,348	17,463,651
<i>Adjustments for:</i>			
Depreciation and amortization		92,046,919	87,025,139
Provision for employees' end of service benefits		7,372,616	7,412,459
Amortization of advance rental		3,175,518	3,635,962
Share of profits of equity accounted investees, net	11	(17,712,603)	(14,795,328)
Income from short-term deposits			(3,342,941)
Reversal of expected credit losses		2,260,202	99,449
Provision for slow moving and obsolete inventories		1,083,611	793,439
(Gain) / loss on disposal of property, plant and equipment		(383,306)	(1,209,343)
Provision for decommissioning cost		--	39,593
Amortization of deferred revenue		54,884	--
Finance income		10,781,036	--
Financial charges, net		118,889,349	103,996,820
		<u>304,392,574</u>	<u>201,118,900</u>
Changes in:			
Trade receivables, prepayments and other receivables		(60,659,669)	(14,144,917)
Due from related parties		632,806	(3,480,554)
Inventories		277,592	(4,466,002)
Trade payable, accrued and other liabilities		16,217,351	(92,960,900)
Due to related parties		1,654,300	(303,327)
		<u>262,514,954</u>	<u>85,763,200</u>
Cash generated from operating activities			
Employees' end of service benefits paid		(5,289,689)	(3,093,395)
Financial charges paid		(30,918,888)	(13,809,692)
Zakat and income tax paid		(12,781,410)	(20,119,890)
		<u>213,524,967</u>	<u>48,740,223</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Dividends received from equity-accounted investees	11	12,337,666	3,787,843
Proceeds from disposal of property, plant and equipment		647,432	1,126,556
Additions to property, plant and equipment, work in progress assets, and intangible assets, net		(343,242,586)	(97,284,352)
Net movement in short-term deposits		269,205,193	(470,000,000)
		<u>(61,052,295)</u>	<u>(562,369,953)</u>
Net cash used in investing activities			
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long-term loans		(40,812,786)	(41,284,987)
Receipt of long-term loans		207,355,811	--
Lease liabilities paid		(5,563,376)	(6,991,211)
Dividend paid	15	(32,640,000)	(32,640,000)
Dividends paid to non-controlling interests by subsidiaries		--	(30,640,524)
		<u>128,339,649</u>	<u>(111,556,722)</u>
Net cash from / (used in) financing activities			
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		<u>280,812,321</u>	<u>(625,186,452)</u>
Cash and cash equivalents at the beginning of the period	14	507,885,834	892,374,091
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	14	<u>788,698,155</u>	<u>267,187,639</u>
SUPPLEMENTARY NON-CASH INFORMATION			
Cash flow hedges – effective portion of change in fair value		2,201,574	5,859,574

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 six-month period ended 30 June 2023

1. ORGANISATION AND ACTIVITIES

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

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

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

<u>Company</u>	<u>Country of incorporation</u>	<u>Effective shareholding</u>		<u>Principal activities</u>
		30 June 2023	30 June <u>2022</u>	
Saudi Trade and Export Development Company Limited (“Tusdeer”)	Saudi Arabia	76%	76%	Management and operation of storage and re-export project situated on the land leased from Jeddah Islamic Port. (Logistic parks and support services segment).
Support Services Operation Company Limited (“ISNAD”)	Saudi Arabia	99.28%	99.28%	Development and operation of industrial zones, construction and operation of restaurants, catering and entertainment centers, construction of gas stations, auto servicing and maintenance workshops, and purchase of land for the construction of building thereon and investing the same through sale or lease. (Logistic parks and support services segment).
Kindasa Water Services Company – Closed Joint Stock Company (“Kindasa”)	Saudi Arabia	65%	65%	Water desalination and treatment plant and sale of water. (Water desalination and distribution segment)
Red Sea Gateway Terminal Company Limited (“RSGT”) *	Saudi Arabia	36.36%	36.36%	Development, construction, operation and maintenance of container terminals and excavation and back filling works. (Port development and operations segment).
Red Sea Port Development Company – Closed Joint Stock Company (“RSPD”)	Saudi Arabia	60.6%	60.6%	Development, construction, operation and maintenance of container terminals and excavation and back filling works. (Port development and operations segment).

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

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

For the six-month period ended 30 June 2023

2. BASIS OF PREPARATION

2.1 Basis of accounting

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

These condensed consolidated interim financial statements do not include all of the information required for a complete set of the annual financial statements prepared in accordance with International Financial Reporting Standards (“IFRS”) that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants (SOCPA), and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2022 (last annual consolidated financial statements). However, selected explanatory notes are included to explain the events and transactions that are significant to an understanding of changes in the Group’s financial position and performance since the last annual consolidated financial statements.

2.2 Significant judgments, estimates and assumptions

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

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

The significant judgments exercised in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual consolidated financial statements for the year ended 31 December 2022.

2.3 Basis of measurement

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

2.4 Functional and presentation currency

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

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

For the six-month period ended 30 June 2023

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in these condensed consolidated interim financial statements are the same as those applied in the Group's annual consolidated financial statements as at and for the year ended 31 December 2022.

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

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

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

SAUDI INDUSTRIAL SERVICES COMPANY
(A Saudi Joint Stock Company)

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

For the six-month period ended 30 June 2023

5. REVENUE FROM SALE OF GOODS AND SERVICES

	<i>For the three-month period ended 30 June 2023 Unaudited SR</i>	<i>For the three- month period ended 30 June 2022 Unaudited SR</i>	<i>For the six- month period ended 30 June 2023 Unaudited SR</i>	<i>For the six- month period ended 30 June 2022 Unaudited SR</i>
Shipping and unloading services	209,972,177	165,681,200	404,223,881	322,016,115
Sale of potable water	22,656,754	25,409,175	45,465,140	42,316,510
Rentals and support services	28,802,925	22,077,991	50,594,241	44,983,660
	<u>261,431,856</u>	<u>213,168,366</u>	<u>500,283,262</u>	<u>409,316,285</u>

6. EARNINGS PER SHARE

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

	<i>For the three-month period ended 30 June 2023 Unaudited SR</i>	<i>For the three- month period ended 30 June 2022 Unaudited SR</i>	<i>For the six- month period ended 30 June 2023 Unaudited SR</i>	<i>For the six- month period ended 30 June 2022 Unaudited SR</i>
Profit for the period attributable to ordinary equity holders of the parent	<u>21,209,569</u>	<u>3,133,013</u>	<u>40,680,499</u>	<u>3,911,283</u>
Weighted average number of ordinary shares in issue	<u>81,600,000</u>	<u>81,600,000</u>	<u>81,600,000</u>	<u>81,600,000</u>
Basic and diluted earnings per share	<u>0.26</u>	<u>0.04</u>	<u>0.50</u>	<u>0.05</u>

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 June 2023 Unaudited SR</i>	<i>31 December 2022 Audited SR</i>
Property, plant and equipment - Others	175,506,994	175,057,495
Property, plant and equipment - Bonded and re-export project	24,827,524	25,749,641
Property, plant and equipment - Port terminal operations	52,028,323	56,431,921
	<u>252,362,841</u>	<u>257,239,057</u>

- a) During the six-month periods ended 30 June 2023, additions amounting to SR 5.5 million (year ended 31 December 2022: SR 6.9 million), SR 0.25 million (year ended 31 December 2022: SR 1.49 million), SR 1.92 million (year ended 31 December 2022: SR 6.95 million) were made to the property, plant and equipment - Others, Bonded and re-export project and Port terminal operations respectively.
- b) The Group's property, plant and equipment – port terminal operations have been pledged against the Ijara Facility.
- c) The buildings and leasehold improvements are situated on a plot of land leased from Saudi Ports Authority (MAWANI) for a nominal annual rental. The initial lease agreement is for 20 Hijra years starting from 15 Muharram 1419H (corresponding to 11 May 1998) with a grace period of two Hijra years. On 22 Ramadan 1424H (corresponding to 16 November 2003) the lease agreement was extended to 40 Hijra years.

8. INTANGIBLE ASSETS

	<i>30 June 2023 Unaudited SR</i>	<i>31 December 2022 Audited SR</i>
Port concession rights and assets (note 8.1)	1,654,746,476	1,562,259,897
Intangible asset related to fixed and guaranteed variable fee (note 8.2)	1,428,894,665	1,446,114,774
Other intangible assets	1,746,273	2,349,070
	<u>3,085,387,414</u>	<u>3,010,723,741</u>

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8. INTANGIBLE ASSETS (continued)

8.1 Port concession rights and assets

	<i>30 June 2023 Unaudited SR</i>	<i>31 December 2022 Audited SR</i>
Cost		
Balance at the beginning of the period / year	2,605,576,600	2,521,502,896
Additions during the period / year	8,711,134	13,793,800
Transfer from capital work in progress	135,342,174	71,661,441
Disposals during the period / year	(83,300)	(1,381,537)
	<u>2,749,546,608</u>	<u>2,605,576,600</u>
Amortisation		
Balance at the beginning of the period / year	1,043,316,703	951,189,645
Charge for the period / year	51,529,244	93,427,475
Disposals during the period / year	(45,815)	(1,300,417)
	<u>1,094,800,132</u>	<u>1,043,316,703</u>
Net book value	<u><u>1,654,746,476</u></u>	<u><u>1,562,259,897</u></u>

8.2 Intangible assets related to fixed and guaranteed variable fee

	<i>30 June 2023 Unaudited SR</i>	<i>31 December 2022 Audited SR</i>
Cost:		
Intangible assets recorded in accordance with IFRIC 12 (see note 8.3)	1,534,457,606	1,534,457,606
Accumulated amortisation:		
At the beginning of the period / year	88,342,832	55,097,197
Charge for the period / year	17,220,109	33,245,635
	<u>105,562,941</u>	<u>88,342,832</u>
Net book value	<u><u>1,428,894,665</u></u>	<u><u>1,446,114,774</u></u>

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8. INTANGIBLE ASSETS (continued)

8.3 Intangible assets related to fixed and guaranteed variable fee

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

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

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

New Concession Agreement stipulates payment of the fixed and guaranteed variable annual fees on specified rates over the life of the agreement. These fees were recorded as intangible asset under the guidance of IFRIC 12 ‘Service Concession Arrangements’, with corresponding liability recognized as obligation under service concession arrangement. All other variable fees are charged to income as and when incurred.

9. WORK IN PROGRESS ASSETS

The carrying amount of work in progress assets represents amount paid to contractors and suppliers for the civil works, equipment and contract assets related to concession agreement. Once complete, these assets and their carrying amount will be transferred to respective asset category. Work in progress assets mainly comprise of Jeddah Logistic Hub and Jeddah Logistic Park Projects of Tusdeer and work in progress in respect of port terminal operations of RSGT. During the six-month period additions of SR 331.8 million (year ended 31 December 2022: 231.4 million) were made in work in progress assets of the Group.

10. GOODWILL

The Group recorded a goodwill of SR 9.3 million at the time of acquisition of Kindasa Water Services Company (Kindasa), a subsidiary of the Group. Subsequently, an impairment of SR 0.5 million was recorded in previous periods resulting in net carrying value of SR 8.8 million (31 December 2022: SR 8.8 million).

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

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11. EQUITY-ACCOUNTED INVESTEEES

	30 June 2023 Unaudited SR	31 December 2022 Audited SR	30 June 2022 Unaudited SR
Balance at the beginning of the period / year	251,827,074	188,020,461	188,020,461
Share in profit of equity accounted investees, net	17,712,603	30,831,042	14,795,328
Investment made during the period / year	--	3,428,000	--
Share of actuarial losses of associates recognized in other comprehensive income	--	4,537,573	--
Share of effective portion of changes in fair value of cash flow hedges	3,125,397	46,031,139	--
Dividend received during the period / year	(12,337,666)	(21,021,141)	(3,787,843)
Balance at the end of the period / year	<u>260,327,408</u>	<u>251,827,074</u>	<u>199,027,946</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>	
			30 June 2023 Unaudited	31 December 2022 Audited	30 June 2023 Unaudited SR	31 December 2022 Audited SR
International Water Distribution Company Limited (note a)	Water/waste works, water treatment and lease of water equipment	Kingdom of Saudi Arabia	50%	50%	148,460,199	139,150,060
Saudi Water and Environmental Services Company (note b)	Electrical, water and mechanical works and related operation and maintenance	Kingdom of Saudi Arabia	31.85%	31.85%	1,640,808	1,740,810

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11. EQUITY-ACCOUNTED INVESTEEES (continued)

<u>Associates</u>	<u>Principal activities</u>	<u>Country of incorporation</u>	<u>Effective shareholding</u>		<u>Carrying amount</u>	
			<u>30 June</u>	<u>31 December</u>	<u>30 June</u>	<u>31 December</u>
			<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
			<i>Unaudited</i>	<i>Audited</i>	<i>Unaudited</i>	<i>Audited</i>
					SR	SR
Saudi Al Jabr Talke Company Limited	Contracting, construction, operation and maintenance of factories and warehouses	Kingdom of Saudi Arabia	33.3%	33.3%	60,395,112	60,563,161
Xenmet SA, Vaduz (note c)	Trading, storage and brokerage of commodities	Principality of Liechtenstein	19%	19%	2,539,575	3,081,329
Green Dome (note d)	Investment and management of companies providing logistic services	United Arab Emirates	24%	24%	47,291,714	47,291,714
					260,327,408	251,827,074

- 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.
- Saudi Water and Environmental Services Company is 49% owned by Kindasa Water Services Company, a subsidiary which is 65% owned by the Parent Company, accordingly, it is classified as associate and accounted for as equity-accounted investee.
- Xenmet SA, Vaduz is 25% owned by Saudi Trade and Export Development Company Limited, a subsidiary which is 76% owned by the Parent Company, accordingly, it is classified as associate and accounted for as equity-accounted investee.
- 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. Subsequent to the reporting date of these condensed consolidated interim financial statements, the legal and procedural formalities related to the transfer of Green Dome were completed.

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 six month period ended 30 June 2023 Unaudited SR</i>	<i>For the year ended 31 December 2022 Audited SR</i>
Cost:		
At the beginning of the period / year	57,598,172	110,682,500
Additions during the period / year	--	14,366,827
Lease contracts modification	8,767,856	--
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 period / year	(12,101,616)	(20,550,263)
Depreciation for the period / year	(3,319,035)	(5,790,743)
Transfer to investment properties	--	11,839,390
Relating to terminated contract	--	2,400,000
	(15,420,651)	(12,101,616)
Net value at the end of period / year	50,945,377	45,496,556

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

	<i>For the six month period ended 30 June 2023 Unaudited SR</i>	<i>the year ended 31 December 2022 Audited SR</i>
At the beginning of the period / year	105,278,187	97,535,689
Addition during the period / year	--	14,366,827
Lease contracts modification	8,767,856	--
Interest charge for the period / year	1,531,759	2,503,052
Interest cost capitalised (capitalized in work in progress assets)	1,239,879	2,743,221
Payment of lease liabilities during the period / year	(5,563,376)	(11,870,602)
At the end of the period / year	111,254,305	105,278,187

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

The classification of lease liabilities is as follows:

	<i>30 June 2023 Unaudited SR</i>	<i>31 December 2022 Audited SR</i>
Current lease liabilities	12,822,045	11,192,159
Non-current lease liabilities	98,432,260	94,086,028
	<u>111,254,305</u>	<u>105,278,187</u>

14. INVESTMENT PROPERTIES

	<i>30 June 2023 Unaudited SR</i>	<i>31 December 2022 Audited SR</i>
Cost		
At the beginning of the period / year	314,408,430	244,798,958
Transfer from right of use assets	--	63,851,155
Transfer from capital work in progress	61,299,770	
Additions during the period / year	389,579	5,758,317
	<u>376,097,779</u>	<u>314,408,430</u>
Accumulated depreciation		
At the beginning of the year	150,576,705	126,756,964
Transfer from right of use assets	--	11,839,396
Depreciation for the period / year (capitalized in Work in progress assets)	174,036	350,956
Charge for the period / year	6,577,030	11,629,389
	<u>157,327,771</u>	<u>150,576,705</u>
Net book value	<u>218,770,008</u>	<u>163,831,725</u>

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

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

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15. CASH AND CASH EQUIVALENTS

	<i>30 June 2023 Unaudited SR</i>	<i>31 December 2022 Audited SR</i>
Cash on hand	331,253	462,738
Cash at banks	293,939,108	352,349,937
Murabaha deposits	494,427,794	435,059,388
	<u>788,698,155</u>	<u>787,872,063</u>
Less: short-term Murabaha deposits with original maturities more than 90 days	--	(279,986,229)
	<u><u>788,698,155</u></u>	<u><u>507,885,834</u></u>

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

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

16. SHARE CAPITAL AND DIVIDENDS

As at 30 June 2023, the authorised and paid up capital of the Group is divided into 81.6 million shares (31 December 2022: 81.6 million shares) of SR 10 each.

On 26 Shawwal 1444H (corresponding to 16 May 2022), the Board of Directors of the Company approved dividend amounting to SR 32.64 million (SR 0.8 per share). Dividend was paid in full during the six month period ended 30 June 2023.

17. LONG-TERM LOANS

	<i>30 June 2023 Unaudited SR</i>	<i>31 December 2022 Audited SR</i>
Long-term loans	944,020,612	773,751,505
Less: current portion	(92,355,298)	(87,791,382)
Non-current portion	<u><u>851,665,314</u></u>	<u><u>685,960,123</u></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).

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17. LONG-TERM LOANS (continued)

- 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 June 2023 is of SR 16.05 million which will be amortised over the remaining period of the Ijara facility, using effective interest rate.
- d) The unamortized portion of the advance rentals (loan arrangement fee) and other fees paid to the banks are amortized over the remaining period of the Ijara facility, using effective interest rate approach.
- e) During the year ended 31 December 2020, RSGT obtained a facility with sanctioned limit of SR 750 million towards its consolidation and expansion works. Out of which SR 350 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 2024 and ending in 2033. The loan is secured against assets relating to the consolidation and expansion works.
- f) The current and non-current portion of the loans of RSGT as at the period end is as follows:

	<i>30 June 2023 Unaudited SR</i>	<i>31 December 2022 Audited SR</i>
Long-term loans	874,273,245	735,206,352
Less: current portion	(90,301,969)	(85,312,559)
Non-current portion	<u>783,971,276</u>	<u>649,893,793</u>

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17. LONG-TERM LOANS (continued)

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

	30 June 2023	31 December 2022
	Unaudited	Audited
	SR	SR
Long-term loan	442,843	1,328,528
Less: current portion	(442,843)	(1,328,528)
	<u> </u>	<u> </u>
Non-current portion	<u> -- </u>	<u> -- </u>

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

	30 June 2023	31 December 2022
	Unaudited	Audited
	SR	SR
Long-term loan	69,304,524	37,216,625
Less: current portion	(1,610,486)	(1,150,295)
	<u> </u>	<u> </u>
Long-term portion	<u>67,694,038</u>	<u>36,066,330</u>

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

18. ZAKAT AND INCOME TAX

Parent Company

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

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18. ZAKAT AND INCOME TAX (continued)

Subsidiaries

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

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

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

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

The Subsidiary has finalized its Zakat assessments with ZATCA up to 2016 and has filed its Zakat returns up to 2022. Up to the date of these condensed consolidated interim financial statements, ZATCA is yet to raise the assessment for the years from 2017 to 2022.

Support Services Operation Company Limited (“the Subsidiary”)

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

Kindasa Water Service Company (“the Subsidiary”)

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

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19. RELATED PARTY TRANSACTIONS AND BALANCES

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

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

Name	Relationship	Nature of transactions	Amount of transactions			
			Three-month period ended		Six-month period ended	
			30 June	30 June	30 June	30 June
			2023	2022	2023	2022
			Unaudited	Unaudited	Unaudited	Unaudited
			SR	SR	SR	SR
International Water Distribution Company Limited	Associate	Sales of goods and services	16,974,175	19,558,391	34,259,266	31,489,532
		Services rendered	--	189,750	--	379,500
		Expenses incurred on behalf of the Group	--	(24,462)	--	(30,323)
		Expenses incurred on behalf of the associate	27,543	43,943	68,206	83,690
Arabian Bulk Trade Limited	Affiliate	Lease of land and warehouses	--	--	--	13,824
Al Jabr Talke Company Limited	Associate	Services rendered	382,657	34,500	417,157	69,000
		Dividend received	10,931,416	3,787,842	10,931,416	3,787,842
		Expenses incurred on behalf of an Associate	--	206,349	97,440	347,196
Saudi Water and Environmental Services Company Limited	Associate	Sales of goods and services	--	--	--	2,087,380
Xenel Industries Limited	Shareholder	Payment made on behalf of the shareholder	73,875	123,437	145,438	206,267
		Expenses incurred on behalf of the Group	--	(11,135)	(92)	(94,029)
Al Karam Al Arabi Catering	Affiliate	Purchase of goods and services	(5,029,858)	(4,684,823)	(9,513,696)	(9,155,879)

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19. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

b) Due from related parties

	<i>30 June 2023 Unaudited SR</i>	<i>31 December 2022 Audited SR</i>
International Water Distribution Company Limited	11,375,686	12,111,059
Xenel Industries Limited	344,687	199,342
Al Jabr Talke Company Limited	11,500	54,278
Arabian Bulk Trade Limited	1,150	1,150
	11,733,023	12,365,829

c) Due to a related party

	<i>30 June 2023 Unaudited SR</i>	<i>31 December 2022 Audited SR</i>
Al Karam Al Arabi Catering	1,654,300	--

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

	<i>Three-months period ended 30 June 2023 Unaudited SR</i>	<i>Three-months period ended 30 June 2022 Unaudited SR</i>	<i>Six-months period ended 30 June 2023 Unaudited SR</i>	<i>Six-months period ended 30 June 2022 Unaudited SR</i>
Short-term employee benefits	5,073,300	4,715,070	7,326,680	8,851,970
Post-employment benefits	214,921	149,850	433,988	313,549
	5,288,221	4,864,920	7,760,668	9,165,519

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

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19. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

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

	<i>Three-months period ended 30 June 2023 Unaudited SR</i>	<i>Three-months period ended 30 June 2022 Unaudited SR</i>	<i>Six-months period ended 30 June 2023 Unaudited SR</i>	<i>Six-months period ended 30 June 2022 Unaudited SR</i>
Meeting attendance fees	275,000	205,000	440,000	395,000
Other remuneration	2,015,500	1,810,000	2,203,000	2,297,500
	2,290,500	2,015,000	2,643,000	2,692,500

20. COMMITMENTS AND CONTINGENCIES

As at 30 June 2023, the Group's bankers have issued letters of guarantee amounting to SR 128.9 million (31 December 2022: SR 149.5 million) against which cash margin of SR 7.32 million (31 December 2022: SR 5.9 million) was deposited.

As at 30 June 2023, the Group has commitments for capital work in progress amounting to SR 268.6 million (31 December 2022: SR 262.8 million) mainly relating to new logistic hub and park construction project, new desalination plant construction and consolidation and expansion work on the container terminal.

21. BUSINESS SEGMENTS

The Group has the following main business segments:

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

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

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

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

SAUDI INDUSTRIAL SERVICES COMPANY
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21. BUSINESS SEGMENTS (continued)

	Reportable Segments					
	<i>Port development and operations</i>	<i>Logistic parks and support services</i>	<i>Water desalination and distribution</i>	<i>Total</i>	<i>Unallocated</i>	<i>Total</i>
	-----SR 000'(Unaudited)-----					
30 June 2023 (Unaudited)						
External revenues						
Point in time	404,224	22,141	46,308	472,673	--	472,673
Over the period of time	270,624	28,453	--	299,077	--	299,077
Total external revenues	674,848	50,594	46,308	771,750	--	771,750
Inter-segment revenue	--	--	(842)	(842)	--	(842)
Segment revenue	674,848	50,594	45,466	770,908	--	770,908
Direct costs	457,605	26,022	23,182	506,809	--	506,809
Inter-segment direct costs	(842)	--	--	(842)	--	(842)
Segment cost	456,763	26,022	23,182	505,967	--	505,967
Segment gross profit	218,085	24,572	22,284	264,941	--	264,941
Profit attributable to shareholders of the Parent	14,817	8,847	6,906	30,570	10,110	40,680
Segment assets	3,843,933	586,260	184,246	4,614,439	768,849	5,383,288
Segment liabilities	2,779,987	189,333	43,126	3,012,446	12,520	3,024,966

SAUDI INDUSTRIAL SERVICES COMPANY
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**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENT
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21. BUSINESS SEGMENTS (continued)

	Reportable Segments					
	<i>Port development and operations</i>	<i>Logistic parks and support services</i>	<i>Water desalination and distribution</i>	<i>Total</i>	<i>Unallocated</i>	<i>Total</i>
	-----SR 000'(Unaudited)-----					
30 June 2022						
External revenues						
Point in time	322,016	21,588	42,874	386,478	--	386,478
Over the period of time	46,666	23,395	--	70,061	--	70,061
Total external revenues	368,682	44,983	42,874	456,539	--	456,539
Inter-segment revenue	--	--	(557)	(557)	--	(557)
Segment revenue	<u>368,682</u>	<u>44,983</u>	<u>42,317</u>	<u>455,982</u>	<u>--</u>	<u>455,982</u>
Direct costs	209,326	25,240	32,074	266,640	--	266,640
Inter-segment direct costs	(557)	--	--	(557)	--	(557)
Segment cost	<u>208,769</u>	<u>25,240</u>	<u>32,074</u>	<u>266,083</u>	<u>--</u>	<u>266,083</u>
Segment gross profit	<u>159,913</u>	<u>19,743</u>	<u>10,243</u>	<u>189,899</u>	<u>--</u>	<u>189,899</u>
Profit attributable to shareholders of the Parent	1,026	6,930	(754)	7,202	(3,291)	3,911
Segment assets	3,479,887	469,286	170,235	4,119,408	766,404	4,885,812
Segment liabilities	<u>2,479,264</u>	<u>111,597</u>	<u>31,375</u>	<u>2,622,236</u>	<u>18,905</u>	<u>2,641,141</u>

22. FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

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

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

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

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

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

Level 2: quoted prices 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 six-month period ended 30 June 2023 (31 December 2022: nil). There were no financial assets or financial liabilities classified under level 2.

There were no changes in valuation techniques during the period.

As at 30 June 2023, the financial assets of the Group comprised of trade receivables and other receivables, due from related parties, cash and cash equivalents which are recorded at amortised cost and investment in equity securities which is recorded at fair value and the Group's financial liabilities include loans and bank facilities, obligation under service concession agreement, trade payables and other liabilities and derivative financial instruments.

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

23. APPROVAL OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

These condensed consolidated interim financial statements were approved and authorised to issue by the Board of Directors on 9 August 2023, corresponding to 23 Muharram 1445 AH.