

# **Saudi Public Transport Company and its Subsidiary (A Saudi Joint Stock Company)**

## **INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REVIEW REPORT**

**FOR THE THREE MONTHS PERIODS ENDED 31 March 2021**

Saudi Public Transport Company and its Subsidiary  
(A Saudi Joint Stock Company)

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INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S  
REVIEW REPORT  
FOR THE THREE MONTHS PERIODS ENDED 31 March 2021

<b>Index</b>	<b>Pages</b>
Independent auditor's review report	1
Interim condensed consolidated statement of income	2
Interim condensed consolidated statement of comprehensive income	3
Interim condensed consolidated statement of financial position	4
Interim condensed consolidated statement of changes in equity	5
Interim condensed consolidated statement of cash flows	6
Notes to the interim condensed consolidated financial statements	7 – 16



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**INDEPENDENT AUDITOR'S REVIEW REPORT**  
**To the Shareholders' of Saudi Public Transport Company**  
**(A Saudi Joint Stock Company)**

**Introduction:**

We have reviewed the accompanying interim condensed consolidated statement of financial position of Saudi Public Transport Company - A Saudi Joint Stock Company - (the "Company") and its Subsidiary (collectively referred to as the "Group") as at 31 March 2021, and the related interim condensed consolidated statement of income and comprehensive income, the interim condensed consolidated statements of changes in equity and cash flows for the three months periods then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard (34), "Interim Financial Reporting" ("IAS 34") as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

**Scope of Review:**

We conducted our review in accordance with 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 statements 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 interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with ("IAS 34") that is endorsed in the Kingdom of Saudi Arabia.

for Ernst & Young

Abdulaziz A. Al-Sowailim  
Certified Public Accountant  
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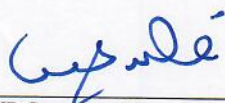


Riyadh: 20 Ramadan 1442H  
(2 May 2021)

Saudi Public Transport Company and its Subsidiary  
(A Saudi Joint Stock Company)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME  
For the three months period ended 31 March 2021

	Note	2021 SAR'000 (Unaudited)	2020 SAR'000 (Unaudited)
Revenue			
Cost of revenue	3	211,582	420,056
<b>Gross (loss) profit</b>		<b>(224,551)</b>	<b>(416,265)</b>
		<b>(12,969)</b>	<b>3,791</b>
Selling and distribution expenses			
Administrative expenses		(6,063)	(7,980)
<b>Operating loss</b>		<b>(16,456)</b>	<b>(23,177)</b>
		<b>(35,488)</b>	<b>(27,366)</b>
Share of loss from joint venture	10	(9,781)	(4,259)
Share of profit from an associate	10	237	874
Finance income	10	913	1,118
Finance costs	8	(9,749)	(7,943)
Other income	4	1,026	1,034
<b>Loss before zakat and income tax</b>		<b>(52,842)</b>	<b>(36,542)</b>
Zakat and income tax	5	(1,605)	(3,396)
<b>Loss for the period</b>		<b>(54,447)</b>	<b>(39,938)</b>
<b>(Loss) profit for the period attributable to:</b>			
-Equity holders of the parent company		(53,596)	(39,982)
-Non-controlling interests		(851)	44
		<b>(54,447)</b>	<b>(39,938)</b>
<b>Loss per share (in Saudi Riyals):</b>			
Basic and diluted, from the loss for the period attributable to equity holders of the parent company		(0.43)	(0.32)



EVP Corporate Finance



Authorized Member of the  
Board of Directors

The attached notes from 1 to 17 form an integral part of these interim condensed consolidated financial statements.



**Saudi Public Transport Company and its Subsidiary**  
**(A Saudi Joint Stock Company)**

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
For the three months period ended 31 March 2021

	For the three months period ended 31 March	
	2021	2020
	SAR'000	SAR'000
	(Unaudited)	(Unaudited)
<b>Loss for the period</b>	<b>(54,447)</b>	<b>(39,938)</b>
<b>Other comprehensive income</b>		
<i>Other comprehensive (loss) income not to be reclassified to the interim condensed consolidated statement of income in subsequent periods:</i>		
- Net movement in fair value of investments classified at fair value through other comprehensive income "FVOCI"	-	(17,318)
<b>Total other comprehensive loss for the period</b>	<b>-</b>	<b>(17,318)</b>
<b>Total comprehensive loss for the period</b>	<b>(54,447)</b>	<b>(57,256)</b>
<b>Total comprehensive (loss) profit for the period attributable to:</b>		
Equity holders of the parent company	(53,596)	(57,300)
Non-controlling interests	(851)	44
	<b>(54,447)</b>	<b>(57,256)</b>



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Saudi Public Transport Company and its Subsidiary  
(A Saudi Joint Stock Company)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
As at 31 March 2021

	Note	31 March 2021 SAR'000 (Unaudited)	31 December 2020 SAR'000 (Audited)
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant, equipment, buses and trucks	6	1,134,987	1,172,544
Intangible assets	7	602,527	584,158
Investment properties		307,122	307,122
Amounts due from a related party – non-current portion	10	35,515	45,449
Investment in associates and a joint venture		84,530	94,311
Unbilled receivables – non-current portion		1,194,057	1,329,587
Other non-current assets		4,283	4,487
<b>Total non-current assets</b>		<b>3,363,021</b>	<b>3,537,658</b>
<b>Current assets</b>			
Inventories		21,065	18,069
Trade receivables, unbilled receivables and other receivables		877,953	683,056
Amounts due from a related party – current portion	10	58,129	48,262
Prepayments and other current assets		60,133	52,066
Cash and cash equivalents		317,463	351,583
		<b>1,334,743</b>	<b>1,153,036</b>
Assets held for sale		7,016	7,016
<b>Total current assets</b>		<b>1,341,759</b>	<b>1,160,052</b>
<b>Total assets</b>		<b>4,704,780</b>	<b>4,697,710</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Issued capital		1,250,000	1,250,000
Consensual reserve		42,730	42,730
Accumulated losses		(75,663)	(22,067)
<b>Equity attributable to equity holders of the parent company</b>		<b>1,217,067</b>	<b>1,270,663</b>
Non-controlling interests		3,234	4,085
<b>Total equity</b>		<b>1,220,301</b>	<b>1,274,748</b>
<b>Non-current liabilities</b>			
Murabaha financing – non-current portion	8	1,084,251	943,763
Lease liabilities – non-current portion		27,826	31,041
Employees' defined benefits obligation		146,295	145,612
Advance from a customer – non-current portion	9	1,388,466	1,437,950
Deferred revenue - non-current portion		4,517	4,675
<b>Total non-current liabilities</b>		<b>2,651,355</b>	<b>2,563,041</b>
<b>Current liabilities</b>			
Murabaha financing – current portion	8	117,009	116,514
Lease liabilities – current portion		4,346	1,450
Murabaha financing – short term	8	120,204	150,295
Trade and other payables		241,122	287,320
Due to non-controlling interests of the subsidiary	10	10,567	6,483
Accrued expenses and other liabilities		122,590	123,160
Deferred revenue - current portion		17,899	19,756
Advance from a customer – current portion	9	161,062	118,197
Zakat and income tax payable	5	38,325	36,746
<b>Total current liabilities</b>		<b>833,124</b>	<b>859,921</b>
<b>Total liabilities</b>		<b>3,484,479</b>	<b>3,422,962</b>
<b>Total equity and liabilities</b>		<b>4,704,780</b>	<b>4,697,710</b>

  
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**Saudi Public Transport Company and its Subsidiary**  
**(A Saudi Joint Stock Company)**

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

For the period ended 31 March 2021

	<i>Attributed to equity holders of the parent company</i>						<i>Non - controlling interests SAR '000</i>	<i>Total equity SAR '000</i>
	<i>Issued capital SAR '000</i>	<i>Statutory reserve SAR '000</i>	<i>Consensual reserve SAR '000</i>	<i>Investment revaluation reserve SAR '000</i>	<i>(Accumulated losses) retained earnings SAR '000</i>	<i>Total SAR '000</i>		
31 December 2020 (Audited)	1,250,000	-	42,730	-	(22,067)	1,270,663	4,085	1,274,748
Loss for the period	-	-	-	-	(53,596)	(53,596)	(851)	(54,447)
Other comprehensive loss for the period	-	-	-	-	-	-	-	-
Total comprehensive loss	-	-	-	-	(53,596)	(53,596)	(851)	(54,447)
<b>At 31 March 2021 (Unaudited)</b>	<b>1,250,000</b>	<b>-</b>	<b>42,730</b>	<b>-</b>	<b>(75,663)</b>	<b>1,217,067</b>	<b>3,234</b>	<b>1,220,301</b>
	<i>Investments</i>						<i>Non- controlling interests SAR '000</i>	<i>Total Equity SAR '000</i>
	<i>Issued capital SAR '000</i>	<i>Statutory reserve SAR '000</i>	<i>Consensual reserve SAR '000</i>	<i>Investment revaluation reserve SAR '000</i>	<i>Retained earnings SAR '000</i>	<i>Total SAR '000</i>		
31 December 2019 (Audited)	1,250,000	183,471	42,730	(6,495)	163,801	1,633,507	6,640	1,640,147
(Loss) income for the period	-	-	-	-	(39,982)	(39,982)	44	(39,938)
Other comprehensive loss for the period	-	-	-	(17,318)	-	(17,318)	-	(17,318)
Total comprehensive (loss) income	-	-	-	(17,318)	(39,982)	(57,300)	44	(57,256)
<b>At 31 March 2020 (Unaudited)</b>	<b>1,250,000</b>	<b>183,471</b>	<b>42,730</b>	<b>(23,813)</b>	<b>123,819</b>	<b>1,576,207</b>	<b>6,684</b>	<b>1,582,891</b>



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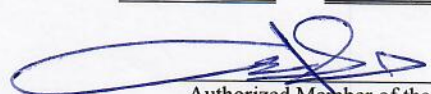


**Saudi Public Transport Company and its Subsidiary**  
**(A Saudi Joint Stock Company)**

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
For the period ended 31 March 2021

	2021 SAR'000 (Unaudited)	2020 SAR'000 (Unaudited)
<b>OPERATING ACTIVITIES</b>		
Loss before zakat and income tax	(52,842)	(36,542)
<i>Adjustments to reconcile income before zakat to net cash flows:</i>		
Depreciation and amortization	44,536	46,178
Impairment of trade receivables, unbilled receivables and other receivables	2,565	2,380
Allowance for slow moving inventories	500	-
Share of loss of a joint venture	9,781	4,259
Share of profit of an associate	(237)	(874)
Deferred revenue amortization	(229)	-
Finance costs	9,749	7,944
Finance income	(913)	(1,118)
Changes in employee's defined benefit liabilities	4,195	4,353
Gain on disposal of property, plant, equipment, buses and trucks	-	(13)
	17,105	26,567
<i>Working capital adjustments:</i>		
Inventories, net	(3,496)	(1,154)
Trade receivables, unbilled receivables and other receivables	(61,932)	(260,426)
Amounts due from a related party	573	(209)
Prepayments and other current assets	(8,067)	33,869
Other non-current assets	204	(613)
Trade and other payables	(46,198)	14,554
Amounts due to non-controlling interests of the subsidiary	4,084	3,363
Accrued expenses and other liabilities	(6,952)	(12,560)
Deferred revenue	(1,786)	(3,641)
Cash used in operations	(106,465)	(200,250)
Defined benefits obligation paid to employees	(3,512)	(1,057)
<b>Net cash flows used in operating activities</b>	(109,977)	(201,307)
<b>INVESTING ACTIVITIES</b>		
Movement in investments in equity instruments designated as at FVOCI	-	2,396
Proceeds from finance income	407	625
Proceeds from sale of property, plant, equipment, buses and trucks	-	14
Purchase of property, plant, equipment, buses and trucks and intangible asset	(24,500)	(79,750)
<b>Net cash flows used in investing activities</b>	(24,093)	(76,715)
<b>FINANCING ACTIVITIES</b>		
Proceeds from Murabaha financing	290,000	540,735
Repayment of Murabaha financing	(178,678)	(324,327)
Repayment of Finance costs	(9,749)	(7,944)
Repayment of lease liability	(1,623)	(1,263)
<b>Net cash flows from financing activities</b>	99,950	207,201
<b>Net increase in cash and cash equivalents</b>	(34,120)	(70,821)
Cash and cash equivalents at 1 January	351,583	338,438
<b>Cash and cash equivalents at 31 March</b>	317,463	267,617
<b>SIGNIFICANT NON-CASH TRANSACTIONS:</b>		
Re-measurement gains on defined benefits liability	849	-
Net movement in fair value of equity investments as at FVOCI	-	(17,318)

  
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Authorized Member of the  
Board of Directors

The attached notes from 1 to 17 form an integral part of these interim condensed consolidated financial statements.



# Saudi Public Transport Company and its Subsidiary (A Saudi Joint Stock Company)

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2021

### 1 CORPORATE INFORMATION

Saudi Public Transport Company (the "Company", "SAPTCO", or the "Parent Company") is a Saudi Joint Stock Company, registered in Riyadh, Kingdom of Saudi Arabia ("KSA") and formed under the Royal Decree No. M/11 dated on 7 Rabi Al-Awwal 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 head 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, teachers transport, car rental and private transport, operating and maintaining of trains, metros, motor vehicles and trucks, organising 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 Thul-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 Al-Thani 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 Al-Ula 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 Thul-Hijja 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 Thul-Hijjah 1399H), 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. The Company shall then disclose the implications of the terms and conditions of the franchise contract signed between the Government and the Company in light of the option to be adopted by the competent authorities after the end of the franchise period. On 27 Safar 1442 H (corresponding to 14 October 2020), the Company received a letter from the General Authority for Transport regarding the franchise contract included therein the approval of the Council of Ministers (initial approval) on what the assigned committee has reach to regarding Company's assets which includes an extension of the franchise contract for a year from 1 Rajab 1442 H (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.

Accordingly, 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' Al Awwal 1442 H (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 Sha`ban 1442H (corresponding to 23 March 2021), the final approval of the Council of Ministers issued in light of what was reached by the assigned committee to study Company's assets.

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

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

Public Transport Company ("PTC") is a limited liability Company registered in Riyadh, Kingdom of Saudi Arabia, under commercial registration number 1010429250, dated 8 Rabi ul Awal 1436H (corresponding to 31 December 2014). The Company is engaged in importing, operating and maintaining of buses in Riyadh according to license issued by the Saudi Arabian General Investment Authority Numbered 10608351147347 dated 8 Dhul-Qadah 1435H (corresponding to 4 September 2014).

Saudi Public Transport Company and its Subsidiary  
(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
At 31 March 2021

**1 CORPORATE INFORMATION (continued)**

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

Investment in associates and joint venture	Relationship	Shareholding %		Principal Activity	Country of Incorporation
		31 March 2021	31 December 2020		
Saudi Bahraini Transport Company*	Associate	40%	40%	Transportation activities	Kingdom of Saudi Arabia – Kingdom of Bahrain
Capital Metro Company	Associate	20%	20%	Road construction works and maintenance	Kingdom of Saudi Arabia
Saudi Emirates Integrated Transport Company	Joint Venture	50%	50%	Educational transportation services	Kingdom of Saudi Arabia

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

**2 SIGNIFICANT ACCOUNTING POLICIES**

**2-1 BASIS OF PREPARATION**

These interim condensed consolidated financial statements, for the three month periods ended 31 March 2021, have been prepared in accordance with the International Accounting Standard, “Interim Financial Reporting” (“IAS 34”) as endorsed in the Kingdom of Saudi Arabia (“KSA”) and other standards and pronouncements that are issued by the Saudi Organization for Chartered and Professional Accountants (“SOCPA”).

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements and should therefore be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2020.

These interim condensed consolidated financial statements have been prepared under the historical cost convention, except for equity investments classified as 'Fair Value through Other Comprehensive Income', which are measured at fair value, and defined benefit obligation, which is recognised at the present value of future obligations under the Projected Unit Credit method.

Although the interim period is considered an integral part of the entire financial year, the results of the interim period may not be a fair indicator of the operating results of the entire year.

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

**2-2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the annual consolidated financial statements for the year ended 31 December 2020, and are explained in note (2) to the consolidated financial statement for the year ended 31 December 2020, except for the adoption of new standards effective as of 1 January 2021, if any. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.



Saudi Public Transport Company and its Subsidiary  
(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
At 31 March 2021

**3 REVENUE**

	For the three months period ended 31 March	
	<b>2021</b> <b>SAR'000</b> <b>(Unaudited)</b>	<b>2020</b> <b>SAR'000</b> <b>(Unaudited)</b>
Revenue from passenger transport	<b>91,935</b>	115,360
Revenues from concession arrangements of King Abdulaziz Project for public transportation in Riyadh	<b>81,903</b>	237,386
Revenue from specialised services	<b>26,767</b>	48,128
Government subsidy revenue (*)	<b>10,977</b>	19,182
	<b>211,582</b>	420,056

(\*) During 2018, 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 Althani 1439H (corresponding to February 27, 2018) for transport on service runways and stop points in Riyadh city, which is to be determined by approval of the Public Transport Authority. The total of the annual support amount (SAR 36,505,676) is disbursed in equal monthly installments. 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.

During 2018, 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 Althani 1439H (corresponding to February 27, 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 amount of the annual subsidy (SAR 20,132,728) is to be disbursed in equal monthly installments.

Management believes that there are no unfulfilled terms or contingent liabilities related to this subsidy.

**4 OTHER INCOME**

	For the three months period ended 31 March	
	<b>2021</b> <b>SAR'000</b> <b>(Unaudited)</b>	<b>2020</b> <b>SAR'000</b> <b>(Unaudited)</b>
Renting drivers	<b>360</b>	-
Rental income	<b>187</b>	255
Advertising revenue on intra-city transportation buses	<b>182</b>	93
Suppliers’ penalties	<b>84</b>	241
Gain on sale of scrap	-	220
Gain of sale of property, plant and equipment	-	13
Other income	<b>213</b>	212
	<b>1,026</b>	1,034

Saudi Public Transport Company and its Subsidiary  
(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
At 31 March 2021

**5 ZAKAT AND INCOME TAX**

**A) Zakat**

Zakat has been calculated based on Zakat base for the Company and its subsidiary separately. The Company has filed zakat returns up to 2020 and received required zakat certificates up to 2020. The General Authority for Zakat and Tax ("GAZT") has issued its zakat assessments for the Company up to 2018. The Group has paid the zakat payable under the amended assessment and cleared its Zakat assessment for all the year up to the 2018.

**B) Income Tax**

The zakat and income tax returns for the subsidiary for all years up to 2020 have been filed with the GAZT. Assessments have not yet been raised by the GAZT.

**6 PROPERTY, PLANT, EQUIPMENT, BUSES AND TRUCKS**

	<b>31 March 2021</b> <b>SAR'000</b> <b>(Unaudited)</b>	<b>31 December 2020</b> <b>SAR'000</b> <b>(Audited)</b>
Property, plant, equipment, buses and trucks	<b>1,108,091</b>	1,148,279
Projects and buses in progress	<b>26,896</b>	24,265
	<b>1,134,987</b>	1,172,544

During the three months period ended 31 March 2021, the Group has added property, plant, equipment buses and trucks with a cost of SAR 5.6 million (31 March 2020: SAR 3.5 million).

During the three month period ended 31 March 2021, the Group didn't dispose any property, plant, equipment, buses and trucks (31 March 2020: SAR 1 thousand), which resulted in no gains from the sale of property, plant, equipment, buses and trucks for the three month periods ended 31 March 2021 (for the three month period ended 31 March 2020: gains amounted to SAR 13 thousand).

**7 INTANGIBLE ASSETS**

	<b>31 March 2021</b> <b>SAR'000</b> <b>(Unaudited)</b>	<b>31 December 2020</b> <b>SAR'000</b> <b>(Audited)</b>
Software and licenses	<b>34,794</b>	36,116
Other intangible assets (A)	<b>567,733</b>	548,042
	<b>602,527</b>	584,158

**(A) Other intangible assets**

The intangible assets represent the subsidiary's right in the residual value of the project's buses and garages after the completion of the project. As per the project contract, the grantor 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 and garages.



Saudi Public Transport Company and its Subsidiary  
(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

At 31 March 2021

**8 MURABAHA FINANCING**

**A) Long-term Murabaha financing**

	<b>31 March 2021</b> <b>SAR'000</b> <b>(Unaudited)</b>	31 December 2020 SAR'000 (Audited)
Murabaha financing	<b>1,201,260</b>	1,060,277
Less: Current portion	<b>(117,009)</b>	(116,514)
Non-current portion	<b>1,084,251</b>	943,763

The Group has entered into borrowing 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 loan 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 SAR 499 million, to be long-term Murabaha financing and increase the bank facilities to SAR 800 million due in quarterly installments for a period of 7 years and is secured by promissory notes bearing prevailing commission rates 1.5% plus SIBOR

**B) Short-term Murabaha financing**

During the current period, the Company obtained short-term credit facilities from local banks amounted to SAR 120 million in the form of a Murabaha loan to finance its operations.

**9 ADVANCE PAYMENT FROM A CUSTOMER**

During 2015, the Subsidiary received an amount of SAR 471 million as an advance payment for executing King Abdulaziz Project for Public Transport in Riyadh. The advance payment represents 6% of the total contract value. During 2019, the Subsidiary received an amount of SAR 550 million as a second advance payment for executing the Project. The second advance payment represents 7% of the total contract value. During 2020, the Subsidiary received an amount of SAR 550 million as a third advance payment for executing the Project. The third advance payment represents 7% of the total contract value.

Saudi Public Transport Company and its Subsidiary  
(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
At 31 March 2021

**10 RELATED PARTY TRANSACTIONS AND BALANCES**

		<b>Finance income</b>	<b>Share in profits (losses)</b>	<b>Purchase of buses</b>	<b>Services provided</b>	<b>Balance</b>
		<b>SAR'000</b>	<b>SAR'000</b>	<b>SAR'000</b>	<b>SAR'000</b>	<b>SAR'000</b>
<b>Amounts due from related parties:</b>						
<b>Joint venture:</b>						
Saudi Emirates Integrated Transport Company (SEETCO)*	<b>31 March 2021 (Unaudited)</b>	<b>507</b>	<b>(9,781)</b>	<b>200</b>	<b>49</b>	<b>92,760</b>
	31 December 2020 (Audited)	493	(4,259)	200	207	92,827
<b>Associate:</b>						
Capital Metro Company Ltd (CAMCO)	<b>31 March 2021 (Unaudited)</b>	-	<b>237</b>	-	-	<b>884</b>
	31 December 2020 (Audited)	-	874	-	-	884
<b>Amounts due to non-controlling interests of the subsidiary:</b>						
RATP Development (French company)	<b>31 March 2021 (Unaudited)</b>	-	-	-	<b>1,710</b>	<b>2,458</b>
	31 December 2020 (Audited)	-	-	-	1,784	2,349
RATP Dev Saudi Arabia LLC	<b>31 March 2021 (Unaudited)</b>	-	-	-	<b>11,341</b>	<b>8,109</b>
	31 December 2020 (Audited)	-	-	-	11,216	4,134
<b>Total amounts due to non-controlling interests of the subsidiary</b>	<b>31 March 2021</b>					<b>10,567</b>
	31 December 2020 (Audited)					6,483

**Joint venture**

\* During 2014, the Company has funded the operations of the Saudi Emirates Integrated Transport Co., Ltd. ("SEITCO") in an amount of SAR 30 million. This amount is not subject to any interest and is repayable within four years effective from July 2015. SEITCO has paid SAR 1.9 million. However, the partners agreed to reschedule the payments to be during 2020 and 2021. These loans are recorded at fair value based on prevailing market rate of interest, which resulted in an addition of the discount to the investment amount. The interest income on such loans has been taken to the interim condensed consolidated statement of income.

In addition, during 2016, the Company has provided two additional finances totaling to SAR 40 million to finance the operation of transportation contracts to government schools. This amount doesn't carry any interest and it will be recovered upon receiving the accruals of SEITCO. Subsequently, the Company and SEITCO reached an agreement to schedule payment to specific payments during 2021 - 2023. Thus, these loans are recorded at fair value based on market rate of interest that resulted in an addition of the discount to the investment amount. The financing income on this loan has been included in the interim condensed consolidated statement of income.

During 2019, the Company sold 350 buses to SEITCO for SAR 32 million to be paid in annual installments. This process has been recorded at fair value based on market rate of interest that resulted in an addition of the discount to the investment amount. The financing income on this loan has been included in the interim condensed consolidated statement of income.



Saudi Public Transport Company and its Subsidiary  
(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
At 31 March 2021

**10 RELATED PARTY TRANSACTIONS AND BALANCES (continued)**

**Compensation of key management personnel of the Group**

**Transactions with key management personnel**

Board and committees' expenses, remunerations and allowances  
Compensation of key management personnel of the Group (\*)

For the three months period ended 31 March	
2021 SAR'000 (Unaudited)	2020 SAR'000 (Unaudited)
450	567
2,896	5,039
3,346	5,606

(\*) Compensations of key management personnel of the Group were as follows:

Employees' short-term benefits  
Post-employment benefits  
**Total compensation of key management personnel**

For the three months period ended 31 March	
2021 SAR'000 (Unaudited)	2020 SAR'000 (Unaudited)
2,723	4,917
173	122
2,896	5,039

The amounts disclosed in the above table are recognised as an expense for the period ended 31 March 2021, in respect of key management personnel.

**11 SEGMENT REPORTING**

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, as well as international transport services. It also includes the cargo operations. This is considered one of largest segments of the Company.
- ▶ 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.
- ▶ Public Transportation Project - 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 by the decision maker 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 Group 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 segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on net income and is measured consistently with the consolidated statement of income in the consolidated financial statements.

The Group has no significant customer that contributes 10% or more to the Group's revenues, 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.

Saudi Public Transport Company and its Subsidiary  
(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
At 31 March 2021

**11 SEGMENT REPORTING (continued)**

The selected financial information for these segments is as follows:

<b>For the period ended 31 March 2021 (Unaudited)</b>	<b>Passenger transport SAR'000</b>	<b>Specialised services SAR'000</b>	<b>Head office SAR'000</b>	<b>Public Transportation Project SAR'000</b>	<b>Total segments SAR'000</b>	<b>Adjustments and eliminations SAR'000</b>	<b>Consolidated SAR'000</b>
Total revenues (note 3)	102,912	26,767	-	81,903	211,582	-	211,582
Cost of revenue	(94,366)	(57,984)	-	(77,630)	(229,980)	5,429	(224,551)
Gross (loss) profit	8,546	(31,217)	-	4,273	(18,398)	5,429	(12,969)
Profit (loss) before zakat and income tax	4,499	(35,646)	(20,948)	(4,158)	(56,253)	3,411	(52,842)
<b>For the period ended 31 March 2021 (Unaudited)</b>	<b>Passenger transport SAR'000</b>	<b>Specialised services SAR'000</b>	<b>Head office SAR'000</b>	<b>Public Transportation Project SAR'000</b>	<b>Total segments SAR'000</b>	<b>Adjustments and eliminations SAR'000</b>	<b>Consolidated SAR'000</b>
Total revenues (note 3)	134,542	48,128	-	237,386	420,056	-	420,056
Cost of revenue	(114,572)	(81,807)	-	(228,397)	(424,776)	8,511	(416,265)
Gross profit	19,970	(33,679)	-	8,989	(4,720)	8,511	3,791
Profit (loss) before zakat and income tax	14,882	(39,621)	(12,169)	841	(36,067)	(475)	(36,542)
<b>As at 31 March 2021 (Unaudited)</b>	<b>Passenger transport SAR'000</b>	<b>Specialised services SAR'000</b>	<b>Head office SAR'000</b>	<b>Public Transportation Project SAR'000</b>	<b>Total segments SAR'000</b>	<b>Adjustments and eliminations SAR'000</b>	<b>Consolidated SAR'000</b>
Total assets	454,350	749,257	868,106	2,663,175	4,734,888	(30,108)	4,704,780
Total liabilities	220,103	314,342	320,176	2,676,553	3,531,174	(46,695)	3,484,479
Other disclosures:							
Property, plant and equipment (note 6)	374,816	675,823	80,064	4,284	1,134,987	-	1,134,987
Investments in associates and a joint venture	-	-	84,530	-	84,530	-	84,530



Saudi Public Transport Company and its Subsidiary  
(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
At 31 March 2021

**11 SEGMENT REPORTING (continued)**

<i>As at 31 December 2020 (Audited)</i>	Passenger transport SAR'000	Specialised services SAR'000	Head office SAR'000	Public Transportation Project SAR'000	Total segments SAR'000	Adjustments and eliminations SAR'000	Consolidated SAR'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 (note 6)	384,970	691,341	92,938	3,295	1,172,544		1,172,544
Investments in associates and a joint venture	-	-	94,311	-	94,311	-	94,311

**12 FINANCIAL INSTRUMENTS - FAIR VALUE**

The Group's financial instruments are composed of cash and cash equivalents, trade receivables, due from a related party, equity investments designated as at FVOCI, trade and other payables, and Murabaha financing.

The management determined that the fair values of cash and cash equivalents, trade receivables, trade payables, and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

Management determined that the carrying value of Murabaha financing and term loans bearing fixed and variable rates approximates their fair values due to the fact that they bear interest rates that reflect current market interest rates for similar financing and loans. As a result, the value of the future discounted cash flows on those financing and loans are not significantly different from their current carrying values.

**13 CAPITAL COMMITMENTS AND CONTINGENCIES**

**A) Contingencies**

As at 31 March 2021, the Group's bankers have issued, on its behalf during the normal course of business, letters of guarantees, acceptance and credit limited to SAR 1,549 million (31 December 2020: SAR 1,450 million).

**B)** The Group has potential obligations from time to time relating to certain disputed issues, including claims from and against certain actors, lawsuits and arbitration proceedings involving a variety of cases. These potential commitments arose in the normal context of business. None of these potential claims is expected to be incurred.

**C) Modification to public transport project contract**

The subsidiary's management is in discussions with the Al Riyadh Development Authority (the Grantor) regarding amendments to certain items (variation orders) received from the Authority on the contract of King Abdulaziz project for public transport in Riyadh, which will result in a change to performance obligations and estimated margin of each performance obligation when finalised and agreed with the Grantor. Discussions are still ongoing as of the date of approval of these interim consolidated financial statements. Management believes the outcome of these discussions will be, to a large extent, in favor of the Company.

**14 DIVIDENDS**

The Ordinary General Assembly approved, in its meeting held on 14 Ramadan 1442H (Corresponding to 26 April 2021), the Board of Directors' recommendation for not distributing cash dividends for the financial year 2020. The Ordinary General Assembly also approved Board of Directors' remuneration of SAR 1.35 million.

The Ordinary General Assembly approved, in its meeting held on 4 Ramadan 1441H (Corresponding to 27 April 2020), the Board of Directors' recommendation for not distributing cash dividends for the financial year 2019. The Ordinary General Assembly also approved Board of Directors' remuneration of SAR 1.8 million.

Saudi Public Transport Company and its Subsidiary  
(A Saudi Joint Stock Company)

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

At 31 March 2021

**15 IMPACT OF NOVEL CORONAVIRUS (COVID-19) OUTBREAK**

A novel strain of coronavirus (COVID-19) was first identified at the end of December 2019, and in March 2020 was declared as a pandemic by the World Health Organization (WHO). COVID-19 continues to spread throughout in nearly all parts of the world, including the Kingdom of Saudi Arabia and resulted in travel restrictions and curfew in cities which led to a slowdown of economic activities and shutdowns of many sectors at global and local levels. In addition, suspension of schools impacted the results of the Joint Venture for the period.

The extent to which coronavirus pandemic impacts the Company's business, operations, and financial results, is uncertain and depends on many factors and future developments, which the Company may not be able to estimate reliably during the current period. These factors include the virus transmission rate, the duration of the outbreak, precautionary actions that may be taken by governmental authorities to reduce the spread of the epidemic and the impact of those actions on economic activity, and how much our customers and businesses are affected by the pandemic and other factors.

Whilst it is challenging now, to predict the full extent and duration of its business and economic impact, the Company's management carried out an impact assessment on the overall Company's operations and business aspects including factors like travel restrictions, services demand, etc. and concluded that, as of the issuance date of these interim condensed consolidated financial statements, no significant changes are required to the judgements and key estimates. In addition, the management has taken several measures to mitigate the effects of the pandemic, including leveraging some of government initiatives to stimulate the private sector. Also, the company's management evaluated the cash flow situation, including the available banking facilities, and the readiness of operational processes when permitted by the relevant authorities. However, in light of the current lack of clarity, any future change in assumptions and estimates may result in a material adjustment to the carrying values of the assets or liabilities affected in future periods. Given the rapidly evolving situation and the accompanying lack of clarity, management will continue to evaluate the resulting impact in accordance with future developments.

**16 SUBSEQUENT EVENTS TO THE INTRIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

On 14 Ramadan 1442H (Corresponding to 26 April 2021), The Ordinary General Assembly approved to absorb part of the accumulated losses of the company by transferring the Consensual reserve amounted SAR 42,7 million to accumulated losses.

**17 APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

The Board of Directors of the Company has approved the interim condensed consolidated financial statements during its meeting held on 16 Ramadan 1442H (corresponding to 28 April 2021).