

SAUDI AIRLINES CATERING COMPANY
(A Saudi Joint Stock Company)

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

For the three-month period ended March 31, 2022
with

INDEPENDENT AUDITOR'S REPORT



KPMG Professional Services

Zahran Business Center
Prince Sultan Street
P.O. Box 55078
Jeddah 21534
Kingdom of Saudi Arabia
Commercial Registration No 4030290792

Headquarters in Riyadh

كي بي إم جي للاستشارات المهنية

مركز زهران للأعمال
شارع الأمير سلطان
ص.ب. ٥٥٠٧٨
جده ٢١٥٣٤
المملكة العربية السعودية
سجل تجاري رقم 4030290792
المركز الرئيسي في الرياض

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, 2022 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, 2022;
- the condensed consolidated statement of profit or loss and other comprehensive income for the three-month period ended March 31, 2022;
- the condensed consolidated statement of changes in equity for the three-month period ended March 31, 2022;
- the condensed consolidated statement of cash flows for the three-month period ended March 31, 2022; 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.

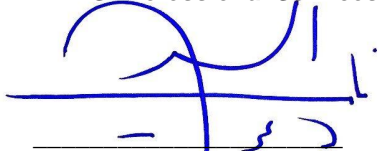
Independent auditor's report on review of condensed consolidated interim financial statements

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, 2022 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, May 18, 2022
Corresponding to Shawwal 17, 1443H



SAUDI AIRLINES CATERING COMPANY
(A Saudi Joint Stock Company)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

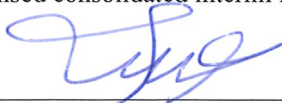
As at March 31, 2022

(Expressed in Saudi Arabian Riyals)

	<u>Notes</u>	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Assets			
Property, plant and equipment	5	389,914,884	408,006,473
Right-of-use assets	6	395,776,431	416,889,017
Subleased assets	6	6,174,895	6,474,435
Intangible assets		270,051	430,684
Investment property		32,162,547	32,652,257
Equity accounted investee		--	--
Financial assets at amortized costs		4,230,000	4,230,000
Non-current assets		828,528,808	868,682,866
Subleased assets	6	18,030,011	17,600,070
Inventories		63,373,680	66,611,578
Trade and other receivables	8	792,177,563	664,797,327
Prepayments and other assets		130,667,515	136,476,874
Cash and cash equivalents		138,800,641	176,462,367
Current assets		1,143,049,410	1,061,948,216
TOTAL ASSETS		1,971,578,218	1,930,631,082
Equity and liabilities			
Equity			
Share capital	9	820,000,000	820,000,000
Statutory reserve	10	246,000,000	246,000,000
Accumulated losses		(158,168,798)	(193,481,256)
Total equity		907,831,202	872,518,744
Liabilities			
Lease liabilities	6	310,027,629	330,844,306
Employees benefits		151,861,412	155,697,674
Non-current liabilities		461,889,041	486,541,980
Lease liabilities	6	164,530,097	143,655,076
Zakat and income tax liabilities	12	18,452,777	12,948,211
Trade and other payables	13	418,875,101	414,967,071
Current liabilities		601,857,975	571,570,358
Total liabilities		1,063,747,016	1,058,112,338
TOTAL EQUITY AND LIABILITIES		1,971,578,218	1,930,631,082

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


Chief Financial Officer


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 (UNAUDITED)**

For the three-month period ended March 31, 2022
(Expressed in Saudi Arabian Riyals)

	<u>Notes</u>	<u>2022</u>	<u>2021</u>
Revenue	15	394,605,696	256,260,489
Cost of sales	16	(291,550,483)	(204,556,343)
Gross profit		103,055,213	51,704,146
Other income		1,985,428	143,606
General and administrative expenses		(56,488,037)	(58,959,460)
Allowance of expected credit losses	8(b)	(1,907,894)	(8,628,847)
Other expenses		(594,210)	(2,845,019)
Operating profit / (loss)		46,050,500	(18,585,574)
Finance income	6	130,401	163,179
Finance cost		(5,363,877)	(7,409,954)
		40,817,024	(25,832,349)
Share of loss of equity accounted investee	7	--	--
Impairment loss in equity accounted investees	7	--	--
Profit / (loss) before zakat and income tax		40,817,024	(25,832,349)
Zakat and income tax expense	12	(5,504,566)	(4,186,199)
Profit / (loss) for the period		35,312,458	(30,018,548)
Other comprehensive income		--	--
Total comprehensive profit / (loss) for the period		35,312,458	(30,018,548)
<u>Earnings / (loss) per share</u>			
Basic earnings / (loss) per share	17	0.43	(0.37)
Diluted earnings / (loss) per share	17	0.43	(0.37)

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



Chief Financial Officer



Chief Executive Officer



Authorized Board of Directors
Member

SAUDI AIRLINES CATERING COMPANY
(A Saudi Joint Stock Company)

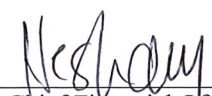
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

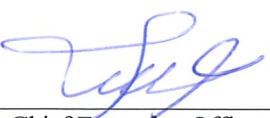
For the three-month period ended March 31, 2022

(Expressed in Saudi Arabian Riyals)

	<u>Share capital</u>	<u>Statutory reserve</u>	<u>(Accumulated losses)</u>	<u>Total</u>
<u>As at March 31, 2022 (Unaudited)</u>				
Balance at January 1, 2022	820,000,000	246,000,000	(193,481,256)	872,518,744
<u>Total comprehensive income</u>				
Profit for the period	--	--	35,312,458	35,312,458
Other comprehensive income	--	--	--	--
Total comprehensive income	--	--	35,312,458	35,312,458
Balance at March 31, 2022 (Unaudited)	<u>820,000,000</u>	<u>246,000,000</u>	<u>(158,168,798)</u>	<u>907,831,202</u>
<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 (Unaudited)	<u>820,000,000</u>	<u>353,835,879</u>	<u>(343,777,542)</u>	<u>830,058,337</u>

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


Chief Financial Officer


Chief Executive Officer


Authorized Board of Directors
Member

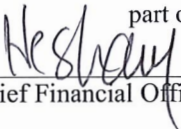
SAUDI AIRLINES CATERING COMPANY
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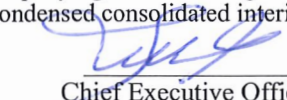
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the three-month period ended March 31, 2022
(Expressed in Saudi Arabian Riyals)

	Notes	2022 (Unaudited)	2021 (Unaudited)
Cash flows from operating activities			
Profit / (loss) for the period		35,312,458	(30,018,548)
<i>Adjustments for:</i>			
Zakat and income tax	12	5,504,566	4,186,199
Depreciation on property, plant and equipment	5	21,583,291	20,626,412
Depreciation on investment property		489,710	489,711
Depreciation on right-of-use assets	6	21,112,586	20,927,169
Amortization of intangible assets		160,633	182,364
Construction in progress written-off	5	376,230	
Allowance of expected credit losses	8(b)	1,907,894	8,628,847
(Reversal) of / provision for slow-moving inventory, net		(3,424,150)	1,800,248
Inventory obsolescence written-off		--	
Finance income		(130,401)	(163,179)
Finance cost		5,363,877	7,409,953
Loss on sale of property, plant and equipment		4,119	2,632,563
Employees' benefits-service cost		3,442,220	3,585,767
Provision for accrued bonus - long term		2,025,000	2,250,000
		<u>93,728,033</u>	<u>42,537,506</u>
<i>Changes in:</i>			
Inventories		6,662,048	15,193,787
Trade and other receivables		(129,288,130)	(7,784,606)
Prepayments and other assets		5,809,359	29,766,978
Trade and other payables		3,914,240	(68,503,228)
Cash (used in) / generated from operations		<u>(19,174,450)</u>	<u>11,210,437</u>
Finance cost paid		--	--
Payment of accrued bonus - long term		(7,474,746)	
Employees' benefits paid		(2,488,722)	(8,125,572)
Net cash (used in) / generated from operating activities		<u>(29,137,918)</u>	<u>3,084,865</u>
Cash flows from investing activities			
Additions to property, plant and equipment		(3,872,051)	(6,551,793)
Proceeds from disposal of property, plant and equipment		--	136,398
Net cash used in investing activities		<u>(3,872,051)</u>	<u>(6,415,395)</u>
Cash flow from financing activities			
Repayment of short-term borrowing		--	(6,284,100)
Payments of lease liabilities	6	(4,645,547)	--
Dividends paid	11	(6,210)	--
Net cash used in financing activities		<u>(4,651,757)</u>	<u>(6,284,100)</u>
Net change in cash and cash equivalents		<u>(37,661,726)</u>	<u>(9,614,630)</u>
Cash and cash equivalents at beginning of the period		<u>176,462,367</u>	<u>257,453,899</u>
Cash and cash equivalents at end of the period		<u>138,800,641</u>	<u>247,839,269</u>

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


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

For the three-month period ended March 31, 2022

(Expressed in Saudi Arabian Riyals)

1. REPORTING ENTITY

Saudi Airlines Catering Company (the “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 No. 4030175741.

The Company is mainly involved in 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>	<u>Date</u>
Rabigh	4602006306	Rajab 16, 1436H (May 5, 2015)
Medina	4650055980	Jumada Al-Thani 1, 1433H (April 23, 2012)
Medina	4650216315	Rabi Al Thani 12, 1441H (December 9, 2019)
Dammam	2050082998	Jumada Al-Thani 1, 1433H (April 23, 2012)
Makkah	4031084114	Jumada Al-Atwal 23, 1435H (March 25, 2014)
Jeddah	4030227251	Jumada Al-Thani 1, 1433H (April 23, 2012)
Jeddah	4030365540	Muharam 19 1441, (September 18, 2019)
Jeddah	4030285290	Muharram 2, 1437H (October 16, 2015)
Jeddah	4030371373	Rabi Al Thani 25, 1441H (December 3, 2019)
Jeddah	4030426294	Muharam 10 1443H, (August 18, 2021)
Riyadh	1010336558	Jumada Al-Thani 1, 1433H (April 23, 2012)
Riyadh	1010616680	Rabi Al Thani 12, 1441H (December 9, 2019)
Riyadh	1010616679	Rabi Al Thani 12, 1441H (December 9, 2019)

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 providing catering services. The subsidiary has not yet commenced commercial operations.

These condensed consolidated interim financial statements (the “financial statements”) include the financial statements of the Parent and its Subsidiary.

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

For the three-month period ended March 31, 2022
(Expressed in Saudi Arabian Riyals)

2. BASIS OF PREPARATIONS

a) Statement of compliance

These condensed consolidated interim 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 Group’s last annual Financial Statements as at and for the year ended December 31, 2021 (“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 Group’s financial position and performance since the last annual Financial Statements. In addition, results for the three-month period ended March 31, 2022 are not necessarily indicative of the results that may be expected for the financial year ending December 31, 2022.

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 Group’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 Group’s accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements. At the date of authorization of these condensed interim financial statements, various Standards and Interpretations (including amendments thereto) were in issue but not yet effective. The management anticipates that adoption of these Standards and Interpretations in future periods will have no material impact on these condensed interim financial statements (refer note 22).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three-month period ended March 31, 2022

(Expressed in Saudi Arabian Riyals)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of judgments and estimates (continued)

Impact of COVID-19

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 Group’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 Group during most of the year ended December 31, 2020. During the second half of May 2021 the Government eased some traveling restrictions, although partially and gradually the airports were opened and the flights resumed with most of the countries under specific health precautionary measures, there continue to be a significant impact throughout the period ended March 31, 2022 and may continue to have a financial impact on the Group subsequent to the period end. The uncertainties caused by COVID-19 have required the Group to update the inputs and assumptions used for the determination of expected credit losses (“ECL”) as at March 31, 2022. In addition, the Group has estimated the potential impact of the current economic volatility in the determination of the reported amounts of the Group’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 Group continues to closely monitor the situation to manage the exposure and adverse impact on its operations. Management believes that the Group’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 19 for more details on the financial risks.

4. OPERATING SEGMENTS

a. Basis for segmentation

The Group has the following three strategic divisions, which are reportable segments and are defined and used by the Board of Directors when reviewing the Group’s performance. 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:

<u>Reportable segments</u>	<u>Operations</u>
Inflight	Inflight catering, airline equipment and business lounges
Retail	Onboard, ground and online stores
Catering and facilities	Remote & Camp management, Business & Industries catering, Security services, Laundry services, Hajj & Umrah & Baggage handling services

The Group’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

For the three-month period ended March 31, 2022

(Expressed in Saudi Arabian Riyals)

4. OPERATING SEGMENTS (continued)

b. Information about reportable segments

March 31, 2022 (Unaudited)

	<u>Inflight</u>	<u>Retail</u>	<u>Catering and facilities</u>	<u>Total reportable segments</u>	<u>Overheads</u>	<u>Head office</u>	<u>Total</u>
External revenue	295,342,550	14,434,107	84,829,039	394,605,696	--	--	394,605,696
Inter-segment revenue	42,846,069	--	19,955,834	62,801,903	--	--	62,801,903
Segment revenue	338,188,619	14,434,107	104,784,873	457,407,599	--	--	457,407,599
Segment profit / (loss) before Zakat and income tax	84,372,054	(5,475,805)	11,300,848	90,197,097	(49,380,073)	--	40,817,024
Depreciation and amortization	26,375,403	1,817,181	5,885,216	34,077,800	9,268,420	--	43,346,220
Assets:							
Segment assets	1,152,416,961	127,794,799	182,901,368	1,463,113,128	--	--	1,463,113,128
Other assets	--	--	--	--	--	508,465,090	508,465,090
Total	1,152,416,961	127,794,799	182,901,368	1,463,113,128	--	508,465,090	1,971,578,218
Liabilities:							
Segment liabilities	540,347,787	62,459,134	70,936,604	673,743,525	--	--	673,743,525
Other liabilities	--	--	--	--	--	390,003,491	390,003,491
Total	540,347,787	62,459,134	70,936,604	673,743,525	--	390,003,491	1,063,747,016

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

For the three-month period ended March 31, 2022

(Expressed in Saudi Arabian Riyals)

4. OPERATING SEGMENTS (continued)

b. Information about reportable segments (continued)

March 31, 2021 (Unaudited)

	<u>Inflight</u>	<u>Retail</u>	<u>Catering and facilities</u>	<u>Total reportable segments</u>	<u>Overheads</u>	<u>Head office</u>	<u>Total</u>
External revenue	200,875,880	7,974,107	47,410,502	256,260,489	--	--	256,260,489
Inter-segment revenue	23,547,176	--	17,258,378	40,805,554	--	--	40,805,554
Segment revenue	224,423,056	7,974,107	64,668,880	297,066,043	--	--	297,066,043
Segment profit / (loss) before zakat and income tax	33,919,260	(7,699,691)	(144,047)	26,075,522	(51,907,871)	--	(25,832,349)
Depreciation and amortization	27,295,476	2,100,688	2,426,426	31,822,590	10,403,066	--	42,225,656
<u>December 31, 2021 (Audited)</u>							
Assets:							
Segment assets	1,128,482,748	125,140,666	179,102,743	1,432,726,157	--	--	1,432,726,157
Other assets	--	--	--	--	--	497,904,925	497,904,925
Total	1,128,482,748	125,140,666	179,102,743	1,432,726,157	--	497,904,925	1,930,631,082
Liabilities:							
Segment liabilities	537,485,560	62,128,288	70,560,853	670,174,701	--	--	670,174,701
Other liabilities	--	--	--	--	--	387,937,637	387,937,637
	537,485,560	62,128,288	70,560,853	670,174,701	--	387,937,637	1,058,112,338

SAUDI AIRLINES CATERING COMPANY
(A Saudi Joint Stock Company)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three-month period ended March 31, 2022
(Expressed in Saudi Arabian Riyals)

4. OPERATING SEGMENTS (continued)

c. Reconciliations of information on reportable segments to primary statements

I. Revenue

	March 31, <u>2022</u>	March 31, <u>2021</u>
Total revenue for reportable segments	457,407,599	297,066,043
Elimination of intersegment revenue	(62,801,903)	(40,805,554)
Total revenue	<u>394,605,696</u>	<u>256,260,489</u>

II. Loss

	March 31, <u>2022</u>	March 31, <u>2021</u>
Total profit for reportable segments	90,197,097	26,075,522
Overheads	(49,380,073)	(51,907,871)
Total profit / (loss)	<u>40,817,024</u>	<u>(25,832,349)</u>

III. Assets

	March 31, <u>2022</u>	December 31, <u>2021</u>
Total assets for reportable segments	1,463,113,128	1,432,726,157
Head office	508,465,090	497,904,925
Total assets	<u>1,971,578,218</u>	<u>1,930,631,082</u>

Other unallocated amounts principally related to cash and cash equivalents, investment securities and prepayment and other currents assets.

IV. Liabilities

	March 31, <u>2022</u>	December 31, <u>2021</u>
Total liabilities for reportable segments	673,743,525	670,174,701
Head office	390,003,491	387,937,637
Total liabilities	<u>1,063,747,016</u>	<u>1,058,112,338</u>

Head office amounts are principally related to trade and other payables, current zakat and income tax liabilities and employee benefits.

SAUDI AIRLINES CATERING COMPANY
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4. OPERATING SEGMENTS (continued)

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

V. Geographical information

Revenue	March 31, <u>2022</u>	March 31, <u>2021</u>
Kingdom of Saudi Arabia	381,989,431	254,913,607
Egypt – Cairo	12,616,265	1,346,882
Total revenue	<u>394,605,696</u>	<u>256,260,489</u>

d. Major customer

Revenue from one customer of the Group's Airline segment represented approximately 66% (31 March 2021: 75%) of the Group's total revenues.

5. PROPERTY, PLANT AND EQUIPMENT

a. Reconciliation and carrying amount

	<u>Land</u>	<u>Building & leasehold improvements</u>	<u>Equipment</u>	<u>Motor vehicles</u>	<u>Under construction</u>	<u>Total</u>
<u>Cost:</u>						
Balance at January 1, 2022	33,786,058	378,321,343	192,480,082	147,123,016	14,303,574	766,014,073
Additions	--	265,307	687,019	965	2,918,760	3,872,051
Disposals	--	--	(555,912)	(460,650)	--	(1,016,562)
Expensed	--	--	--	--	(376,230)	(376,230)
Reclassification	--	4,579,093	(4,579,093)	--	--	--
Transfer from under construction	--	7,057,542	953,437	16,806	(8,027,785)	--
Balance at March 31, 2022 (Unaudited)	<u>33,786,058</u>	<u>390,223,285</u>	<u>188,985,533</u>	<u>146,680,137</u>	<u>8,818,319</u>	<u>768,493,332</u>
<u>Accumulated depreciation:</u>						
Balance at January 1, 2022	--	158,134,024	120,996,823	78,876,753	--	358,007,600
Charge for the period	--	11,864,605	6,375,129	3,343,557	--	21,583,291
Disposals	--	--	(551,793)	(460,650)	--	(1,012,443)
Balance at March 31, 2022 (Unaudited)	<u>--</u>	<u>169,998,629</u>	<u>126,820,159</u>	<u>81,759,660</u>	<u>--</u>	<u>378,578,448</u>
<u>Carrying amounts:</u>						
At March 31, 2022 (Unaudited)	<u>33,786,058</u>	<u>220,224,656</u>	<u>62,165,374</u>	<u>64,920,477</u>	<u>8,818,319</u>	<u>389,914,884</u>
At December 31, 2021 (Audited)	33,786,058	220,187,319	71,483,259	68,246,263	14,303,574	408,006,473

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5. PROPERTY, PLANT AND EQUIPMENT (continued)

b. Under construction status

Under construction represents construction works at Alfursan Lounge at King Abdulaziz International Airport (New Airport), King Abdullah Economic City Laundry Plant, Jeddah Unit and Riyadh Unit Building modifications.

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, 2022 and balance at March 31, 2022 (unaudited)	446,419,112	59,814,366	145,445,614	14,763,450	666,442,542
<u>Accumulated depreciation:</u>					
Balance at January 1, 2022	199,185,844	8,273,507	31,013,998	11,080,176	249,553,525
Charge for the period	16,660,223	689,459	2,839,556	923,348	21,112,586
Balance at March 31, 2022 (unaudited)	215,846,067	8,962,966	33,853,554	12,003,524	270,666,111
<u>Carrying amounts:</u>					
At March 31, 2022 (unaudited)	230,573,045	50,851,400	111,592,060	2,759,926	395,776,431
At December 31, 2021(audited)	247,233,268	51,540,859	114,431,616	3,683,274	416,889,017

b. Lease Liabilities

Movement in lease liabilities over the period / year is as follows:

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Lease liabilities at beginning of the period/ year	474,499,382	580,085,903
Additions to lease liabilities during the period/ year	--	4,057,272
Increase in lease liabilities due to finance cost	4,703,891	20,275,131
Lease modification during the period/ year	--	(9,631,561)
Retirement of lease liabilities during the period/ year	--	(1,833,082)
Lease payment during the period/ year	(4,645,547)	(118,454,281)
Lease liabilities at end of the period/ year	474,557,726	474,499,382
Less: Current portion of lease liabilities	(164,530,097)	(143,655,076)
Non-Current portion of lease liabilities	310,027,629	330,844,306

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

c. Subleased Assets

Movement in subleased assets over the period / year is as follows:

	March 31, <u>2022</u> (Unaudited)	December 31, <u>2021</u> (Audited)
Net subleased assets at beginning of the period/ year	24,074,505	23,482,995
Increase due to finance income for the period/ year	130,401	591,510
Net subleased assets at end of the period/ year	24,204,906	24,074,505
Less: Current portion of net subleased assets	(18,030,011)	(17,600,070)
Non-Current portion of net subleased assets	6,174,895	6,474,435

The Company has sub leased assets to Saudi Arabian Airlines Corporation (related party) with the carrying amount of SR 10.6 million (31 December 2021: SR 10.2 million).

7. EQUITY ACCOUNTED INVESTEE

The Group has a 40% shareholding in Saudi French Company for Duty Free Operations and Management. The Group has already fully impaired its investment in equity investment in the financial year 2020.

The balances and ownership interest of the investment in associate as at March 31, 2022 and December 31, 2021 are as follows:

<u>Name</u>	<u>Country of incorporation</u>	<u>Effective ownership interest (%)</u>		<u>Carrying value</u>	
		March 31, <u>2022</u> (Unaudited)	December 31, <u>2021</u> (Audited)	March 31, <u>2022</u> (Unaudited)	December 31, <u>2021</u> (Audited)
Saudi French Company for Duty Free Operations and Management (Limited Liability Company)	Kingdom of Saudi Arabia	40%	40%	--	--

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

	March 31, <u>2022</u> (Unaudited)	December 31, <u>2021</u> (Audited)
Opening balance	--	--
Share in net loss	--	--
Share in other comprehensive loss	--	--
Impairment loss	--	--
Ending balance	--	--

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7. EQUITY ACCOUNTED INVESTEE (continued)

The invested Company does not issue quarterly reviewed interim financial statements, accordingly the financial data and the share of profit are based on internal management reporting.

<i>i) <u>Share in net assets</u></i>	March 31, <u>2022</u> (Unaudited)	December 31, <u>2021</u> (Audited)
Non current assets	1,455,591	10,557,485
Current assets	109,533,412	92,470,627
Total assets	<u>110,989,003</u>	<u>103,028,112</u>
Non current liabilities	2,687,995	2,521,799
Current liabilities	103,930,689	89,627,998
Total liabilities	<u>106,618,684</u>	<u>92,149,797</u>
Net assets	<u>4,370,319</u>	<u>10,878,315</u>
Group's share in net assets (40%)		
Carrying value of the investment	<u> --</u>	<u> --</u>
<i>ii) <u>Share in profit / (loss)</u></i>	March 31, <u>2022</u> (Unaudited)	December 31, <u>2021</u> (Audited)
Revenue	81,313,832	27,119,718
Net income for the period	489,036	922,853
Other comprehensive loss	<u> --</u>	<u> --</u>
Group's share of loss for the period (40%)	<u> --</u>	<u> --</u>
Impairment loss	<u> --</u>	<u> --</u>
Group's share of other comprehensive loss (40%)	<u> --</u>	<u> --</u>

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8. TRADE AND OTHER RECEIVABLES

a. Trade and other receivables comprise the following:

	<u>Note</u>	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Trade receivables due from related parties	14(c)	687,412,891	582,816,290
Trade receivables – third parties		231,217,171	208,577,769
		918,630,062	791,394,059
Less: allowance for expected credit losses	8(b)	(126,452,499)	(126,596,732)
		792,177,563	664,797,327

- Trade receivables disclosed above are classified as loans and receivables and are measured at amortized cost.
- The Group does not have any collateral over receivables and are unsecured.
- 81% of the trade receivables is due from government or semi-government entities (December 31, 2021: 79%).

b. The movement in allowance for expected credit loss is as follows:

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Balance at beginning of the period/ year	126,596,732	88,705,847
Charged for the period/ year	1,907,894	37,894,043
Write-off during the period/ year	(2,052,127)	(3,158)
Balance at end of the period/ year	126,452,499	126,596,732

9. SHARE CAPITAL

At March 31, 2022, 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, 2021: SR 820 million consists of 82 million shares of SR 10 each).

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

March 31, 2022 (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	35.70%
Abdulmohsen Alhokair Group for Tourism and Development	7,711,256	77,112,560	9.40%
General public	45,014,744	450,147,440	54.90%
	82,000,000	820,000,000	100.00%

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9. SHARE CAPITAL (continued)

December 31, 2021 (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	35.70%
Abdulmohsen Alhokair Group for Tourism and Development	7,711,256	77,112,560	9.40%
General public	45,014,744	450,147,440	54.90%
	<u>82,000,000</u>	<u>820,000,000</u>	<u>100.00%</u>

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 Group.

10. STATUTORY RESERVE

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

The Group transferred the surplus amount of statutory reserve that exceeded 30% of its statutory reserve amounting to SR 107.8 million to the accumulated losses account approved by the General Assembly meeting dated May 04, 2021. Below is the movement as at March 31, 2022 and December 31, 2021:

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Balance at beginning of the period/ year	246,000,000	353,835,879
Transfer to accumulated losses	--	(107,835,879)
Balance at end of the period/ year	<u>246,000,000</u>	<u>246,000,000</u>

11. DIVIDENDS

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

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Balance at beginning of the period / year	1,180,930	1,260,985
Declared during the period / year	--	--
Paid during the period / year	<u>(6,210)</u>	<u>(80,055)</u>
Balance at end of the period / year	<u>1,174,720</u>	<u>1,180,930</u>

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12. ZAKAT AND INCOME TAX LIABILITIES

Following is the breakdown of the Zakat and income tax liabilities as at March 31, 2022 and December 31, 2021:

	March 31, <u>2022</u> (Unaudited)	December 31, <u>2021</u> (Audited)
Zakat payable	25,579,975	20,075,409
Income tax advance	(7,127,198)	(7,127,198)
Net Zakat and income tax liabilities	<u>18,452,777</u>	<u>12,948,211</u>

a. Zakat and income tax provision

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

	March 31, <u>2022</u> (Unaudited)	December 31, <u>2021</u> (Audited)
Balance at beginning of the period / year	20,075,409	18,645,913
Charge for the period / year	5,504,566	20,075,409
Adjustment related to prior years	--	(362,821)
Payments during the period / year	--	(18,283,092)
Balance at end of the period / year	<u>25,579,975</u>	<u>20,075,409</u>

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

	March 31, <u>2022</u> (Unaudited)	December 31, <u>2021</u> (Audited)
Balance at beginning of the period / year	(7,127,198)	(7,127,198)
Charge for the period / year	--	--
Adjustment related to prior period / year	--	--
Payments during the period / year	--	--
Balance at end of the period / year	<u>(7,127,198)</u>	<u>(7,127,198)</u>

iii) Charge of the period ended March 31, 2022 and year ended December 31, 2021 is as follows:

	<u>2022</u> (Unaudited)	<u>2021</u> (Audited)
Zakat charge for the period / year	5,504,566	20,075,409
Zakat prior year adjustment	--	(362,821)
Total Zakat and income tax of the period/year	<u>5,504,566</u>	<u>19,712,588</u>

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12. ZAKAT AND INCOME TAX LIABILITIES (continued)

b. Zakat assessments

The Group has submitted its Zakat and tax declarations for the years from 2009 to 2018. It has received queries from ZATCA in respect of all these years and has provided responses for the years 2009 to 2020. ZATCA issued an assessment for 2015 to 2018 on December 22, 2020 claiming additional Zakat and tax penalties amounting to approximately 16 million and the Group has submitted its objection against the ZATCA's assessment. Post submission of the objection, the ZATCA held a hearing with the Group's representatives to discuss the assessment and objection points. The ZATCA issued a revised assessment. Group has escalated the case to the General Secretariat of Tax Committees ("GSTC"). ZATCA issued an assessment for 2019 and 2020, the Group is in process of submitting its objection against ZATCA's assessment. For Zakat and tax declaration for 2008, ZATCA issued an assessment claiming additional Zakat and tax with delay penalty, the Group settled the amount under protest and filed an objection through a letter dated October 11, 2010. Since the Group did not receive any notification from ZATCA on its objection the Group escalated the objection to the General Secretariat of Tax Committees in January 2021.

The Group has submitted its Zakat and tax declaration for the year 2020. The Group has obtained a certificate until April 30, 2022.

13. TRADE AND OTHER PAYABLES

	<u>Note</u>	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Trade payables – third parties		158,927,323	185,714,765
Trade payables – related parties	14(c)	23,971,572	26,787,908
Accrued expenses and other payables		234,801,486	201,283,468
Dividend payable	11	1,174,720	1,180,930
		<u>418,875,101</u>	<u>414,967,071</u>

14. RELATED PARTIES TRANSACTIONS AND BALANCES

- a. Related parties includes the Group's shareholders, associated companies, directors and key management personnel. Terms and conditions of these transactions at agreed rates are approved by the Group'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 comprise the following:

	<u>2022</u>	<u>2021</u>
Short term employee benefits	2,303,694	1,693,632
Post employment benefits	36,450	44,550
Termination benefits	132,622	104,005
Total	<u>2,472,766</u>	<u>1,842,187</u>

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14. RELATED PARTIES TRANSACTIONS AND BALANCES (continued)

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):

	<u>Relationship</u>	<u>Transactions values for the three months ended</u>		<u>Balances</u>	
		<u>March 31, 2022</u>	<u>March 31 2021</u>	<u>March 31, 2022 (Unaudited)</u>	<u>December 31, 2021 (Audited)</u>
Saudi Arabian Airlines Corporation	Shareholder	281,933,436	243,796,392	575,920,985	472,553,062
Saudi Private Aviation	Fellow subsidiary	8,536,922	7,971,880	16,159,385	17,151,960
Saudia Royal Fleet	Fellow subsidiary	11,755,779	7,482,055	55,238,499	49,122,210
Saudia Aerospace Engineering Industries	Fellow subsidiary	508,036	489,482	9,130,843	8,622,808
Prince Sultan Aviation Academy	Fellow subsidiary	--	--	49,901	49,901
Flyadeal	Fellow subsidiary	1,554,233	1,255,112	2,122,186	1,464,864
Al Salam Aircraft Company	Fellow subsidiary	209,291	163,923	1,013,856	804,565
Saudi Ground Services Company	Fellow subsidiary	7,157,422	6,310,024	20,676,413	18,417,884
Saudi Airlines Cargo Company	Fellow subsidiary	1,798,987	1,864,745	2,143,122	8,737,860
Saudi French Company for Duty Free Operations and Management	Associate	1,393,859	455,719	4,929,434	4,811,787
Saudi Airlines Real Estate Development Company	Fellow subsidiary	28,267	24,046	28,267	1,079,389
Alhokair Company Joint Stock Company	Shareholders	--	11,217	--	--
Total				<u>687,412,891</u>	<u>582,816,290</u>

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14. RELATED PARTIES DISCLOSURES (continued)

c. Related parties' transactions and balances (continued)

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

	<u>Relationship</u>	<u>Transactions values for the nine months ended</u>		<u>Balances</u>	
		<u>March 31, 2022</u>	<u>March 31, 2021</u>	<u>March 31, 2022 (Unaudited)</u>	<u>December 31, 2021 (Audited)</u>
Saudi Airlines Real Estate Development Company	Fellow subsidiary	--	165,246	19,701,926	23,788,449
Saudi Arabian Airlines	Shareholder	1,174,401	32,915	1,624,696	450,293
Saudia Aerospace Engineering Industries	Fellow subsidiary	--	--	1,091,285	1,091,285
Saudi Airlines Cargo Company	Fellow subsidiary	185,481	127,790	228,425	758,959
Saudi Ground Services Company	Fellow subsidiary	812,916	285,647	1,294,222	481,306
Alhokair Company Joint Stock Company	Fellow subsidiary	610	--	31,018	217,616
Newrest Company Holding S.L.	Fellow subsidiary	--	182,504	--	--
Total				<u>23,971,572</u>	<u>26,787,908</u>

15. REVENUE

	<u>2022</u>	<u>2021</u>
In-flight catering	252,273,683	162,301,555
Retail	14,434,107	7,974,107
Business lounge	41,559,836	18,703,017
Non-airlines	83,748,486	64,258,006
Other operating revenues		
Camp facilities sales (staff feeding & accommodation)	1,589,584	2,071,423
Exclusivity purchase income & services to suppliers	1,000,000	952,381
	<u>394,605,696</u>	<u>256,260,489</u>

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16. COST OF SALES

	<u>2022</u>	<u>2021</u>
Cost of materials and goods	122,423,000	68,750,000
Personnel costs	77,725,763	60,505,524
Rent and maintenance of production units	9,038,176	7,558,335
Depreciation	38,437,962	36,814,727
Other operating costs		
Manpower and transportation cost	13,086,743	5,768,199
Supplies and expendable items	11,645,761	6,573,843
Communication and utilities	6,273,090	4,590,559
Other operational costs	12,919,988	13,995,156
	<u>291,550,483</u>	<u>204,556,343</u>

17. EARNINGS / (LOSS) PER SHARE

a. Basic earning / loss per share

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

i. Profit/ (loss) attributable to ordinary shareholders (basic)

	<u>2022</u>	<u>2021</u>
Profit / (loss) for the period, attributable to the owners of the Group	<u>35,312,458</u>	<u>(30,018,548)</u>

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

	<u>2022</u>	<u>2021</u>
Weighted-average number of ordinary shares during the period	<u>82,000,000</u>	<u>82,000,000</u>

b. Diluted earnings / (loss) per share

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

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18. CAPITAL MANAGEMENT

The Group's objective when managing capital is to safeguard the Group'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.

The Group 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 Group may, for example, opt for short term or long term loans.

The Group monitors return on capital employed and makes adjustment to it in the light of changes in economic conditions.

The Group monitors capital using a debt equity percentage.

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Total liabilities	1,063,747,016	1,058,112,338
Less: cash and cash equivalents	(138,800,641)	(176,462,367)
Net debt	924,946,375	881,649,971
Total equity	907,831,202	872,518,744
Net debt to total equity percentage	102%	101%

19. FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT

Measurement of fair values

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

Financial risk management

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

The Group'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 Group's financial performance.

The Board of Directors has put in place appropriate structures to ensure risk governance and monitoring across the Group. The Group'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 Group'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.

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

Cash flow and interest rate risk

As the Group has no significant interest-bearing assets, the Group's income and associated operating cash inflows are substantially independent of changes in market interest rates. The Group has no interest-bearing liabilities.

Credit risk

Credit risk reflects the risk that a counterparty will default on its contractual obligations, resulting in financial loss to the Group. 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 Group's gross maximum exposure to credit risk at the reporting date is as follows:

	March 31, <u>2022</u> (Unaudited)	December 31, <u>2021</u> (Audited)
Financial assets		
Due from related parties	687,412,891	582,816,290
Trade receivables	231,217,171	208,577,769
Balances with banks	138,102,227	175,886,157
Unbilled receivables	37,715,521	30,803,773
Margin deposits with banks	16,304,999	19,398,222
Subleased assets	24,204,906	24,074,505
Financial asset at amortized cost	4,230,000	4,230,000
	<u>1,139,187,715</u>	<u>1,045,786,716</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 balances are held with banks within Saudi Arabia and Cairo.
- The Group currently does not obtain security / collaterals from its customers.

As at March 31, 2022, 5 largest customers (December 31, 2021: 5 largest customers) account for approximately 74% (31 December 2021: 71%) of gross outstanding trade receivables.

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

Fair value of assets and liabilities

The Group does not have any assets measured at FVTPL or FVOCI at March 31, 2022 and December 31, 2021. The following table shows the carrying amount of the financial assets and financial liabilities at March 31, 2022 and December 31, 2021:

Financial assets classified as amortised cost

<u>Carrying value:</u>	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Trade and other receivables	792,177,563	664,797,327
Balances with banks	138,102,227	175,886,157
Other receivables	54,020,520	50,201,995
Sub-leased assets	24,204,906	24,074,505
Financial asset at amortized cost	<u>4,230,000</u>	<u>4,230,000</u>
	<u>1,012,735,216</u>	<u>919,189,984</u>

Financial liabilities as at amortised cost

<u>Carrying amount:</u>	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Trade and other payables	418,875,101	414,967,071
Lease liabilities	<u>474,557,726</u>	<u>474,499,382</u>
	<u>893,432,827</u>	<u>889,466,453</u>

All financial 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 Group has foreign suppliers and also operates in Cairo and therefore exposed to foreign exchange risk. The Group's management monitors such fluctuations and manages its effect on the financial statements accordingly.

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

Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash and the availability of funding from an adequate amount of committed credit facilities. The Group maintain flexibility in funding by maintaining sufficient availability of cash and cash equivalent instruments. The Group has a credit facility in place and monitors risk to a shortage of funds by reviewing short-term cash forecasts on a continuous basis and by undertaking mid-term cash forecasts.

Exposure to liquidity risk

The following are 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 and income tax and VAT liabilities.

<u>March 31, 2022</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	418,875,101	418,875,101	418,875,101	--
Lease liabilities	<u>474,557,726</u>	<u>593,632,127</u>	<u>172,739,499</u>	<u>420,892,628</u>
<u>December 31, 2021</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	414,741,714	414,741,714	414,741,714	--
Lease liabilities	<u>474,499,382</u>	<u>613,666,983</u>	<u>153,443,781</u>	<u>460,223,202</u>

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.

20. COMMITMENTS AND CONTINGENCIES

As at March 31, 2022 and December 31, 2021 the Group had the following commitments, letter of guarantees and contingencies:

	March 31, <u>2022</u> (Unaudited)	December 31, <u>2021</u> (Audited)
Capital commitments	<u>68,890,961</u>	<u>67,869,798</u>
Letter of guarantees	<u>69,375,328</u>	<u>60,823,906</u>

Letters of guarantee are issued by a bank on behalf of the Group to a supplier and promises to meet any financial obligations to the supplier in the event of default and this requires the Group to place cash with the bank. As at March 31, 2022, the Group fully paid the amount against letters of guarantee, hence no further financial charges are payable.

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20. COMMITMENTS AND CONTINGENCIES (continued)

The Group had a revised credit facility with SABB effective from January 2022 for the bank guarantee issued on behalf of the Group to a supplier with the year-to-date issued amount of SR 48.8 million.

21. SUBSEQUENT EVENTS

There have been no significant subsequent events since the period-end, that would require disclosures or adjustments in these condensed interim financial statements, except as disclosed in notes 3 (a) "Impact of COVID-19". Note 3 (a) describes the emerging developments and related impact on the Company due to COVID19.

22. PRONOUNCEMENTS ISSUED

The following is a brief on the other new IFRS and amendments to IFRS, effective for annual periods beginning on or after 1 January 2022. The Company has opted not to early adopt these pronouncements and they do not have a significant impact on the financial statements of the Company.

Effective for annual periods beginning on or after	Standard, amendment or interpretation	Summary of requirements
1-Jan-22	A number of narrow-scope amendments to IFRS 3, IAS 16, IAS 37 and some annual improvements on IFRS 1, IFRS 9, IAS 41 and IFRS 16	<p>Amendments to IFRS 3, 'Business combinations' update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.</p> <p>Amendments to IAS 16, 'Property, plant and equipment' prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in statement of income.</p> <p>Amendments to IAS 37, 'Provisions, contingent liabilities and contingent assets' specify which costs a company includes when assessing whether a contract will be loss-making.</p> <p>Annual improvements make minor amendments to IFRS 1, 'First-time Adoption of IFRS', IFRS 9, 'Financial instruments', IAS 41, 'Agriculture' and the Illustrative Examples accompanying IFRS 16, 'Leases'.</p>

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22. PRONOUNCEMENTS ISSUED (continued)

Effective for annual periods beginning on or after	Standard, amendment or interpretation	Summary of requirements
1-Jan-24	Amendments to IAS 1, 'Presentation of financial statements', on classification of liabilities	These narrow-scope amendments to IAS 1, 'Presentation of financial statements', clarify that liabilities are classified as either current or noncurrent, depending on the rights that exist at the end of the reporting period.
1-Jan-23	Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8	The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.
1-Jan-23	Amendment to IAS 12- deferred tax related to assets and liabilities arising from a single transaction	These amendments require companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences.
1-Jan-23	IFRS 17, 'Insurance contracts', as amended in June 2020	This standard replaces IFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.

23. DATE OF AUTHORISATION FOR ISSUE

These condensed consolidated interim financial statements were approved by the Board of Directors on 10 Shawal 1443H, corresponding to 11 May 2022.


Chief Financial Officer


Chief Executive Officer


Authorized Board of Directors
Member