

**SAUDI PUBLIC TRANSPORT COMPANY
AND ITS SUBSIDIARY
(A Saudi Joint Stock Company)
CONDENSED CONSOLIDATED INTERIM
FINANCIAL STATEMENTS (UNAUDITED)**
together with the
**Independent Auditor's Limited Review Report
For the three-months and six-months periods ended
30 June 2021**

SAUDI PUBLIC TRANSPORT COMPANY AND ITS SUBSIDIARY
(A Saudi Joint Stock Company)
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(UNAUDITED)
together with the
Independent Auditor's Limited Review Report
For the three-months and six-months periods ended
30 June 2021

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KPMG Professional Services

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كي بي إم جي للاستشارات المهنية

واجهة الرياض، طريق المطار
صندوق بريد ٩٢٨٧٦
الرياض ١١٦٦٣
المملكة العربية السعودية
المركز الرئيسي

سجل تجاري رقم ١٠١٠٤٢٥٤٩٤

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

To the Shareholders of Saudi Public Transport Company (a Saudi Joint Stock Company)

Introduction

We have reviewed the accompanying 30 June 2021 condensed consolidated interim financial statements of **Saudi Public Transport Company** ("the Company") and its subsidiary ("the Group") which comprises:

- the condensed consolidated interim statement of financial position as at 30 June 2021;
- the condensed consolidated interim statement of profit or loss for the three-month and six-month periods ended 30 June 2021;
- the condensed consolidated interim statement of comprehensive income for the three-month and six-month periods ended 30 June 2021;
- the condensed consolidated interim statement of changes in equity for the six-month period ended 30 June 2021;
- the condensed consolidated interim statement of cash flows for the six-month period ended 30 June 2021; 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.



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

To the Shareholders of Saudi Public Transport Company (a Saudi Joint Stock Company)

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 30 June 2021 condensed consolidated interim financial statements of Saudi Public Transport Company and its subsidiary are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia.

Other matter

The condensed consolidated interim financial statements of the Company as at and for the three month and six month periods ended 30 June 2020, and for the three month period ended 31 March 2021, were reviewed by another auditor who expressed an unmodified review conclusion on those condensed consolidated interim financial statements on 1 Muharram 1442H (corresponding to 20 August 2020) and 20 Ramadhan 1442H (corresponding to 2 May 2021) respectively.

The consolidated financial statements of the Company for the year ended 31 December 2020 were audited by the same another auditor who expressed an unmodified opinion on those consolidated financial statements on 29 Jumada' II 1442H (corresponding to 11 February 2021).

KPMG Professional Services

Fahad Mubark Aldossari
License No. 469



Riyadh on 26 Dhul-Hijjah 1442H
Corresponding to 5 August 2021

SAUDI PUBLIC TRANSPORT COMPANY AND ITS SUBSIDIARY
(A Saudi Joint Stock Company)
CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
As at 30 June 2021
(Saudi Riyals)

	Note	30 June 2021 SR'000 (Unaudited)	31 December 2020 SR'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment, net	6	1,061,826	1,136,656
Investment properties		307,122	307,122
Intangible assets	7	650,028	584,158
Right of use assets, net		33,887	35,888
Amounts due from a related party	18	32,127	33,625
Investments in associates and joint venture		75,480	94,311
Unbilled receivables	8	1,286,010	1,329,587
Other non-current assets		4,078	4,487
Total non-current assets		3,450,558	3,525,834
Current assets			
Inventories		19,207	18,069
Trade receivables		179,237	195,287
Unbilled receivables	8	720,342	482,390
Prepayments and other current assets		81,416	57,445
Due from related parties	18	58,735	60,086
Cash and cash equivalents		235,274	351,583
		1,294,211	1,164,860
Assets held for sale	19	13,586	7,016
Total current assets		1,307,797	1,171,876
Total assets		4,758,355	4,697,710
Equity			
Share capital	9	1,250,000	1,250,000
Statutory reserve	9	-	-
Consensual reserve	9	-	42,730
Accumulated losses		(73,049)	(22,067)
Equity attributable to equity holders of the Parent Company		1,176,951	1,270,663
Non-controlling interests		1,994	4,085
Total equity		1,178,945	1,274,748
Liabilities			
Non-current liabilities			
Murabaha loans	10	955,554	943,763
Advance from customers	11	1,384,558	1,437,950
Employees' defined benefits liabilities		147,151	145,612
Lease liabilities		27,839	31,041
Contract liabilities		4,675	4,675
Total non-current liabilities		2,519,777	2,563,041
Current liabilities			
Murabaha loans	10	287,494	116,514
Short-term Murabaha	10	120,217	150,295
Trade and retention payables		183,744	153,320
Amounts due to related parties	18	10,690	6,483
Current portion of lease liabilities		4,349	1,450
Accrued expenses and other current liabilities		242,628	257,160
Contract liabilities		11,685	19,756
Advance from customers	11	164,968	118,197
Zakat and income tax payable	14	33,858	36,746
Total current liabilities		1,059,633	859,921
Total liabilities		3,579,410	3,422,962
Total equity and liabilities		4,758,355	4,697,710

Authorized Board Member

EVP Corporate Finance

The accompanying notes from (1) to (20) form an integral part of these condensed consolidated interim financial statements.

SAUDI PUBLIC TRANSPORT COMPANY AND ITS SUBSIDIARY
(A Saudi Joint Stock Company)
Condensed Consolidated Interim Statement of Profit or Loss (Unaudited)
For the three-months and six-months periods ended 30 June 2021
(Saudi Riyals)

	Note	For the three-months period ended 30 June		For the six-months period ended 30 June	
		2021	2020	2021	2020
		SR'000	SR'000	SR'000	SR'000
		<u>(Unaudited)</u>	<u>(Unaudited)</u>	<u>(Unaudited)</u>	<u>(Unaudited)</u>
Revenue	15	246,380	122,746	457,962	542,802
Cost of revenue	16	(256,243)	(205,636)	(480,794)	(621,901)
Gross loss		(9,863)	(82,890)	(22,832)	(79,099)
Selling and distribution expenses		(3,200)	(1,019)	(6,697)	(6,619)
General and administrative expenses		(18,290)	(23,817)	(34,746)	(46,994)
Reversal of impairment of assets held for sale	19	6,570	-	6,570	-
Impairment of trade receivables		-	(5,967)	(2,566)	(8,347)
Operating loss for the period		(24,783)	(113,693)	(60,271)	(141,059)
Finance income		(296)	1,346	703	2,464
Finance costs		(12,280)	(12,709)	(21,523)	(20,652)
Net finance costs		(11,984)	(11,363)	(20,820)	(18,188)
Share in loss of joint venture		(9,050)	(12,362)	(18,831)	(16,621)
Share in profit/(loss) of associates		67	(479)	304	395
Other income	17	4,659	1,296	5,685	2,330
Loss before Zakat and income tax		(41,091)	(136,601)	(93,933)	(173,143)
Zakat and income tax	14	(265)	(3,734)	(1,870)	(7,130)
Net loss for the period		(41,356)	(140,335)	(95,803)	(180,273)
Loss for the period attributable to:					
Shareholders of the Parent Company		(39,980)	(138,635)	(93,712)	(178,617)
Non-controlling interests		(1,376)	(1,700)	(2,091)	(1,656)
		(41,356)	(140,335)	(95,803)	(180,273)
Loss per share (in Saudi Riyal):					
Basic and diluted, from the loss for the period attributable to Shareholders of the Parent Company		(0.32)	(1.11)	(0.75)	(1.43)

Authorized board member

EVP Corporate Finance

The accompanying notes from (1) to (20) form an integral part of these condensed consolidated interim financial statements.

SAUDI PUBLIC TRANSPORT COMPANY AND ITS SUBSIDIARY
(A Saudi Joint Stock Company)
Condensed Consolidated Interim Statement of Comprehensive Income (Unaudited)
For the three-months and six-months periods ended 30 June 2021
(Saudi Riyals)

	For the three-months period ended 30 June		For the six-months period ended 30 June	
	2021	2020	2021	2020
	SR'000	SR'000	SR'000	SR'000
<u>Note</u>	<u>(Unaudited)</u>	<u>(Unaudited)</u>	<u>(Unaudited)</u>	<u>(Unaudited)</u>
Loss for the period	(41,356)	(140,335)	(95,803)	(180,273)
Other comprehensive income				
Items that will not be reclassified subsequently to condensed consolidated interim statement of profit or loss				
Net movement in fair value of investments in financial assets held at "FVOCI"	-	9,365	-	(7,953)
Total Items that will not be reclassified subsequently to condensed consolidated interim statement of profit or loss	-	9,365	-	(7,953)
Total Comprehensive loss for the period	<u>(41,356)</u>	<u>(130,970)</u>	<u>(95,803)</u>	<u>(188,226)</u>
Total comprehensive loss for the period attributable to:				
Shareholders of the Parent Company	(39,980)	(130,639)	(93,712)	(186,570)
Non-controlling interests	<u>(1,376)</u>	<u>(331)</u>	<u>(2,091)</u>	<u>(1,656)</u>
	<u>(41,356)</u>	<u>(130,970)</u>	<u>(95,803)</u>	<u>(188,226)</u>

Authorized board member

EVP Corporate Finance

The accompanying notes from (1) to (20) form an integral part of these condensed consolidated interim financial statements.

SAUDI PUBLIC TRANSPORT COMPANY AND ITS SUBSIDIARY
(A Saudi Joint Stock Company)
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
For the six-months period ended 30 June 2021
(Saudi Riyals)

Equity attributable to equity holders of the Parent Company

	Share capital SR'000	Statutory reserve SR'000	Consensual reserve SR'000	Fair value of financial assets SR'000	(Accumulated losses)/ retained earnings SR'000	Total SR'000	Non-controlling interests SR'000	Total equity SR'000
As of 31 December 2020 (Audited)	1,250,000	-	42,730	-	(22,067)	1,270,663	4,085	1,274,748
Transfer from consensual reserve to accumulated losses (<i>Note 9</i>)	-	-	(42,730)	-	42,730	-	-	-
Loss for the period	-	-	-	-	(93,712)	(93,712)	(2,091)	(95,803)
Other comprehensive loss for the period	-	-	-	-	-	-	-	-
Total comprehensive loss	-	-	-	-	(93,712)	(93,712)	(2,091)	(95,803)
As at 30 June 2021 (Unaudited)	1,250,000	-	-	-	(73,049)	1,176,951	1,994	1,178,945
	Share capital SR'000	Statutory reserve SR'000	Consensual reserve SR'000	Fair value of financial assets SR'000	Retained earnings/ (Accumulated losses) SR'000	Total SR'000	Non-controlling interests SR'000	Total equity SR'000
At 31 December 2019 (Audited)	1,250,000	183,471	42,730	(6,495)	163,801	1,633,507	6,640	1,640,147
Loss for the period	-	-	-	-	(178,617)	(178,617)	(1,656)	(180,273)
Other comprehensive loss for the period	-	-	-	(7,953)	-	(7,953)	-	(7,953)
Total comprehensive loss	-	-	-	(7,953)	(178,617)	(186,570)	(1,656)	(188,226)
As at 30 June 2020 (Unaudited)	1,250,000	183,471	42,730	(14,448)	(14,816)	1,446,937	4,984	1,451,921

Authorized board member

EVP Corporate Finance

The accompanying notes from (1) to (20) form an integral part of these condensed consolidated interim financial statements.

SAUDI PUBLIC TRANSPORT COMPANY AND ITS SUBSIDIARY
(A Saudi Joint Stock Company)
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)
For the six-months period ended 30 June 2021
(Saudi Riyals)

	Note	2021 SR'000 (Unaudited)	2020 SR'000 (Unaudited)
OPERATING ACTIVITIES			
Loss for the period before Zakat and income tax		(93,933)	(173,143)
<i>Adjustments to reconcile income before Zakat and income tax to net cash flows:</i>			
Depreciation of property, plant and equipment		80,800	87,016
Depreciation of right-of-use assets		2,739	1,105
Amortization of intangible assets		2,701	4,200
Impairment of trade receivables		2,566	8,347
Provision for slow moving inventory	(16)	1,000	1,000
Share in loss of a joint venture		18,831	16,621
Reversal of impairment of assets held for sale		(6,570)	-
Share of profit from an associate		-	(395)
Finance costs		21,523	20,652
Finance income		(703)	(2,464)
Provision for employees' defined benefits liabilities		11,308	11,029
Gains from sale of property, plant and equipment		(2,989)	(13)
Cash flows after adjustment of non-cash items		37,273	(26,045)
Working capital adjustments:			
Inventories		(2,138)	(424)
Trade receivables and Unbilled receivables		(180,891)	(339,258)
Amounts due from a related party		2,849	210
Prepayments and other current assets		(23,971)	40,536
Other non-current assets		409	409
Trade payables		30,424	81,403
Amounts due to related parties		4,207	28,776
Advance from customers		(6,621)	-
Accrued expenses and other current liabilities		(14,532)	(8,060)
Contract liabilities		(8,071)	(1,742)
Cash flows used in operating activities		(161,062)	(224,195)
Finance income collected		703	991
Finance cost paid		(20,621)	-
Zakat and income tax paid		(4,757)	-
Employees' defined benefits liabilities paid		(9,769)	(3,589)
Net cash flows used in operating activities		(195,506)	(226,793)
INVESTING ACTIVITIES			
Movement in investments in equity instruments designated as at FVOCI		-	9,195
Proceeds from sale of property, plant and equipment		3,565	14
Purchase of property, plant and equipment		(6,546)	(4,500)
Purchase of intangible assets		(68,571)	(111,976)
Net cash flows used in investing activities		(71,552)	(107,267)
Financing activities			
Proceeds from Murabaha financing		561,022	571,821
Repayment of Murabaha financing		(408,329)	(325,783)
Repayment of lease liabilities		(1,944)	(2,188)
Net cash flows from financing activities		150,749	243,850
Net decrease in cash and cash equivalents		(116,309)	(90,210)
Cash and cash equivalents at 1 January		351,583	338,438
Cash and cash equivalents at 30 June		235,274	248,228

Authorized board member

EVP Corporate Finance

The accompanying notes from (1) to (20) form an integral part of these condensed consolidated interim financial statements.

SAUDI PUBLIC TRANSPORT COMPANY AND ITS SUBSIDIARY
(A Saudi Joint Stock Company)
Notes to the Condensed Consolidated Interim Financial Statements (Unaudited)
For the six-months period ended 30 June 2021
(Saudi Arabian Riyals)

1. CORPORATE INFORMATION

Saudi Public Transport Company (the “Company”, “SAPTCO”, the “Parent Company” or (“the Group”)) is a Saudi Joint Stock Company, registered in Riyadh, Kingdom of Saudi Arabia and formed under the Royal Decree No. M/11 dated on 7 Rabi’ I 1399H (corresponding to 5 February 1979) whose shares are publicly traded on the Saudi Stock Exchange. The formation was declared pursuant to the resolution of his Excellency, The Minister of Commerce, No. 254 dated 14 Sha’aban 1399H (corresponding to 9 July 1979). The Company operates under Commercial Registration number 1010024335 issued on 5 Ramadan 1399H (corresponding to 29 July 1979). The Company’s registered office’s address is Al-Nakheel neighborhood, Al-Takhasusi Street, Building No. 7995, P.O. Box 10667 Riyadh 11443, KSA.

The principal activities of the Company are passenger’s buses transport both intra and inter-city throughout and outside the Kingdom of Saudi Arabia, as well as transfer of non-postal parcels, cargo, school transport, transportation for teachers, car rental and private transport, operating and maintenance of trains, metros, motor vehicles and trucks, organizing tours, transporting pilgrims and visitors inside and outside of the Kingdom of Saudi Arabia and importing spare parts and chemical detergents of vehicles.

A Royal Decree No. (M/48) dated 22 Dhul-Hijjah 1399H (corresponding to 12 November 1979) was issued to grant Saudi Public Transport Company a franchise contract whereby the Company commits to transport passengers on public roads network both intra and inter-city throughout the Kingdom of Saudi Arabia for a period of fifteen Hijri years.

The Council of Ministers in its resolution No. (57) issued on 1 Jumada’ II 1414H (corresponding to 15 November 1993) approved the renewal of the franchise contract for a period of fifteen years starting from 1 Rajab 1414H. On 21 Jumada’ I 1429H (corresponding to 26 May 2008), the contract was renewed for another renewable five-year period starting from 1 Rajab 1429H (corresponding to 4 July 2008).

The Council of Ministers in its resolution No. (254) issued on 24 Rajab 1434H (corresponding to 3 June 2013) approved the extension of the franchise contract signed between the Government and Saudi Public Transport Company (SAPTCO), whereby the Company is committed to carry passengers by buses within and between cities in the Kingdom for a period of three years starting 1 Rajab 1434H (corresponding to 11 May 2013). The concerned governmental authorities shall have the right during that period to partially reduce the spatial coverage of the franchise contract based on the phases of issuing new tender for providing public transportation between the cities inside the Kingdom of Saudi Arabia.

On 29 Dhul-Hijjah 1436H (corresponding to 12 October 2015), the Council of Ministers approved the extension of the franchise contract, signed between the Government and Saudi Public Transport Company (SAPTCO) by virtue of the Royal Decree (No M/48 dated 23 Dhul-Hijjah 1399H) (corresponding to 13 November 1979), for a period of five years starting 1 Rajab 1437H (corresponding to 8 April 2016), and without giving the Company or any other Company any competitive advantage when issuing tenders for providing public transportation services between the cities of the Kingdom. On 27 Safar 1442H (corresponding to 14 October 2020), the Company received a letter from H.E. the Chairman of General Authority for Transport regarding the franchise contract included therein the approval of the Council of Ministers (initial approval) on which the assigned committee has reached regarding Company’s assets which includes an extension of the franchise contract for a year from 1 Rajab 1442H (corresponding to 13 February 2021) and the required terms for the final settlements by the Company regarding to the franchise contract as announced in the Company’s website and its announcements in Tadawul.

SAUDI PUBLIC TRANSPORT COMPANY AND ITS SUBSIDIARY
(A Saudi Joint Stock Company)
Notes to the Condensed Consolidated Interim Financial Statements (Unaudited)
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1. CORPORATE INFORMATION (CONTINUED)

Accordingly, the Board of Directors presented the terms mentioned in the approval of the Council of Ministers to Company's shareholders on the Ordinary General Assembly meeting that held on 29 Rabi' I 1442H (corresponding to 15 November 2020). Therefore, the Ordinary General Assembly has approved on the conclusion mentioned on the letter based on the agreement and the terms and conditions of the franchise contract.

On 10 Shaban 1442H (corresponding to 23 March 2021), the final approval of the Council of Ministers was issued in accordance with the terms mentioned above.

The Company has invested in the following subsidiary, which included in these condensed consolidated interim financial statements:

Subsidiary	Year of incorporation	Shareholding %		Principal activity	Country of incorporation
		30 June 2021	31 December 2020		
Public Transportation Company ("PTC")	2014	80%	80%	Executing King Abdulaziz Project for Public Transport in Riyadh	Kingdom of Saudi Arabia

Public Transportation Company ("PTC") (20% owned by RATP Development (a French company)) is a Limited Liability Company registered in Riyadh, the Kingdom of Saudi Arabia under commercial registration number 1010429250 dated 8 Rabi' I 1436H (corresponding to 31 December 2014). The Company is engaged in importing, operating and maintaining buses in Riyadh according to license issued by the Ministry of Investment No. 10608351147347 dated on 8 Dhul-Qi'dah 1435H (corresponding to 4 September 2014).

The Company has also invested in the following associates and joint venture:

Investment in associates and a joint venture	Relationship	Shareholding		Principal activity	Country of incorporation
		30 June 2021	31 December 2020		
Saudi Bahraini Transport Company *	An associate	40%	40%	Transportation activities	Kingdom of Saudi Arabia
Capital Metro Company Limited	An associate	20%	20%	Road construction works and maintenance	Kingdom of Saudi Arabia
Saudi Emirates Integrated Transport Company	A joint venture	50%	50%	Educational transportation services	Kingdom of Saudi Arabia

* The Saudi Bahraini Transport Company is under liquidation since 31 December 2015.

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(A Saudi Joint Stock Company)
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2. SIGNIFICANT EVENTS

The novel coronavirus (Covid-19), declared a pandemic by the World Health Organization at the beginning of last year continues to evolve, and it is currently difficult to predict the full extent of the impact of this pandemic on the business and economy in which the Group operates.

The extent and duration of such impacts remain uncertain and dependent on future developments that cannot be accurately predicted at this time, such as the transmission rate of the virus, the extent and effectiveness of containment actions taken. The Group has taken containment steps until 30 June 2021, that have limited the negative impact of the virus on the Group's financial results.

The Group does not expect any significant and negative future impact on the going concern principle, goodwill, property, plant and equipment and bank covenants. The Group will continue to reassess its position and the associated impact on a regular basis.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of preparation

The condensed consolidated interim financial statements for the six-month period ended 30 June 2021 have been prepared in accordance with the International Accounting Standard (34) "Interim Financial Reporting" that endorsed in Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants.

The condensed consolidated interim financial statements should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2020 ("last annual financial statements"). These condensed consolidated interim financial statements do not include all of information and disclosures required to prepare a full set of financial statements prepared under IFRS. However, selected explanatory notes are included to explain events and transaction that are significant to an understanding of the changes in the Group's financial position and performance since the last annual financial statements.

Certain prior year figures have been reclassified to conform to the nature of the item in the interim condensed consolidated statement of financial position and the condensed consolidated interim profit or loss statement. The reclassification did not affect prior years' earnings, owners' equity or cash flows.

a) Basis of measurement

These condensed consolidated interim financial statements have been prepared under the historical cost convention, except for 'financial assets held at 'FVOCI' which are measured at fair value, employees' defined benefits liabilities which are recognized at the present value of future obligations using the Projected Unit Credit method (PUC). Further, the condensed consolidated interim financial statements are prepared using the accrual basis of accounting and the going concern concept.

b) Functional and presentation currency

The condensed consolidated interim financial statements are presented in Saudi Arabian Riyals ("SAR"), which is also the Group's functional currency. All amounts have been rounded to the nearest thousand ("SR'000"), unless otherwise indicated.

SAUDI PUBLIC TRANSPORT COMPANY AND ITS SUBSIDIARY
(A Saudi Joint Stock Company)
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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Basis of preparation (continued)

c) Use of estimates and judgments

The preparation of Group's condensed consolidated interim financial statements in accordance with IFRS as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements as endorsed by Saudi Organization for Chartered and Professional Accountants require management to make judgments, estimates, and assumptions that affect the reported amounts of revenues, costs, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. Actual results may differ from these estimates.

The significant estimates made by the management when applying the Group's accounting policies and the significant sources of uncertainties of the estimates were similar to those shown in the Group's last annual consolidated financial statements.

d) Fair Value Measurement

A number of the Group's accounting policies and disclosures require the measurement of fair value, for both financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values for financial assets and liabilities. This includes a team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the chief financial officer.

The team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of the Standards, including the level in the fair value hierarchy in which the valuations should be classified. Significant valuation issues are reported to the Group's audit committee.

When measuring the fair value of assets or liabilities, the Group uses market observable data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in capital markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data. (unobservable inputs).

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

Management assessed that the fair values of cash and cash equivalents, trade receivables Unbilled receivables and other current assets, trade and other payables and current liabilities approximate their carrying values largely due to the short-term maturities of these financial instruments.

Management assessed that the carrying value of the fixed and variable commission rates bearing term Murabaha financing approximates their fair value due to the fact that they bear commission rates that reflect commission rates prevailing in market for similar financing and loans. As a result, the discounted future cash value of financing and loans is not materially different from its current carrying amount.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Summary of significant accounting policies

The accounting policies adopted in the preparation of these condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group's consolidated financial statements for the year ended 31 December 2020, except for the adoption of new standards that are effective as of 1 January 2021, if any. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

4. STANDARDS ISSUED BUT NOT YET EFFECTIVE

The below pronouncements are effective for subsequent annual periods and earlier application is permitted. The Group has not early adopted the new or revised standards in the preparation of these financial statements. The impact of these standards on the Group is not expected to be material when the below standards and amendments are applied.

Effective for annual periods beginning on or after	New standards and amendments
1 January 2022	Onerous Contracts – Cost of fulfilling a contract (Amendments to IAS 37).
	Annual Amendments to IFRSs (2018 - 2020 Cycle).
	Property Plant and Equipment: Proceeds before intended Use (Amendments to IAS16).
	Reference to Conceptual Framework (Amendments to IFRS 3).
1 January 2023	Amendments to IAS 1 'Presentation of Financial Statements' related to classification of liabilities as current/non-current.
Available for optional adoption/effective date deferred indefinitely	Sale or contribution of assets between the investor and its associate or joint venture (Amendments to IFRS 10 and IAS 28).

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5. OPERATING SEGMENTS

For management purposes, the Group is organized into business units based on their operations and has the following reportable segments:

- Passenger Transport - It includes scheduled transport services, representing passenger transport services inside and outside the Kingdom of Saudi Arabia, including government support revenue as well as international transport services. It also includes the cargo operations. This is considered one of largest segments of the Group.
- Specialized Services - It includes transport services under lease agreements entered into by the Company with third parties, whether government or non-government parties, inside or outside the Kingdom of Saudi Arabia. It also includes Limo services.
- Revenues from the concession arrangements for the King Abdul-Aziz Project for Public Transport in Riyadh - It includes the financial results of the Public Transportation Company, which is engaged in execution of King Abdul-Aziz Project for Public Transport in Riyadh, as stated in) Note 1).
- Head Office - It includes the headquarter of the Company and financial information about support unit activities.

These operating segments are identified based on internal reports that the entity regularly reviews for allocating resources to segments and assessing their performance “management method”. The management method is based on how the management organizes the segments within the entity for making operating decisions and assessing performance. The management of SAPTCO, at the end of every reporting period, reviews the above segments for setting quantitative thresholds as well as criteria for presenting the revenues and expenses of each segment.

The activities of the Company and its subsidiaries are primarily conducted in the Kingdom of Saudi Arabia.

Inter-segment and inter business units’ revenues are eliminated upon consolidation and reflected in the “adjustments and eliminations” column.

Management monitors the operating results of business segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on condensed consolidated interim statement of profit or loss and is measured consistently with the consolidated interim statement of profit or loss in the condensed consolidated interim financial statements.

The Group has no significant customer that contributes 10% or more to the Group's revenues for the period ended 30 June 2021 and 2020, respectively, except for certain government agencies which in aggregate account for 10% of the Group's revenue.

The Group's revenues are affected by seasons with high operating rates. These seasons are during the period of Hajj, summer vacation, holy month of Ramadan and public holidays. The financial information included for these segments is as follows:

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5. OPERATING SEGMENTS (CONTINUED)

Information on reportable segments (continued)

	Passenger transport	Specialized services	Head office	Concession arrangements for the King Abdul-Aziz Project for Public Transport in Riyadh	Total segments	Adjustments and eliminations	Consolidated
For the period ended 30 June 2021 (Unaudited)	SR'000	SR'000	SR'000	SR'000	SR'000	SR'000	SR'000
Total revenue (<i>Note 15</i>)	202,400	61,186	-	194,376	457,962	-	457,962
Cost of revenue	(188,946)	(117,528)	-	(185,658)	(492,132)	11,338	(480,794)
Gross (loss)/profit	13,454	(56,342)	-	8,718	(34,170)	11,338	(22,832)
Profit / (loss) before Zakat and income tax	11,077	(57,164)	(46,010)	(9,605)	(101,702)	7,769	(93,933)

	Passenger transport	Specialized services	Head office	Concession arrangements for the King Abdul-Aziz Project for Public Transport in Riyadh	Total segments	Adjustments and eliminations	Consolidated
For the period ended 30 June 2020 (Unaudited)	SR'000	SR'000	SR'000	SR'000	SR'000	SR'000	SR'000
Total revenue (<i>Note 15</i>)	148,164	62,532	-	332,106	542,802	-	542,802
Cost of revenue	(183,327)	(134,948)	-	(318,777)	(637,052)	15,151	(621,901)
Gross (loss)/profit	(35,163)	(72,416)	-	13,329	(94,250)	15,151	(79,099)
Loss before Zakat and income tax	(43,680)	(114,078)	(14,290)	(7,658)	(179,706)	6,563	(173,143)

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5. OPERATING SEGMENTS (CONTINUED)

Information on reportable segments (continued)

	Passenger transport	Specialized services	Head office	Concession arrangements for the King Abdul-Aziz Project for Public Transport in Riyadh	Total segments	Adjustments and eliminations	Consolidated
As at 30 June 2021 (Unaudited)	SR'000	SR'000	SR'000	SR'000	SR'000	SR'000	SR'000
Total assets	438,008	713,929	849,724	2,776,270	4,777,931	(19,576)	4,758,355
Total liabilities	226,421	290,937	306,333	2,796,265	3,619,956	(40,546)	3,579,410
Other disclosures:							
Property, plant and equipment, and right-of-use assets	348,961	648,064	90,405	8,283	1,095,713	-	1,095,713
Investments in associates and joint venture	-	-	75,480	-	75,480	-	75,480
As at 31 December 2020 (Audited)	SR'000	SR'000	SR'000	SR'000	SR'000	SR'000	SR'000
Total assets	549,931	819,404	802,817	2,557,446	4,729,598	(31,888)	4,697,710
Total liabilities	279,431	277,453	344,551	2,566,591	3,468,026	(45,064)	3,422,962
Other disclosures:							
Property, plant and equipment, and right-of-use assets	384,970	691,341	92,938	3,295	1,172,544	-	1,172,544
Investments in associates and joint venture	-	-	94,311	-	94,311	-	94,311

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6. PROPERTY, PLANT AND EQUIPMENT

	30 June 2021 SR'000 (Unaudited)	31 December 2020 SR'000 (Audited)
Property, plant and equipment	1,037,870	1,112,391
Projects under construction	23,956	24,265
	<u>1,061,826</u>	<u>1,136,656</u>

During the six-month period ended 30 June 2021, the Group added property, plant and equipment at a cost of SR 6,6 million (30 June 2020: SR 4,5 million).

During the six-month period ended 30 June 2021, the Group disposed of property, plant and equipment with a net book value of SR 10,5 million (30 June 2020: SR 1,000) which resulted in a gain on the sale of property, plant and equipment of SR 3.4 million for the six-months period ended 30 June 2021 with a value (for the six months period ended 30 June 2020: SR 13 thousand) (*Note 17*).

7. INTANGIBLE ASSETS

	30 June 2021 SR'000 (Unaudited)	31 December 2020 SR'000 (Audited)
Software and licenses	30,673	35,804
Other intangible assets (a)	619,355	548,354
	<u>650,028</u>	<u>584,158</u>

a) Other intangible assets

Intangible assets represent the subsidiary's right to the residual value of the Riyadh Public Transport Project's buses and garages after the completion of the project. Under the contract, the grantor (Royal Commission for Riyadh City) has an option to purchase these buses and garages at their net book value. If this option is not exercised, the subsidiary has the right to retain these buses.

8. UNBILLED RECEIVABLES

Unbilled receivables are revenue recognized but not yet billed. The Company issues a bill to the customer according to the agreed schedule. Current unbilled receivables are amounts that will be billed over the next 12 months.

During the period ended 30 June 2021, the Company received an amount of SR 33 million (31 December 2020: SR 15,74 million) according to the payment schedule.

The unbilled receivables balance has been presented as follows in the condensed consolidated Interim statement of financial position:

	30 June 2021 SR'000 (Unaudited)	31 December 2020 SR'000 (Audited)
Current portion recognized under current assets	720,342	482,390
Non-current portion recognized under non-current assets	1,286,010	1,329,587
	<u>2,006,352</u>	<u>1,811,977</u>

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9. SHARE CAPITAL AND RESERVES

Share capital

As at 30 June 2021, the fully paid-up share capital of the Group is SR 1,250 million (31 December 2020: SR 1,250 million) divided into 125 million shares (31 December 2020: 125 million shares) at SR 10 each.

Statutory reserve

In accordance with the by-laws of the Company, the Group sets aside 10% of its net income each year as statutory reserve. Such setting aside may be discontinued by the Ordinary General Assembly when said reserve totals (30%) of the capital. This reserve is not available for distributions. The Board of Directors, in its meeting held on 22 Rabi II 1442H (corresponding to 7 December 2020), approved to amortize part of the accumulated losses of the Company by transferring an amount of SR 184 million from the statutory reserve of the Company.

Consensual reserve

In accordance with the Company's by-law, the Ordinary General Assembly may, based on a proposal of the Board of Directors, set aside a percentage not exceeding 20% of the Group's net income to form a consensual reserve and allocate it for a specific purpose(s). On 14 Ramadan 1442H (corresponding to 26 April 2021), the Company's Ordinary General Assembly agreed to amortize part of the accumulated losses of the Group by transferring the consensual reserve amount of SR 42,7 million to the accumulated losses.

10. MURABAHA LOANS

The Group has entered into Murabaha arrangements with banks to obtain Murabaha facilities. These loans have been availed during 2017 to 2020 and have a maturity of three to five years from the date of the Murabaha financing agreement and are secured by promissory notes bearing prevailing commission rates ranging between 1% -2% plus SIBOR. The Group has obtained these loans in order to finance the procurement of buses.

During 2020, the Subsidiary entered into an agreement with a local bank to restructure short-term Murabaha financing amounted to SR 499 million, to be long-term Murabaha financing and increase the bank facilities to SR 800 million due in quarterly installments for a period of 7 years and is secured by promissory notes bearing prevailing commission rates 1.50% plus SIBOR.

Short-term Murabaha Loans

During current period, the Company obtained short-term bank facilities from local banks amounted to SR 120 million in the form of Murabaha to finance operating activities.

As at 30 June 2021, the balance withdrawn therefrom amounted to SR 1,363 million (31 December 2020: SR 1,210 million).

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10. MURABAHA LOANS (CONTINUED)

Murabaha and long-term Loans are as follows:

	Currency of the loan	Maturity date	Credit limit	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Local Bank 1	SR	2024	200,000	160,000	180,000
Local Bank 2	SR	2022	150,000	70,000	70,000
Local Bank 3	SR	2027	800,000	800,000	559,000
Bank 4	SR	2023	61,500	7,811	14,366
Bank 4	SR	2023	136,598	27,200	41,613
Bank 5	SR	2024	83,000	34,583	42,883
Bank 4	SR	2025	101,000	65,422	75,289
Total value				1,165,016	983,151
Less: Current portion of long-term Murabaha				(210,000)	(40,000)
Net movement in deferred interest costs				538	612
Non-current portion of long-term Murabaha				955,554	943,763

The current and short-term Murabaha Loans are as follows:

	Currency of the loan	Credit limit	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Bank 4 - Current balance of long-term Murabaha	SR	61,500	12,982	12,730
Bank 4 - Current balance of long-term Murabaha	SR	136,598	28,513	27,932
Bank 5 - Current balance of long-term Murabaha	SR	83,000	16,600	16,600
Bank 4 - Current balance of long-term Murabaha	SR	101,000	19,614	19,372
Short-term Murabaha financing from local banks	SR	250,000	120,217	150,295
Total value			197,926	226,929
Current portion of long-term Murabaha			210,000	40,000
Net movement in deferred interest costs			(215)	(120)
Total short-term Murabaha financing and current portion of long-term Murabaha			407,711	266,809

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10. MURABAHA LOANS (CONTINUED)

Movement of the Murabaha Financing is as follows:

	30 June 2021 SR'000 (Unaudited)	31 December 2020 SR'000 (Audited)
Opening balance	1,210,572	760,053
Proceeds during the period / year	561,022	1,242,748
Payment during the period/year	(408,329)	(792,229)
	<u>1,363,265</u>	<u>1,210,572</u>

The balance of Murabaha was presented in the condensed consolidated statement of financial position as follows:

	30 June 2021 SR'000 (Unaudited)	31 December 2020 SR'000 (Audited)
Current portion under current liabilities	407,711	266,809
Non-current portion under non-current liabilities	<u>955,554</u>	<u>943,763</u>
	<u>1,363,265</u>	<u>1,210,572</u>

11. ADVANCE FROM CUSTOMERS

The Company received an amount of SR 1,568 million as an advance payment for executing King Abdulaziz Project for Public Transport in Riyadh. The Company received SR 471 million in 2015, SR 548 million in 2019 and SR 549 million in 2020. The balance at the end of the period was classified under current and non-current items with balances of SR 165 million and SR 1,385 million, respectively (31 December 2020: SR 118 million and SR 1,438 million, respectively). The value of the advance payment is amortized according to the completed works by the Public Transportation Company, with a percentage of the total cumulative works submitted.

12. FINANCIAL INSTRUMENTS

The table below shows the carrying values of financial assets and liabilities, which are not measured at fair value, the carrying values is a reasonable approximation of fair value.

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12. FINANCIAL INSTRUMENTS (CONTINUED)

	30 June 2021 SR'000 (Unaudited)			31 December 2020 SR'000 (Audited)		
	Amortized cost	Other Financial liabilities	Total	Amortized cost	Other financial liabilities	Total
Financial assets not measured at fair value						
Trade receivables	179,237	-	179,237	195,287	-	195,287
Due from related parties	90,862	-	90,862	93,711	-	93,711
Cash and cash equivalents	235,274	-	235,274	351,583	-	351,583
Unbilled receivables	2,006,352	-	2,006,352	1,811,977	-	1,811,977
	<u>2,511,725</u>	<u>-</u>	<u>2,511,725</u>	<u>2,452,558</u>	<u>-</u>	<u>2,452,558</u>
Financial liabilities not measured at fair value						
Murabaha Loans	-	1,363,265	1,363,265	-	1,210,572	1,210,572
Lease liabilities	-	32,188	32,188	-	32,491	32,491
Amounts due to related parties	-	10,690	10,690	-	6,483	6,483
Trade payables	-	183,744	183,744	-	153,320	153,320
Accrued expenses and other current liabilities	-	242,628	242,628	-	257,160	257,160
	<u>-</u>	<u>1,832,515</u>	<u>1,832,515</u>	<u>-</u>	<u>1,660,026</u>	<u>1,660,026</u>

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13. CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

Lawsuits

There are some lawsuits filed against the Company, in the ordinary course of business, and are currently under litigation. However, the final outcome of these issues cannot be determined with certainty. The management believes that the outcome of these lawsuits will not have any material impact on the Group's condensed consolidated interim financial statements as at 30 June 2021.

Contingent liabilities are as follows:

	30 June 2021	31 December 2020
	SR 2,061	SR 2,072
	million	million

Contingent liabilities

The Group has contingent liabilities from time to time relating to certain disputed matters, including claims from and against contractors, litigation and arbitration proceedings involving a variety of cases. These contingent liabilities arose in the normal course of business. No significant obligations are expected to be incurred from these potential claims.

14. ZAKAT AND INCOME TAX

a) Zakat

Zakat is calculated on the basis of the Zakat base of the Company and its subsidiary separately. The Company filed Zakat returns until 2020 and obtained the necessary Zakat certificates until 2022. The Zakat, Tax and Customs Authority ("ZTCA") has raised its Zakat assessments for the Company up to 2018. The Group has paid the Zakat payable under the amended assessments and cleared its Zakat status for all the year up to the year 2018.

b) Income tax

The subsidiary filed the Zakat and tax return to the Zakat, Tax and Customs Authority ("ZTCA") up to the year 2020. No Zakat or tax assessment has yet been made by the ZTCA.

15. REVENUE

	For the three-months period ended 30 June		For the six months period ended 30 June	
	2021	2020	2021	2020
	SR'000	SR'000	SR'000	SR'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue from concession arrangements for the King Abdul-Aziz Project for Public Transport in Riyadh	112,473	94,720	194,376	332,106
Revenue from passenger transport	94,701	16,438	186,311	128,982
Revenue from specialized services	34,094	11,588	61,186	62,532
Revenue from government support (*)	5,111	-	16,089	19,182
	246,379	122,746	457,962	542,802

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15. REVENUE (CONTINUED)

(*) The Royal Commission for Riyadh (“Commission’s Projects and Planning Center”) and Saudi Public Transport Company (SAPTCO) (“Operator”) agreed to implement the alternative bus service in Riyadh as an alternative service provided by the existing local buses in the Riyadh city for two years, including the provision of materials, equipment, workers and any matters technically and practically required for the implementation of the project. The operation start date is 11 Jumada’ II 1439H (corresponding to 27 February 2018) for transport on service runways and stop points in Riyadh city, which is to be determined by approval of the Public Transport Authority.

Jeddah Municipality and SAPTCO agreed to implement the alternative bus service project in Jeddah for a period of five years, including the provision of materials, equipment, workers and all matters technically and practically required for implementing the project. The operation start date is 11 Jumada’ II 1439H (corresponding to 27 February 2018) for transport on service runways and stop points in Jeddah city, which is to be determined by approval of the Public Transport Authority. The total of the annual support amount was SR 20,132,728 which was disbursed in equal monthly installments. Due to the suspension of transportation, the Group has not recorded support revenue for the period. Management believes that there are no unfulfilled terms or contingent liabilities related to this support.

The total of the annual support amount for the year ended 31 December 2020 was SR 36,505,676 which was disbursed in equal monthly installments. Due to the ends of the agreement, during month of March 2020, the Group agreed with the Royal Commission for Riyadh to continue implementing, where King Abdulaziz Project for Public Transport has not started yet.

16. COST OF REVENUE

	For the three-months period ended 30 June		For the six months period ended 30 June	
	2021	2020	2021	2020
	SR’000	SR’000	SR’000	SR’000
	<u>(Unaudited)</u>	<u>(Unaudited)</u>	<u>(Unaudited)</u>	<u>(Unaudited)</u>
Mobilization phase expenses for King Abdulaziz Project for public transportation in Riyadh	102,119	83,740	174,320	303,626
Salaries and other related expenses	70,949	50,792	132,963	133,123
Depreciation charge	38,983	43,074	80,991	86,502
Bus repairs and maintenance	17,460	3,806	38,220	25,059
Visa and iqama fees	6,439	4,592	17,058	25,385
Contractual services	6,987	5,891	14,691	16,470
Maintenance and general fees	3,346	3,191	7,240	7,281
Rent	1,788	4,412	3,634	7,986
Impairment of slow-moving inventories	500	-	1,000	1,000
Amortization	730	1,415	1,462	2,831
Property insurance expense	3,074	1,280	4,409	5,256
Advisory	1,845	-	1,845	-
Others	2,023	3,443	2,961	7,382
	<u>256,243</u>	<u>205,636</u>	<u>480,794</u>	<u>621,901</u>

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17. OTHER INCOME, NET

	For the three-months period ended 30 June		For the six-months period ended 30 June	
	2021	2020	2021	2020
	SR'000	SR'000	SR'000	SR'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Gains on sale of property, plant and equipment	2,989	-	2,989	13
Drivers renting	338	590	698	590
Gains on sale of scrap	400	163	400	256
Penalties on suppliers	98	242	182	483
Rental income	-	32	-	287
Advertising revenue on intra-city transport busses	-	-	-	220
Others	834	269	1,416	481
	4,659	1,296	5,685	2,330

18. RELATED PARTIES

Related parties of the Group comprise of shareholders having control or significant influence, key management personnel and affiliates where shareholders have control or significant influence. The transactions with related parties are made on terms approved by the Board of the Directors of the Group. The Group and its related parties transact with each other in the ordinary course of business. The significant transactions and balances between the Group and its related parties are as follows:

	<u>Nature of relationship</u>	<u>Nature of transactions</u>	<u>Transaction for the six- months period ended</u>	
			30 June 2021	30 June 2020
			SR'000	SR'000
<u>Related party</u>			(Unaudited)	(Unaudited)
		Finance income	-	987
Saudi Emirates Integrated Transport Company (SEETCO)	A joint venture	Share in loss of the joint venture	(18,831)	(16,621)
		Services rendered	81	416
Capital Metro Company Ltd (CAMCO)	An associate	Share in profits of the joint venture	304	395
RATP Development (French company)	Non-controlling interests of the subsidiary	Services rendered	3,420	3,215
RATP Dev Saudi Arabia (LLC)	Non-controlling interests of the subsidiary	Services rendered	24,227	22,544

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18. RELATED PARTIES (CONTINUED)

Significant balances resulted from the above transactions of the Group and its related parties are as follows:

		Transactions for the six-months period ended	
		30 June 2021	31 December 2020
		SR'000	SR'000
		(Unaudited)	(Audited)
Related party	Recognized under		
Saudi Emirates Integrated Transport Company	Due from related parties	89,978	92,827
Capital Metro Company Ltd (CAMCO)	Due from related parties	884	884
RATP Development (French company)	Due to related parties	2,307	2,349
RATP Dev Saudi Arabia (LLC)	Due to related parties	8,383	4,134

The joint venture

* During 2014, the Company has funded the operating activities of Saudi Emirates Integrated Transport Co., Ltd. ("SEITCO") in an amount of SR 30 million. This amount is not subject to any interest. An amount of SR 20 million from the value of the loan has paid up to 30 June 2021 and management expects to pay the remaining amount during 2022.

In addition, during 2016, the Company has provided two additional finances totaling to SR 40 million to finance operations for the implementation of government school transport contracts. The amount will be recovered upon receiving the accruals of SEITCO. This amount doesn't carry any interest management expects to pay the remaining amount during 2022.

During 2019, the Company sold 350 buses to SEITCO for SR 33.6 million to be paid in annual installments. This process has been recorded at fair value based on market rate of commission. The financing income on this loan has been recognized in the consolidated interim statement of profit or loss.

The significant transactions between the Group and key management personnel are as follows:

Transactions with key management personnel:

	30 June 2021	30 June 2020
	SR'000	SR'000
Board expenses and allowances	900	521
Compensations of the key management personnel *	5,539	4,705
*Compensations of the key management personnel:		
	30 June 2021	30 June 2020
	SR'000	SR'000
Short-term employees' benefits	5,194	1,840
Long-term benefits	345	2,865
	5,539	4,705

Key management personnel compensation includes salaries and defined employees' benefits.

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19. SUBSEQUENT EVENTS

During the year ended 31 December 2020, the Group's management decided to sell some of its assets (buses) that are used in passenger transportation operations. The disposal process resulted in losses of SR 42.705 million, which represents the difference between the recoverable value and the net book value of those fixed assets. Accordingly, these differences have been recognized as impairment losses of assets in previous periods. As at 14 July 2021, the Company sold these assets for an amount of SR 13,750 million. This resulted in a reversal of impairment losses of assets amounting to SR 6,570 million.

No other events has occurred up to and including the date of the approval of the condensed consolidated interim financial statements by the Board of Directors of the Group which could materially affect these financial statements and the related disclosures for the six-month period ended 30 June 2021.

20. APPROVAL OF THE FINANCIAL STATEMENTS

The condensed consolidated interim financial statements have been approved by the Board of Directors on 22 Dhul-Hijjah 1442H (corresponding to 2 August 2021).