SAUDI INDUSTRIAL SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE THREE-MONTH PERIOD ENDED
31 MARCH 2019

SAUDI INDUSTRIAL SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
For the three-month period ended 31 March 2019

INDEX	**PAGE**
Independent auditors' review report	1
Interim condensed consolidated statement of profit or loss	2
Interim condensed consolidated statement of other comprehensive income	3
Interim condensed consolidated statement of financial position	4
Interim condensed consolidated statement of changes in equity	5 – 6
Interim condensed consolidated statement of cash flows	7
Notes to the interim condensed consolidated financial statements	8 - 27

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INDEPENDENT AUDITORS' REVIEW REPORT

To the shareholders
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 2019, and the related interim condensed consolidated statements of profit or loss and other comprehensive income for the three-month period then ended, and the interim condensed consolidated 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.

Other matter

The interim condensed consolidated financial statements of the Group for the three-month period ended 31 March 2018 were reviewed by another auditor who expressed an unmodified review conclusion on those financial statements on 2 May 2018.

for Ernst & Young

Ahmed I. Reda
Certified Public Accountant
License No. 356

30 April 2019
25 Sha'ban 1440H
Jeddah

19/70/MNA

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 2019

	Note	*31 March 2019 Unaudited SR*	*31 March 2018 Unaudited SR*
Revenues	5	**166,514,804**	117,974,697
Direct costs		**(93,843,608)**	(80,835,151)
GROSS PROFIT		**72,671,196**	37,139,546
OPERATING EXPENSES			
Selling and distribution expenses		**(4,243,221)**	(4,164,308)
General and administrative expenses		**(35,118,792)**	(29,128,296)
TOTAL OPERATING EXPENSES		**(39,362,013)**	(33,292,604)
OPERATING INCOME		**33,309,183**	3,846,942
Finance cost		**(10,144,507)**	(9,792,964)
Other income		**1,032,768**	241,054
Share of results of associates, net		**4,979,558**	5,591,698
PROFIT/ (LOSS) BEFORE ZAKAT AND INCOME TAX		**29,177,002**	(113,270)
Zakat and income tax	16	**(2,954,387)**	(1,293,455)
NET PROFIT/ (LOSS) FOR THE PERIOD		**26,222,615**	(1,406,725)
Attributable to:			
Shareholders of the parent		**16,899,845**	570,141
Non-controlling interests		**9,322,770**	(1,976,866)
NET PROFIT/ (LOSS) FOR THE PERIOD		**26,222,615**	(1,406,725)
Earnings per share			
Basic and diluted earnings per share from net profit for the period attributable to the shareholders of the Parent	6	**0.21**	0.01



The attached notes 1 to 22 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 2019

	Note	*31 March 2019 Unaudited SR*	*31 March 2018 Unaudited SR*
Net profit/ (loss) for the period		**26,222,615**	(1,406,725)
OTHER COMPREHENSIVE INCOME			
Items that can be reclassified to consolidated statement of profit or loss in subsequent periods			
Cash flow hedges – effective portion of changes in fair value		**(5,165,085)**	-
Items that cannot be reclassified to consolidated statement of profit or loss in subsequent periods			
FVOCI investments– net change in fair value		-	237,445
OTHER COMPREHENSIVE (LOSS)/ INCOME FOR THE PERIOD		**(5,165,085)**	237,445
TOTAL COMPREHENSIVE INCOME/ (LOSS) FOR THE PERIOD		**21,057,530**	(1,169,280)
Attributable to:			
Shareholders of the Parent Company		**13,769,801**	714,033
Non-controlling interests		**7,287,729**	(1,883,313)
		21,057,530	(1,169,280)
EARNINGS PER SHARE			
Basic and diluted earnings per share from total comprehensive income for the period attributable to the shareholders of the Parent	6	**0.17**	0.01

SAUDI INDUSTRIAL SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
For the three-month period ended 31 March 2019

	Notes	*31 March 2019 Unaudited* SR	*31 December 2018 Audited* SR
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	7	**885,088,520**	896,943,951
Intangible assets	8	**1,145,221,027**	1,162,102,614
Investment properties		**140,602,007**	143,015,640
Investment in associates	10	**123,889,531**	121,114,973
Financial assets at FVOCI	11	**17,899,897**	17,899,897
Right-to-use assets	4.1	**61,660,426**	-
Deferred taxation		**3,154,474**	-
Goodwill	9	**8,776,760**	8,776,760
Trade receivables, long term		**3,858,770**	8,041,252
TOTAL NON-CURRENT ASSETS		**2,390,151,412**	2,357,895,087
CURRENT ASSETS			
Inventories, net		**20,031,481**	21,302,655
Trade receivables, prepayments and other receivables		**108,621,721**	107,968,770
Cash and cash equivalents	12	**252,836,768**	180,584,183
Due from related parties	17	**13,120,494**	9,984,232
TOTAL CURRENT ASSETS		**394,610,464**	319,839,840
TOTAL ASSETS		**2,784,761,876**	2,677,734,927
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Share capital	13	**816,000,000**	816,000,000
Share premium		**36,409,063**	36,409,063
Statutory reserve		**71,290,485**	71,290,485
Other components of equity		**2,777,287**	5,907,331
Retained earnings		**175,527,296**	158,627,451
Equity attributable to the shareholders of the Parent		**1,102,004,131**	1,088,234,330
Non-controlling interests		**490,115,898**	483,198,445
TOTAL SHAREHOLDERS' EQUITY		**1,592,120,029**	1,571,432,775
NON-CURRENT LIABILITIES			
Long term loans and bank facilities	14	**699,852,569**	699,026,622
Employees' end-of-service benefits		**28,289,151**	27,215,717
Long term provisions	15	**64,180,878**	61,503,570
Lease liabilities	4.1	**59,034,731**	-
Derivative financial instrument		**9,703,059**	4,537,974
TOTAL-NON-CURRENT LIABILITIES		**861,060,388**	792,283,883
CURRENT LIABILITIES			
Current portion of long term loans and bank facilities	14	**153,414,129**	153,414,129
Trade payables, accrued and other current liabilities		**176,632,077**	159,776,021
Due to related parties	17	**1,535,253**	828,119
TOTAL CURRENT LIABILITIES		**331,581,459**	314,018,269
TOTAL LIABILITIES		**1,192,641,847**	1,106,302,152
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**2,784,761,876**	2,677,734,927

The attached notes 1 to 22 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 2019

	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 2019	816,000,000	36,409,063	71,290,485	1,133,474	(805,878)	(2,750,012)	8,329,747	158,627,451	1,088,234,330	483,198,445	1,571,432,775
Profit for the period	-	-	-	-	-	-	-	16,899,845	16,899,845	9,322,770	26,222,615
Other comprehensive loss	-	-	-	-	-	(3,130,044)	-	-	(3,130,044)	(2,035,041)	(5,165,085)
Total comprehensive income	-	-	-	-	-	(3,130,044)	-	16,899,845	13,769,801	7,287,729	21,057,530
Dividends paid	-	-	-	-	-	-	-	-	-	(1,680,000)	(1,680,000)
Net movement in non-controlling interest	-	-	-	-	-	-	-	-	-	1,309,724	1,309,724
Balance at 31 March 2019	**816,000,000**	**36,409,063**	**71,290,485**	**1,133,474**	**(805,878)**	**(5,880,056)**	**8,329,747**	**175,527,296**	**1,102,004,131**	**490,115,898**	**1,592,120,029**

The attached notes 1 to 22 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 2019

	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 2018	816,000,000	36,409,063	66,615,976	1,133,474	(3,467,662)	-	9,563,788	141,036,870	1,067,291,509	476,769,749	1,544,061,258
Profit/ (loss) for the period	-	-	-	-	-	-	-	570,141	570,141	(1,976,866)	(1,406,725)
Other comprehensive income	-	-	-	-	-	-	143,892	-	143,892	93,553	237,445
Total comprehensive income/ (loss)	-	-	-	-	-	-	143,892	570,141	714,033	(1,883,313)	(1,169,280)
Transfer to statutory reserve	-	-	57,014	-	-	-	-	(57,014)	-	-	-
Net movement in non-controlling interest	-	-	-	-	-	-	-	-	-	28,805	28,805
Balance at 31 March 2018	**816,000,000**	**36,409,063**	**66,672,990**	**1,133,474**	**(3,467,662)**	**-**	**9,707,680**	**141,549,997**	**1,068,005,542**	**474,915,241**	**1,542,920,783**

The attached notes 1 to 22 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 2019

	Notes	*31 March 2019 Unaudited SR*	*31 March 2018 Unaudited SR*
OPERATING ACTIVITIES			
Profit/ (Loss) for the period before zakat and income tax		**29,177,002**	(113,270)
Adjustments for:			
Depreciation and amortization		**38,935,364**	37,823,023
Provision for employees' end-of-service benefits		**1,617,806**	1,075,718
Amortisation of advance rentals		**1,268,790**	1,304,512
Share of results from equity accounted associates, net	10	**(4,979,558)**	(5,591,698)
Provision for doubtful debts		**109,886**	20,329
Allowance for slow moving and obsolete inventories		**775,580**	362,637
Provision for asset replacement cost		**2,659,532**	2,680,373
Financial charges		**10,144,507**	9,792,964
		79,708,909	47,354,588
Changes in operating assets and liabilities			
Trade receivables, prepayments and other receivables		**3,419,645**	(5,542,083)
Inventories		**495,594**	1,651,664
Movement in lease liabilities		**(2,625,695)**	-
Trade payables, accrued and other current liabilities		**4,232,597**	(8,041,564)
Cash from operating activities		**85,231,050**	35,422,605
Employees' end-of-service benefits paid		**(444,372)**	(400,083)
Finance costs paid		**-**	(1,567,456)
Zakat and income tax paid		**(7,410,051)**	(787,420)
Net cash from operating activities		**77,376,627**	32,667,646
INVESTING ACTIVITIES			
Dividends received from equity accounted associates	10	**2,205,000**	2,799,944
Purchase of property, plant and equipment		**(7,784,713)**	(9,444,366)
Net cash used in investing activities		**(5,579,713)**	(6,644,422)
FINANCING ACTIVITIES			
Long term loans and bank facilities received/ (paid), net		**825,947**	(199,686)
Dividends paid to non-controlling interests by subsidiaries		**(1,680,000)**	-
Net movement in non-controlling interests		**1,309,724**	28,805
Net cash from (used in) financing activities		**455,671**	(170,881)
Net increase in cash and cash equivalents		**72,252,585**	25,852,343
Cash and cash equivalents at the beginning of the period	12	**180,584,183**	150,707,941
Cash and cash equivalents at the end of the period	12	**252,836,768**	176,560,284

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

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":

Company	Country of incorporation	Effective shareholding		Principal activities
		2019	2018	
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.

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 financial statements for the year ended 31 December 2018.

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 Group has adopted IFRS 16 "Leases" from 1 January 2019 and accounting policies for the new standard are disclosed in the note 4.1. In preparing these interim condensed consolidated financial statements, the significant judgments made by management are the same as those that applied to the financial statements for the year ended 31 December 2018, except for as disclosed in notes 4.1 below.

2.2 Basis of measurement

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

2.3 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.

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. BASIS OF CONSOLIDATION (continued)

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 and jointly controlled entities

The Group's interest in equity-accounted investee comprises interest in a joint venture and 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.

A joint venture is an arrangement in which the Company has joint control whereby the Company has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

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.

4. NEW STANDARDS, AMENDMENTS AND STANDARDS

4.1 Impact of changes in accounting policies due to adoption of new standards

The accounting policies used in the preparation of these interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2018 except for the adoption of new standards and amendments to existing standards mentioned below.

IFRS 16 Leases
IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for most leases under a single on-balance sheet model.

Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 did not have an impact for leases where the Group is the lessor.

The Group adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application. The Group also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ('short-term leases'), and lease contracts for which the underlying asset is of low value ('low-value assets').

4. NEW STANDARDS, AMENDMENTS AND STANDARDS (continued)

4.1 Impact of changes in accounting policies due to adoption of new standards (continued)

IFRS 16 Leases (continued)

The effect of adoption IFRS 16 as at 1 January 2019 is as follows:

	1 January 2019 Unaudited SR
Assets	
Right-of-use assets	63,747,279
Liabilities	
Lease liabilities	59,565,962

The adoption of IFRS 16 did not have any significant impact on equity as at 1 January 2019.

The Group has lease contracts for various properties and before adoption of IFRS 16, the Company classified each of its leases (as lessee) at the inception date as an operating lease. In an operating lease, the leased branch was not capitalised and the lease payments were recognised as rent expense in statement of profit or loss on a straight-line basis over the lease term. Any prepaid rent and accrued rent were recognised under "Trade receivables, prepayments and other receivables " and "Trade payables, accrued and other current liabilities", respectively.

Upon adoption of IFRS 16, the Group applied a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The standard provides specific transition requirements and practical expedients, which has been applied by the Group.

Leases previously accounted for as operating leases
The Group recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The Group also applied the available practical expedients wherein it:
- Relied on its assessment of whether leases are onerous immediately before the date of initial application;
- Applied the short-term leases exemptions to leases with lease term that ends within 12 months at the date of initial application;
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
- Used hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

Based on the foregoing, as at 1 January 2019:
- Right-of-use assets of SR 63.7 million were recognised in the interim condensed statement of financial position;
- Lease liabilities of SR 59.6 million were recognized;

4. NEW STANDARDS, AMENDMENTS AND STANDARDS (continued)

4.1 Impact of changes in accounting policies due to adoption of new standards (continued)

IFRS 16 Leases (continued)

The lease liabilities as at 1 January 2019 can be reconciled to the operating lease commitments as of 31 December 2018 as follows:

	Unaudited *SR*
Operating leases as of 31 December 2018	92,416,987
Weighted average incremental borrowing rate as at 1 January 2019	5.3%
Discounted operating lease commitments at 1 January 2019	59,893,518
Less:	
Commitments relating to short-term leases	(327,556)
Lease liabilities as at 1 January 2019	59,565,962

The Group recognized an amount of SR 2,087 thousand and SR 619 thousand as depreciation on right-of-use assets and interest expense respectively during the three-month period ended 31 March 2019.

Amendments to IFRS 9: Prepayment Features with Negative Compensation
Under IFRS 9, a debt instrument can be measured at AC or at fair value through other comprehensive income, provided that the contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding' (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to IFRS 9 clarify that a financial asset passes the SPPI criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract. The amendments should be applied retrospectively and are effective from 1 January 2019, with earlier application permitted. These amendments have no impact on the interim condensed consolidated financial statements of the Group.

Amendments to IAS 19: Plan Amendment, Curtailment or Settlement
The amendments to IAS 19 address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period. The amendments specify that when a plan amendment, curtailment or settlement occurs during the annual reporting period, an entity is required to:

- Determine current service cost for the remainder of the period after the plan amendment, curtailment or settlement, using the actuarial assumptions used to remeasure the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event.
- Determine net interest for the remainder of the period after the plan amendment, curtailment or settlement using: the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event; and the discount rate used to remeasure that net defined benefit liability (asset).

The amendments also clarify that an entity first determines any past service cost, or a gain or loss on settlement, without considering the effect of the asset ceiling. This amount is recognised in profit or loss. An entity then determines the effect of the asset ceiling after the plan amendment, curtailment or settlement. Any change in that effect, excluding amounts included in the net interest, is recognised in other comprehensive income.

The amendments apply to plan amendments, curtailments, or settlements occurring on or after the beginning of the first annual reporting period that begins on or after 1 January 2019, with early application permitted. These amendments will apply only to any future plan amendments, curtailments, or settlements of the Group. These amendments have no impact on the interim condensed consolidated financial statements of the Group.

5. REVENUES

	Three-month period ended 31 March 2019 Unaudited SR	*Three-month period ended 31 March 2018 Unaudited SR*
Shipping and unloading services	**124,600,352**	76,211,363
Sale of potable water	**21,613,318**	24,221,200
Rentals and support services	**20,301,134**	17,542,134
	166,514,804	117,974,697

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.

	Three-month period ended 31 March 2019 Unaudited SR	*Three-month period ended 31 March 2018 Unaudited SR*
Profit for the period attributable to ordinary equity holders of the Parent	**16,899,845**	570,141
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	**0.21**	0.01
Total comprehensive income attributable to ordinary equity holders of the Parent	**13,769,801**	714,033
Weighted average number of ordinary shares in issue	**81,600,000**	81,600,000
Basic and diluted earnings per share from total comprehensive income for the period attributable to the shareholders of the Parent	**0.17**	0.01

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:

	31 March 2019 Unaudited SR	*31 December 2018 Audited SR*
Property, plant and equipment	**312,254,774**	312,038,100
Property and equipment of bonded and re-export project	**30,432,492**	30,916,200
Property and equipment – port terminal operations	**542,401,254**	553,989,651
	885,088,520	896,943,951

During the three-month period ended 31 March 2019, additions amounting to SR 7.5 million (31 December 2018: SR 46.6 million) were made to the property, plant and equipment.

8. INTANGIBLE ASSETS

Intangible assets comprise of the following:

	31 March 2019 Unaudited SR	*31 December 2018 Audited SR*
Port concession rights (note 8.1)	**1,116,742,471**	1,133,082,390
Right to use land (note 8.2)	**25,864,561**	26,162,608
Other intangible assets	**2,613,995**	2,857,616
	1,145,221,027	1,162,102,614

8.1 Port concession rights

Saudi Trade and Export Development Company (Tusdeer), a subsidiary of the Group, had an agreement with Saudi Ports Authority ("SPA" or "MAWANI") for the construction of a container terminal at the Re-export Zone of Jeddah Islamic Port. This Build-Operate-Transfer (BOT) Service Concession Agreement ("the Agreement") with MAWANI has been novated by Tusdeer to another subsidiary of the Group i.e. RSGT, effective from 22 Shawal 1428 H (corresponding to 3 November 2007), and the duration of this agreement is 32 years. As per BOT agreement, at the end of the concession period, the property and equipment underlying the port concession rights shall be transferred to MAWANI. The subsidiary commenced its initial commercial operations effective from 22 December 2009 (corresponding to 5 Muharram 1431 H). Port concession rights are being amortised over the useful lives of the underlying assets (representing the property and equipment) or the remaining term of concession, whichever is shorter. All amortization charge for the year has been allocated to direct cost
The movement in port concession rights is as follows:

	31 March 2019 Unaudited SR	*31 December 2018 Audited SR*
Cost		
Balance at 1 January	**1,710,555,638**	1,711,145,484
Disposal	**-**	(589,846)
	1,710,555,638	1,710,555,638
Amortisation		
Balance at 1 January	**577,473,248**	512,516,475
Charge for the period / year	**16,339,919**	65,494,040
Disposal	**-**	(537,267)
	593,813,167	577,473,248
Net book value	**1,116,742,471**	1,133,082,390

8. INTANGIBLE ASSETS (continued)

8.2 Right to use land

Saudi Trade and Export Development Company (LogiPoint) had an agreement with Saudi Arabian Seaport Authority ("SEAPA") for the construction of a container terminal at the re-export zone of Jeddah Islamic Port. This Build-Operate-Transfer ("BOT") Service Concession Agreement with SEAPA has been novated by LogiPoint to RSGT, effective from Shawal 22, 1428H (corresponding to 3 November 2007), and the duration of this agreement is 32 years.

As per the BOT agreement, at the end of the concession period, the property and equipment underlying the quay project's intangible assets shall be transferred to SEAPA.

9. GOODWILL

The Group recorded the Goodwill on acquisition of Kindasa Water Services Company (Kindasa), a subsidiary of the Group.

The management reviews goodwill for impairment annually and when there is an indicator of impairment. For the purposes of impairment testing, goodwill has been allocated to the subsidiary (i.e. cash generating unit). The recoverable amount of the cash generating unit has been determined based on a value in use calculation, using cash flow projections based on financial budgets approved by the senior management and Board of Directors of Kindasa. The Management assessed the carrying amount of Goodwill as at 31 December 2018 for impairment and no indicators for impairment were identified.

10. INVESTMENTS IN ASSOCIATES

	31 March 2019 Unaudited SR	*31 December 2018 Audited SR*
As at 1 January	**121,114,973**	110,971,249
Share in results of associates, net	**4,979,558**	23,745,408
Share of actuarial losses of associates recognized in OCI	**-**	793,261
Dividend received during the year	**(2,205,000)**	(14,394,945)
Closing value	**123,889,531**	121,114,973

10. INVESTMENTS IN ASSOCIATES (continued)

10.1 Investment in associates

Associates	*Principal activities*	*Country of incorporation*	*Effective shareholding percentage*		*Carrying amount*	
			31 March 2019 Unaudited	*31 December 2018 Audited*	***31 March 2019 Unaudited SR***	*31 December 2018 Audited SR*
International Water Distribution Company Limited (note a)	Water/waste works, water treatment and lease of water equipment	Kingdom of Saudi Arabia	**50%**	50%	**73,927,425**	71,909,835
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%	**9,716,533**	11,337,843
Saudi Al Jabr Talke Company Limited	Contracting, construction, operation and maintenance of factories and warehouses	Kingdom of Saudi Arabia	**33.3%**	33.3%	**39,274,292**	37,007,775
Xenmet SA, Vaduz (note c)	Trading, storage and brokerage of commodities	Principality of Liechtenstein	**19%**	19%	**971,281**	859,520
					123,889,531	121,114,973

a. The Parent Company does not have any direct control over management and operations of "International Water Distribution Company" accordingly, it is classified as associates 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.

10. INVESTMENTS IN ASSOCIATES (continued)

Summarized financial information of equity accounted investees are as follows:

Associates	***International Water Distribution Company Limited***	***Saudi Water and Environmental Services Company***	***Al Jabr Talke Company Limited***	***Xenmet SA, Vaduz***
	SR	***SR***	***SR***	***SR***
31 March 2019 – *Unaudited*				
Assets	**274,719,379**	**20,835,603**	**216,835,402**	**4,095,173**
Liabilities	**126,726,903**	**1 007 545**	**59,181,759**	**386,914**
Revenues	**60,503,195**	**4,725,207**	**65,237,247**	**493,301**
Net income	**4,035,181**	**1,191,205**	**5,728,213**	**447,047**
31 December 2018 – *Audited*				
Assets	266,055,658	24,547,429	153,774,721	4,193,708
Liabilities	122,098,362	1,410,543	58,647,572	615,019
Revenues	257,091,101	24,466,404	249,763,193	1,008,041
Net income / (loss)	15,539,279	5,617,303	35,446,989	548,243

11. FINANCIAL ASSETS AT FVOCI

Financial assets at FVOCI comprise of equity investment in shares of Growth Gate Capital Corporation B.S.C.

12. CASH AND CASH EQUIVALENTS

	31 March 2019 Unaudited SR	*31 December 2018 Audited SR*
Cash in hand	**236,245**	268,740
Cash at banks (note 12.1)	**152,000,042**	99,664,648
Murabaha term deposits (note 12.2)	**100,600,481**	80,650,795
	252,836,768	180,584,183

12.1 Cash at banks include restricted balances amounting to:

- SR 7.19 million (31 December 2018: SR 6.80 million) held in debt service reserve account "as restrictive for use" with a local commercial bank, in accordance with the terms of Ijarah financing arrangement. However, the Group had obtained waiver for this particular condition.
- SR 0.54 million (31 December 2018: SR 0.54 million) held with a local commercial bank in respect of accumulated unclaimed dividends.

12. CASH AND CASH EQUIVALENTS (continued)

12.2 Murabaha term deposits are placed with a local commercial bank having maturity of less than three-months and yields finance income at prevailing market rates.

13. SHARE CAPITAL

As at 31 March 2019, the authorised and paid up capital of the Group is divided into 81.6 million shares (31 December 2018: 81.6 million shares) of SR 10 each.

14. LONG TERM LOANS AND BANK FACILITIES

	31 March 2019 Unaudited SR	*31 December 2018 Audited SR*
Long-term loan	**853,266,698**	852,440,751
Less: current portion	**(153,414,129)**	(153,414,129)
Long-term portion	**699,852,569**	699,026,622

a) During 2007, a subsidiary entered into an Ijara arrangement with two banks to obtain a loan of SR 1,271 million. The Ijara facility is secured by property and equipment – port terminal operations and intangible assets – port concession rights of RSGT. The remaining amount of loan is repayable in ten semi-annual installments, with maturity of up to December 2023. The loan bears commission rate of SIBOR plus an agreed margin. The facility includes unamortised portion of the advance rentals and other fees paid to the banks, this will be amortised over the remaining period of the Ijara facility.

Further, during the year 2018, the Group entered into a Profit Rate Swap (PRS) arrangement with a local bank to hedge its exposure to the variability in the cash flows arising from the loan. The arrangement has been classified as a hedge instrument under cash flow hedges.

During 2016, a subsidiary entered into an Ijara arrangement with two banks to obtain a loan of SR 260 million for expansion of its existing berths. The Ijara facility is secured by the property and equipment – port terminal operations of a subsidiary. The loan carries commission at commercial rates (SIBOR plus an agreed margin) and is repayable in ten semi-annual installments ending in December 2023.

	31 March 2019 Unaudited SR	*31 December 2018 Audited SR*
Long-term loans	**846,181,216**	844,912,426
Less: current portion	**(151,642,758)**	(151,642,758)
Non-current portion	**694,538,458**	693,269,668

b) During 2016, a subsidiary entered into an agreement for a long-term facility with a commercial bank for SR 24 million to finance the construction of a new water desalination facility at Rabigh. 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. As at 31 March 2019, the subsidiary has drawn down SR 7.08 million out of total facility of SR 24 million (31 December 2018: 7.52 million). The loan is secured by secondary mortgage over the subsidiary's property and equipment. The loan agreement includes certain covenants such as capital expenditure, routing of proceeds, dividend payments and maintenance of certain financial ratios.

14. LONG TERM LOANS AND BANK FACILITIES (continued)

	31 March 2019 Unaudited SR	*31 December 2018 Audited SR*
Long-term loan	**7,085,482**	7,528,325
Less: current portion	**(1,771,371)**	(1,771,371)
Long-term portion	**5,314,111**	5,756,954

15. LONG-TERM PROVISIONS

	31 March 2019 Unaudited SR	*31 December 2018 Audited SR*
Provision for asset replacement cost (note a)	**62,320,885**	59,661,353
Provision for dismantling cost (note b)	**1,680,663**	1,662,887
Others	**179,330**	179,330
	64,180,878	61,503,570

a) Provision for asset replacement cost

As per the Build Operate and Transfer (BOT) agreement with MAWANI, RSGT, a subsidiary of the Group has an obligation to replace certain machinery and equipment ("the Equipment") during the tenure of the agreement. The management of the subsidiary has estimated that an amount of SR 534 million (31 December 2018: SR 534 million) will be incurred to replace the Equipment.

As at 31 March 2019, RSGT has used 6.62% (31 December 2018: 6.62%) as discount rate for determining the present value of obligation. The management believes that the discount rate used is reflective of the term of obligation.

b) Provision for dismantling cost

It represents cost to remove the plant from land leased by Jeddah Islamic port for a period of 17 years.

16. ZAKAT AND INCOME TAX

Parent Company

The General Authority for Zakat and Tax (GAZT) raised assessments for the years 2002 through 2008 with an additional liability of SR 25.8 million. The Parent Company had filed an objection against the GAZT's assessment. The Higher Appeal Committee issued their decision during the year. Following the issuance of the decision, the GAZT raised a revised assessment amounting to SR 9.5 million. The assessment does not take into consideration SR 3.9 million paid "under protest" at the time of filing an appeal with Higher Appeal Committee (HAC). The Company has filed an appeal against the decision issued by the HAC with the Board of Grievances (BOG). In addition, the Parent Company has also requested the GAZT to reconsider their revised assessment. The BOG has recently issued their decision by rejecting to review the appeal filed by the Company. The company is in process of filing an appeal to second level of BOG.

The GAZT raised assessments for the years 2009 through 2013 with an additional Zakat and withholding tax liability of SR 10.95 million. The Company accepted and paid the imposition of Zakat amounting to SR 0.016 million. An appeal against the remaining amount was filed by the Company with the GAZT. The Preliminary Appeal Committee (PAC) issued their decision reducing the liability to SR 7.1 million. The Company has filed an appeal with the Higher Appeal Committee (HAC) and submitted a bank guarantee of SR 7.1 million, based on their understanding of the PAC decision.

16. ZAKAT AND INCOME TAX (continued)

Parent Company (continued)
The GAZT raised assessments for the years 2014 and 2015 with an additional liability of SR 0.69 million. The Company has filed an appeal against the GAZT's assessments.

The Company has filed its Zakat returns for the years upto 31 December 2017. Up to the date of these interim condensed consolidated financial statements, GAZT is yet to raise the assessment for the years 2016 and 2017.

Subsidiaries

Red Sea Gateway Terminal Company Limited and Red Sea Ports Development Company ("the Subsidiaries")
RSGT has finalized its Zakat and tax assessments with GAZT up to 2013 and have filed their Zakat and income tax returns up to 2017. Upto the date of these interim condensed consolidated financial statements, GAZT is yet to raise the assessment for the years from 2014 to 2017.

RSPD has filed its Zakat and income tax returns up to the year 2017. Up to the date of these interim condensed consolidated financial statements, GAZT is yet to raise assessments.

Saudi Trade and Export Development Company Limited ("the Subsidiary")
The Subsidiary has finalized its Zakat assessments with GAZT up to 2008 and has filed its Zakat returns up to 2017. Upto the date of these interim condensed consolidated financial statements, GAZT is yet to raise the assessment for the years from 31 December 2009 to 31 December 2017.

Support Services Operation Company Limited ("the Subsidiary")
The Subsidiary has filed its Zakat returns up to 2017. Upto the date of these interim condensed consolidated financial statements, no assessments have been received from GAZT.

Kindasa Water Service Company ("the Subsidiary")
The Subsidiary has finalized its Zakat assessments with GAZT up to 2008 and has filed its Zakat returns up to 2017. Upto the date of these interim condensed consolidated financial statements, GAZT is yet to raise the assessment for the years from 31 December 2009 to 31 December 2017.

17. 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:

Related party	***Relationship***	***Description***	***Amount of transaction***			
			Three month period ended		***Balance as at***	
			31 March 2019 Unaudited SR	*31 March 2018 Unaudited SR*	***31 March 2019 Unaudited SR***	*31 December 2018 Audited SR*
International Water Distribution Company	Associate	Sales of goods and services	**15,289,648**	14,823,895	**10,334,204**	6,984,904
		Services rendered to associate	**173,250**	168,000	**2,177,646**	2,105,597
		Expenses incurred by associate on behalf of the Group	**(10,085)**	-	**-**	-
		Expenses incurred by Group on behalf of the associate	**77,646**	29,395	**-**	-
Arabian Bulk Trade Limited	Affiliate	Lease of land and warehouses	**7,110**	224,231	**11,113**	4,003
Al Jabr Talke Company Limited	Associate	Services rendered to associate	**118,035**	69,285	**118,035**	250,985
		Dividend received from associate	**-**	2,799,944	**-**	-
Saudi Water and Saudi Cable Company	Associate	Sales of goods and services	**906,234**	1,078,591	**157,895**	331,625
Limited	Affiliate	Lease of land and warehouses	**14,483**	81,713	**257,375**	242,892

17. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

Related party	*Relationship*	*Description*	*Amount of transaction*		*Balance as at*	
			Three month period ended			
			31 March 2019 Unaudited SR	*31 March 2018 Unaudited SR*	***31 March 2019 Unaudited SR***	*31 December 2018 Audited SR*
Aecom Arabia Limited	Affiliate	Payments made by the Group on behalf of affiliate	**-**	-	**64,226**	64,226
Al Karam Fedics Services Company	Affiliate	Purchase of goods and services	**-**	(2,215,168)	**(1,518,111)**	(807,873)
Xenel Industries Limited	Shareholder	Payments made by the Group on behalf of the Shareholder	**15,300**	18,545	**-**	-
		Expenses incurred by the shareholder on behalf of the Group	**(20,869)**	(468,750)	**(17,142)**	(20,246)
Haji Abdullah Ali Reza & Co. Limited	Affiliate	Purchase of goods	**-**	(10,246)	**-**	-
		Purchase of air tickets	**-**	(87,931)	**-**	-
Due from related parties					**13,120,494**	9,984,232
Due to related parties					**(1,535,253)**	(828,119)

17. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

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

	Three month period ended 31 March 2019 Unaudited SR	*Three month period ended 31 March 2018 Unaudited SR*
Short term employee benefits	**2,713,016**	3,646,001
Post-employment benefits	**109,570**	115,041
	2,822,586	3,761,042

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:

	Three month period ended 31 March 2019 Unaudited SR	*Three month period ended 31 March 2018 Unaudited SR*
Meeting attendance fees	**120,000**	445,000
Other remuneration	**1,500,000**	4,260,000
	1,620,000	4,705,000

18. COMMITMENTS AND CONTINGENCIES

At 31 March 2019, the Group's bankers have issued letters of guarantee amounting to SR 42.09 million (31 December 2018: SR 42.10 million) against which cash margin of SR 1.45 million (31 December 2018: SR 1.05 million) was paid.

At 31 March 2019, the Group has commitments for capital work in progress amounting to SR 2.4 million (31 December 2018: SR 2.9 million) mainly relating to new logistic hub and park construction project and new desalination plant construction and development project.

19. 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.

20. BUSINESS SEGMENTS (continued)

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

	Reportable segments					
	Port development and Operations	***Logistic parks and support Services***	***Water desalination and distribution***	***Total***	***Unallocated***	***Total***
	SR 000'(Unaudited					
31 March 2019						
External revenues	124,654	28,350	21,839	174,843	-	174,843
Inter segment revenue	(53)	(8,049)	(226)	(8,328)	-	(8,328)
Segment revenue	124,601	20,301	21,613	166,515	-	166,515
Cost of revenue	(68,999)	(17,491)	(15,682)	(102,172)	-	(102,172)
Inter-segment cost of revenue	226	8,102	-	8,328	-	8,328
Segment cost	(68,773)	(9,389)	(15,682)	(93,844)	-	(93,844)
Segment gross profit	55,828	10,912	5,931	72,671	-	72,671
Profit attributable to shareholders of the Parent Company	12,775	3,254	657	16,686	214	16,900
31 March 2019						
Segment assets	1,907,793	388,417	228,732	2,524,942	259,820	2,784,762
Segment liabilities	1,052,146	80,360	32,615	1,165,121	27,521	1,192,642

19. BUSINESS SEGMENTS (continued)

	Reportable segments					
	Port development and Operations	*Logistic parks and support Services*	*Water desalination and distribution*	*Total*	*Unallocated*	*Total*
	SR 000'(Unaudited					
31 March 2018						
External revenues	76,212	25,498	24,394	126,104	-	126,104
Inter segment revenue	-	(7,956)	(173)	(8,129)	-	(8,129)
Segment Revenue	76,212	17,542	24,221	117,975	-	117,975
Cost of revenue	(57,558)	(15,409)	(15,997)	(88,964)	-	(88,964)
Inter-segment cost of revenue	173	7,956	-	8,129	-	8,129
Segment cost	(57,385)	(7,453)	(15,997)	(80,835)	-	(80,835)
Segment gross profit	18,827	10,089	8,224	37,140	-	37,140
Segment (loss)/ profit	(10,151)	5,640	3,414	(1,097)	(310)	(1,407)
Profit attributable to shareholders of the Parent Company	(6,332)	5,001	2,211	880	(310)	570
31 March 2018						
Segment assets	1,947,156	347,716	236,898	2,531,770	256,533	2,788,303
Segment liabilities	1,151,969	41,231	23,773	1,216,973	28,409	1,245,382

20. 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.

20. FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

The following table shows the carrying amount and fair values of the financial assets and financial liabilities, including their levels and fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying value is a reasonable approximation of fair value.

31 March 2019 – Unaudited	*Carrying value SR*	*Level 1 SR*	*Level 3 SR*	*Total SR*
FINANCIAL ASSETS				
Amortized cost				
Trade receivables	**113,104,998**	-	-	-
Due from related parties	**13,120,494**			
Cash and cash equivalents	**252,836,768**	-	-	-
Held as FVOCI				
Investment in equity securities	**17,899,897**	-	**17,899,897**	**17,899,897**
	396,962,157	-	**17,899,897**	**17,899,897**
FINANCIAL LIABILITIES				
Loans and bank facility	**852,266,698**	-	-	-
Trade payables and other liabilities	**45,261,322**	-	-	-
Due to related parties	**1,535,253**	-	-	-
Derivative financial instrument	**9,703,059**	-	**9,703,059**	**9,703,059**
	908,766,332	-	**9,703,059**	**9,703,059**

31 December 2018 – Audited	*Carrying value SR*	*Level 1 SR*	*Level 3 SR*	*Total SR*
FINANCIAL ASSETS				
Amortized cost				
Trade receivables	116,074,248	-	-	-
Due from related parties	9,984,232			
Cash and cash equivalents	180,584,183	-	-	-
Held as FVOCI				
Investment in equity securities	17,899,897	-	17,899,898	17,899,898
	324,542,560	-	17,899,898	17,899,898
FINANCIAL LIABILITIES				
Loans and bank facility	852,440,751	-	-	-
Trade payables and other liabilities	49,832,330	-	-	-
Due to related parties	828,119	-	-	-
Derivative financial instrument	4,537,974	-	4,537,974	4,537,974
	907,639,174	-	4,537,974	4,537,974

21. FINANCIAL INSTRUMENTS AND FAIR VALUE MEASUREMENT

Fair value of quoted investments is based on price quoted on the reporting date. Level 3 financial assets comprise investment in unquoted Company.

There were no transfers between level 1 and level 3 during the three-month period 31 March 2019 (31 December 2018: nil). There were no financial assets or financial liabilities classified under level 2.

There were no changes in valuation techniques during the period.

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

22. APPROVAL OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

These interim condensed consolidated financial statements were approved and authorised to issue by the Board of Directors on 29 April 2019 (corresponding to 24 Sha'ban 1440H).