RED SEA INTERNATIONAL COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

AND INDEPENDENT AUDITOR'S REVIEW REPORT

31 March 2022

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Building a better working world

Ernst & Young Professional Services (Professional LLC)
Paid-up capital (SR 5,500,000 – Five million five hundred thousand Saudi Riyal)
Adeer Tower, 15th Floor
Prince Turki Bin Abdulaziz Street, Al Khobar Corniche
P.O. Box 3795
Al Khobar 31952
Kingdom of Saudi Arabia
Head Office – Riyadh

Registration No. 45/11/323
C.R. No. 2051058792

Tel: +966 13 840 4600
Fax: +966 13 882 0087

ey.ksa@sa.ey.com
ey.com/mena

INDEPENDENT AUDITOR'S REVIEW REPORT ON THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF RED SEA INTERNATIONAL COMPANY (A SAUDI JOINT STOCK COMPANY)

Introduction:

We have reviewed the accompanying interim condensed consolidated statement of financial position of Red Sea International Company ("the Company") and its subsidiaries (collectively referred to as "the Group") as at 31 March 2022, and the related interim condensed consolidated statements of profit or loss and comprehensive income for the three-month period ended 31 March 2022, and the related interim condensed consolidated statements of changes in equity and cash flows for the three-month period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34") endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review:

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" endorsed in the Kingdom of Saudi Arabia. A review of interim financial statements consists of making inquiries, primarily to 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 endorsed in the Kingdom of Saudi Arabia.

for Ernst & Young Professional Services

Marwan S. AlAfaliq
Certified Public Accountant
License No. (422)

K20
EY
CR 2051058792
Ernst & Young Professional Services (Professional LLC)

Alkhobar: 18 Shawwal 1443H
19 May 2022

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS (UNAUDITED)
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2022

	Note	***For the three-month period ended 31 March***	
		2022	*2021*
		SR'000	*SR'000*
		(Unaudited)	*(Unaudited)*
Revenues	5	**117,228**	108,359
Cost of revenues		**(121,172)**	(117,176)
GROSS LOSS		**(3,944)**	(8,817)
EXPENSES			
Selling and distribution		**(4,332)**	(5,379)
General and administration		**(13,267)**	(14,445)
OPERATING LOSS		**(21,543)**	(28,641)
Share in result from investment in associates		**(428)**	(573)
Other income, net		**7,103**	2
Finance costs		**(2,109)**	(2,274)
Finance income		**5**	4
LOSS BEFORE ZAKAT AND INCOME TAX		**(16,972)**	(31,482)
Zakat	8	**(2,160)**	(1,500)
LOSS FOR THE PERIOD		**(19,132)**	(32,982)
ATTRIBUTABLE TO:			
Equity holders of the Parent Company		**(18,822)**	(32,657)
Non-controlling interests		**(310)**	(325)
		(19,132)	(32,982)
LOSS PER SHARE:			
Basic and diluted losses per share attributable to the shareholders of the Parent Company	9	**(0.31)**	(0.54)

The attached notes 1 to 15 form part of these interim condensed consolidated financial statements.

RED SEA INTERNATIONAL COMPANY (A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2022

	For the three-month period ended 31 March	
	2022	*2021*
	SR'000	*SR'000*
	(Unaudited)	*(Unaudited)*
Loss for the period	**(19,132)**	(32,982)
Other comprehensive income		
Other comprehensive income to be reclassified to profit or loss in subsequent periods net of zakat and tax:		
Exchange differences on translation of foreign operations	-	269
Other comprehensive income, net of zakat and tax	-	269
TOTAL COMPREHENSIVE LOSS	**(19,132)**	(32,713)
ATTRIBUTABLE TO:		
Equity holders of the Parent Company	**(18,822)**	(32,388)
Non-controlling interests	**(310)**	(325)
	(19,132)	(32,713)

The attached notes 1 to 15 form part of these interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2022

	Note	***31 March 2022 SR'000 (Unaudited)***	*31 December 2021 SR'000 (Audited)*
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment		**77,259**	79,863
Investment properties		**298,396**	305,441
Intangible assets		**3,111**	3,330
Right-of-use assets		**44,343**	46,896
Trade receivables	6	**31,495**	31,495
Investment in an associate		**7,492**	7,921
TOTAL NON-CURRENT ASSETS		**462,096**	474,946
CURRENT ASSETS			
Inventories		**93,481**	141,367
Contract assets		**35,201**	46,050
Trade receivables		**183,493**	156,370
Advances to suppliers		**51,141**	77,906
Prepayments and other receivables		**44,346**	49,496
Cash and cash equivalents		**6,213**	5,838
TOTAL CURRENT ASSETS		**413,875**	477,027
TOTAL ASSETS		**875,971**	951,973
EQUITY AND LIABILITIES			
EQUITY			
Share capital	7	**600,000**	600,000
Accumulated losses		**(297,656)**	(278,834)
Foreign currency translation reserve		**(11,779)**	(11,779)
EQUITY ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT COMPANY		**290,565**	309,387
NON-CONTROLLING INTERESTS		**(23,108)**	(22,798)
TOTAL EQUITY		**267,457**	286,589
NON-CURRENT LIABILITIES			
Employees' defined benefit liabilities		**30,621**	31,331
Other non-current liabilities		**24,285**	25,712
Non-current portion of lease liabilities		**31,604**	34,721
TOTAL NON-CURRENT LIABILITIES		**86,510**	91,764
CURRENT LIABILITIES			
Trade payables		**164,987**	194,902
Accruals and other current liabilities		**147,183**	178,556
Short-term interest bearing loans and borrowings		**118,189**	118,656
Current portion of interest bearing loans and borrowings		**21,429**	21,429
Current portion of lease liabilities		**11,445**	14,281
Contract liabilities		**29,857**	15,839
Zakat and income tax payable	8	**28,914**	29,957
TOTAL CURRENT LIABILITIES		**522,004**	573,620
TOTAL LIABILITIES		**608,514**	665,384
TOTAL EQUITY AND LIABILITIES		**875,971**	951,973

The attached notes 1 to 15 form part of these interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2022

	Attributed to shareholders of the parent Company					
	Share capital	*Accumulated losses*	*Foreign currency translation reserve*	*Total*	*Non-controlling interests*	*Total equity*
	SR '000	*SR '000*	*SR '000*	*SR '000*	*SR '000*	*SR '000*
Balance at 1 January 2021	600,000	(146,217)	(12,087)	441,696	(20,870)	420,826
Loss for the period	-	(32,657)	-	(32,657)	(325)	(32,982)
Other comprehensive income	-	-	269	269	-	269
Total comprehensive loss	-	(32,657)	269	(32,388)	(325)	(32,713)
Balance at 31 March 2021 - *(Unaudited)*	**600,000**	**(178,874)**	**(11,818)**	**409,308**	**(21,195)**	**388,113**
Balance at 1 January 2022 - *(audited)*	600,000	(278,834)	(11,779)	309,387	(22,798)	286,589
Loss for the period	-	(18,822)	-	(18,822)	(310)	(19,132)
Total comprehensive loss	-	(18,822)	-	(18,822)	(310)	(19,132)
Balance at 31 March 2022 - *(Unaudited)*	**600,000**	**(297,656)**	**(11,779)**	**290,565**	**(23,108)**	**267,457**

The attached notes 1 to 15 form part of these interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2022

	For the three-month period ended 31 March	
	2022	*2021*
	SR'000	*SR'000*
	(Unaudited)	*(Unaudited)*
OPERATING ACTIVITIES		
Loss before zakat and income tax	**(16,972)**	(31,482)
	(16,972)	(31,482)
Adjustments to reconcile losses before zakat and income tax to net cash flows:		
Depreciation of property, plant and equipment	**2,581**	2,909
Depreciation of investment properties	**12,566**	13,371
Amortization of intangible assets	**219**	228
Depreciation of right-of-use assets	**2,553**	2,644
Movement in employees' defined benefit liabilities, net	**(710)**	577
Financial costs	**2,109**	2,274
Share in results of investment in an associate	**429**	573
	2,775	(8,906)
Working capital adjustments:		
Inventories	**47,886**	15,732
Contract assets	**10,849**	(17,523)
Trade receivables	**(27,123)**	46,790
Advances to suppliers	**26,765**	7,925
Prepayment and other receivables	**5,150**	(5,969)
Trade payables	**(29,915)**	(7,685)
Accruals and other current liabilities	**(31,373)**	(31,043)
Other non-current liabilities	**(1,427)**	150
Contract liabilities	**14,018**	8,659
Cash from operations	**17,605**	8,130
Finance cost paid	**(2,109)**	(1,580)
Zakat and income tax paid	**(3,203)**	(24)
Net cash flows from operating activities	**12,293**	6,526
INVESTING ACTIVITIES		
Purchase of property, plant and equipment and investment properties	**(5,498)**	(2,571)
Purchase of intangible assets	**-**	(7)
Net cash used in investing activities	**(5,498)**	(2,578)
FINANCING ACTIVITIES		
Proceeds from the interest bearing loans and borrowings	**8,525**	11,773
Repayment of interest bearing loans and borrowings	**(8,992)**	(29,673)
Payments for lease liabilities	**(5,953)**	(4,432)
Net cash used in financing activities	**(6,420)**	(22,332)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**375**	(18,384)
Cash and cash equivalents at the beginning of the period	**5,838**	31,594
Movement in foreign currency translation reserve, net	**-**	269
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**6,213**	13,479

The attached notes 1 to 15 form part of these interim condensed consolidated financial statements.

1 CORPORATE INFORMATION

Red Sea International Company (the "Company") ("Parent Company") and its subsidiaries (collectively the "Group") consist of the Company, a Saudi joint stock company, and its Saudi Arabian and foreign subsidiaries and branches. The Company was registered in Jeddah, Kingdom of Saudi Arabia under commercial registration number 4030286984 pursuant to Ministerial Resolution No. 2532 dated 2 Ramadan 1427H (September 25, 2006). During 2021, the Company has changed its registered address to Riyadh, Kingdom of Saudi Arabia and converted a branch commercial registration number 1010566349 into Company's main commercial registration. The registered address of the Company is Riyadh Front, Al-Rimal District, Airport Street, Riyadh, Kingdom of Saudi Arabia. The Company have the following branches in the Kingdom of Saudi Arabia:

Branch	*Commercial registration number*	*Location*
Red Sea International Company	2055003672	Jubail
Red Sea International Company	2055006105	Jubail
Red Sea International Company	4030286984	Jeddah
Red Sea Housing Services Company	4030263716	Jeddah

The Group is controlled by Al-Dabbagh Group, (including through its subsidiaries), which owns 70% (effective holding) of the Company’s shares. Following is the list of principal operating subsidiaries included in the Group:

	Country of incorporation	*Effective ownership percentage*	
		31 March 2022	*31 December 2021*
Subsidiaries			
Red Sea Housing Services (Ghana) Limited ("RSG")	Ghana	**100%**	100%
SARL Red Sea Housing Services Algeria Limited ("RSA")	Algeria	**98%**	98%
Red Sea Housing Services Company Dubai FZE ("RSD")	UAE	**100%**	100%
Red Sea Building Materials and Equipments Trading Company ("RSBM")	Saudi Arabia	**100%**	100%
Premier Paints Company ("PPC")	Saudi Arabia	**81%**	81%
Red Sea Housing Services (Mozambique), LDA ("RSM")	Mozambique	**100%**	100%
Red Sea Housing Services LLC ("RSO")	Oman	**100%**	100%
Red Sea Modular Rentals LLC ("RSMR")	UAE	**100%**	100%
Red Sea Construction LLC ("RSC")	UAE	**100%**	100%
Red Sea Modular Rentals (Kuwait) WLL ("RSMK")	Kuwait	**100%**	100%
Associates			
Red Sea Housing Malaysia Sdn. Bhd. ("RSHM")	Malaysia	**49%**	49%
Joint Operations			
Red Sea Hanchi ("RSHC")	Algeria	49%	49%

In addition to the above, the Group owns other subsidiaries, registered in Nigeria, Libya, Saudi Arabia, Singapore and also has licenses to operate branches in Papua New Guinea and Abu Dhabi which are consolidated in these consolidated financial statements. These other subsidiaries and branches are either in early stages of operations or have not commenced any commercial operations at the reporting date.

The principal activities of the Group are to purchase land and real estate for the purpose of developing them and to build residential and commercial buildings thereon, and to ultimately sell or lease them. The Group's activities also includes manufacturing non-concrete residential units, general contracting, maintenance, construction of utilities and civil work, supply of food, provision of food services and trade of food products. In addition, the Group is also involved in manufacturing and sale of paints and providing related services.

During the period ended 31 March 2021, the Group liquidated Red Sea Housing Malaysia Services Sdn. Bhd, which had no significant impact on the financial statements of the Group due to the insignificant operations in the subsidiary.

The interim condensed consolidated financial statements of the Group for the three-month period ended 31 March 2022 were authorised for issuance in accordance with the Board of Directors resolution dated 19 May 2022 (corresponding to 18 Shawwal 1443H).

2 BASIS OF PREPARATION

These interim condensed consolidated financial statements have been prepared in compliance with IAS 34 "Interim Financial Reporting" ("IAS 34"), as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements endorsed by the Saudi Organization for Chartered and Professional Accountants ("SOCPA"). The Group has prepared the interim condensed consolidated financial statements on the basis that it will continue to operate as a going concern. The management consider that there are no material uncertainties that may cast doubt over this assumption. They have formed a judgement that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, and not less than 12 months from the end of the reporting period.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements. Accordingly, these interim condensed consolidated financial statements are to be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2021. An interim period is considered as integral part of the whole fiscal year, however, the results of operations for the interim periods may not be a fair indication of the results of the full year operations.

These interim condensed consolidated financial statements are prepared using historical cost convention.

These interim condensed consolidated financial statements are presented in Saudi Riyals ("SR") which is also the functional currency of the Group. All values are rounded to the nearest thousands ("SR '000"), except when otherwise indicated.

Net current liability situation

At 31 March 2022, the Group's current liabilities exceeded its current assets. Further, as of 31 March 2022, the Group was not in compliance with a covenant relates to current ratio which is an event of default as per the borrowing agreements (31 December 2021: same). Consequently, principal amount repayable, SR 18.9 million, as of the reporting date became repayable on demand and were classified under current liabilities in the interim condensed consolidated statement of financial position. The Group is in negotiations with the lending institutions for specific project based long-term financing to refinance initial expenses incurred by the Group, which will reduce the short-term liabilities and improve the overall liquidity of the Group.

Equity Restructuring

On 14 April 2022, the Company's Board of Directors recommended to the Company's shareholders to restructure its equity structure of which, amended by the Board of Directors on 19 May 2022 as follows:

- reducing the Company's share capital from SR 600 million to SR 302.3 million through cancellation of 29.8 million shares against the Company's accumulated losses, and
- increase the Company's share capital from SR 302.3 million to SR 452.3 million through right issue of 15 million shares.

The Company has appointed a financial advisor to manage the restructuring process and is currently in process of obtaining the required regulatory approvals before calling for an extraordinary general assembly meeting of the Company's shareholders to resolve and approve the capital restructuring.

3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's interim condensed consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and judgements concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The outbreak of novel coronavirus ("COVID-19") since early 2020, its spread across mainland China and then globally caused disruptions to businesses and economic activity globally including the Kingdom of Saudi Arabia and the declaration of this pandemic by the World Health Organization necessitated the Group's management to revisit its significant judgments in applying the Group's accounting policies and the methods of computation and the key sources of estimation applied to the annual consolidated financial

The global economy is recovering faster than was expected at the beginning of the year, and the number of people vaccinated against COVID-19 is increasing. In addition, protective measures and contact restrictions are relaxed. Uncertainties remain, however, with the prospect of further COVID outbreaks as a result of new variants, for instance.

In response to these, the management had proactively assessed its impacts on Group's operations and took series of preventive measures to ensure the health and safety of its employees, customers and the wider community as well as to ensure the continuity of supply of its products throughout its markets. Based on this assessment, no significant adjustments were required to the judgements and key estimates.

The COVID-19 pandemic remains an evolving situation, which may lead to increased risks concerning value creation and asset valuation, such as potential impairment of non-current assets, trade receivables and contract assets and inventories. The uncertainties in the global economy may adversely impact suppliers, customers, and other business partners, which may interrupt supply chain, limit the ability to collect receivables and require other changes to operations. Management will continue to closely monitor the effects of the pandemic, including the impact on non-current assets, inventory valuations, trade receivable and contract assets during 2022 and beyond.

The significant accounting estimates and judgements applied in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2021.

4 ACCOUNTING POLICIES

The accounting policies applied in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2021, except for the adoption of new amendments effective as of 1 January 2022, as disclose below.

4.1 New standards, interpretations, and amendments

Following standard, interpretation or amendment are effective as of 1 January 2022 and are adopted by the Group whenever applicable, however, these does not have any impact on the interim condensed consolidated financial statements for the period. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective

i. Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37
ii. Reference to the Conceptual Framework – Amendments to IFRS 3
iii. Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16
iv. IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter
v. IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities
vi. IAS 41 Agriculture – Taxation in fair value measurements

5 REVENUES

	For the three-month period ended 31 March	
	2022	2021
	SR'000	SR'000
	(Unaudited)	(Unaudited)
Revenue from the contract with customers		
Contract revenue	**78,061**	54,202
Sale of paint and paint related products and services	**3,076**	7,162
	81,137	61,364
Other revenue		
Rental revenue from investment properties	**36,091**	46,995
	117,228	108,359

Reconciliation of the Group's disaggregated revenue for its reportable segments and timing of revenue recognition is disclosed in note 13.

6 TRADE RECEIVABLES

In 2016, the Group filed a legal case in Houston, Texas, USA against one of its customers, its subsidiaries and its directors (for the construction of a camp facility based in Angola), demanding repayment of receivable balances due from this customer. The customer had failed to meet its obligations for timely transfer of funds to the Group as per the repayment schedule due to certain restrictions on repatriation of the funds in foreign currency out of Angola. However, following extended discussions and negotiations between the customer and Group, the customer agreed to execute legal documentation acknowledging the debt and giving the Company a claim over the assets of the customer's camp in Angola, which would allow the Company the right to take a secondary charge over these assets. Accordingly, the Group and customer withdraw from litigation proceedings in Houston, Texas, USA and filed its claim against the customer's camp and related assets with the relevant court in Angola and will proceed with next steps in accordance with local Angolan laws. At the reporting date, the decision on lawsuit is still pending.

Total outstanding balance from this customer included in the non-current portion amounted to SR 86.9 million as of 31 March 2022 (31 December 2021: SR 86.9 million). In the light of the above pending litigation and related outcome, the management of the Group has recorded an allowance against this balance amounting to SR 57.2 million (31 December 2021: SR 57.2 million). The Group management believes that the amount recorded as provision is sufficient to meet any future expected losses and the eventual outcome will not result in any additional significant loss to the Group.

7 SHARE CAPITAL

The authorised, issued and fully paid share capital of the Company is divided into 60 million shares (31 December 2021: same) of SR 10 each.

8 ZAKAT AND INCOME TAX

a) Zakat

The zakat assessments of the Parent Company and its wholly owned Saudi subsidiary as a whole have been agreed with the Zakat, Tax and Customs Authority ("the ZATCA") up to 2010.

During 2020, the ZATCA had issued an assessment for the years 2014 through 2017 amounting to SR 67.1 million for the Parent Company and its wholly owned subsidiaries. The Parent Company filed an appeal against the ZATCA assessment for the said period. During 2021, the ZATCA issued a revised assessment for the years 2014 through 2017 amounting to SR 62.8 million for the Company and its wholly owned subsidiaries. The Company has escalated the appeal against the ZATCA assessments for the above-mentioned period with the General Secretariat of Tax Committees ("GSTC") and the case is still under review by the committees.

8 ZAKAT AND INCOME TAX (continued)

a) Zakat (continued)

Further, during 2021, the ZATCA issued an assessment for the years 2019 and 2020 amounting to SR 11.6 million for the Parent Company and its wholly owned subsidiaries. During the period, the management of the Group submitted an appeal with ZATCA on the assessment raised and the ZATCA issued revised assessment for the period with additional liability of SR 10.8 million. The Company has escalated the appeal against the ZATCA assessments for the above-mentioned period with the General Secretariat of Tax Committees ("GSTC") and the case is still under review by the committees. The zakat assessment for the years 2011 to 2013 and for 2018 have not yet being raised by the ZATCA.

During 2018, Premier Paints Company (PPC, a subsidiary) received Zakat, tax and WHT assessments for the years 1999 to 2014 amounting to SR 2.6 million, which was subsequently reduced to SR 2.59 million and the PPC filled an appeal with GSTC on the revised assessment. During the 2021, ZATCA issued amnesty scheme whereby, the ZATCA waived the delay penalties and fines and PPC settled WHT liability of SR 0.95 million and agreed to settled SR 1.22 million of zakat liability on installments basis. Further, during 2021, PPC received an assessment for the years 2017 and 2018 with additional zakat liability of SR 0.8 million. The management of PPC has recognized the provision against the assessment raised.

Based on management`s best estimate, the management believes that the provision recognised as of 31 March 2022 with respect of the assessments raised is appropriate and no additional provision is required.

b) Income tax

Income tax provision is provided for in accordance with authorities in which the Group’s subsidiaries operate outside the Kingdom of Saudi Arabia. Income tax has been computed based on the managements' understanding of the income tax regulations enforced in their respective countries. The income tax regulations are subject to different interpretations, and the assessments to be raised by the tax authorities could be different from the income tax returns filed by the respective company. No income tax provided during the period due to the taxable losses.

9 LOSSES PER SHARE

Basic and diluted losses per share is calculated by dividing the loss for the period attributable to the Shareholders of the Parent Company by the weighted average number of outstanding shares during the period as follows:

	For the three-month period ended 31 March	
	2022	*2021*
	(Unaudited)	*(Unaudited)*
Loss for the period attributable to the shareholders of the parent Company (SR'000)	**(18,822)**	(32,657)
Weighted average number of outstanding shares during the period (share '000)	**60,000**	60,000
Basic and diluted loss per share attributable to the shareholders of the Parent Company (SR)	**(0.31)**	(0.54)

10 CONTINGENT LIABILITIES

At the reporting date, the Group had outstanding bank guarantees and letter of credit amounting to approximately SR 66.80 million (31 December 2021: SR 85.05 million) issued in the normal course of business.

11 CAPITAL COMMITMENTS

At the reporting date, the capital commitments amounted to SR 44.7 million (31 December 2021: SR 45.1million).

12 RELATED PARTY TRANSACTIONS' AND BALANCES

Related parties represent major shareholders, directors and key management personnel of the Group, and entities controlled or significantly influenced by such parties. The ultimate parent company of the Group is Dabbagh Group Holding Company limited registered in Jeddah, Kingdom of Saudi Arabia.

The Group in the normal course of business carries out transactions with various related parties. Transactions with related parties' included in the interim condensed consolidated statement of income are as follows:

Relationship and name of related party	*Nature of transactions*	***For the three-month period ended 31 March***	
		2022	*2021*
		SR'000	*SR'000*
		(Unaudited)	*(Unaudited)*
Ultimate parent company			
Dabagh Group Holding Company limited	Expenses paid by the ultimate parent company on behalf of the Group	**4**	**350**
Other related parties	Rental charges	**221**	**221**
	Expenses paid on behalf of associat	**-**	**5**

The remuneration of the key management personnel during the period was as follows:

	For the three-month period ended 31 March	
	2022	*2021*
	SR'000	*SR'000*
	(Unaudited)	*(Unaudited)*
Short term benefits	**2,325**	2,034
Employees' end-of-service benefits	**97**	67
	2,422	2,101

Pricing policies and terms of payments of transactions with related parties are approved by the Board of Directors. Outstanding balances at the period-end are unsecured, interest free and settled in cash.

Prepayments and other receivables at 31 March 2022 includes an amount of SR 12.14 million (31 December 2021: 12.13 million) due from affiliate companies. Amounts due to related parties at 31 March 2022 amounting to SR 6.68 million (31 December 2021: SR 6.56 million) have been included in the accounts payable in interim condensed consolidated statement of financial position.

13 SEGMENTAL INFORMATION

For management purposes, the Group is organised into business units based on its products and services and has following reportable segments:

- Manufacturing and sale of non-concrete residential and commercial buildings ("Non-concrete residential and commercial buildings");
- Rentals from investment properties; and
- Manufacturing and sale of paints and related services ("Paints and related services")

The Board of directors monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on income and is measured consistently in the interim condensed consolidated financial statements.

13 SEGMENTAL INFORMATION (continued)

The following tables present revenue and (loss)/profit information for the Group's operating segments for the three-month periods ended 31 March 2022 and 2021, respectively:

Business segments

	For the three-month period ended 31 March 2022				*For the three-month period ended 31 March 2021*			
	Non-concrete residential and commercial buildings	*Rentals from investment properties*	*Paints and related services*	*Total segments*	*Non-concrete residential and commercial buildings*	*Rentals from investment properties*	*Paints and related services*	*Total segments*
	Unaudited (SR'000)				*Unaudited (SR'000)*			
Revenue:								
Total segment revenue	**78,061**	**36,091**	**3,170**	**117,322**	54,202	46,995	7,320	108,517
Intersegment revenue elimination	**-**	**-**	**(94)**	**(94)**	-	-	(158)	(158)
Revenue from external customers	**78,061**	**36,091**	**3,076**	**117,228**	54,202	46,995	7,162	108,359
Timing of revenue recognition:								
At a point in time	**16,440**	**-**	**3,076**	**19,516**	34,572	-	7,162	41,734
Over time	**61,621**	**36,091**	**-**	**97,712**	19,630	46,995	-	66,625
	78,061	**36,091**	**3,076**	**117,228**	54,202	46,995	7,162	108,359
Segment (loss)/profit	**(28,692)**	**11,076**	**(1,516)**	**(19,132)**	(30,565)	(714)	(1,703)	(32,982)

The following table presents assets and liabilities information for the Group's operating segments as at 31 March 2022 and 31 December 2021, respectively:

	At 31 March 2022				*At 31 December 2021*			
	Non-concrete residential and commercial buildings	*Rentals from investment properties*	*Paints and related services*	*Total segments*	*Non-concrete residential and commercial buildings*	*Rentals from investment properties*	*Paints and related services*	*Total segments*
	Unaudited (SR '000)				*Audited (SR '000)*			
Total assets	**431,221**	**431,907**	**12,843**	**875,971**	471,812	466,342	13,819	951,973
Total liabilities	**425,530**	**148,549**	**34,435**	**608,514**	397,147	233,118	35,119	665,384

During the three-month period ended 31 March 2022, approximately 81.7% of the total revenues from non-concrete residential and commercial buildings segment were derived from 6 customers (31 March 2021: approximately 74% from 8 customers). During the three-month period ended 31 March 2022, approximately 87.7% of the total revenues from rental segment were derived from 5 customers (31 March 2021: approximately 73.5% from 4 customers).

13 SEGMENTAL INFORMATION (continued)

The Group's operations are conducted in Saudi Arabia, UAE, Ghana, Algeria and certain other locations. The following tables present revenue and (loss)/profit information for the Group's geographical segments for the three-month period ended 31 March 2022.

	For the three-month period ended 31 March 2022					
	Saudi Arabia	*UAE*	*Ghana*	*Algeria*	*Others*	*Total*
	Unaudited (SR '000)					
Total segment revenue	92,998	31,123	5,154	154	96	129,525
Intersegment revenue elimination	(94)	(12,203)	-	-	-	(12,297)
Revenue from external customers	92,904	18,920	5,154	154	96	117,228
Segmental loss for the period	**(13,189)**	**(4,034)**	**(662)**	**(1,178)**	**(69)**	**(19,132)**

	For the three-month period ended 31 March 2021					
	Saudi Arabia	*UAE*	*Ghana*	*Algeria*	*Others*	*Total*
	Unaudited (SR '000)					
Total segment revenue	75,678	30,698	3,096	1,370	374	111,216
Intersegment revenue elimination	(158)	(2,699)	-	-	-	(2,857)
Revenue from external customers	75,520	27,999	3,096	1,370	374	108,359
Segmental loss for the period	**(19,530)**	**(9,968)**	**(3,061)**	**(309)**	**(114)**	**(32,982)**

The following table presents assets and liabilities information for the Group's geographical segments as at 31 March 2022 and 31 December 2021, respectively:

	At 31 March 2022					
	Saudi Arabia	*UAE*	*Ghana*	*Algeria*	*Others*	*Total*
	Unaudited (SR '000)					
Total assets	**645,470**	**130,967**	**73,990**	**22,002**	**3,542**	**875,971**
Total liabilities	**490,767**	**101,957**	**11,831**	**3,272**	**687**	**608,514**

	At 31 December 2021					
	Saudi Arabia	*UAE*	*Ghana*	*Algeria*	*Others*	*Total*
	Audited (SR '000)					
Total assets	719,482	131,231	74,545	23,141	3,574	951,973
Total liabilities	556,964	91,961	12,479	3,244	736	665,384

14 FAIR VALUES OF FINANCIAL INSTRUMENTS

The management assessed that the fair values of cash and cash equivalents, accounts receivable, contract assets, other current assets, accounts payable, term and short-term loans and other current liabilities approximate their carrying values largely due to the short-term maturities of these financial instruments.

The management has assessed the fair value of non-current accounts receivables, other non-current assets, term loans and other non-current liabilities based on level 2 hierarchy, which is not materially different from their respective carrying values.

15 SUBSEQUENT EVENTS

In the opinion of management, apart from the equity restructuring as disclosed in note 2, there have been no further significant subsequent events since the period ended 31 March 2022 that would have a material impact on the financial position of the Group as reflected in these interim condensed consolidated financial statements.