

**SAUDI INDUSTRIAL SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)**

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

**FOR THE THREE-MONTH PERIOD ENDED
31 MARCH 2021**

SAUDI INDUSTRIAL SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the three-month period ended 31 March 2021

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the shareholders of
Saudi Industrial Services Company
(A Saudi Joint Stock Company)

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Saudi Industrial Services Company ("the Company") and its subsidiaries (collectively referred to as "the Group") as at 31 March 2021, and the related interim condensed consolidated statements of profit or loss, other comprehensive income, statement of changes in equity and cash flows for the three-month period then ended and the explanatory notes which form an integral part of these interim condensed consolidated financial statements. 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 the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" that are endorsed in the Kingdom of Saudi Arabia. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34, as endorsed in the Kingdom of Saudi Arabia.

for Ernst & Young



Ahmed I. Reda
Certified Public Accountant
License No. 356

24 Ramadan 1442H
6 May 2021G

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SAUDI INDUSTRIAL SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the three-month period ended 31 March 2021

		<i>31 March 2021 Unaudited SR</i>	<i>31 March 2020 Unaudited SR</i>
	<i>Note</i>		
Service revenue	5	253,598,144	167,291,642
Construction revenue	21	4,700,528	-
Total revenue		<u>258,298,672</u>	<u>167,291,642</u>
Direct costs		(118,715,066)	(114,119,505)
Cost of construction	21	(4,700,528)	-
		<u>(123,415,594)</u>	<u>(114,119,505)</u>
GROSS PROFIT		134,883,078	53,172,137
OPERATING EXPENSES			
Selling and distribution expenses		(4,513,243)	(3,792,234)
General and administrative expenses		(35,618,940)	(35,970,728)
TOTAL OPERATING EXPENSES		(40,132,183)	(39,762,962)
OPERATING INCOME		94,750,895	13,409,175
Finance (cost) / income, net	16	(51,323,215)	20,460,547
Other income		6,359,886	6,840,942
Share of results of associates, net	10	5,810,235	3,731,053
PROFIT BEFORE ZAKAT AND INCOME TAX		55,597,801	44,441,717
Zakat and income tax	17	(5,948,817)	(2,311,250)
NET PROFIT FOR THE PERIOD		49,648,984	42,130,467
Attributable to:			
Shareholders of the Parent Company		32,280,125	26,600,928
Non-controlling interests		17,368,859	15,529,539
NET PROFIT FOR THE PERIOD		49,648,984	42,130,467
Earnings per share			
Basic and diluted earnings per share from net profit for the period attributable to the shareholders of the Parent	6	<u>0.40</u>	<u>0.33</u>

The attached notes 1 to 23 form an integral part of these interim condensed consolidated financial statements.

SAUDI INDUSTRIAL SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

For the three-month period ended 31 March 2021

	<i>Note</i>	<i>31 March 2021 Unaudited SR</i>	<i>31 March 2020 Unaudited SR</i>
Net profit for the period		49,648,984	42,130,467
OTHER COMPREHENSIVE INCOME			
<i>Items that can be reclassified to consolidated statement of profit or loss in subsequent periods</i>			
Cash flow hedges – effective portion of changes in fair value		<u>(539,434)</u>	<u>(5,784,867)</u>
OTHER COMPREHENSIVE LOSS FOR THE PERIOD		<u>(539,434)</u>	<u>(5,784,867)</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		<u><u>49,109,550</u></u>	<u><u>36,345,600</u></u>
Attributable to:			
Shareholders of the Parent Company		31,953,228	23,095,299
Non-controlling interests		<u>17,156,322</u>	<u>13,250,301</u>
		<u><u>49,109,550</u></u>	<u><u>36,345,600</u></u>

The attached notes 1 to 23 form an integral part of these interim condensed consolidated financial statements.

SAUDI INDUSTRIAL SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2021

		31 March 2021 Unaudited SR	31 December 2020 Audited SR
ASSETS	<i>Notes</i>		
NON-CURRENT ASSETS			
Property, plant and equipment	7	261,261,471	268,481,533
Capital work in progress		125,770,570	117,954,228
Intangible assets	8	3,113,615,373	3,141,574,145
Right of use assets	12	85,623,208	86,918,253
Investment properties		125,281,040	128,000,604
Investment in associates	10	141,795,274	136,922,460
Financial assets at FVOCI	11	14,972,714	14,972,714
Goodwill	9	8,776,760	8,776,760
Deferred taxation		2,401,519	2,401,519
TOTAL NON-CURRENT ASSETS		3,879,497,929	3,906,002,216
CURRENT ASSETS			
Inventories, net		20,907,767	19,627,992
Trade receivables, prepayments and other receivables		155,914,739	132,706,458
Due from related parties	18	12,101,491	12,283,133
Cash and cash equivalents	13	392,333,920	336,533,927
TOTAL CURRENT ASSETS		581,257,917	501,151,510
TOTAL ASSETS		4,460,755,846	4,407,153,726
EQUITY AND LIABILITIES			
EQUITY			
Share capital	14	816,000,000	816,000,000
Share premium		36,409,063	36,409,063
Statutory reserve		90,324,076	90,324,076
Other components of equity		(16,808,433)	(16,481,536)
Retained earnings		280,609,899	248,329,774
Equity attributable to the shareholders of the Parent		1,206,534,605	1,174,581,377
Non-controlling interests		552,122,556	534,995,715
TOTAL EQUITY		1,758,657,161	1,709,577,092
NON-CURRENT LIABILITIES			
Obligation under service concession arrangement	8.2 (b)	1,353,200,599	1,355,424,493
Long term loans and bank facilities	15	674,029,314	665,662,576
Employees' end-of-service benefits		49,768,398	48,126,455
Long term provisions		1,988,798	1,984,224
Derivative financial instrument		14,600,000	14,060,566
Lease liabilities	12	79,570,357	84,597,772
TOTAL NON-CURRENT LIABILITIES		2,173,157,466	2,169,856,086
CURRENT LIABILITIES			
Obligation under service concession arrangement		191,713,704	190,530,528
Current portion of long-term loans and bank facilities	15	71,305,682	70,670,666
Trade payables accrued and other current liabilities		236,777,716	247,117,181
Zakat and tax payable	17	18,280,430	12,331,613
Current portion of lease liability	12	9,367,787	7,033,955
Due to related parties	18	1,495,900	36,605
TOTAL CURRENT LIABILITIES		528,941,219	527,720,548
TOTAL LIABILITIES		2,702,098,685	2,697,576,634
TOTAL EQUITY AND LIABILITIES		4,460,755,846	4,407,153,726

The attached notes 1 to 23 form an integral part of these interim condensed consolidated financial statements.

SAUDI INDUSTRIAL SERVICES COMPANY
(A Saudi Joint Stock Company)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three-month period ended 31 March 2021

	Equity attributable to the shareholders of the Parent										
	-----Other components of equity-----										
	Share capital SR	Share premium SR	Statutory reserve SR	Effect of changes in shareholding percentage in subsidiaries SR	Actuarial valuation reserves SR	Cash flow hedging reserve SR	Fair value reserve on financial assets at FVOCI SR	Retained earnings SR	Total SR	Non-controlling interests SR	Total equity SR
Balance at 1 January 2021	816,000,000	36,409,063	90,324,076	1,133,474	(14,496,871)	(8,520,703)	5,402,564	248,329,774	1,174,581,377	534,995,715	1,709,577,092
Profit for the period	-	-	-	-	-	-	-	32,280,125	32,280,125	17,368,859	49,648,984
Other comprehensive loss	-	-	-	-	-	(326,897)	-	-	(326,897)	(212,537)	(539,434)
Total comprehensive (loss) / income	-	-	-	-	-	(326,897)	-	32,280,125	31,953,228	17,156,322	49,109,550
Net movement in non-controlling interest	-	-	-	-	-	-	-	-	-	(29,481)	(29,481)
Balance at 31 March 2021	816,000,000	36,409,063	90,324,076	1,133,474	(14,496,871)	(8,847,600)	5,402,564	280,609,899	1,206,534,605	552,122,556	1,758,657,161

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The attached notes 1 to 23 form an integral part of these interim condensed consolidated financial statements.

SAUDI INDUSTRIAL SERVICES COMPANY
(A Saudi Joint Stock Company)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

For the three-month period ended 31 March 2021

	Equity attributable to the shareholders' of the Parent										
	-----Other components of equity-----										
	Share capital SR	Share premium SR	Statutory reserve SR	Effect of changes in shareholding percentage in subsidiaries SR	Actuarial valuation reserves SR	Cash flow hedging reserve SR	Fair value reserve on financial assets at FVOCI SR	Retained earnings SR	Total SR	Non-controlling interests SR	Total equity SR
Balance at 1 January 2020	816,000,000	36,409,063	76,382,784	1,133,474	(8,677,640)	(7,940,815)	5,968,133	171,818,142	1,091,093,141	499,942,039	1,591,035,180
Profit for the period	-	-	-	-	-	-	-	26,600,928	26,600,928	15,529,539	42,130,467
Other comprehensive loss	-	-	-	-	-	(3,505,629)	-	-	(3,505,629)	(2,279,238)	(5,784,867)
Total comprehensive (loss) / income	-	-	-	-	-	(3,505,629)	-	26,600,928	23,095,299	13,250,301	36,345,600
Dividend paid to non-controlling interest holders	-	-	-	-	-	-	-	-	-	(7,828,819)	(7,828,819)
Net movement in non-controlling interest	-	-	-	-	-	-	-	-	-	(206,987)	(206,987)
Balance at 31 March 2020	816,000,000	36,409,063	76,382,784	1,133,474	(8,677,640)	(11,446,444)	5,968,133	198,419,070	1,114,188,440	505,156,534	1,619,344,974

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The attached notes 1 to 23 form an integral part of these interim condensed consolidated financial statements.

SAUDI INDUSTRIAL SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the three-month period ended 31 March 2021

		31 March 2021	31 March 2020
	<i>Notes</i>	<i>Unaudited SR</i>	<i>Unaudited SR</i>
OPERATING ACTIVITIES			
Profit for the period before zakat and income tax		55,597,801	44,441,717
Adjustments for:			
Depreciation and amortization		42,392,401	39,616,990
Provision for employees' end-of-service benefits		2,076,826	1,819,637
Amortisation of advance rentals		2,001,915	1,234,516
Share of results from equity accounted associates, net	10	(5,810,235)	(3,731,053)
(Reversal) / allowance for doubtful debts		(584,735)	147,061
Allowance for slow moving and obsolete inventories		150,000	190,443
Loss on sale of assets		68,156	-
Provision for asset replacement cost		-	1,599,542
Financial charges, net		49,321,300	(21,695,063)
Provision for decommissioning cost		19,796	20,456
		145,233,225	63,644,246
Changes in operating assets and liabilities			
Trade receivables, prepayments and other receivables		(22,623,546)	(15,937,057)
Inventories		(1,429,775)	(746,853)
Trade payables accrued and other liabilities		(52,231,073)	17,723,696
Cash from operating activities		68,948,831	64,684,032
Employees' end-of-service benefits paid		(434,883)	(2,645,233)
Finance costs paid		(4,175,367)	(10,212,390)
Zakat and income tax paid		-	(71,773)
Net cash from operating activities		64,338,581	51,754,636
INVESTING ACTIVITIES			
Dividends received from equity accounted associates	10	937,421	5,000,463
Proceeds from disposal of property and equipment		18,034	586,754
Payment to intangible assets		(695,629)	(40,597)
Purchase of property, plant and equipment		(10,405,861)	(47,042,132)
Net cash used in investing activities		(10,146,035)	(41,495,512)
FINANCING ACTIVITIES			
Long term loans and bank facilities, net		5,568,549	875,631
Movement in lease liabilities	12	(3,931,621)	(6,088,439)
Dividends paid to non-controlling interests by subsidiaries		-	(7,828,819)
Net movement in non-controlling interests		(29,481)	(206,987)
Net cash from / (used in) financing activities		1,607,447	(13,248,614)
Net increase / (decrease) in cash and cash equivalents		55,799,993	(2,989,490)
Cash and cash equivalents at the beginning of the period	13	336,533,927	295,100,801
Cash and cash equivalents at the end of the period	13	392,333,920	292,111,311

The attached notes 1 to 23 form an integral part of these interim condensed consolidated financial statements.

**SAUDI INDUSTRIAL SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)**

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

For the three-month period ended 31 March 2021

SUPPLEMENTARY NON-CASH INFORMATION

		<i>31 March 2021</i>	<i>31 March 2020</i>
	<i>Note</i>	<i>SR</i>	<i>SR</i>
Transfers from property and equipment to investments property		-	4,094,341
Net modification of right of use assets and lease liability	12	-	(180,471,772)
Cash flow hedges – effective portion of change in fair value		<u>(539,434)</u>	<u>(5,784,867)</u>



The attached notes 1 to 23 form an integral part of these interim condensed consolidated financial statements.

**SAUDI INDUSTRIAL SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)**

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 31 March 2021

1. ORGANISATION AND ACTIVITIES

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

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

These interim condensed consolidated financial statements include assets, liabilities and the results of the operations of the Parent Company and its following subsidiaries collectively referred to as “the Group”:

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

SISCO and its subsidiary (Tusdeer) agreed to sell their 21.2% and 4% equity stake, respectively, in RSGT to potential investors with whom the share purchase agreements have been signed. The sale is expected to complete in the second half of financial year 2021, subject to meeting certain conditions precedent.

**SAUDI INDUSTRIAL SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)**

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 31 March 2021

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

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

2.2 Significant judgments, estimates and assumptions

The preparation of interim condensed consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. The significant judgments, estimates and assumptions were consistent with the Group’s annual consolidated financial statements for the year ended 31 December 2020.

Impact of COVID-19

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic, which continues to spread throughout the globe including Saudi Arabia. During the year ended 31 December 2020, the Saudi Arabian government rightly took many initiatives to contain the spread of virus, which included restrictions on travel, gathering of people and enactment of curfew timings. This resulted in many non-essential businesses to curtail or suspend activities until further notice. Considering these factors, the Group’s management carried out an impact assessment on the overall Group’s operations and business aspects and concluded that, as at the issuance date of these financial statements, the Group did not have significant impact on its operations and businesses due to COVID-19 pandemic and no significant changes are required to the judgements, assumptions and key estimates.

The activities of the Group were not significantly impacted by the restrictions imposed on account of COVID-19.

The operational and financial impacts of the COVID-19 pandemic to date have been reflected in these interim condensed consolidated financial statements. The strong financial position, including access to funds, nature of activities coupled with the actions taken by the Group to date and the continued activity at the terminal ensures that the Group has the capacity to continue through the challenges caused by impacts of the COVID-19 pandemic. However, in view of the current uncertainty, any future change in the assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future periods. As the situation is rapidly evolving with future uncertainties, management will continue to assess the impact based on prospective developments.

2.3 Basis of measurement

These interim condensed consolidated financial statements have been prepared under the historical cost basis, except for financial assets at fair value through other comprehensive income (FVOCI) and derivative financial instruments which are carried at fair value.

2.4 Functional and presentation currency

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

3. BASIS OF CONSOLIDATION

These interim condensed consolidated financial statements comprising the financial statements the Company and its subsidiaries as set out in note 1. The financial statements of the subsidiaries are prepared for the same reporting period as that of the Company.

**SAUDI INDUSTRIAL SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)**

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 31 March 2021

3. BASIS OF CONSOLIDATION (continued)

3.1 Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. To meet the definition of control, all of the following three criteria must be met:

- i) the Group has power over an entity;
- ii) the Group has exposure, or rights, to variable returns from its involvement with the entity; and
- iii) the Group has the ability to use its power over the entity to affect the amount of the entity's returns.

The Group re-assesses whether or not it controls an investee in case facts and circumstances indicate that there are changes to one or more of the criteria of control.

Subsidiaries are consolidated from the date on which control commences until the date on which control ceases. The results of subsidiaries acquired or disposed of during the period, if any, are included in the interim condensed consolidated statement of income from the date of the acquisition or up to the date of disposal, as appropriate.

3.2 Non-controlling interests

Non-controlling interests represent the portion of net income and net assets of subsidiaries not owned, directly or indirectly, by the Group in its subsidiaries and are presented separately in the interim condensed consolidated statement of income and within equity in the interim condensed consolidated statement of financial position, separately from the Group's equity. Any losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

3.3 Transactions eliminated on consolidation

Balances between the Group entities, and any unrealized income and expenses arising from intragroup transactions, are eliminated in preparing the interim condensed consolidated financial statements. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

3.4 Investment in an associates

The Group's interest in equity-accounted investee comprises of investments in associates.

Associates are entities over which the Group exercises significant influence. Investments in associates are initially recognized at cost and subsequently accounted for under the equity method of accounting and are carried in the interim condensed consolidated statement of financial position at the lower of the equity-accounted value or the recoverable amount.

Equity-accounted value represents the cost plus post-acquisition changes in the Group's share of net assets of the associate (share of the results, reserves and accumulated gains/ (losses) based on the latest available financial information) less impairment, if any.

After application of the equity method, the Group determines whether it is necessary to recognize an additional impairment loss on its investment in its associates. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in 'share in net income / (loss) of an associate' in the interim condensed consolidated statement of profit or loss.

The previously recognized impairment loss in respect of investment in associate can be reversed through the interim condensed consolidated statement of income, such that the carrying amount of the investment in the interim condensed consolidated statement of financial position remains at the lower of the equity-accounted (before allowance for impairment) or the recoverable amount.

Unrealized gains and losses on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates.

**SAUDI INDUSTRIAL SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)**

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 31 March 2021

4 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED BY THE GROUP

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

Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). The amendments include the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest
- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued
- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

These amendments had no impact on the interim condensed consolidated financial statements of the Group. The Group intends to use the practical expedients in future periods if they become applicable.

5. REVENUES

	<i>Three-month period ended 31 March 2021 Unaudited SR</i>	<i>Three-month period ended 31 March 2020 Unaudited SR</i>
Shipping and unloading services	206,755,883	123,824,888
Sale of potable water	22,862,556	24,185,519
Rentals and support services	23,979,705	19,281,235
	<u>253,598,144</u>	<u>167,291,642</u>

6. EARNINGS PER SHARE

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

	<i>Three-month period ended 31 March 2021 Unaudited SR</i>	<i>Three-month period ended 31 March 2020 Unaudited SR</i>
Profit for the period attributable to ordinary equity holders of the Parent	32,280,125	26,600,928
Weighted average number of ordinary shares in issue	81,600,000	81,600,000
Basic and diluted earnings per share from the net profit for the period attributable to the shareholders of the Parent	0.40	0.33

**SAUDI INDUSTRIAL SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)**

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 31 March 2021

6. EARNINGS PER SHARE (continued)

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

7. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment comprise of the following:

	<i>31 March 2021 Unaudited SR</i>	<i>31 December 2020 Audited SR</i>
Property, plant and equipment - port terminal operations	33,897,336	34,883,753
Property and equipment	199,356,384	204,962,895
Property and equipment of bonded and re-export project	28,007,751	28,634,885
	<u>261,261,471</u>	<u>268,481,533</u>

8. INTANGIBLE ASSETS

Intangible assets comprise of the following:

	<i>31 March 2021 Unaudited SR</i>	<i>31 December 2020 Audited SR</i>
Port concession rights (note 8.1)	1,605,838,290	1,625,893,154
Intangible assets related to fixed and guaranteed variable fee (note 8.2)	1,503,631,020	1,511,355,369
Other intangible assets	4,146,063	4,325,622
	<u>3,113,615,373</u>	<u>3,141,574,145</u>

8.1 Port concession rights

The movement in port concession rights is as follows:

	<i>31 March 2021 Unaudited SR</i>	<i>31 December 2020 Audited SR</i>
Cost		
Balance at beginning of the period/year	2,487,828,059	1,710,555,638
Additions	629,549	75,426,303
Transfer from capital work in progress	1,338,088	72,065,880
Disposal	(609,966)	(2,401,843)
Transfer from port terminal operations (note 8.2 a))	-	632,182,081
	<u>2,489,185,730</u>	<u>2,487,828,059</u>
Amortisation		
At the beginning of the period / year	861,934,905	642,815,862
Charge for the period / year	22,022,501	76,989,549
Disposal during the period / year	(609,966)	(2,342,094)
Transfer from port terminal operations (note 8.2 a))	-	144,471,588
	<u>883,347,440</u>	<u>861,934,905</u>
Net book value	<u>1,605,838,290</u>	<u>1,625,893,154</u>

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8. INTANGIBLE ASSETS (continued)

8.2 Intangible assets related to fixed and guaranteed variable fee

	<i>31 March 2021 Unaudited SR</i>	<i>31 December 2020 Audited SR</i>
Cost:		
Intangible assets recorded in accordance with IFRIC 12 (see note 'b' below)	1,534,528,416	1,534,528,416
Accumulated amortization:		
At the beginning of the period / year	23,173,047	-
Charge for the period / year	7,724,349	23,173,047
At the end of the period / year	30,897,396	23,173,047
Net book value	1,503,631,020	1,511,355,369

Saudi Trade and Export Development Company, a subsidiary of the Group, has entered into a Build-Operate-Transfer agreement (the "BOT" or the "agreement") with Saudi Arabian Seaports Authority ("MAWANI" or the "grantor") for the construction of a container terminal at the Re-export Zone of Jeddah Islamic Port. The agreement was, subsequently, novated by Saudi Trade and Export Development Company to RSGT (another subsidiary of the Group), effective from 22 Shawal 1428H (corresponding to 3 November 2007). The period of the Agreement originally was 32 years. However, on 23 December 2019, RSGT, entered into a New Concession Agreement (the New Concession Agreement) with MAWANI whereby RSGT has acquired rights to operate North Container Terminal in addition to the terminal operated under the BOT agreement, effective from 1 April 2020 (the effective date) for a period of 30 years from the effective date.

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

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

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9. GOODWILL

The Group recorded a goodwill of SR 9.3 million at the time of acquisition of Kindasa Water Services Company (Kindasa), a subsidiary of the Group. Subsequently, an impairment of SR 0.5 million was recorded resulting in net carrying value of SR 8.8 million (31 December 2020: SR 8.8 million).

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

10. INVESTMENTS IN ASSOCIATES

	<i>31 March 2021 Unaudited SR</i>	<i>31 December 2020 Audited SR</i>
As at beginning of the period/year	136,922,460	132,421,768
Share in results of associates, net	5,810,235	21,609,171
Share of actuarial losses of associates recognized in OCI	-	(2,082,512)
Dividend received during the year	(937,421)	(15,025,967)
At end of the year	141,795,274	136,922,460

10.1 Investment in associates

<i>Associates</i>	<i>Principal activities</i>	<i>Country of incorporation</i>	<i>Effective shareholding percentage</i>		<i>Carrying amount</i>	
			<i>31 March 2021 Unaudited</i>	<i>31 December 2020 Audited</i>	<i>31 March 2021 Unaudited SR</i>	<i>31 December 2020 Audited SR</i>
International Water Distribution Company Limited (note a)	Water/waste works, water treatment and lease of water equipment	Kingdom of Saudi Arabia	50%	50%	85,671,616	84,044,946
Saudi Water and Environmental Services Company (note b)	Electrical, water and mechanical works and related operation and maintenance	Kingdom of Saudi Arabia	31.85%	31.85%	6,793,002	6,660,855
Saudi Al Jabr Talke Company Limited	Contracting, construction, operation and maintenance of factories and warehouses	Kingdom of Saudi Arabia	33.3%	33.3%	47,696,244	43,814,661
Xenmet SA, Vaduz (note c)	Trading, storage and brokerage of commodities	Principality of Liechtenstein	19%	19%	1,634,412	2,401,998
					141,795,274	136,922,460

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10. INVESTMENTS IN ASSOCIATES (continued)

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

11. FINANCIAL ASSETS AT FVOCI

Financial assets at FVOCI comprise of equity investment in shares of a private equity fund. As of the interim condensed consolidated statement of financial position date, management believes that the carrying amount of the investment approximate its fair value.

12. RIGHT OF USE ASSETS AND LEASE LIABILITIES

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

	<i>31 March 2021 Unaudited SR</i>	<i>31 December 2020 Audited SR</i>
At the beginning of the period / year	101,081,068	256,622,317
Lease contracts modification (note below)	-	(147,340,195)
Additions during the period / year	-	4,552,274
Lease contract terminated during the year	-	(12,753,328)
	101,081,068	101,081,068
Depreciation:		
At the beginning of the period / year	(14,162,815)	(14,797,077)
Depreciation for the period / year	(1,210,431)	(6,866,680)
Depreciation for the period / year (classified in capital work in progress)	(84,614)	(351,917)
Relating to modified and terminated contract	-	7,852,859
	(15,457,860)	(14,162,815)
At the end of the period / year	85,623,208	86,918,253

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

	<i>31 March 2021 Unaudited SR</i>	<i>31 December 2020 Audited SR</i>
At the beginning of the period / year	91,631,727	247,016,438
Lease contracts modification (note below)	-	(147,340,195)
Interest charge for the period / year	615,622	2,342,544
Unwinding of lease liability (classified in capital work in progress)	622,416	3,923,274
Payment of lease liabilities during the period / year	(3,931,621)	(9,402,420)
Relating to modified and terminated contract	-	(4,907,914)
At the end of the period / year	88,938,144	91,631,727

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12. RIGHT OF USE ASSETS AND LEASE LIABILITIES (continued)

The classification of lease liabilities is as follows

	<i>31 March 2021 Unaudited SR</i>	<i>31 December 2020 Audited SR</i>
Current lease liability	9,367,787	7,033,955
Non-current lease liability	79,570,357	84,597,772
	88,938,144	91,631,727

During the financial year 2020, Tusdeer, a subsidiary of the Parent Company, entered into a revised contract with “Jeddah Development and Urban Regeneration Company (JDURC)” with respect to lease of land for construction and development of a logistics park. According to the revised lease agreement, the land area is lower than the initial contract, with corresponding decrease in annual rental for the current and future years.

13. CASH AND BANK BALANCES

	<i>31 March 2021 Unaudited SR</i>	<i>31 December 2020 Audited SR</i>
Cash in hand	285,240	234,090
Cash at banks (note below)	392,048,680	336,299,837
	392,333,920	336,533,927

Out of the total balances, SR 0.63 million (31 December 2020: SR 0.88 million) is held with a local commercial bank in respect of accumulated unclaimed dividends.

14. SHARE CAPITAL

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

On 15 Rajab 1442H (corresponding to 27 February 2021), the Board of Directors of the Company recommended subject to approval of the shareholders, to distribute dividend amounting to SR 65.28 million (SR 0.8 per share). For 2020, on 2 Rajab 1441H (corresponding to 26 February 2020), the Board of Directors of the Company recommended subject to approval of the shareholders, to distribute dividend amounting to SR 48.96 million (SR 0.6 per share). Subsequently on 20 Sha’ban 1441H (corresponding to 13 April 2020), the shareholders of the Company approved the dividend for payment in the Annual General Meeting of the Company.

15. LONG TERM LOANS AND BANK FACILITIES

	<i>31 March 2021 Unaudited SR</i>	<i>31 December 2020 Audited SR</i>
Long-term loan	745,334,996	736,333,242
Less: current portion	(71,305,682)	(70,670,666)
Long-term portion	674,029,314	665,662,576

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15. LONG TERM LOANS AND BANK FACILITIES (continued)

- a) On 3 December 2007, RSGT (a subsidiary of the Company) entered into an Ijara arrangement with two local commercial banks to obtain a loan of SR 1,271 million. The Ijara facility was secured against the property and equipment of RSGT. The loan was to be repaid in semi-annual installments ending in December 2023. The loan carried special commission rate of SIBOR plus an agreed margin (see note (c) below).
- b) On 28 September 2016, RSGT entered into an Ijara arrangement with two local commercial banks to obtain a loan of SR 260 million for expansion of its existing berths. This facility was also secured against the port concession rights of RSGT. The loan was to be repaid in semi-annual installments ending in December 2023. The loan carried special commission rate of SIBOR plus an agreed margin.
- c) During the year ended 31 December 2020, RSGT and the banks mutually agreed to amend the terms of the loan agreements above. These amendments, among others, included modification of the applicable rate from six months SIBOR to three months SIBOR, lowered the agreed margin, modified the repayment frequency from biannual to quarterly payment and extended the maturity period from year 2023 to 2030. The Ijara facilities are secured against property and equipment of RSGT. The modifications of the terms were assessed qualitatively and quantitatively in accordance with IFRS 9 "Financial Instruments" and, as a result, the management concluded that the changes in terms of agreement resulted in modification under the requirements of IFRS 9 "Financial Instruments". Accordingly, the modifications resulted in a day one gain of SR 31.96 million recorded in the statement of profit or loss as at the effective date of the modification of the terms of the loans. Un-amortised balance of the modification gain as at 31 March 2021 is SR 26.55 million (31 December 2020: SR 27.85 million) which will be amortised over the remaining period of the Ijara facility, using effective interest rate.
- d) The unamortized portion of the advance rentals and other fees paid to the banks will be amortized over the remaining period of the Ijara facility, using effective interest rate approach.
- e) During the year ended 31 December 2020, RSGT obtained a facility with sanctioned limit of SR 750 million towards its consolidation and expansion works. Out of which SR 70 million was drawn as of the date of the interim condensed consolidated statement of financial position. RSGT pays an agreed commitment fee on the undrawn balance and an agreed profit payable at SIBOR plus a margin on the drawn balance. The commitment fee paid has been deferred and amortised as part of effective interest rate on the basis that a full draw down of the loan is expected to occur in future years. The loan will be repaid in quarterly instalments starting from 2023 and ending in 2033. The loan is secured against assets relating to the consolidation and expansion works. The current and non current portion of the loan as at the period end is as follows:

	31 March 2021 Unaudited SR	31 December 2020 Audited SR
Long-term loan	740,906,570	731,461,973
Less: current portion	(69,534,312)	(68,899,295)
Long-term portion	<u>671,372,258</u>	<u>662,562,678</u>

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15. LONG TERM LOANS AND BANK FACILITIES (continued)

- f) During 2016, Kindasa entered into an agreement for a long-term facility with a local bank for SR 24 million to finance the construction of a new water desalination facility. The loan carries commission at commercial rates (SIBOR plus an agreed margin) and is repayable in quarterly instalments commencing one year after the first drawdown. The loan is secured by secondary mortgage over Kindasa's property and equipment. As at 31 March 2021, Kindasa has cumulatively drawn down SR 8.5 million out of total facility of SR 24 million.

	<i>31 March 2021 Unaudited SR</i>	<i>31 December 2020 Audited SR</i>
Long-term loan	4,428,426	4,871,269
Less: current portion	(1,771,370)	(1,771,371)
Long-term portion	2,657,056	3,099,898

16. FINANCE (COSTS) INCOME, NET

	<i>For the three- month period ended 31 March 2021 Unaudited SR</i>	<i>For the three- month period ended 31 March 2020 Unaudited SR</i>
Gain on modification of loan agreement (note 15 (c))	-	31,959,301
Relating to obligation under service concession arrangement (note 8.2 (b))	(42,108,744)	-
Financial charges on loans and bank facilities including amortization of advance rentals (see note 15)	(8,207,323)	(9,720,747)
Financial charges on lease liabilities (see note 12)	(615,622)	(437,176)
Others	(391,526)	(1,340,831)
	(51,323,215)	20,460,547

17. ZAKAT AND INCOME TAX

Zakat and income tax for the period comprise of:

	<i>For the three- month period ended 31 March 2021 Unaudited SR</i>	<i>For the three- month period ended 31 March 2020 Unaudited SR</i>
Zakat charge for the period / year related to Saudi partners (note 17.1)	3,342,752	1,840,747
Income tax charge for the period / year related to non-Saudi partners (note 17.2)	2,606,065	470,503
	5,948,817	2,311,250

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17. ZAKAT AND INCOME TAX (continued)

17.1 Movement in provision for zakat is as follows:

	<i>31 March 2021 Unaudited SR</i>	<i>31 December 2020 Audited SR</i>
At the beginning of the period / year	8,809,495	6,716,894
Charge for the period / year	3,342,752	8,603,634
Adjustments relating to prior years	-	(91,593)
Amounts paid during the period / year	-	(6,716,894)
At the end of the period/ year	<u>12,152,247</u>	<u>8,809,495</u>

17.2 Movement in provision for current income tax is as follows:

	<i>31 March 2021 Unaudited SR</i>	<i>31 December 2020 Audited SR</i>
At the beginning of the period / year	3,522,118	1,726,164
Charge relating to current period / year	2,606,065	5,897,489
Adjustment related to prior years	-	14,155
Paid during the period / year	-	(4,115,690)
At the end of the period / year	<u>6,128,183</u>	<u>3,522,118</u>

17.3 Zakat assessments status

Parent Company

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

Except for the above, there is no material change in the zakat and tax assessment status of the Parent Company and its subsidiaries, as was previously disclosed in the consolidated financial statements for the year ended 31 December 2020.

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18. RELATED PARTY TRANSACTIONS AND BALANCES

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

a) Significant related party transactions for the period ended 31 March are as follows:

<i>Related party</i>	<i>Relationship</i>	<i>Description</i>	<i>Amount of transaction</i>		<i>Balance as at</i>	
			<i>Three month period ended</i>	<i>31 March</i>	<i>31 March</i>	<i>31 December</i>
			<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>
			<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Audited</i>
			<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>
International Water Distribution Company	Associate	Sales of goods and services	16,438,586	15,740,469	10,871,110	11,206,981
		Services rendered to associate	189,750	173,250	217,559	73,430
		Expenses incurred by associate on behalf of the Group	(4,362)	(10,088)	-	-
		Expenses incurred by Group on behalf of the associate	32,171	38,307	-	-
Arabian Bulk Trade Limited	Affiliate	Lease of land and warehouses	(4,080)		-	74,293
Al Jabr Talke Company Limited	Associate	Services rendered to associate	23,000	141,009	46,886	23,000
		Expenses incurred by Group on behalf of associate	12,386			-
		Dividend received from associate	-	5,000,463	-	-
Saudi Water and Environmental Services Company Limited	Associate	Sales of goods and services	674,044	1,442,463	218,956	249,996
Saudi Cable Company Limited	Affiliate	Lease of land and warehouses	31,805		266,274	234,469

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18. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

<i>Related party</i>	<i>Relationship</i>	<i>Description</i>	<i>Amount of transaction</i>		<i>Balance as at</i>	
			<i>Three month period ended</i>			
			<i>31 March</i>	<i>31 March</i>	<i>31 March</i>	<i>31 December</i>
			<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>
			<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Audited</i>
			<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>
Ambro Limited	Affiliate	Purchase of services	(38,296)	-	513	-
Xenel Industries Limited	Shareholder	Payments made by the Group on behalf of the Shareholder	67,624	75,957	-	-
		Expenses incurred by the shareholder on behalf of the Group	(8,395)	(16,495)	480,193	420,964
Total					12,101,491	12,283,133

Due to related parties			<i>Amount of transaction</i>		<i>Balance as at</i>	
<i>Related party</i>	<i>Relationship</i>	<i>Description</i>				
			<i>31 March</i>	<i>31 March</i>	<i>31 March</i>	<i>31 December</i>
			<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>
			<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>
Al Karam Fedics Services Company	Affiliate	Purchase of goods and services	(4,731,040)	(3,690,141)	1,495,900	-
Haji Abdullah Ali Reza & Co. Limited - General Technical Division	Affiliate	Purchase of goods and services			-	36,605
Total					1,495,900	36,605

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18. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

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

	<i>Three month period ended 31 March 2021 Unaudited SR</i>	<i>Three month period ended 31 March 2020 Unaudited SR</i>
Short term employee benefits	6,058,720	4,419,125
Post-employment benefits	105,155	113,865
	6,163,875	4,532,990

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

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

	<i>Three month period ended 31 March 2021 Unaudited SR</i>	<i>Three month period ended 31 March 2020 Unaudited SR</i>
Meeting attendance fees	208,000	120,000
Other remuneration	850,000	-
	1,058,000	120,000

19. COMMITMENTS AND CONTINGENCIES

At 31 March 2021, the Group's bankers have issued letters of guarantee amounting to SR 156.3 million (31 December 2020: SR 155.9 million) against which cash margin of SR 5.4 million (31 December 2020: SR 2.6 million) was deposited.

As at 31 March 2021, the Group has commitments for capital work in progress amounting to SR 8.0 million (31 December 2020: SR 4.8 million) mainly relating to new logistic hub and park construction project and new desalination plant construction and development project.

20. BUSINESS SEGMENTS

The Group has the following main business segments:

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

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

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20. BUSINESS SEGMENTS (continued)

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

	<i>Reportable segments</i>			<i>Total</i>	<i>Unallocated</i>	<i>Total</i>
	<i>Port development and Operations</i>	<i>Logistic parks and support Services</i>	<i>Water desalination and distribution</i>			
	-----SR 000'(Unaudited)-----					
31 March 2021						
External revenues	206,755	23,980	23,089	253,824	-	253,824
Inter segment revenue	-	-	(226)	(226)	-	(226)
Construction revenue	4,701	-	-	4,701	-	4,701
Segment revenue	211,456	23,980	22,863	258,299	-	258,299
Cost of revenue	(86,604)	(15,495)	(16,842)	(118,941)	-	(118,941)
Inter-segment cost of revenue	226	-	-	226	-	226
Cost of construction	(4,701)	-	-	(4,701)	-	(4,701)
Segment cost	(91,079)	(15,495)	(16,842)	(123,416)	-	(123,416)
Segment gross profit	120,378	8,484	6,021	134,883	-	134,883
Profit attributable to shareholders of the Parent Company	26,361	1,176	297	27,834	4,446	32,280
31 March 2021						
Segment assets	3,594,257	416,929	188,416	4,199,602	261,154	4,460,756
Segment liabilities	2,548,587	108,323	30,624	2,687,534	14,565	2,702,099

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20. BUSINESS SEGMENTS (continued)

	<i>Reportable segments</i>					
	<i>Port development and Operations</i>	<i>Logistic parks and support Services</i>	<i>Water desalination and distribution</i>	<i>Total</i>	<i>Unallocated</i>	<i>Total</i>
	-----SR 000'(Unaudited)-----					
<u>31 March 2020</u>						
External revenues	123,825	19,281	24,418	167,524	-	167,524
Inter segment revenue	-	-	(232)	(232)	-	(232)
Segment revenue	<u>123,825</u>	<u>19,281</u>	<u>24,186</u>	<u>167,292</u>	<u>-</u>	<u>167,292</u>
Cost of revenue	(85,285)	(11,787)	(17,280)	(114,352)	-	(114,352)
Inter-segment cost of revenue	232	-	-	232	-	232
Segment cost	<u>(85,053)</u>	<u>(11,787)</u>	<u>(17,280)</u>	<u>(114,120)</u>	<u>-</u>	<u>(114,120)</u>
Segment gross profit	38,772	7,494	6,906	53,172	-	53,172
Profit attributable to shareholders of the Parent Company	<u>24,113</u>	<u>3,445</u>	<u>1,553</u>	<u>29,111</u>	<u>(2,510)</u>	<u>26,601</u>
<u>31 March 2020</u>						
Segment assets	<u>1,885,343</u>	<u>406,959</u>	<u>236,877</u>	<u>2,529,179</u>	<u>250,106</u>	<u>2,779,286</u>
Segment liabilities	<u>994,215</u>	<u>104,854</u>	<u>32,272</u>	<u>1,131,340</u>	<u>28,601</u>	<u>1,159,941</u>

21. CONSTRUCTION REVENUE AND CONSTRUCTION COST

	<i>Three-months period ended 31 March 2021 Unaudited SR</i>	<i>Three-months period ended 31 March 2020 Unaudited SR</i>
Construction revenue	<u>4,700,528</u>	-
Cost of construction	<u>(4,700,528)</u>	-

In accordance with IFRIC 12 "Service Concession Agreements", the Group has recorded construction revenue of SR 4.7 million on construction of a container terminal for the period ended 31 March 2021. The construction revenue represents the fair value of the construction services provided in developing the container terminal. No margin has been recognized, as in management's opinion the fair value of the construction services provided approximates to the construction cost.

22. FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

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

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

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

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

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

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

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

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

There were no changes in valuation techniques during the period.

As at 31 March 2021, the financial assets of the Group comprise of trade receivables and other receivables, Due from related parties, cash and cash equivalents which are recorded at amortized cost and investment in equity securities which is recorded at fair value and financial liabilities include loans and bank facilities, obligation under service concession agreement, trade payable and other liabilities and derivative financial instruments.

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

23. APPROVAL OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

These interim condensed consolidated financial statements were approved and authorized to issue by the Board of Directors on 17 Ramadan 1442H (corresponding to 29 April 2021G).