

SAUDI AIRLINES CATERING COMPANY
(A Saudi Joint Stock Company)

**CONDENSED CONSOLIDATED INTERIM
FINANCIAL STATEMENTS
(UNAUDITED)**

For the three-month period ended March 31, 2021
with

INDEPENDENT AUDITOR'S REPORT



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
جدة 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 Airlines Catering Company

Introduction

We have reviewed the accompanying March 31, 2021 condensed consolidated interim financial statements ("the financial statements") of Saudi Airlines Catering Company ("the Company") and its subsidiary ("the Group") which comprises:

- the condensed consolidated statement of financial position as at March 31, 2021;
- the condensed consolidated statement of profit or loss and other comprehensive income for the three-month period ended March 31, 2021;
- the condensed consolidated statement of changes in equity for the three-month period ended March 31, 2021;
- the condensed consolidated statement of cash flows for the three-month period ended March 31, 2021; and
- the notes to the condensed consolidated interim financial statements.

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

Scope of review

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



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

To the Shareholders of Saudi Airlines Catering Company (continued)

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying March 31, 2021 condensed consolidated interim financial statements of **Saudi Airlines Catering Company and its subsidiary** are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia.

KPMG Professional Services

Nasser Ahmed Al Shutairy
License No. 454

Jeddah, 28 Ramadan 1442H
Corresponding to 10 May 2021



SAUDI AIRLINES CATERING COMPANY
(A Saudi Joint Stock Company)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at March 31, 2021

(Expressed in Saudi Arabian Riyals)

	Note	March 31, 2021 (Unaudited)	December 31, 2020 (Audited)
Assets			
Property, plant and equipment	5	439,045,044	455,888,624
Right-of-use assets	6	488,606,279	509,533,448
Subleased assets	6	9,292,173	9,292,173
Intangible assets		934,370	1,116,734
Investment property		34,121,387	34,611,098
Financial assets at amortized costs		14,204,000	17,497,223
Non-current assets		986,203,253	1,027,939,300
Subleased assets	6	14,354,001	14,190,822
Inventories		98,969,397	115,963,432
Trade and other receivables	8	799,752,275	800,596,516
Prepayments and other assets		64,382,882	90,856,637
Cash and cash equivalents		247,839,269	257,453,899
Current assets		1,225,297,824	1,279,061,306
Total assets		2,211,501,077	2,307,000,606
Equity and liabilities			
Equity			
Share capital	10	820,000,000	820,000,000
Statutory reserve	11	353,835,879	353,835,879
Accumulated losses		(343,777,542)	(313,758,994)
Total equity		830,058,337	860,076,885
Liabilities			
Lease liabilities	6	364,856,376	412,229,212
Employees benefits		163,963,222	165,607,031
Non-current liabilities		528,819,598	577,836,243
Short-term borrowing	9	300,000,000	300,000,000
Lease liabilities	6	214,496,397	167,856,691
Zakat and income tax liabilities	13	15,704,914	11,518,715
Trade and other payables	14	322,421,831	389,712,072
Current liabilities		852,623,142	869,087,478
Total liabilities		1,381,442,740	1,446,923,721
Total equity and liabilities		2,211,501,077	2,307,000,606

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

Chief Financial Officer

DocuSigned by:

Hesham Masoud

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Chief Executive Officer

Authorized Board of Directors
Member

SAUDI AIRLINES CATERING COMPANY
(A Saudi Joint Stock Company)

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**

For the three-month period ended March 31, 2021

(Expressed in Saudi Arabian Riyals)

	Note	<u>2021</u> <u>(Unaudited)</u>	<u>2020</u> <u>(Unaudited)</u>
Revenue	16	256,260,489	452,701,197
Cost of sales	17	(204,556,343)	(333,543,473)
Gross profit		51,704,146	119,157,724
Other income		143,606	1,079,010
General and administrative expenses		(58,959,460)	(64,280,897)
Allowance of expected credit losses, net	8(b)	(8,628,847)	(20,333,425)
Other expenses		(2,845,019)	(680,451)
Operating (loss) / profit		(18,585,574)	34,941,961
Finance income	6	163,179	195,141
Finance cost		(7,409,954)	(7,394,413)
		(25,832,349)	27,742,689
Share of loss of equity accounted investee	7	--	(2,191,747)
Impairment loss in equity accounted investee	7	--	(3,132,199)
(Loss) / profit before zakat and income tax		(25,832,349)	22,418,743
Zakat and income tax expense	13	(4,186,199)	(6,862,789)
(Loss) / profit for the period		(30,018,548)	15,555,954
Other comprehensive (loss) / income			
Items that will not be reclassified to profit or loss			
Remeasurement of defined benefit liability		--	--
Share of other comprehensive gain of associate		--	--
Other comprehensive (loss) / gain for period		--	--
Total comprehensive (loss) / income for the period		(30,018,548)	15,555,954
(Loss) / earnings per share			
Basic (loss) / earnings per share	18	(0.37)	0.19
Diluted (loss) / earnings per share	18	(0.37)	0.19

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

DocuSigned by:
Hesham Masoud
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Chief Financial Officer

[Signature]
Chief Executive Officer

[Signature]
Authorized Board of Directors
Member

SAUDI AIRLINES CATERING COMPANY
(A Saudi Joint Stock Company)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the three-months period ended March 31, 2021
(Expressed in Saudi Arabian Riyals)

	Note	Share capital	Statutory reserve	(Accumulated loss) / Retained earnings	Total
<u>As at March 31, 2021 (Unaudited)</u>					
Balance at January 1, 2021		820,000,000	353,835,879	(313,758,994)	860,076,885
<u>Total comprehensive loss</u>					
Loss for the period		--	--	(30,018,548)	(30,018,548)
Other Comprehensive income		--	--	--	--
Total comprehensive loss		--	--	(30,018,548)	(30,018,548)
Balance at March 31, 2021		820,000,000	353,835,879	(343,777,542)	830,058,337
<u>As at March 31, 2020 (Unaudited)</u>					
Balance at January 1, 2020		820,000,000	353,835,879	131,816,062	1,305,651,941
<u>Total comprehensive income</u>					
Profit for the period		--	--	15,555,954	15,555,954
Other Comprehensive income		--	--	--	--
Total comprehensive income		--	--	15,555,954	15,555,954
<u>Transactions with shareholders</u>					
<u>Contributions and distributions</u>					
Dividends declared	12	--	--	(112,934,489)	(112,934,489)
Balance at March 31, 2020		820,000,000	353,835,879	34,437,527	1,208,273,406

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

DocuSigned by:
Hesham Masoud
077088738880446
Chief Financial Officer

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Chief Executive Officer

[Signature]
Authorized Board of Directors
Member

SAUDI AIRLINES CATERING COMPANY
(A Saudi Joint Stock Company)


CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the three-months period ended March 31, 2021

(Expressed in Saudi Arabian Riyals)

	<u>Note</u>	<u>2021</u> <u>(Unaudited)</u>	<u>2020</u> <u>(Unaudited)</u>
Cash flows from operating activities			
(Loss) / profit for the period		(30,018,548)	15,555,954
<i>Adjustments for:</i>			
Zakat and tax	13	4,186,199	6,862,789
Depreciation on property, plant and equipment and investment in property		21,116,123	20,704,802
Depreciation on right-of-use assets	6	20,927,169	24,620,104
Amortization		182,364	182,364
Construction in progress write off	5	--	1,994,148
Allowance of expected credit losses, net	8(b)	8,628,847	20,333,425
Provision for slow-moving inventory, net		1,800,248	2,107,978
Finance income		(163,179)	(195,141)
Interest cost		7,409,953	7,394,413
Share of loss in equity accounted investees	7	--	2,191,747
Impairment loss in equity accounted investee	7	--	3,132,199
Loss on sale of property, plant and equipment		2,632,563	295,409
Employees' benefits service cost		3,585,767	4,272,869
Provision for accrued bonus - long term		2,250,000	656,769
		<u>42,537,506</u>	<u>110,109,829</u>
<i>Changes in:</i>			
Inventories		15,193,787	(14,514,381)
Trade and other receivables		(7,784,606)	(77,574,205)
Prepayments and other assets		29,766,978	(64,198,502)
Trade and other payables		(68,503,228)	5,169,615
Cash generated / (used in) from operating activities		<u>11,210,437</u>	<u>(41,007,644)</u>
Employees' benefits paid		(8,125,572)	(19,405,019)
Zakat & income tax paid	13	--	(2,299,878)
Net cash generated from / (used in) operating activities		<u>3,084,865</u>	<u>(62,712,541)</u>
Cash flows from investing activities			
Payments received for sublease	6	--	2,627,472
Additions to property, plant and equipment		(6,551,793)	(9,052,750)
Proceeds from disposal of property, plant and equipment		136,398	39,150
Net cash used in investing activities		<u>(6,415,395)</u>	<u>(6,386,128)</u>
Cash flow from financing activities			
Proceeds from short-term borrowing		--	300,000,000
Payments of lease liabilities	6	(6,284,100)	(11,113,709)
Dividends paid	12	--	(170,867)
Net cash (used in) / from financing activities		<u>(6,284,100)</u>	<u>288,715,424</u>
Net change in cash and cash equivalents		<u>(9,614,630)</u>	<u>219,616,755</u>
Cash and cash equivalents at beginning of the period		<u>257,453,899</u>	<u>188,903,543</u>
Cash and cash equivalents at end of the period		<u>247,839,269</u>	<u>408,520,298</u>

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

DocuSigned by:

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Chief Financial Officer


Chief Executive Officer


Authorized Board of Directors
Member

SAUDI AIRLINES CATERING COMPANY
(A Saudi Joint Stock Company)

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

For the three months period ended March 31, 2021

(Expressed in Saudi Arabian Riyals)

1. REPORTING ENTITY

Saudi Airlines Catering Company (the “Company” or the “Parent company”) is a Saudi Joint Stock Company domiciled in the Kingdom of Saudi Arabia. The Company was registered as a Saudi limited liability company on Muharram 20, 1429H (January 29, 2008) under commercial registration number 4030175741.

The main objectives of the Company are the provision of cooked and non-cooked food to private and public sectors, provision of sky sales, operation and management of duty free zones in Saudi Arabian airports and ownership, operation and management of restaurants at airports and other places, and the ownership, operation and management of central laundries.

The Company mainly provides catering services to Saudi Arabian Airlines and other foreign airlines in the airports of Jeddah, Riyadh, Dammam and Madinah in Saudi Arabia and to Saudia’s flights operating from Cairo International Airport.

The Company also has the following branches, which are operating under separate Commercial registrations:

<u>Branch location</u>	<u>C.R.</u>
Rabigh	4602006306
Medina	4650055980
Dammam	2050082998
Makkah	4031084114
Jeddah	4030227251
Jeddah	4030285290
Riyadh	1010336558

The Company has investment in the fully owned / controlled subsidiary ‘SACC Catering Company’ (the “subsidiary”), collectively referred to as (the “Group”). The authorised share capital of the subsidiary is SR 5 million. The principal business activity of the subsidiary is mainly to provide catering services as per commercial registration. The subsidiary has not yet commenced commercial operations and didn’t incur any transaction yet and due to its insignificance, no consolidated financial statements have been prepared in prior periods.

These condensed consolidated interim financial statements (the “financial statements”) include the financial statements of the Parent and its Subsidiary and is the first set of consolidated financial statements to be issued for the Group as a whole.

The registered head office of the Company is located at the following address:

Saudi Airlines Catering Company
Al Saeb Al Jomhi Street
Prince Sultan Bin Abdulaziz Road, Almohammadya District (5)
P. O. Box 9178, Jeddah 21413
Kingdom of Saudi Arabia

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

For the three months period ended March 31, 2021

(Expressed in Saudi Arabian Riyals)

2. BASIS OF PREPARATIONS

a) Statement of compliance

These condensed consolidated interim financial statements (“financial statements”) have been prepared in accordance with IAS 34 Interim Financial Reporting that is endorsed in Kingdom of Saudi Arabia and other standards and pronouncements that are issued by Saudi Organization for Chartered and Professional Accountants (“SOCPA”) and should be read in conjunction with the Company’s last annual Financial Statements as at and for the year ended December 31, 2020 (“last annual Financial Statements”). They do not include all of the information required for a complete set of IFRS Financial Statements however, accounting policies and selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company’s financial position and performance since the last annual Financial Statements.

b) Basis of Measurement

These financial statements have been prepared under the historical cost basis, except for the defined benefit obligation which is recognized at the present value of future obligation using the projected unit credit method. Further, the financial statements are prepared using the accrual basis of accounting and going concern concept.

c) Functional and presentation currency

These financial statements are presented in Saudi Arabian Riyals (“SR”) which is the Company’s and subsidiary’s functional and presentation currency.

3. SIGNIFICANT ACCOUNTING POLICIES

a. Use of judgments and estimates

In preparing these financial statements, management has made judgments, estimates and assumptions that affect the application of the Company’s accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively.

The significant judgments made by management in applying the Company’s accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements.

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

For the three months period ended March 31, 2021

(Expressed in Saudi Arabian Riyals)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

a. Use of judgments and estimates (continued)

The coronavirus (“COVID-19”) pandemic has spread across various geographies globally, causing disruption to business and economic activities. COVID-19 has brought about uncertainties in the global economic environment. The fiscal and monetary authorities, both domestic and international, have announced various support and precautionary measures across the globe to counter possible adverse implications. The Company’s operations and financial performance was significantly impacted by the disruptions and temporary airports closures mandated by government which has resulted in suspending the primary operations and activities of the Company during most of the year ended December 31, 2020 and during the period ended March 31, 2021 and may continue to have a financial impact on the Company subsequent to the period end. The uncertainties caused by COVID-19 have required the Company to update the inputs and assumptions used for the determination of expected credit losses (“ECL”) as at March 31, 2021. In addition, the Company has estimated the potential impact of the current economic volatility in the determination of the reported amounts of the Company’s financial and non-financial assets and these are considered to represent management's best assessment based on information available. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the closures. Markets however remain volatile and the recorded amounts remain sensitive to both the duration of the temporary closures and consequential severity of the economic impact.

The Company continues to closely monitor the situation to manage the exposure and adverse impact on its operations. Management believes that the Company’s financial position remains solid and have the sufficient resources to enable it to continue its operations and to meets its contractual liabilities in the near future. Refer to note 20 for more details on the financial risks.

b. Business combinations

Business combinations (except for entities under common control) are accounted for using the acquisition method. The cost of an acquisition is measured as the fair value of the assets given, equity instrument issued, and liabilities incurred or assumed at the date of exchange, and includes costs directly attributable to the acquisition. Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured initially at fair values at the date of acquisition. The excess of the cost of the business combination over the Company's share in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities is classified as goodwill. When the excess is negative, a bargain purchase gain is recognized immediately in profit or loss. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities. The Company elects on a transaction-by-transaction basis whether to measure non-controlling interests at its fair value, or at its proportionate share of the recognized amount of the identifiable net assets, at the acquisition date. If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognized in profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Company incurs in connection with a business combination are expensed as incurred.

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

For the three months period ended March 31, 2021

(Expressed in Saudi Arabian Riyals)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

b. Business combinations (continued)

Business combinations including entities or businesses under common control are measured and accounted for using book value. The assets and liabilities acquired are recognized at the carrying amounts as transferred from the controlling Company's books of accounts. The components of equity of the acquired entities are added to the same components within the Company equity and any gain/loss arising is recognized directly in equity.

i) Subsidiaries

Subsidiary is entity controlled by the Company. The Company controls an entity when it is exposed to or has rights to, variable return from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiary is consolidated in the financial statements from the date of acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date that such control ceases.

All intra-Company balances, transactions, income and expenses resulting from intra-Company transactions are eliminated in full. Also, any unrealized gains and losses arising from intra-company transactions are eliminated on consolidation.

When the Company loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related non-controlling interests (NCI) and other components of equity. Any resulting gain or loss is recognized in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost. Changes in a Company's ownership interest in a subsidiary that does not result in a change in control, is accounted as equity transaction and the carrying amounts of the non-controlling interests is adjusted against the fair value of the consideration paid and any difference is recognized directly in shareholders' equity under "Effect of transactions with non- controlling interests without change in control".

4. OPERATING SEGMENTS

a. Basis for segmentation

The Company has the following three strategic divisions, which are reportable segments. These divisions offer different products and services, and are managed separately because of their different fundamentals.

The following summary describes the operations of each reportable segment:

Reportable segments	Operations
Inflight	Inflight catering, airline equipment and business lounges
Retail	Onboard, ground and online store
Catering and Facilities	Remote & Camp management, Business & Industries catering, Security services, Laundry services, Hajj & Umrah & Baggage handling services

The Company's Board reviews the internal management reports of each strategic division at least quarterly.

SAUDI AIRLINES CATERING COMPANY
(A Saudi Joint Stock Company)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

For the three months period ended March 31, 2021
(Expressed in Saudi Arabian Riyals)

4. OPERATING SEGMENTS (continued)

b. Information about reportable segments

March 31, 2021 (Unaudited)

	<u>Inflight</u>	<u>Retail</u>	<u>Catering and facilities</u>	<u>Total reportable segments</u>	<u>All other segments</u>	<u>Head office</u>	<u>Total</u>
External revenue	198,736,776	7,974,107	46,318,663	253,029,546	3,230,943	--	256,260,489
Inter-segment revenue	5,959,659	--	684,439	6,644,098	34,161,456	--	40,805,554
Segment revenue	204,696,435	7,974,107	47,003,102	259,673,644	37,392,399	--	297,066,043
Segment (loss) / profit before Zakat and tax	62,119,994	(7,699,691)	6,759,364	61,179,667	(87,012,016)	--	(25,832,349)
Depreciation and amortization	27,273,674	2,100,688	2,416,582	31,790,944	10,434,712	--	42,225,656
Assets:							
Segment assets	1,053,712,320	143,346,246	137,764,556	1,334,823,122	306,337,360	--	1,641,160,482
Other assets	--	--	--	--	--	570,340,595	570,340,595
Total	1,053,712,320	143,346,246	137,764,556	1,334,823,122	306,337,360	570,340,595	2,211,501,077
Liabilities:							
Segment liabilities	512,873,114	81,103,128	38,855,175	632,831,417	242,126,628	--	874,958,045
Other liabilities	--	--	--	--	--	506,484,695	506,484,695
Total	512,873,114	81,103,128	38,855,175	632,831,417	242,126,628	506,484,695	1,381,442,740

SAUDI AIRLINES CATERING COMPANY
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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

For the three months period ended March 31, 2021
(Expressed in Saudi Arabian Riyals)

4. OPERATING SEGMENTS (continued)

b. Information about reportable segments (continued)

March 31, 2020 (Unaudited)

	<u>Inflight</u>	<u>Retail</u>	<u>Catering and facilities</u>	<u>Total reportable segments</u>	<u>All other segments</u>	<u>Head office</u>	<u>Total</u>
External revenue	340,728,149	35,691,908	73,411,644	449,831,701	2,869,496	--	452,701,197
Inter-segment revenue	12,329,061	--	1,565,779	13,894,840	59,907,738	--	73,802,578
Segment revenue	353,057,210	35,691,908	74,977,423	463,726,541	62,777,234	--	526,503,775
Segment profit / (loss) before Zakat and tax	138,127,777	(18,947,068)	14,911,628	134,092,337	(111,673,594)	--	22,418,743
Depreciation and amortization	26,413,552	5,160,268	2,861,643	34,435,463	11,071,807	--	45,507,270

December 31, 2020 (Audited)

Assets:							
Segment assets	1,099,214,912	149,536,385	143,713,661	1,392,464,958	319,565,964	--	1,712,030,922
Other assets	--	--	--	--	--	594,969,684	594,969,684
Total	1,099,214,912	149,536,385	143,713,661	1,392,464,958	319,565,964	594,969,684	2,307,000,606
Liabilities:							
Segment liabilities	537,183,521	84,947,451	40,696,927	662,827,899	253,603,535	--	916,431,434
Other liabilities	--	--	--	--	--	530,492,287	530,492,287
Total	537,183,521	84,947,451	40,696,927	662,827,899	253,603,535	530,492,287	1,446,923,721

SAUDI AIRLINES CATERING COMPANY
(A Saudi Joint Stock Company)

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

For the three months period ended March 31, 2021

(Expressed in Saudi Arabian Riyals)

4. OPERATING SEGMENTS (continued)

c. Reconciliations of information on reportable segments to primary statements

I. Revenue

	March 31, <u>2021</u>	March 31, <u>2020</u>
Total revenue for reportable segments	259,673,644	463,726,541
Revenue for other segments	37,392,399	62,777,234
Elimination of intersegment revenue	<u>(40,805,554)</u>	<u>(73,802,578)</u>
Total revenue	<u>256,260,489</u>	<u>452,701,197</u>

II. Profit

	March 31, <u>2021</u>	March 31, <u>2020</u>
Total profit for reportable segments	61,179,667	134,092,337
Loss for other segments	<u>(87,012,016)</u>	<u>(111,673,594)</u>
Total (loss) / profit	<u>(25,832,349)</u>	<u>22,418,743</u>

III. Assets

	March 31, <u>2021</u>	December 31, <u>2020</u>
Total assets for reportable segments	1,334,823,122	1,392,464,958
Assets for other segments	306,337,360	319,565,964
Other unallocated amounts (Head office)	<u>570,340,595</u>	<u>594,969,684</u>
Total assets	<u>2,211,501,077</u>	<u>2,307,000,606</u>

Other unallocated amounts principally related to cash and cash equivalents, investment securities and prepayment and other currents assets. Right of use assets and subleased assets have been allocated to their related segments.

IV. Liabilities

	March 31, <u>2021</u>	December 31, <u>2020</u>
Total liabilities for reportable segments	632,831,417	662,827,899
Liabilities for other segments	242,126,628	253,603,535
Other unallocated amounts (Head office)	<u>506,484,695</u>	<u>530,492,287</u>
Total liabilities	<u>1,381,442,740</u>	<u>1,446,923,721</u>

Head office amounts are principally related to trade and other payables, current zakat and tax liabilities and employee benefits. Lease liability has been allocated to its related segment.

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4. OPERATING SEGMENTS (continued)

c. Reconciliations of information on reportable segments to primary statements (continued)

V. Geographical information

	March 31, <u>2021</u>	March 31, <u>2020</u>
– Revenue		
Kingdom of Saudi Arabia	254,913,607	441,342,040
<i>All foreign countries</i>		
Egypt – Cairo	<u>1,346,882</u>	<u>11,359,157</u>
Total revenue	<u><u>256,260,489</u></u>	<u><u>452,701,197</u></u>

d. Major customer

Revenue from one customer of the Company represented approximately 75% (2020: 63%) of the Company's total revenues.

5. PROPERTY, PLANT AND EQUIPMENT

a. Reconciliation and carrying amount

	Land	Building & leasehold improvements	Equipment	Motor vehicles	Under construction	Total
<u>Cost:</u>						
Balance at January 1, 2021	33,786,058	336,862,168	230,810,009	118,454,370	38,244,651	758,157,256
Additions	--	488,610	274,133	422,884	5,366,166	6,551,793
Disposal	--	(6,576,456)	(5,739,614)	(949,812)	--	(13,265,882)
Transfer from capital work under construction	--	1,197,760	2,217,539	--	(3,415,299)	--
Balance at March 31, 2021 (Unaudited)	<u><u>33,786,058</u></u>	<u><u>331,972,082</u></u>	<u><u>227,562,067</u></u>	<u><u>117,927,442</u></u>	<u><u>40,195,518</u></u>	<u><u>751,443,167</u></u>
<u>Accumulated depreciation:</u>						
Balance at January 1, 2021	--	112,430,498	152,897,124	36,941,010	--	302,268,632
Charge for the period	--	9,818,500	7,081,180	3,726,732	--	20,626,412
Disposals	--	(3,977,595)	(5,569,514)	(949,812)	--	(10,496,921)
Balance at March 31, 2021 (Unaudited)	<u><u>--</u></u>	<u><u>118,271,403</u></u>	<u><u>154,408,790</u></u>	<u><u>39,717,930</u></u>	<u><u>--</u></u>	<u><u>312,398,123</u></u>
<u>Carrying amounts:</u>						
At March 31, 2021 (Unaudited)	<u><u>33,786,058</u></u>	<u><u>213,700,679</u></u>	<u><u>73,153,277</u></u>	<u><u>78,209,512</u></u>	<u><u>40,195,518</u></u>	<u><u>439,045,044</u></u>
At December 31, 2020 (Audited)	<u><u>33,786,058</u></u>	<u><u>224,431,670</u></u>	<u><u>77,912,885</u></u>	<u><u>81,513,360</u></u>	<u><u>38,244,651</u></u>	<u><u>455,888,624</u></u>

b. Capital work in progress status

Capital work in progress represents construction works at Alfursan Lounge at King Abdulaziz International Airport (New Airport), King Abdulaziz Economic City Laundry Plant and Jeddah Unit Building modifications.

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6. RIGHT -OF-USE ASSETS & LEASES

a. *Right -of-use assets*

The reconciliation and carrying amount of the right-of-use assets is as follows:

	Commercial Building Lease	Land Lease	Residential Lease	Vehicles Lease	Total
<u>Cost:</u>					
Balance at January 1 and March 31, 2021 (Unaudited)	<u>454,745,050</u>	<u>59,814,366</u>	<u>145,445,614</u>	<u>14,763,450</u>	<u>674,768,480</u>
<u>Accumulated depreciation:</u>					
Balance at January 1, 2021 (audited)	132,444,452	5,515,672	19,888,124	7,386,784	165,235,032
Charge for the period	16,707,155	689,459	2,607,207	923,348	20,927,169
Balance at March 31, 2021 (Unaudited)	<u>149,151,607</u>	<u>6,205,131</u>	<u>22,495,331</u>	<u>8,310,132</u>	<u>186,162,201</u>
<u>Carrying amounts:</u>					
At March 31, 2021 (Unaudited)	<u>305,593,443</u>	<u>53,609,235</u>	<u>122,950,283</u>	<u>6,453,318</u>	<u>488,606,279</u>
At December 31, 2020 (Audited)	<u>322,300,598</u>	<u>54,298,694</u>	<u>125,557,490</u>	<u>7,376,666</u>	<u>509,533,448</u>

b. *Lease Liabilities*

Movement in lease liabilities over the period is as follows:

	March 31, 2021 <u>(Unaudited)</u>	December 31, 2020 <u>(Audited)</u>
Lease liabilities at beginning of the period/year	580,085,903	533,866,178
Additions to lease liabilities	—	26,736,747
Increase in lease liabilities due to finance cost	5,550,970	26,912,213
Lease modification	—	33,119,514
Retirement of lease liabilities	—	(2,827,374)
Lease payment during the period	<u>(6,284,100)</u>	<u>(37,721,375)</u>
Lease liabilities at end of the period/year	579,352,773	580,085,903
Less: Current portion of lease liabilities	<u>(214,496,397)</u>	<u>(167,856,691)</u>
Non-Current portion of lease liabilities	<u>364,856,376</u>	<u>412,229,212</u>

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6. RIGHT -OF-USE ASSETS & LEASES (continued)

c. Subleased Assets

Movement in subleased assets over the period is as follows:

	March 31, 2021 (Unaudited)	December 31, 2020 (Audited)
Net subleased assets at beginning of the period/year	23,482,995	25,385,157
Increase due to finance income	163,179	725,310
Lease payments received during the period	--	(2,627,472)
Net subleased assets at end of the period/year	23,646,174	23,482,995
Less: Current portion of net subleased assets	(14,354,001)	(14,190,822)
Non-Current portion of net subleased assets	9,292,173	9,292,173

7. INVESTMENT IN SUBSIDIARY AND EQUITY ACCOUNTED INVESTEE

a. Subsidiary

The Company has established a new entity "SACC Catering Company" with 100% shareholding. The subsidiary has not yet commenced its operation and has no transactions incurred yet.

b. Investment in associate

The Company has a 40% shareholding in Saudi French Company for Duty Free Operations and Management.

The balances of the investment in associate as at March 31, 2021 and December 31, 2020 are as follows:

<u>Name</u>	<u>Country of incorporation</u>	<u>Effective ownership interest (%)</u>		<u>Carrying value</u>	
		March 31, 2021 (Unaudited)	December 31, 2020 (Audited)	March 31, 2021 (Unaudited)	December 31, 2020 (Audited)
Saudi French Company for Duty Free Operations and Management (Limited Liability Company)	Kingdom of Saudi Arabia	40%	40%	--	--

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7. EQUITY ACCOUNTED INVESTEE (continued)

b. Investment in associate (continued)

The movement in the investment in associate during the period was as follows:

	March 31, 2021 (Unaudited)	December 31, 2020 (Audited)
Opening balance	--	11,588,345
Share in net loss	--	(8,361,611)
Share in other comprehensive loss	--	(100,804)
Impairment loss	--	(3,125,930)
Ending balance	<u>--</u>	<u>--</u>

Below is the summary of the financial information of the investee as at March 31, 2021 and December 31, 2020:

The invested Company does not issue quarterly reviewed interim financial statements, accordingly the financial data below and the share of profit for the three months ended March 31, 2021 is based on internal management reporting.

i) <u>Share in net assets</u>	March 31, 2021 (Unaudited)	December 31, 2020 (Audited)
Non current assets	15,345,263	17,289,177
Current assets	61,855,542	58,893,222
Total assets	<u>77,200,805</u>	<u>76,182,399</u>
Non current liabilities	2,026,300	2,026,300
Current liabilities	66,879,359	67,093,657
Total liabilities	<u>68,905,659</u>	<u>69,119,957</u>
Net assets	<u>8,295,146</u>	<u>7,062,442</u>
Company's share in net liabilities (40%)	--	--
Carrying value of the investment	<u>--</u>	<u>--</u>
ii) <u>Share in (loss) / profit</u>	March 31, 2021 (Unaudited)	March 31, 2020 (Unaudited)
Revenue	27,119,718	55,298,075
Net profit / (loss) for the period	<u>922,853</u>	<u>(5,479,367)</u>
Company's share of (loss) / profit for the period	<u>--</u>	<u>(2,191,747)</u>

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7. EQUITY ACCOUNTED INVESTEE (continued)

b. Investment in associate (continued)

Business continuation of equity accounted investee

During 2020, the Company fully impaired the carrying value of the total cost of investment.

8. TRADE AND OTHER RECEIVABLES

a. Trade and other receivables comprise the following:

	<u>Note</u>	March 31, 2021 (Unaudited)	December 31, 2020 (Audited)
Trade receivables due from related parties	15 c	699,850,450	688,838,692
Trade receivables – third parties		<u>197,236,206</u>	<u>200,463,671</u>
		897,086,656	889,302,363
Less: total expected credit losses allowances	8 b	<u>(97,334,381)</u>	<u>(88,705,847)</u>
		<u>799,752,275</u>	<u>800,596,516</u>

- Trade receivables disclosed above are classified as loans and receivables and are measured at amortized cost.
- The Company does not have any collateral over receivables and are unsecured.
- 83% of the trade receivables is due from government or semi-government entities (December 31, 2020: 82%).

b. Movement summary in the expected credit loss allowance for receivables are as follows:

	March 31, 2021 (Unaudited)	December 31, 2020 (Audited)
Balance at beginning of the year	88,705,534	51,625,753
Charged for the year	8,628,847	39,033,865
Reversal during the year	--	(1,835,469)
Write-off during the year	--	(118,302)
Balance at end of the year	<u>97,334,381</u>	<u>88,705,847</u>

9. SHORT-TERM BORROWING

The Company obtained short term borrowing based on the revolving agreement during period ended 31 March 2021 amounting to SR 300 million from Saudi British Bank (SABB) to meet the working capital requirements of the Company. The loan carried commission at commercial rates. The borrowing was initially payable on September 15, 2020 which was rolled over to June 13, 2021.

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10. SHARE CAPITAL

At March 31, 2021, the authorized, issued and paid-up capital is SR. 820,000,000 divided into 82,000,000 equal shares at SR. 10 each. (December 31, 2020: SR 820 million consists of 82 million shares of SR 10 each).

The shareholders and their percentage interests in the share capital of the Company are as follows:

March 31, 2021 (unaudited)

<u>Shareholder</u>	<u>No. of shares</u>	<u>Value in SR</u>	<u>%</u>
Saudi Arabian Airlines Corporation	29,274,000	292,740,000	35.7
Abdulmohsen Alhokair Group for Tourism and Development	7,711,256	77,112,560	9.4
General public	45,014,744	450,147,440	54.9
	<u>82,000,000</u>	<u>820,000,000</u>	<u>100</u>

December 31, 2020 (audited)

<u>Shareholder</u>	<u>No. of shares</u>	<u>Value in SR</u>	<u>%</u>
Saudi Arabian Airlines Corporation	29,274,000	292,740,000	35.7
Strategic Catering Company Limited	481,618	481,618	0.59
Abdulmohsen Alhokair Group for Tourism and Development	7,711,256	77,112,560	9.40
General public	44,533,126	445,331,260	54.31
	<u>82,000,000</u>	<u>820,000,000</u>	<u>100</u>

b. Ordinary shares

Holders of these shares are entitled to dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company.

11. STATUTORY RESERVE

In accordance with the new Company's bylaws approved by the General Assembly meeting dated April 17, 2017 and the new Saudi Arabian Regulations for Companies, the Company sets aside 10% of its profit each year as statutory reserve until such reserve equals to 30% of the share capital.

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12. DIVIDENDS

The movement in the dividends payable during the period / year is as follows:

	March 31, 2021 (Unaudited)	December 31, 2020 (Audited)
Balance at beginning of the period / year	1,260,985	1,422,759
Declared during the period / year	--	112,934,489
Paid during the period / year	--	(113,096,263)
	<hr/>	<hr/>
Balance at end of the period / year	1,260,985	1,260,985

13. ZAKAT AND INCOME TAX LIABILITIES

The following is the breakdown of the Zakat and income tax liability as at March 31, 2021 and December 31, 2020:

	March 31, 2021 (Unaudited)	December 31, 2020 (Audited)
Zakat payable	22,832,112	18,645,913
Income tax (advance) / payable	(7,127,198)	(7,127,198)
Zakat and income tax liabilities	15,704,914	11,518,715

a. Zakat and income tax provision

i) The movement summary in Zakat provision is as follows:

	March 31, 2021 (Unaudited)	December 31, 2020 (Audited)
Balance at beginning of the period / year	18,645,913	29,696,293
Charge for the period / year	4,186,199	18,645,913
Adjustment related to prior years	--	(218,332)
Payments during the period / year	--	(29,477,961)
Balance at end of the period / year	22,832,112	18,645,913

ii) The movement in income tax provision is as follows:

	March 31, 2021 (Unaudited)	December 31, 2020 (Audited)
Balance at beginning of the period / year	(7,127,198)	4,485,885
Charge for the period / year	--	--
Adjustment related to prior period / year	--	417,288
Payments during the period / year	--	(12,030,371)
Balance at end of the period / year	(7,127,198)	(7,127,198)

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13. ZAKAT AND INCOME TAX LIABILITIES (continued)

a. Zakat and income tax provision (continued)

iii) Charge of the period ended March 31, 2021 and year ended December 31, 2020 is as follows:

	<u>2021</u> <u>(Unaudited)</u>	<u>2020</u> <u>(Audited)</u>
Zakat charge for the period / year	4,186,199	18,645,913
Zakat prior year adjustment	--	(218,332)
	<u>4,186,199</u>	<u>18,427,581</u>
Income tax charge of the period / year	--	--
Income tax prior year adjustment	--	417,288
	<u>--</u>	<u>417,288</u>
Total Zakat and income tax of the period/year	<u>4,186,199</u>	<u>18,844,869</u>

b. Zakat assessments

The Company has submitted its Zakat and tax declarations for the years from 2009 to 2018. It has received queries from GAZT in respect of all these years and has provided responses for the years 2009 to 2018. GAZT issued an assessment for 2015 to 2018 on December 22, 2020 claiming additional Zakat and tax penalties amounting to approximately 16 million and the Company has submitted its objection against the GAZT's assessment. For Zakat and tax declaration for 2008, GAZT issued an assessment claiming additional Zakat and tax with delay penalty, the Company settled the amount under protest and filed an objection through a letter dated October 11, 2010. Since the Company did not receive any notification from GAZT on its objection the Company escalated the objection to the General Secretariat of Tax Committees in January 2021.

The Company has submitted its Zakat and tax declaration for the year 2020. The Company has obtained a certificate until April 30, 2021.

14. TRADE AND OTHER PAYABLES

		March 31, 2021 (Unaudited)	December 31, 2020 <u>(Audited)</u>
	<u>Note</u>		
Trade payables – third parties		170,968,942	229,570,542
Trade payables – related parties	15 c	25,238,247	26,124,556
Accrued expenses		124,953,657	132,755,989
Dividend payable		1,260,985	1,260,985
		<u>322,421,831</u>	<u>389,712,072</u>

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15. RELATED PARTIES DISCLOSURES

- a. Related parties include the Company's shareholders, associated companies and directors and key management personnel of the Company. Terms and conditions of these transactions at agreed rates are approved by the Company's management. Transactions are mainly represented in sale of goods and services.

All outstanding balances with these related parties are priced on mutually agreed terms and are to be settled in cash.

- b. Transactions with key management personnel

Key management personnel compensation comprised the following:

	March 31, 2021	March 31, 2020
Short term employee benefits	1,693,632	1,544,806
Post employment benefits	44,550	36,450
Termination benefits	104,005	105,556
Total	<u>1,842,187</u>	<u>1,686,812</u>

- c. **Related parties' transactions and balances**

Significant related parties' transactions and balances arising there from are as follows:

i) Sale of goods and services (under trade and other receivables):

	Relationship	Transactions values for the three months ended		Balances	
		March 31, 2021	March 31, 2020	March 31, 2021 (Unaudited)	December 31, 2020 (Audited)
Saudi Arabian Airlines Corporation*	Shareholders/ fellow subsidiaries	261,158,844	298,743,913	657,932,359	651,074,233
Saudi Ground Services Company	Fellow subsidiary	6,310,024	10,324,267	20,221,838	16,567,740
Saudi Airlines Cargo Company	Fellow subsidiary	1,864,745	1,866,944	13,024,107	11,159,362
Saudi French Company for Duty Free Operations and Management	Associate	455,719	836,778	7,765,100	9,165,574
Saudi Airlines Real Estate Development Company	Fellow subsidiary	24,046	193,127	954,661	930,614
Alhokair Company Joint Stock Company	Shareholders	11,217	16,284	(47,615)	(58,831)
Strategic Catering Company LLC	Shareholders	--	--	--	--
Total				<u>699,850,450</u>	<u>688,838,692</u>

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15. RELATED PARTIES DISCLOSURES (continued)

c. Related parties' transactions and balances (continued)

ii) Purchase of goods, rentals and services provided (under trade and other payables)

	Relationship	Transactions values for the three months ended		Balances	
		March 31, 2021	March 31, 2020	March 31, 2021 (Unaudited)	December 31, 2020 (Audited)
Saudi Airlines Real Estate Development Company	Fellow subsidiary	165,246	--	22,214,185	22,110,575
Saudi Arabian Airlines Corporation*	Shareholders/ fellow subsidiaries	32,915	904,743	1,687,004	1,654,089
Saudi Airlines Cargo Company	Fellow subsidiary	127,790	51,572	717,714	1,191,796
Saudi Ground Services Company	Fellow subsidiary	285,647	535,843	432,137	819,453
Alhokair Company Joint Stock Company	Shareholders	--	82,821	187,207	187,207
Newrest Company Holding S.L.	Shareholders	182,504	2,753,302	--	161,436
Total				25,238,247	26,124,556

Transactions with Saudi Arabian Airlines Corporation includes transaction with the entities which are wholly owned by Saudi Arabian Airlines. The entities include Saudia Airlines Corporation, Saudi Private Aviation, Saudi Royal VIP, Saudia Royal Fleet, Saudia Aerospace Engineering, Saudia Medical Service, Prince Sultan Aviation, Flyadeal and Al Salam Aircraft Company

16. REVENUE

	2021	2020
In-flight catering revenue	162,301,555	304,716,229
Non-airlines revenue	64,258,006	74,344,488
Business lounge revenue	18,703,017	34,841,280
Retail revenue	7,974,107	35,762,599
Other operating revenues		
Camp facilities sales (staff feeding & accommodation)	2,071,423	3,284,309
Exclusivity purchase income & services to suppliers	952,381	(247,708)
	256,260,489	452,701,197

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17. COST OF SALES

	<u>2021</u>	<u>2020</u>
Cost of materials and goods	68,750,000	153,691,143
Personnel costs	60,505,524	75,049,791
Depreciation	36,814,727	39,695,479
Rent and maintenance of production units	7,558,335	13,594,324
Other operating costs		
Supplies and expandable items	6,573,843	7,931,285
Manpower and transportation cost	5,768,199	15,513,524
Communication and utilities	4,590,559	8,419,792
Other operational costs	13,995,156	19,648,135
	<u>204,556,343</u>	<u>333,543,473</u>

18. (LOSS) / EARNINGS PER SHARE

a. Basic (loss) / earnings per share

The calculation of basic (loss) / earnings per share has been based on the following (loss) / profit attributable to ordinary shareholders and weighted average number of ordinary shares outstanding.

i. (Loss) / profit attributable to ordinary shareholders (basic)

Particulars	<u>2021</u>	<u>2020</u>
(Loss) / profit for the period, attributable to the owners of the Company	<u>(30,018,548)</u>	<u>15,555,954</u>

ii. Weighted-average number of ordinary shares (basic)

Particulars	<u>2021</u>	<u>2020</u>
Issued ordinary shares at January 1	82,000,000	82,000,000
Effect of shares issued	--	--
Weighted-average number of ordinary shares at March 31	<u>82,000,000</u>	<u>82,000,000</u>

b. Diluted (loss) / earnings per share

There were no diluted shares during the period, accordingly, the diluted earnings per share will be the same as the basic earning per share.

19. CAPITAL MANAGEMENT

The Company's objective when managing capital is to safeguard the Company's ability as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and to maintain an efficient capital base so as to maintain investor, creditor and market confidence and to sustain the future development of its businesses.

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19. CAPITAL MANAGEMENT (continued)

The Company manages the Capital structure in the context of economic conditions and risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may, for example, opt for short term or loan term loans.

The Company monitors return on capital employed and makes adjustment to it in the light of changes in economic conditions. The Company already obtained short-term loan amounting to SR 300 million.

The Company monitors capital using a debt equity percentage.

	March 31, 2021 (Unaudited)	December 31, 2020 (Audited)
Total liabilities	1,381,442,740	1,446,923,721
Less: cash and cash equivalents	(247,839,269)	(257,453,899)
Net debt	1,133,603,471	1,189,469,822
 Total equity	 830,058,337	 860,076,885
 Net debt to total equity percentage	 137%	 138%

20. FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT

Measurement of fair values

Except for the investment property, the fair values of the Company's financial assets and liabilities approximate their carrying amounts.

Financial risk management

The Company's activities expose it to a variety of financial risks: market risk (cash flow and interest rate risk), credit risk and liquidity risk.

The Company's overall risk management program focuses on robust liquidity management as well as monitoring of various relevant market variables, thereby consistently seeking to minimize potential adverse effects on the Company's financial performance.

Risk management framework

The Board of Directors has put in place appropriate structures to ensure risk governance and monitoring across the Company. The Company's overall financial risk management focuses on the unpredictability of financial markets and the clients' payment behavior and seeks to minimize potential adverse effects on the Company's financial performance.

The principles of overall financial risk management, as well as policies covering specific areas such as credit risk and the investment of excess liquidity exist and are formally documented.

SAUDI AIRLINES CATERING COMPANY
(A Saudi Joint Stock Company)

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(UNAUDITED)**

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(Expressed in Saudi Arabian Riyals)

20. FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT (continued)

Cash flow and interest rate risk

As the Company has no significant interest-bearing assets, the Company's income and associated operating cash inflows are substantially independent of changes in market interest rates. The Company obtained short-term borrowing which has a fixed interest rate.

Credit risk

Credit risk reflects the risk that a counterparty will default on its contractual obligations, resulting in financial loss to the Company. The credit risk arising from cash and cash equivalents and deposits with banks and financial institutions are limited because the counterparties are banks and financial institutions which, in general, have an investment grade rating assigned by international credit rating agencies.

The Company's gross maximum exposure to credit risk at the reporting date is as follows:

	March 31, 2021 <u>(Unaudited)</u>	December 31, 2020 <u>(Audited)</u>
Financial assets		
Trade receivables and other receivables	897,086,656	889,302,363
Cash and cash equivalents	247,839,269	257,453,899
Other receivables	23,171,057	20,348,222
Subleased assets	23,646,174	23,482,995
Financial asset at amortized cost	14,204,000	17,497,223
	<u>1,205,947,156</u>	<u>1,208,084,702</u>

Credit risk on receivable and bank balances is limited as:

- Cash balances are held with banks with sound counter party risk rating ranging from A3 to A1 based on Moody's credit rating and BBB+ based on Fitch credit rating. All bank accounts are held with banks within Saudi Arabia and Cairo.
- The Company currently does not obtain security / collaterals from its customers.

As at March 31, 2021, 5 largest customers (December 31, 2020: 5 largest customers) account for approximately 79% (31 December 2020: 78%) of gross outstanding trade receivables.

Fair value of assets and liabilities

The following table shows the carrying amount of the financial assets and financial liabilities at March 31, 2021 and December 31, 2020. The Company does not have any assets measured at FVTPL or FVOCI at March 31, 2021 and December 31, 2020.

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20. FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT (continued)

Fair value of assets and liabilities (continued)

Financials liabilities as at amortised cost

Financial assets classified as amortised cost

<u>Carrying value:</u>	March 31, 2021 (Unaudited)	December 31, 2020 (Audited)
Trade and other receivables	799,752,275	800,596,516
Cash and cash equivalents	247,839,269	257,453,899
Other receivables	23,171,057	20,348,222
Investment in sub-lease	23,646,174	23,482,995
Financial asset at amortized cost	14,204,000	17,497,223
	1,108,612,775	1,119,378,855
<u>Carrying amount:</u>	March 31, 2021 (Unaudited)	December 31, 2020 (Audited)
Trade and other payables	322,421,831	389,712,072
Short-term borrowing	300,000,000	300,000,000
Lease liabilities	579,352,773	580,085,903
	1,201,774,604	1,269,797,975

All the financials assets and liabilities mentioned above are at amortised cost and are not subject to fair value assessment.

Currency risk

Currency is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates for its transactions principally in Saudi Riyal, US Dollar, Egyptian Pound, Euro, British Pound and Swiss Franc. The Company has foreign suppliers and also operates in Cairo and therefore exposed to foreign exchange risk. The Company's management monitors such fluctuations and manages its effect on the financial statements accordingly.

Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash and the availability of funding from an adequate amount of committed credit facilities. The Company maintain flexibility in funding by maintaining sufficient availability of cash and cash equivalent instruments. The Company does have any credit facilities in place and obtained short-term borrowing to support working capital and management also monitor risk to a shortage of funds by reviewing short-term cash forecasts on a continuous basis and by undertaking mid-term cash forecasts during the year.

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20. FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT (continued)

Liquidity risk (continued)

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include contractual interest payments and exclude the impact of netting agreements and Zakat & tax and VAT liabilities.

<u>March 31, 2021</u> <u>(unaudited)</u>	<u>Carrying amount</u>	<u>Total</u>	<u>less than one</u> <u>year</u>	<u>More than one</u> <u>year</u>
Liabilities				
Trade and other payables	322,421,831	322,421,831	322,421,831	--
Short term borrowing	300,000,000	300,000,000	300,000,000	--
Lease liabilities	579,352,773	579,352,773	214,496,397	364,856,376
<u>December 31, 2020</u> <u>(audited)</u>	<u>Carrying amount</u>	<u>Total</u>	<u>Less than one</u> <u>year</u>	<u>More than one</u> <u>year</u>
Liabilities				
Trade and other payables	389,712,072	389,712,072	389,712,072	--
Short-term borrowing	300,000,000	300,000,000	300,000,000	--
Lease liabilities	580,085,903	580,085,903	167,856,691	412,229,212

The inflows / (outflows) disclosed in the above table represent the contractual undiscounted cash flows relating to financial liabilities which are not usually closed out before contractual maturity.

21. COMMITMENTS AND CONTINGENCIES

As at March 31, the Company had the following commitments and contingencies:

	March 31, 2021 (Unaudited)	December 31, 2020 (Audited)
Capital commitments	<u>82,798,792</u>	<u>91,004,160</u>
Letter of guarantees	<u>65,606,713</u>	<u>63,274,273</u>

Letters of guarantee are issued by a bank on behalf of the Company to a supplier and promises to meet any financial obligations to the supplier in the event of default and this requires the Company to place cash with the bank. As at March 31, 2021, the Company fully paid the amount against letters of guarantee, hence no further financial charges are payable.

The Company had a revised credit facility with SABB effective from January 2021 for the bank guarantee issued on behalf of the Company to a supplier with the year-to-date issued amount of SR 41 million.

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22. DATE OF AUTHORISATION FOR ISSUE

These condensed consolidated interim financial statements were approved by the Board of Directors on 28 Ramadan 1442H, corresponding to 10 May 2021.

DocuSigned by:

D770B8738860446...
Chief Financial Officer


Chief Executive Officer


Authorized Board of Directors
Member