

**SAUDI INDUSTRIAL SERVICES COMPANY**  
(A Saudi Joint Stock Company)

**CONDENSED CONSOLIDATED INTERIM  
FINANCIAL STATEMENTS (UNAUDITED)**  
For the three-month and nine-month periods ended  
30 September 2021  
together with the  
Independent Auditors' Review Report

**SAUDI INDUSTRIAL SERVICES COMPANY**  
(A Saudi Joint Stock Company)

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**  
For the three-month and nine-month periods ended 30 September 2021

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## KPMG Professional Services

Zahran Business Center  
Prince Sultan Street  
P.O. Box 55078  
Jeddah 21534  
Kingdom of Saudi Arabia  
Headquarter in Riyadh

Commercial Registration No 4030290792

## كي بي إم جي للاستشارات المهنية

مركز الزهران للأعمال  
شارع الأمير سلطان  
ص.ب 55078  
جده 21534  
المملكة العربية السعودية  
المركز الرئيسي الرياض

سجل تجاري رقم 4030290792

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

To the Shareholders of Saudi Industrial Services Company

## Introduction

We have reviewed the accompanying 30 September 2021 condensed consolidated interim financial statements of Saudi Industrial Services Company ("the Company") and its subsidiaries ("the Group"), which comprises:

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

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 30 September 2021 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, a professional closed joint stock company registered in the Kingdom of Saudi Arabia. With the paid-up capital of (25,000,000) SAR. (Previously known as "KPMG Al Fozan & Partners Certified Public Accountants") A non-partner member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

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

Commercial Registration of the headquarter 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)

## Other matter

The consolidated financial statements of the Saudi Industrial Services Company ("the Company") and its subsidiaries ("the Group") for the year ended 31 December 2020 and the condensed consolidated interim financial statements of the Group for the three month and nine-month periods ended 30 September 2020 were audited and reviewed respectively by another auditor who expressed an unmodified opinion and conclusion thereon vide their reports dated 4 March 2021 and 3 November 2020 respectively.

## KPMG Professional Services



Ebrahim Oboud Baeshen  
License No. 382



Jeddah, 2 November 2021  
Corresponding to 27 Rabi Al Awal 1443H

**SAUDI INDUSTRIAL SERVICES COMPANY**  
(A Saudi Joint Stock Company)

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS (UNAUDITED)**

For the three-month and nine-month periods ended 30 September 2021

		<i>For the three- month period ended 30 September 2021 SR</i>	<i>For the three- month period ended 30 September 2020 SR</i>	<i>For the nine- month period ended 30 September 2021 SR</i>	<i>For the nine- month period ended 30 September 2020 SR</i>
	<i>Notes</i>				
Service revenues	5	217,940,908	238,987,851	716,079,265	621,851,148
Construction revenue		5,329,460	20,679,533	17,637,092	20,679,533
<b>TOTAL REVENUES</b>		<b>223,270,368</b>	<b>259,667,384</b>	<b>733,716,357</b>	<b>642,530,681</b>
Direct Service costs		(120,921,767)	(106,834,381)	(360,616,416)	(320,641,501)
Cost of construction		(5,329,460)	(20,679,533)	(17,637,092)	(20,679,533)
<b>COST OF REVENUE</b>		<b>(126,251,227)</b>	<b>(127,513,914)</b>	<b>(378,253,508)</b>	<b>(341,321,034)</b>
<b>GROSS PROFIT</b>		<b>97,019,141</b>	<b>132,153,470</b>	<b>355,462,849</b>	<b>301,209,647</b>
<b>OPERATING EXPENSES</b>					
General and administration expenses		(38,550,145)	(39,141,054)	(110,089,321)	(113,876,124)
Selling and distribution expenses		(4,354,819)	(1,351,683)	(12,926,554)	(9,103,148)
<b>TOTAL OPERATING EXPENSES</b>		<b>(42,904,964)</b>	<b>(40,492,737)</b>	<b>(123,015,875)</b>	<b>(122,979,272)</b>
<b>PROFIT FROM OPERATIONS</b>		<b>54,114,177</b>	<b>91,660,733</b>	<b>232,446,974</b>	<b>178,230,375</b>
Finance cost, net	18	(50,738,276)	(51,094,749)	(152,925,565)	(82,067,012)
Other income, net	19	4,064,655	698,830	11,949,888	79,847,303
Share of profit of equity accounted investees, net	11	7,578,508	7,124,658	19,423,291	16,025,352
<b>PROFIT BEFORE ZAKAT AND INCOME TAX</b>		<b>15,019,064</b>	<b>48,389,472</b>	<b>110,894,588</b>	<b>192,036,018</b>
Zakat and income tax	20	(7,644,279)	(4,224,087)	(16,819,811)	(12,953,443)
<b>PROFIT FOR THE PERIOD</b>		<b>7,374,785</b>	<b>44,165,385</b>	<b>94,074,777</b>	<b>179,082,575</b>
<b>Attributable to:</b>					
Shareholders of the Parent Company		3,983,625	28,157,352	58,731,380	111,280,442
Non-controlling interests		3,391,160	16,008,033	35,343,397	67,802,133
		<b>7,374,785</b>	<b>44,165,385</b>	<b>94,074,777</b>	<b>179,082,575</b>
<b>Earnings per share:</b>					
Basic and diluted earnings per share from net profit for the period attributable to the shareholders of the parent	6	<b>0.05</b>	<b>0.35</b>	<b>0.72</b>	<b>1.36</b>

The attached notes 1 to 25 form an integral part of these condensed consolidated interim financial statements.



**SAUDI INDUSTRIAL SERVICES COMPANY**  
(A Saudi Joint Stock Company)

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**(UNAUDITED)**

For the three-month and nine-month periods ended 30 September 2021

	<i>For the three- month period ended 30 September 2021 SR</i>	<i>For the three- month period ended 30 September 2020 SR</i>	<i>For the nine- month period ended 30 September 2021 SR</i>	<i>For the nine- month period ended 30 September 2020 SR</i>
Profit for the period	<u>7,374,785</u>	<u>44,165,385</u>	<u>94,074,777</u>	<u>179,082,575</u>
<b>OTHER COMPREHENSIVE INCOME</b>				
<i>Items that will not be reclassified to profit or loss</i>				
Gain on re-measurement of employees' end- of-service benefits	-	-	-	1,491,817
Change in fair value of financial assets at fair value through other comprehensive income (FVOCI)	-	(565,569)	(63,182)	(565,569)
<i>Items that are or may be reclassified subsequently to profit or loss</i>				
Cash flow hedges – effective portion of changes in fair value	<u>(2,780,745)</u>	<u>440,000</u>	<u>1,220,845</u>	<u>(5,396,345)</u>
<b>OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD</b>	<u>(2,780,745)</u>	<u>(125,569)</u>	<u>1,157,663</u>	<u>(4,470,097)</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<u><u>4,594,040</u></u>	<u><u>44,039,816</u></u>	<u><u>95,232,440</u></u>	<u><u>174,612,478</u></u>
<b>Attributable to:</b>				
Shareholders of the Parent Company	<u>3,859,110</u>	<u>27,858,423</u>	<u>60,968,647</u>	<u>108,348,729</u>
Non-controlling interests	<u>734,930</u>	<u>16,181,393</u>	<u>34,263,793</u>	<u>66,263,749</u>
	<u><u>4,594,040</u></u>	<u><u>44,039,816</u></u>	<u><u>95,232,440</u></u>	<u><u>174,612,478</u></u>

The attached notes 1 to 25 form an integral part of these condensed consolidated interim financial statements.

**SAUDI INDUSTRIAL SERVICES COMPANY**  
(A Saudi Joint Stock Company)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

As at 30 September 2021

		30 September 2021 Unaudited SR	31 December 2020 Audited SR
<b>ASSETS</b>	<i>Notes</i>		
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	7	248,294,548	268,481,533
Capital work in progress	9	159,858,914	117,954,228
Intangible assets	8	3,070,073,249	3,141,574,145
Right-of-use assets	13	89,540,120	86,918,253
Investment properties		120,368,255	128,000,604
Equity-accounted investees	11	194,807,374	136,922,460
Financial assets at fair value through other comprehensive income (FVOCI)		14,909,532	14,972,714
Goodwill	10	8,776,760	8,776,760
Deferred taxation		2,401,519	2,401,519
<b>TOTAL NON-CURRENT ASSETS</b>		<b>3,909,030,271</b>	<b>3,906,002,216</b>
<b>CURRENT ASSETS</b>			
Inventories, net		25,061,740	19,627,992
Trade receivables, prepayments and other receivables		203,987,337	132,706,458
Due from related parties	21	12,796,348	12,283,133
Cash and cash equivalents	14	898,011,556	336,533,927
<b>TOTAL CURRENT ASSETS</b>		<b>1,139,856,981</b>	<b>501,151,510</b>
<b>TOTAL ASSETS</b>		<b>5,048,887,252</b>	<b>4,407,153,726</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital	15	816,000,000	816,000,000
Share premium		36,409,063	36,409,063
Statutory reserve		90,324,076	90,324,076
Other components of equity		333,543,696	(16,481,536)
Retained earnings		241,781,154	248,329,774
<b>Equity attributable to the shareholders of the parent</b>		<b>1,518,057,989</b>	<b>1,174,581,377</b>
Non-controlling interests		818,791,486	534,995,715
<b>TOTAL EQUITY</b>		<b>2,336,849,475</b>	<b>1,709,577,092</b>
<b>NON-CURRENT LIABILITIES</b>			
Obligation under service concession arrangement	8.2(b)	1,363,997,388	1,355,424,493
Long term loans and bank facilities	16	640,239,679	665,662,576
Employees' end-of-service benefits		52,929,211	48,126,455
Long term provisions	17	2,028,390	1,984,224
Derivative financial instrument		10,401,425	14,060,566
Lease liabilities	13	84,475,152	84,597,772
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>2,154,071,245</b>	<b>2,169,856,086</b>
<b>CURRENT LIABILITIES</b>			
Current portion of obligation under service concession arrangement	8.2(b)	176,721,174	190,530,528
Current portion of long term loans and bank facilities	16	112,575,717	70,670,666
Trade payables, accrued and other current liabilities		242,566,104	247,117,181
Zakat and tax payable	20	14,878,577	12,331,613
Lease liabilities	13	9,756,680	7,033,955
Due to a related party	21	1,468,280	36,605
<b>TOTAL CURRENT LIABILITIES</b>		<b>557,966,532</b>	<b>527,720,548</b>
<b>TOTAL LIABILITIES</b>		<b>2,712,037,777</b>	<b>2,697,576,634</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>5,048,887,252</b>	<b>4,407,153,726</b>

The attached notes 1 to 25 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 nine-month period ended 30 September 2021

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 ownership interest 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 2021	816,000,000	36,409,063	90,324,076	1,133,474	(14,496,871)	(8,520,703)	5,402,564	248,329,774	1,174,581,377	534,995,715	1,709,577,092
Profit for the period	-	-	-	-	-	-	-	58,731,380	58,731,380	35,343,397	94,074,777
Other comprehensive income/(loss)	-	-	-	-	-	2,300,449	(63,182)	-	2,237,267	(1,079,604)	1,157,663
Total comprehensive income	-	-	-	-	-	2,300,449	(63,182)	58,731,380	60,968,647	34,263,793	95,232,440
Dividends paid (note 15)	-	-	-	-	-	-	-	(65,280,000)	(65,280,000)	(52,727,201)	(118,007,201)
Changes in ownership interests – sale of equity interest to Non-controlling interest (note 1)	-	-	-	342,550,278	2,799,391	2,438,296	-	-	347,787,965	300,568,931	648,356,896
Net movement in non-controlling interest	-	-	-	-	-	-	-	-	-	1,690,248	1,690,248
Balance at 30 September 2021	816,000,000	36,409,063	90,324,076	343,683,752	(11,697,480)	(3,781,958)	5,339,382	241,781,154	1,518,057,989	818,791,486	2,336,849,475

The attached notes 1 to 25 form an integral part of these condensed consolidated interim financial statements.



**SAUDI INDUSTRIAL SERVICES COMPANY**  
(A Saudi Joint Stock Company)

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

For the nine-month period ended 30 September 2021

Equity attributable to the shareholders of the Parent Company											
	Other components of equity										
	Share capital	Share premium	Statutory reserve	Effect of changes in ownership interest in subsidiaries	Actuarial valuation reserves	Cash flow hedging reserve	Unrealized gain on FVOCI investments	Retained earnings	Total	Non-controlling interests	Total equity
	SR	SR	SR	SR	SR	SR	SR	SR	SR	SR	SR
Balance at 1 January 2020	816,000,000	36,409,063	76,382,784	1,133,474	(8,677,640)	(7,940,815)	5,968,133	171,818,142	1,091,093,141	499,942,039	1,591,035,180
Profit for the period	-	-	-	-	-	-	-	111,280,442	111,280,442	67,802,133	179,082,575
Other comprehensive income/(loss)	-	-	-	-	904,041	(3,270,185)	(565,569)	-	(2,931,713)	(1,538,384)	(4,470,097)
Total comprehensive income	-	-	-	-	904,041	(3,270,185)	(565,569)	111,280,442	108,348,729	66,263,749	174,612,478
Dividends paid (note 15)	-	-	-	-	-	-	-	(48,960,000)	(48,960,000)	(31,462,099)	(80,422,099)
Net movement in non-controlling interest	-	-	-	-	-	-	-	-	-	(118,476)	(118,476)
Balance at 30 September 2020	816,000,000	36,409,063	76,382,784	1,133,474	(7,773,599)	(11,211,000)	5,402,564	234,138,584	1,150,481,870	534,625,213	1,685,107,083

The attached notes 1 to 25 form an integral part of these condensed consolidated interim financial statements.

**SAUDI INDUSTRIAL SERVICES COMPANY**  
(A Saudi Joint Stock Company)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)**

For nine-month period ended 30 September 2021

		<i>For the nine month period ended 30 September 2021</i>	<i>For the nine month period ended 30 September 2020</i>
	<i>Note</i>	<i>SR</i>	<i>SR</i>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before Zakat and income tax		110,894,588	192,036,018
Adjustments for:			
Depreciation and amortization		129,373,265	114,550,869
Provision for employees' end of service benefits		7,532,415	5,730,954
Amortization of advance rental	16	2,084,097	5,467,353
Share of profits of equity accounted investees, net	11	(19,423,291)	(16,025,352)
(Reversal) of /allowance for expected credit losses		(302,869)	633,552
Provision for slow moving and obsolete inventories		(19,597)	1,214,534
Loss on disposal of property, plant and equipment		18,911	3,497,515
Reversal of provision for asset replacement cost			(75,165,205)
Provision for decommissioning cost		44,166	(138,574)
Reversals of provision no longer needed	19	(5,727,740)	-
Financial charges, net	18	152,925,565	82,067,012
		<u>377,399,510</u>	<u>313,868,676</u>
Changes in operating assets and liabilities:			
Trade receivables, prepayments and other receivables		(70,978,010)	(421,399)
Due from related parties		(513,215)	(2,870,838)
Inventories		(5,414,151)	7,711,981
Trade payable, accrued and other liabilities		(135,927,256)	(95,528,638)
Due to related parties		1,431,675	449,482
		<u>165,998,553</u>	<u>223,209,264</u>
Cash generated from operating activities			
Employees' end of service benefits paid		(2,729,658)	(3,817,454)
Financial charges paid		(17,617,047)	(9,586,598)
Zakat and income tax paid		(14,272,850)	(21,997,095)
		<u>131,378,998</u>	<u>187,808,117</u>
Net cash from operating activities			
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Dividends received from an equity accounted investee	11	6,564,078	5,000,463
Investment in associate made during the period		(45,025,701)	-
Proceeds from sale of equity interest to NCI		648,356,896	-
Proceeds from disposal of property, plant and equipment		134,551	683,028
Additions to property, plant and equipment, capital work in progress, intangible assets and right of use assets		(67,496,228)	(101,491,086)
		<u>542,533,596</u>	<u>(95,807,595)</u>
Net cash generated from / (used in) investing activities			
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of long term loans		(52,764,868)	(46,599,053)
Receipt of long term loans		65,000,000	45,000,000
Lease liabilities paid		(8,353,144)	(11,277,062)
Dividend paid	15	(65,280,000)	(48,960,000)
Dividends paid to non-controlling interests by subsidiaries		(52,727,201)	(31,462,099)
Net movement in non-controlling interests		1,690,248	(118,476)
		<u>(112,434,965)</u>	<u>(93,416,690)</u>
Net cash used in financing activities			
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>			
Cash and cash equivalents at the beginning of the period	14	561,477,629	(1,416,168)
		<u>336,533,927</u>	<u>295,100,801</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>			
		<u>898,011,556</u>	<u>293,684,633</u>
<b>SUPPLEMENTARY NON-CASH INFORMATION</b>			
Cash flow hedges – effective portion of change in fair value		3,659,141	(5,836,345)
Obligation under service concession arrangement	8.2(b)	-	(1,576,719,213)
Transfer of assets from property plant and equipment to intangibles	8.2(a)	-	489,210,493
Modification of lease contracts		-	(146,694,649)

The attached notes 1 to 25 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 STATEMENT  
(UNAUDITED)**

For the three-month and nine-month periods ended 30 June 2021

**1. ORGANISATION AND ACTIVITIES**

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

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

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

<u>Company</u>	<u>Country of incorporation</u>	<u>Effective shareholding</u>		<u>Principal activities</u>
		<u>2021</u>	<u>2020</u>	
Saudi Trade and Export Development Company (“Tusdeer”)	Saudi Arabia	76%	76%	Management and operation of storage and re-export project situated on the land leased from Jeddah Islamic Port.
Kindasa Water Services Company – Closed Joint Stock Company (“Kindasa”)	Saudi Arabia	65%	65%	Water desalination and treatment plant and sale of water.
Support Services Operation Company (“ISNAD”)	Saudi Arabia	99.28%	99.28%	Development and operation of industrial zones, construction and operation of restaurants, catering and entertainment centers, construction of gas stations, auto servicing and maintenance workshops, and purchase of land for the construction of building thereon and investing the same through sale or lease.
Red Sea 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.
Red Sea Gateway Terminal Company Limited (“RSGT”) (a subsidiary company of RSPD)	Saudi Arabia	36.36%	60.6%	Development, construction, operation and maintenance of container terminals and excavation and back filling works.

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

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**(continued)**

For the three-month and nine-month periods ended 30 September 2021

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**1. ORGANISATION AND ACTIVITIES (continued)**

On 14 July 2021 SISCO and its subsidiary Saudi Trade and Export Development Company (“Tusdeer”) completed the sale of its 21.2% and 4% direct equity stake in RSGT respectively. Total proceeds net of transaction cost for sale of these shares by SISCO and Tusdeer were SR 545.5 million and SR 102.9 million respectively. SISCO will continue to consolidate RSGT through its subsidiary Red Sea Ports Development Company Limited (“RSPD”). This transaction is accounted for in these condensed consolidated interim financial statements of the Group as change in ownership interest of the Group in RSGT without loss of control. Accordingly, the carrying amounts of non-controlling interests has increased by SR 300.6 million to reflect the increase in their relative interests in RSGT. Difference between the amount by which the non-controlling interests have increased and the consideration received by the Group net of transaction cost amounted to SR 347.8 million. This amount is recognized directly in equity as effect of changes in ownership interest in subsidiaries and is attributed to the shareholders of the Parent Company. Further in line with requirement of International Financial Reporting Standards (IFRS) the share of Actuarial Valuation Reserve and Cashflow Hedging Reserve of RSGT attributable to shareholders of Parent company in the amount of SR 2.8 million and SR 2.4 million are also adjusted to reflect the new ownership interest.

**2. BASIS OF PREPARATION**

**2.1 Statement of compliance**

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 in the annual financial statements and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2020 (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 2020.



**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**(continued)**

For the three-month and nine-month periods ended 30 September 2021

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**2. BASIS OF PREPARATION (continued)**

**2.3 Impact of the Pandemic**

Since early 2020, the Novel Coronavirus Pandemic (COVID-19) has spread globally across various geographies causing disruption to businesses and economic activities. Whilst it is challenging to predict the full extent and duration of business and economic impacts, the management has considered the potential impacts of COVID-19 on the Group's operations and concluded that as of the issuance date of these condensed consolidated interim financial statements, no significant changes are required to the judgements and key estimates. The Group is continuously monitoring the evolving scenario and any change in the judgements and key estimates will be reflected as part of the operating results and cash flows of the future reporting periods.

**2.4 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) and derivative financial instruments which are carried at their fair values.

**2.5 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.

**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 2020 except for adoption of new standards effective as at 1 January 2021. Several amendments applied for the first time in 2021, but do not have material impacts on these condensed consolidated interim financial statements of the Group. Certain comparative information has been reclassified to ensure consistency with presentation in the current period.

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

The standards, interpretations and amendments issued, but not yet effective up to the date of issuance of the condensed consolidated interim financial statements are disclosed below. The Group intends to adopt these standards, where applicable, when they become effective.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
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For the three-month and nine-month periods ended 30 September 2021

**4. STANDARDS, INTERPRETATIONS AND AMENDMENTS ISSUED BUT NOT YET EFFECTIVE (continued)**

<u>Standard / Interpretation</u>	<u>Description</u>	<u>Effective from periods beginning on or after the following date</u>
IAS 37	Onerous contracts – cost of fulfilling a contract	1 January 2022
IFRS Standards	Annual improvements to IFRS standards 2018 – 2020	1 January 2022
	Amendments to IFRS 1, IFRS 9, illustrative examples accompanying IFRS 16 and IAS 41	
IAS 16	Property, plant and equipment: proceeds before intended use	1 January 2022
IFRS 3	Reference to the conceptual framework – Amendment	1 January 2022
IFRS 17	Insurance contracts	1 January 2023
IAS 1	Classification of liabilities as current or non-current (amendments to IAS 1)	1 January 2023
IAS 8	Definition of Accounting Estimate – Amendment to IAS	1 January 2023
IAS 1	Disclosure of Accounting Policies – Amendment to IAS 1 and IFRS Practice statement	1 January 2023
IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendment to IAS 12	1 January 2023
IFRS 10 and IAS 28	Sale or contribution of assets between investor and its associate or joint venture (amendments to IFRS 10 and IAS 28)	Available for optional adoption / effective date deferred indefinitely

The Group is currently assessing the implication of adopting the abovementioned standards, amendments or interpretations the Group's financial statements on adoption.

**5. SERVICE REVENUES**

	<i>For the three-month period ended 30 September 2021</i>	<i>For the three-month period ended 30 September 2020</i>	<i>For the nine-month period ended 30 September 2021</i>	<i>For the nine-month period ended 30 September 2020</i>
	<i>Unaudited SR</i>	<i>Unaudited SR</i>	<i>Unaudited SR</i>	<i>Unaudited SR</i>
Shipping and unloading services	165,189,110	194,120,711	564,730,851	493,279,432
Sale of potable water	26,072,852	23,204,740	73,992,694	68,264,257
Rentals and support services	26,678,946	21,662,400	77,355,720	60,307,459
	<u>217,940,908</u>	<u>238,987,851</u>	<u>716,079,265</u>	<u>621,851,148</u>

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**(continued)**

For the three-month and nine-month periods ended 30 September 2021

**6. EARNINGS PER SHARE**

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

	<i>For the three-month period ended 30 September 2021 Unaudited SR</i>	<i>For the three- month period ended 30 September 2020 Unaudited SR</i>	<i>For the nine-month period ended 30 September 2021 Unaudited SR</i>	<i>For the nine-month period ended 30 September 2020 Unaudited SR</i>
Profit for the period attributable to ordinary equity holders of the Parent	<b>3,983,625</b>	28,157,352	<b>58,731,380</b>	111,280,442
Weighted average number of ordinary shares in issue	<b>81,600,000</b>	81,600,000	<b>81,600,000</b>	81,600,000
Basic and diluted earnings per share	<b>0.05</b>	0.35	<b>0.72</b>	1.36

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

**7. PROPERTY, PLANT AND EQUIPMENT**

	<i>30 September 2021 Unaudited SR</i>	<i>31 December 2020 Audited SR</i>
Property, plant and equipment - Port terminal operations	<b>32,690,740</b>	34,883,753
Property, plant and equipment	<b>188,716,991</b>	204,962,895
Property, plant and equipment of Bonded and re-export project	<b>26,886,817</b>	28,634,885
	<b>248,294,548</b>	268,481,533

- During the nine-month period ended 30 September 2021, additions amounting to SR 2.13 million (year ended 31 December 2020: SR 4 million), SR 0.27 million (year ended 31 December 2020: SR 0.4 million), SR 1.58 million (year ended 31 December 2020: SR 21.8 million) were made to the property, plant and equipment, Bonded and re-export project and Port terminal operations respectively .
- The Group's property and equipment – port terminal operations have been pledged against the Ijara Facility.

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**8. INTANGIBLE ASSETS**

	<i>30 September 2021 Unaudited SR</i>	<i>31 December 2020 Audited SR</i>
Port concession rights (note 8.1)	1,579,161,624	1,625,893,154
Intangible asset related to fixed and guaranteed variable fee (note 8.2)	1,487,497,820	1,511,355,369
Other intangible assets	3,413,805	4,325,622
	<u>3,070,073,249</u>	<u>3,141,574,145</u>

**8.1 Port concession rights**

	<i>30 September 2021 Unaudited SR</i>	<i>31 December 2020 Audited SR</i>
<b>Cost</b>		
Balance at the beginning of the period/year	2,487,828,059	1,710,555,638
Additions during the period/year	4,085,134	75,426,303
Transfer from capital work in progress	15,875,202	72,065,880
Disposals during the period/year	(609,966)	(2,401,843)
Transfers (note 8.2(a))	-	632,182,081
	<u>2,507,178,429</u>	<u>2,487,828,059</u>
<b>Amortisation</b>		
Balance at the beginning of the period/year	861,934,905	642,815,862
Charge for the period / year	66,691,866	76,989,549
Disposals during the period/year	(609,966)	(2,342,094)
Accumulated amortization pertaining to transfers (note 8.2(a))	-	144,471,588
	<u>928,016,805</u>	<u>861,934,905</u>
	<u>1,579,161,624</u>	<u>1,625,893,154</u>



**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
(continued)

For the three-month and nine-month periods ended 30 September 2021

**8. INTANGIBLE ASSETS (continued)**

**8.2 Intangible assets related to fixed and guaranteed variable fee**

	<i>30 September 2021 Unaudited SR</i>	<i>31 December 2020 Audited SR</i>
<b>Cost:</b>		
Intangible assets recorded in accordance with IFRIC 12 (see note 'b' below)	<u>1,534,528,416</u>	<u>1,534,528,416</u>
<b>Accumulated amortization:</b>		
At the beginning of the period / year	<u>23,173,047</u>	-
Charge for the period / year	<u>23,857,549</u>	<u>23,173,047</u>
At the end of the period / year	<u>47,030,596</u>	<u>23,173,047</u>
<b>Net book value</b>	<u><u>1,487,497,820</u></u>	<u><u>1,511,355,369</u></u>

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

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

On the basis that the new concession falls under IFRIC 12 intangible asset model, then the previous rights to operate the terminal operated under the BOT agreement shall still represent an intangible asset under the new agreement with no derecognition of existing intangible assets. As a result:

- a) Certain items of property and equipment and their respective accumulated depreciation, which were previously owned by the Group and used for terminal operations (being classified as non-concession arrangement assets), were transferred to intangible assets during the year ended 31 December 2020 as they are now part of the concession arrangements as per the New concession Agreement.
- b) The New Concession Agreement stipulates payment of the fixed and guaranteed variable fee on the specified rates over the life of the agreement. These fees were recorded as intangible asset under the guidance of IFRIC 12 'Service Concession Arrangements', with a corresponding liability recognized as obligation under service concession arrangement during the year ended 31 December 2020 and measured in accordance with IFRS 9 "Financial Instruments". All other variable fees are charged to condensed consolidated statement of profit or loss as and when incurred.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**(continued)**

For the three-month and nine-month periods ended 30 September 2021

**9. CAPITAL WORK IN PROGRESS**

The carrying amount of capital work in progress (CWIP) represent amounts paid to contractors and suppliers for the acquisition of the intangible assets and items of property, plant and equipment. Once complete, these assets and their carrying amount will be transferred to respective asset category. CWIP mainly comprise of Jeddah Logistic Hub and Jeddah Logistic park Projects of Tusdeer and work in progress in respect of port terminal operations of RSGT. During the nine-month period additions of SR 58.78 million were made in CWIP 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 resulting in net carrying value of SR 8.8 million (31 December 2020: SR 8.8 million).

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

**11. EQUITY-ACCOUNTED INVESTEEES**

	<i>30 September 2021 Unaudited SR</i>	<i>31 December 2020 Audited SR</i>	<i>30 September 2020 Unaudited SR</i>
Balance at the beginning of the period/year	136,922,460	132,421,768	132,421,768
Share in profit of equity accounted investees, net	19,423,291	21,609,171	16,025,352
Investment made during the year	45,025,701		
Share of actuarial losses of associates recognized in other comprehensive income	-	(2,082,512)	-
Dividend received during the period / year	(6,564,078)	(15,025,967)	(5,000,463)
Balance at the end of the period/year	<u>194,807,374</u>	<u>136,922,460</u>	<u>143,446,657</u>

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**11. INVESTMENTS IN EQUITY ACCOUNTED INVESTEEES (continued)**

**11.1 Equity-accounted investees**

<i>Associates</i>	<i>Principal activities</i>	<i>Country of incorporation</i>	<i>Effective shareholding percentage</i>		<i>Carrying amount</i>	
			<i>30 September 2021</i>	<i>31 December 2020</i>	<i>30 September 2021</i>	<i>31 December 2020</i>
			<i>Unaudited</i>	<i>Audited</i>	<i>Unaudited</i>	<i>Audited</i>
International Water Distribution Company Limited (note a)	Water/waste works, water treatment and lease of water equipment	Kingdom of Saudi Arabia	50%	50%	92,092,332	84,044,946
Saudi Water and Environmental Services Company (note b)	Electrical, water and mechanical works and related operation and maintenance	Kingdom of Saudi Arabia	31.85%	31.85%	4,636,430	6,660,855
Saudi Al Jabr Talke Company Limited	Contracting, construction, operation and maintenance of factories and warehouses	Kingdom of Saudi Arabia	33.3%	33.3%	51,044,736	43,814,661
Xenmet SA, Vaduz (note c)	Trading, storage and brokerage of commodities	Principality of Liechtenstein	19%	19%	2,008,175	2,401,998
Green Dome	Investment and management of companies providing logistic services	Kingdom of Saudi Arabia	31.6%	-	45,025,701	-
					<b>194,807,374</b>	<b>136,922,460</b>

- a) The Parent Company does not have any control over management and operations of “International Water Distribution Company” accordingly, it is classified as associates and accounted for as equity-accounted investee.
- b) Saudi Water and Environmental Services Company is 49% owned by Kindasa Water Services Company (a subsidiary), which is 65% owned by the Parent Company.
- c) Xenmet SA, Vaduz is 25% owned by Saudi Trade and Export Development Company Limited (a subsidiary), which is 76% owned by the Parent Company.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**(continued)**

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**12. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME**

Financial assets at FVOCI comprised 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.

**13. RIGHT OF USE ASSETS AND LEASE LIABILITIES**

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

	<i>30 September 2021 Unaudited SR</i>	<i>31 December 2020 Audited SR</i>
Cost:		
At the beginning of the period / year	101,081,068	256,622,317
Lease contracts modification	-	(147,340,195)
Additions during the period/ year	7,236,826	4,552,274
Lease contract terminated during the period / year	-	(12,753,328)
	<u>108,317,894</u>	<u>101,081,068</u>
Depreciation:		
At the beginning of the period/year	(14,162,815)	(14,797,077)
Depreciation for the period/year	(4,354,386)	(6,866,680)
Depreciation for the period/year (capitalized in CWIP)	(260,573)	(351,917)
Relating to modified and terminated contract	-	7,852,859
	<u>(18,777,774)</u>	<u>(14,162,815)</u>
Net value at the end of period/ year	<u>89,540,120</u>	<u>86,918,253</u>

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

	<i>30 September 2021 Unaudited SR</i>	<i>31 December 2020 Audited SR</i>
At the beginning of the period/year	91,631,727	247,016,438
Addition during the period/year	7,236,826	-
Lease contracts modification	-	(147,340,195)
Interest charge for the period/year	1,876,123	2,342,544
Unwinding of lease liability (capitalized in CWIP)	1,840,300	3,923,274
Payment of lease liabilities during the period/year	(8,353,144)	(9,402,420)
Disposals during the period/year	-	(4,907,914)
As the ended of the period/ year	<u>94,231,832</u>	<u>91,631,727</u>



**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**(continued)**

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

The classification of lease liabilities is as follows:

	<i><b>30 September 2021 Unaudited SR</b></i>	<i><b>31 December 2020 Audited SR</b></i>
Current lease liabilities	<b>9,756,680</b>	7,033,955
Non-current lease liabilities	<b>84,475,152</b>	84,597,772
	<b>94,231,832</b>	91,631,727

**14. CASH AND CASH EQUIVALENTS**

	<i><b>30 September 2021 Unaudited SR</b></i>	<i><b>31 December 2020 Audited SR</b></i>
Cash in hand	<b>259,417</b>	234,090
Cash at banks (see note below)	<b>847,752,139</b>	336,299,837
Short term deposits	<b>50,000,000</b>	-
	<b>898,011,556</b>	336,533,927

14.1 Out of the total cash at bank balance, SR 0.63 million (31 December 2020: SR 0.88 million) was held with a commercial bank in respect of accumulated unclaimed dividends.

14.2 Short term deposits are placed with a commercial bank having original maturity of less than three months and yield financial income at prevailing market rates.

**15. SHARE CAPITAL AND DIVIDEND**

As at 30 September 2021, the authorised and paid up capital of the Group is divided into 81.6 million shares (31 December 2020: 81.6 million shares) of SR 10 each.

On 23rd Ramadan, 1442H (corresponding to 5 May 2021), the shareholders of the Company in their Annual General Meeting approved the dividend amounting to SR 65.28 million (SR 0.8 per share) [2020: On 13 April 2020, dividend amounting to SR 48.96 million (SR 0.6 per share)]. Dividend was paid in full during the period ended 30 September 2021.

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**16. LONG TERM LOANS AND BANK FACILITIES**

	<i>30 September 2021 Unaudited SR</i>	<i>31 December 2020 Audited SR</i>
Long-term loans	<b>752,815,396</b>	736,333,242
Less: current portion	<b>(112,575,717)</b>	(70,670,666)
Non-current portion	<b><u>640,239,679</u></b>	<u>665,662,576</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 of RSGT. The loan was to be repaid in semi-annual installments ending in December 2023. The loan carried special commission rate of SIBOR plus an agreed margin (see note(c) below).
- b) On 28 September 2016, RSGT entered into an Ijara arrangement with two local commercial banks to obtain a loan of SR 260 million for expansion of its existing berths. This facility was also secured against the port concession rights of RSGT. The loan was to be repaid in semi-annual installments ending in December 2023. The loan carried special commission rate of SIBOR plus an agreed margin (see note(c) below).
- c) During the year ended 31 December 2020, RSGT and the banks mutually agreed to amend the terms of the loan agreements above. These amendments, among others, included modification of the applicable rate from six months SIBOR to three months SIBOR, lowered the agreed margin, modified the repayment frequency from biannual to quarterly payment and extended the maturity period from year 2023 to 2030. The Ijara facilities are secured against property and equipment of RSGT. The modifications of the terms were assessed qualitatively and 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 (note 18). Un-amortised balance of the modification gain as at 30 September 2021 is of SR 23.98 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 amounting to SR 12.9 million 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 70 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 on the basis that a full draw down of the loan is expected to occur in future years. The loan will be repaid in quarterly instalments starting from 2023 and ending in 2033. The loan is secured against assets relating to the consolidation and expansion works.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
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**16. LONG TERM LOANS AND BANK FACILITIES (continued)**

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

	<i><b>30 September 2021 Unaudited SR</b></i>	<i><b>31 December 2020 Audited SR</b></i>
Long-term loans	<b>709,272,653</b>	731,461,973
Less: current portion	<b>(70,804,342)</b>	(68,899,295)
Non-current portion	<b><u>638,468,311</u></b>	<u>662,562,678</u>

- g) During 2016, Kindasa entered into an agreement for a long-term facility with a local bank for SR 24 million to finance the construction of a new water desalination facility. The loan carries commission at commercial rates (SIBOR plus an agreed margin) and is repayable in quarterly instalments commencing one year after the first drawdown. The loan is secured by secondary mortgage over Kindasa's property and equipment. As at 30 September 2021, Kindasa has cumulatively drawn down SR 8.5 million out of total facility of SR 24 million.

	<i><b>30 September 2021 Unaudited SR</b></i>	<i><b>31 December 2020 Audited SR</b></i>
Long-term loan	<b>3,542,743</b>	4,871,269
Less: current portion	<b>(1,771,375)</b>	(1,771,371)
Non-current portion	<b><u>1,771,368</u></b>	<u>3,099,898</u>

- h) During the nine-month period ended 30 September 2021, SISCO obtained a short term financing facility with sanctioned limit of SR 40 million which was completely drawn as of 30 September 2021. SISCO pays profit at an agreed margin on the drawn balance. The loan is repayable in November 2021.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
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**17. LONG TERM PROVISIONS**

	<i>30 September 2021 Unaudited SR</i>	<i>31 December 2020 Audited SR</i>
Provision for dismantling cost	1,880,646	1,821,257
Others	147,744	162,967
	<u>2,028,390</u>	<u>1,984,224</u>

**18. FINANCE COST, NET**

	<i>For the three- month period ended 30 September 2021 Unaudited SR</i>	<i>For the three-month period ended 30 September 2020 Unaudited SR</i>	<i>For the nine- month period ended 30 September 2021 Unaudited SR</i>	<i>For the nine- month period ended 30 September 2020 Unaudited SR</i>
Gain on modification of loan agreement (note 16 (c))	-	-	-	31,959,301
Finance cost on obligations under service concession arrangement	(42,006,160)	(42,164,191)	(126,183,887)	(84,354,988)
Finance cost on term loans	(8,083,620)	(8,751,273)	(24,708,731)	(25,249,318)
Others	(648,496)	(179,285)	(2,032,947)	(4,422,007)
	<u>(50,738,276)</u>	<u>(51,094,749)</u>	<u>(152,925,565)</u>	<u>(82,067,012)</u>

**19. OTHER INCOME, NET**

	<i>For the three-month period ended 30 September 2021 Unaudited SR</i>	<i>For the three-month period ended 30 September 2020 Unaudited SR</i>	<i>For the nine- month period ended 30 September 2021 Unaudited SR</i>	<i>For the nine- month period ended 30 September 2020 Unaudited SR</i>
Reversal of provision for asset replacement cost	-	-	-	75,165,205
Loss on disposal of property, plant and equipment	(7,336)	-	(18,911)	(3,497,515)
Reversals of provision no longer needed	-	-	5,727,740	3,386,373
Others	4,071,991	698,830	6,241,059	4,793,240
	<u>4,064,655</u>	<u>698,830</u>	<u>11,949,888</u>	<u>79,847,303</u>



**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**(continued)**

For the three-month and nine-month periods ended 30 September 2021

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**20. ZAKAT AND INCOME TAX**

***Parent Company***

During the period, the Parent Company received an offer by the Zakat Tax and Customs Authority (“ZATCA”) Settlement Committee to pay SR 8 million as a full and final settlement against zakat and tax for years from 2002 to 2013. Management of the Parent Company confirmed their acceptance to the ZATCA Settlement Committee and, simultaneously, requested to adjust SR 3.9 million already paid by the Parent Company for those years. The ZATCA had adjusted the settlement SADAD invoice of SR 8 million by reflecting SR 3.9 million already paid. During the nine month period ended 30 September 2021 the Company paid the net due amount of SR 4.1 million and finalised the zakat assessment up to year 2013.

Furthermore, the ZATCA has also raised assessments for the years 2014 to 2015 and year 2016 to 2018 with an additional liability of SR 0.47 million and SR 1.4 million respectively. The Company accepted and paid the imposition of Zakat amounting to SR 0.47 million and SR 1.4 million during nine month period ended 30 September 2021 and finalized the assessment up to the year 2018.

During the quarter period ended 30 September 2021, ZATCA has raised the assessments for years 2019 and 2020 with an additional liability of SR 2.65 million. The Parent Company has filed an appeal with ZATCA in respect of the above assessments and settled SR 0.66 million representing 25% of the assessed amount pursuant to the requirement under the New Zakat Regulation.

The Parent Company has filed its Zakat returns for the years up to 31 December 2020.

***Subsidiaries***

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

RSGT has finalized its Zakat and income tax assessments with ZATCA up to 2013 and has filed its Zakat and income tax returns up to the year 2020. RSGT has received an assessment SR 0.115 million for year 2015 which was accepted and paid. Up to, the date of these condensed consolidated interim financial statements, ZATCA is yet to raise the assessment for the years from 2014 and 2016 through 2020.

RSPD has filed its Zakat and income tax returns with ZATCA up to the year 2020. RSPD has received an assessment for year 2018 which was accepted under protest. Up to the date of this report, ZATCA is yet to raise assessments for the years from 2009 through 2017 and 2019 to 2020.

***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 2020. Up to the date of these condensed consolidated interim financial statements, ZATCA is yet to raise the assessment for the years from 2017 to 2020.

***Support Services Operation Company Limited (“the Subsidiary”)***

The Subsidiary has finalized its Zakat assessments with GAZT for the years 2007 to 2008 and 2016 to 2018. Isnad has filed its Zakat returns up to 2020. ZATCA has not raised the assessment for the years from 31 December 2009 to 31 December 2015 and 31 December 2019 to 31 December 2020.

***Kindasa Water Service Company (“the Subsidiary”)***

The Subsidiary has finalized its Zakat assessments with ZATCA up to 2015 and has filed its Zakat returns up to 2020. Up to the date of these condensed consolidated interim financial statements, ZATCA is yet to raise the assessment for the years from 2016 to 2020.

**SAUDI INDUSTRIAL SERVICES COMPANY**  
(A Saudi Joint Stock Company)

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)**  
For the three-month and nine-month period ended 30 September 2021

**21. RELATED PARTY TRANSACTIONS AND BALANCES**

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

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

Name	Relationship	Nature of transactions	Amount of transactions			
			Three-month period ended		Nine-month period ended	
			30 September 2021	30 September 2020	30 September 2021	30 September 2020
			Unaudited	Unaudited	Unaudited	Unaudited
			SR	SR	SR	SR
International Water Distribution Company Limited	Associate	Sales of goods and services	17,465,423	17,347,654	50,860,244	48,126,829
		Services rendered	189,750	189,750	569,250	536,250
		Expenses incurred on behalf of the Group	-	(52,752)	(4,362)	(62,840)
		Expenses incurred on behalf of the associate	1,016	16,269	63,298	99,909
Arabian Bulk Trade Limited	Affiliate	Sales of goods and services	341,270	-	341,270	-
		Lease of land and warehouses	4,630	(110)	3,393	1,300
Ambro Limited	Affiliate	Purchase of goods and services	(22,145)	(3,456)	(75,841)	(39,091)
		Lease of land and warehouses	2,210	22,656	45,936	42,656
Saudi Cable Company	Associate	Services rendered	34,500	33,282	103,500	357,173
		Dividend received	3,666,657	-	3,666,657	5,000,463
		Expenses incurred on behalf of an Associate	-	-	264,925	1,218
Saudi Water and Environmental Services Company Limited	Associate	Sales of goods and services	337,728	1,189,079	2,004,993	4,314,189
		Expenses incurred on behalf of the shareholder	126,995	121,568	264,918	264,449
Xenel Industries Limited	Shareholder	Expenses incurred on behalf of the Group	(23,786)	(96,181)	(33,981)	(148,676)
		Expenses cross charged to shareholder	3,600,957	-	3,600,957	-
Accom Arabia Limited	Affiliate	Purchase of goods and services	-	(2,250)	-	(47,250)
Al Karam Fedics Services Company	Affiliate	Purchase of goods and services	(4,822,338)	(4,822,382)	(14,379,434)	(13,077,976)
Haji Abdullah Ali Reza & Co. Limited - General Technical Division	Affiliate	Purchase of goods and services	-	(68,718)	-	(604,506)

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**(continued)**

For the three-month and nine-month period ended 30 September 2021

**21. RELATED PARTY TRANSACTIONS AND BALANCES (continued)**

**b) Due from related parties**

	<b>30 September 2021 Unaudited SR</b>	<b>31 December 2020 Audited SR</b>
International Water Distribution Company Limited	11,560,727	11,280,411
Saudi Water and Environmental Services Company Limited	78,445	249,996
Xenel Industries Limited	651,902	420,964
Al Jabr Talke Company Limited	23,000	23,000
Saudi Cable Company Limited	133,532	234,469
Arabian Bulk Trade Limited	348,742	74,293
	<u>12,796,348</u>	<u>12,283,133</u>

**c) Due to a related party**

	<b>30 September 2021 Unaudited SR</b>	<b>31 December 2020 Audited SR</b>
Al Karam Fedics Services Company	(1,468,280)	-
Haji Abdullah Ali Reza & Co. Limited - General Technical Division	-	(36,605)
	<u>(1,468,280)</u>	<u>(36,605)</u>

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

	<b>Three-months period ended 30 September 2021 Unaudited SR</b>	<b>Three-months period ended 30 September 2020 Unaudited SR</b>	<b>Nine-months period ended 30 September 2021 Unaudited SR</b>	<b>Nine-months period ended 30 September 2020 Unaudited SR</b>
Short-term employee benefits	2,050,000	1,941,750	10,292,720	11,106,875
Post-employment benefits	110,648	105,770	321,691	328,857
	<u>2,160,648</u>	<u>2,047,520</u>	<u>10,614,411</u>	<u>11,435,732</u>

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

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**(continued)**

For the three-month and nine-month period ended 30 September 2021

**21. RELATED PARTY TRANSACTIONS AND BALANCES (continued)**

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

	<i>Three-months period ended 30 September 2021 Unaudited SR</i>	<i>Three-months period ended 30 September 2020 Unaudited SR</i>	<i>Nine-months period ended 30 September 2021 Unaudited SR</i>	<i>Nine-months period ended 30 September 2020 Unaudited SR</i>
Meeting attendance fees	276,000	93,000	684,000	423,000
Other remuneration	2,475,000	912,500	4,537,500	4,650,000
	<u>2,751,000</u>	<u>1,005,500</u>	<u>5,221,500</u>	<u>5,073,000</u>

**22. COMMITMENTS AND CONTINGENCIES**

At 30 September 2021, the Group's bankers have issued letters of guarantee amounting to SR 156.7 million (31 December 2020: SR 156.3 million) against which cash margin of SR 5.9 million (31 December 2020: SR 2.77 million) was deposited.

As at 30 September 2021, the Group has commitments for capital work in progress amounting to SR 44.6 million (31 December 2020: SR 4.8 million) mainly relating to development projects of RSGT and new logistic hub and park construction project of Tusdeer.

**23. 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, revenues and net income) for each of the business segments as at and for the nine-month period ended 30 September:

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**(continued)**

For the three-month and nine-month period ended 30 September 2021

**23. BUSINESS SEGMENTS (continued)**

	Reportable Segments					
	Port development and operations	Logistic parks and support services	Water desalination and distribution	Total	Unallocated	Total
	-----SR 000'(Unaudited)-----					
30 September 2021						
External revenues	564,731	100,402	74,702	739,835	-	739,835
Inter-segment revenue	-	(23,047)	(709)	(23,756)	-	(23,756)
Construction Revenue	17,637	-	-	17,637	-	17,637
Segment revenues	582,368	77,355	73,993	733,716		733,716
Direct costs	259,911	70,449	54,013	384,373	-	384,373
Inter-segment direct costs	(710)	(23,047)	-	(23,757)	-	(23,757)
Cost of construction	17,637	-	-	17,637	-	17,637
Segment cost	276,838	47,402	54,013	378,253	-	378,253
Segment gross profit	305,530	29,953	19,980	355,463	-	355,463
Profit attributable to shareholders of the Parent	50,404	4,965	2,758	58,127	604	58,731
Segment assets	3,581,247	474,256	192,922	4,248,425	800,462	5,048,887
Segment liabilities	2,510,547	110,566	30,775	2,651,888	60,150	2,712,038

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**(continued)**

For the three-month and nine-month period ended 30 September 2021

**23. BUSINESS SEGMENTS (continued)**

	Reportable Segments			Total	Unallocated	Total
	Port development and operations	Logistic parks and support Services	Water desalination and distribution			
	-----SR 000' (Unaudited)-----					
30 September 2020						
External revenues	493,280	60,307	68,977	622,564	-	622,564
Inter-segment revenues		-	(713)	(713)	-	(713)
Construction Revenue	20,680			20,680		20,680
Segment revenues	513,960	60,307	68,264	642,531	-	642,531
Direct costs	235,490	37,127	48,737	321,354	-	321,354
Inter-segment direct costs	(713)	-	-	(713)	-	(713)
Cost of construction	20,680	-	-	20,680	-	20,680
Segment cost	255,457	37,127	48,737	341,321	-	341,321
Segment gross profit	258,503	23,180	19,527	301,210	-	301,210
Profit attributable to shareholders of the Parent	106,652	5,379	2,212	114,243	(2,963)	111,280
Segment assets	3,448,529	409,304	212,261	4,070,094	244,260	4,314,354
Segment liabilities	2,454,225	109,912	32,633	2,596,770	32,477	2,629,247

**24. 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:



**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**(continued)**

For the three-month and nine-month period ended 30 September 2021

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**24. FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)**

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

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

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

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

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

There were no transfers between level 1 and level 3 during the nine-month period 30 September 2021 (31 December 2020: nil). There were no financial assets or financial liabilities classified under level 2.

There were no changes in valuation techniques during the period.

As at 30 September 2021, 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.

**25. APPROVAL OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

These condensed consolidated interim financial statements were approved and authorised to issue by the Board of Directors on 2 November 2021, corresponding to 27 Rabi Al Awal 1443H.