

**SAUDI AIRLINES CATERING COMPANY
(A SAUDI JOINT STOCK COMPANY)**

**UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL
STATEMENTS AND INDEPENDENT AUDITOR'S REVIEW REPORT**

FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2023

SAUDI AIRLINES CATERING COMPANY (A SAUDI JOINT STOCK COMPANY)
UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the three-month and six-month periods ended 30 June 2023

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INDEPENDENT AUDITORS' REVIEW REPORT ON THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF SAUDI AIRLINES CATERING COMPANY (A SAUDI JOINT STOCK COMPANY)

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Saudi Airlines Catering Company (A Saudi Joint Stock Company) (the "Company" or the "Parent Company") and its subsidiary (collectively referred to as the "Group") as at 30 June 2023 and the related interim condensed consolidated statement of profit or loss and other comprehensive income for the three-months and six-months periods ended 30 June 2023, and the interim condensed consolidated statements of changes in equity and cash flows for the six-month period then ended, and explanatory notes.

Board Of Directors 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 issued in the Kingdom of Saudi Arabia ("KSA"). 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" as endorsed in the Kingdom of Saudi Arabia. A review of interim condensed consolidated financial statements consists of making inquiries, primarily of the 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 (ISAs) as endorsed in the KSA 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 KSA.

for Ernst & Young Professional Services

Abdulaziz S. Alarifi
Certified Public Accountant
License No. (572)

Jeddah: 3 August 2023
16 Muharram 1445H



SAUDI AIRLINES CATERING COMPANY (A SAUDI JOINT STOCK COMPANY)

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

For the three-month and six-month periods ended 30 June 2023

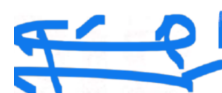
	Notes	Three-month period ended 30 June		Six-month period ended 30 June	
		2023	2022	2023	2022
		SR (Unaudited)	SR (Unaudited)	SR (Unaudited)	SR (Unaudited)
Revenues	4	497,079,526	413,448,077	1,018,661,917	808,053,773
Cost of sales	5	(372,193,045)	(300,547,031)	(751,129,316)	(592,097,514)
GROSS PROFIT		124,886,481	112,901,046	267,532,601	215,956,259
Other income		2,910,248	2,392,580	6,414,584	4,378,008
General and administrative expenses		(67,926,741)	(60,711,946)	(138,875,160)	(117,199,983)
Reversal/ (allowance) for expected credit losses	10	8,800,001	1,296,176	(619,682)	(611,718)
Other expenses		(273,772)	(389,811)	(898,186)	(984,021)
TOTAL OPERATING PROFIT		68,396,217	55,488,045	133,554,157	101,538,545
Finance income		5,334,563	113,130	6,588,609	243,531
Finance cost		(5,060,034)	(5,369,062)	(10,092,149)	(10,732,939)
Share of results from investment in associate	9	4,453,540	-	9,540,434	-
PROFIT BEFORE ZAKAT		73,124,286	50,232,113	139,591,051	91,049,137
Zakat expense	14	(9,390,089)	(6,768,926)	(18,731,689)	(12,273,492)
NET PROFIT FOR THE PERIOD		63,734,197	43,463,187	120,859,362	78,775,645
Other comprehensive income		1,660,983	-	1,660,983	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		65,395,180	43,463,187	122,520,345	78,775,645
Basic and diluted earnings per share (SR per share)	6	0.78	0.53	1.47	0.96



Chief Financial Officer



Chief Executive Officer




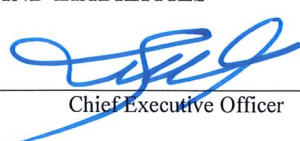
Board Member

The attached notes 1 to 18 form part of these unaudited interim condensed consolidated financial statements.

SAUDI AIRLINES CATERING COMPANY (A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2023

		30 June 2023 SR (Unaudited)	31 December 2022 SR (Audited)
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	7	329,039,322	340,951,680
Right-of-use assets	8	261,473,728	267,144,201
Leases receivables – non-current portion	8	2,015,493	3,790,102
Intangible assets		23,957	37,025
Investment property		29,713,996	30,693,416
Advance against investment in shares		1,875,000	1,875,000
Margin deposit		4,230,000	4,230,000
Investment in associate	9	31,083,557	21,543,123
TOTAL NON-CURRENT ASSETS		659,455,053	670,264,547
CURRENT ASSETS			
Inventories		90,604,080	61,522,406
Leases receivables - current portion	8	4,743,625	15,458,733
Trade receivables	10	842,272,149	798,917,472
Prepayments and other receivables		69,235,214	67,789,643
Cash and cash equivalents		460,607,118	417,242,028
TOTAL CURRENT ASSETS		1,467,462,186	1,360,930,282
TOTAL ASSETS		2,126,917,239	2,031,194,829
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Share capital	11	820,000,000	820,000,000
Statutory reserve	12	246,000,000	246,000,000
Retained earnings		135,446,524	53,926,179
TOTAL SHAREHOLDERS' EQUITY		1,201,446,524	1,119,926,179
NON-CURRENT LIABILITIES			
Lease liabilities – non-current portion	8	158,961,814	175,320,591
Employees' defined benefits obligation		166,719,238	165,219,221
Long-term bonus		9,505,113	8,125,254
TOTAL NON-CURRENT LIABILITIES		335,186,165	348,665,066
CURRENT LIABILITIES			
Trade and other payables	15	415,537,956	408,903,508
Lease liabilities – current portion	8	164,366,412	132,049,502
Zakat liabilities	14	10,380,182	21,650,574
TOTAL CURRENT LIABILITIES		590,284,550	562,603,584
TOTAL LIABILITIES		925,470,715	911,268,650
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		2,126,917,239	2,031,194,829


Chief Financial Officer


Chief Executive Officer


Board Member

The attached notes 1 to 18 form part of these unaudited interim condensed consolidated financial statements.

SAUDI AIRLINES CATERING COMPANY (A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the six-month period ended 30 June 2023

	<i>Share capital SR</i>	<i>Statutory reserve SR</i>	<i>Retained earnings / (Accumulated losses) SR</i>	<i>Total SR</i>
Balance as at 1 January 2022 (audited)	820,000,000	246,000,000	(193,481,256)	872,518,744
Net profit for the period	-	-	78,775,645	78,775,645
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	-	-	78,775,645	78,775,645
At 30 June 2022 (Unaudited)	<u>820,000,000</u>	<u>246,000,000</u>	<u>(114,705,611)</u>	<u>951,294,389</u>
Balance as at 1 January 2023 (audited)	820,000,000	246,000,000	53,926,179	1,119,926,179
Net profit for the period	-	-	120,859,362	120,859,362
Other comprehensive income	-	-	1,660,983	1,660,983
Total comprehensive income for the period	-	-	122,520,345	122,520,345
Dividends declared (note 13)	-	-	(41,000,000)	(41,000,000)
At 30 June 2023 (Unaudited)	<u><u>820,000,000</u></u>	<u><u>246,000,000</u></u>	<u><u>135,446,524</u></u>	<u><u>1,201,446,524</u></u>

Chief Financial Officer

Chief Executive Officer

Board Member

The attached notes 1 to 18 form part of these unaudited interim condensed consolidated financial statements.

SAUDI AIRLINES CATERING COMPANY (A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the six-month period ended 30 June 2023

	<i>For the six-month period ended</i>	
	<i>30 June</i>	
	<i>2023</i>	<i>2022</i>
	<i>SR</i>	<i>SR</i>
<i>Notes</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>
OPERATING ACTIVITIES		
Profit before zakat	139,591,051	91,049,137
<i>Adjustments to reconcile profit before zakat and income tax to net cash flows:</i>		
Depreciation on property, plant and equipment	7 32,084,026	42,849,088
Depreciation on investment in property	979,420	979,420
Depreciation on right-of-use assets	8 31,036,739	42,910,988
Amortization of intangible assets	13,068	283,356
Work in progress expensed during the period	7 159,616	376,229
Provision for expected credit losses	10 619,682	611,718
(Reversal of provision) / provision for slow-moving inventory, net	(2,901,558)	910,816
Finance income	(6,588,609)	(243,531)
Finance cost	10,092,149	10,732,939
Loss on sale of property, plant and equipment	168,363	10,996
Share of results from associate	9 (9,540,434)	-
Provision for employees' defined benefits obligation	11,892,965	6,884,440
Modification on lease receivables	2,250,638	-
Long-term bonus	4,050,000	4,050,000
	213,907,116	201,405,596
<i>Changes in operating assets and liabilities:</i>		
Inventories	(26,180,116)	(5,442,723)
Trade receivables	(43,974,359)	(77,406,134)
Prepayments and other receivables	(1,445,571)	8,137,347
Trade and other payables	10,139,239	5,205,936
Cash generated from operations	152,446,309	131,900,022
Payment of long-term bonus	-	(7,474,746)
Employees' defined benefits obligation paid	(11,953,963)	(5,347,761)
Zakat paid	14 (30,002,081)	(20,015,464)
Net cash generated from operating activities	110,490,265	99,062,051
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	7 (20,709,191)	(7,366,232)
Payment received for lease receivable	8 10,474,463	-
Advance against investment in shares	-	(1,875,000)
Proceeds from disposal of Property, plant and equipment	209,544	-
Net cash used in investing activities	(10,025,184)	(9,241,232)
FINANCING ACTIVITIES		
Payments of lease liabilities	8 (16,278,284)	(24,203,643)
Dividends paid	(40,821,707)	(6,210)
Net cash used in financing activities	(57,099,991)	(24,209,853)
INCREASE IN CASH AND CASH EQUIVALENTS	43,365,090	65,610,966
Cash and cash equivalents at the beginning of the period	417,242,028	176,462,367
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	460,607,118	242,073,333
SUPPLEMENTARY SIGNIFICANT NON-CASH INFORMATION:		
Addition to right-of-use assets	8 25,366,266	3,527,048


Chief Financial Officer


Chief Executive Officer


Board Member

The attached notes 1 to 18 form part of these unaudited interim condensed consolidated financial statements.

SAUDI AIRLINES CATERING COMPANY (A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
At 30 June 2023

1. ORGANIZATION AND ACTIVITIES

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

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

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

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

<u>Branch Location</u>	<u>Commercial registration number</u>
Riyadh	1010336558
Riyadh	1010616679
Riyadh	1010616680
Dammam	2050082998
Jeddah	4030227251
Jeddah	4030285290
Jeddah	4030365540
Jeddah	4030426294
Jeddah	4030477154
Jeddah	4030485646
Jeddah	4030371373
Makkah	4031084114
Rabigh	4602006306
Medina	4650055980
Medina	4650216315

The Company has investment in the fully owned / controlled subsidiary ‘SACC Catering Company’ (the “subsidiary”), collectively referred to as (the “Group”). The share capital of the subsidiary is SR 5 million. The principal business activity of the subsidiary is mainly to provide catering services as per the commercial registration. The subsidiary has not yet commenced commercial operations.

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

The registered head office of the Parent Company is:

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

2. BASIS OF PREPARATION

2.1 Statement of compliance

These interim condensed consolidated financial statements for the three-month and six-month periods ended 30 June 2023 have been prepared in accordance with International Accounting Standard 34, “Interim Financial Reporting” (“IAS 34”) as endorsed in the Kingdom of Saudi Arabia (“KSA”) and other standards and pronouncements that are issued by Saudi Organization for Chartered and Professional Accountants (“SOCPA”).

SAUDI AIRLINES CATERING COMPANY (A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

At 30 June 2023

2. BASIS OF PREPARATION (continued)

2.1 Statement of compliance (continued)

These interim condensed consolidated financial statements do not include all the information and disclosures required in full set of annual consolidated financial statements and should therefore be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2022. In addition, results for the interim period ended 30 June 2023 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2023 (see also note 2.4)

2.2 Basis of measurement

These interim condensed consolidated financial statements have been prepared under the historical cost basis using the accrual basis of accounting and the going concern assumption.

2.3 Functional and presentational currency

These interim condensed consolidated financial statements are presented in Saudi Arabian Riyals (SR), which is the functional currency of the Group.

2.4 Significant accounting judgments, 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. The significant judgments made by management in applying the Group's accounting policies and the methods of computation and the key sources of estimation are the same as those that applied to the consolidated financial statements for the year ended 31 December 2022. However, any future change in the assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future periods. As the situation is still evolving with future uncertainties, management will continue to assess the impact based on prospective developments.

2.5 New standards, interpretations and amendments adopted by the Group

The accounting policies adopted and methods of computation used 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 2022, except for the adoption of new standards effective as of 1 January 2023. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. Several amendments apply for the first time in 2023, but do not have an impact on the interim condensed consolidated financial statements of the Group.

Standard, interpretation, amendments	Description	Effective date
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IFRS 17, 'Insurance contracts', as amended in December 2021	This standard replaces IFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.	Annual periods beginning on or after January 01, 2023.
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Definition of Accounting Estimates - Amendments to IAS 8	The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.	Annual periods beginning on or after January 01, 2023
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Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2	The amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures.	Annual periods beginning on or after January 01, 2023
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Amendment to IAS 12-deferred tax related to assets and liabilities arising from a single transaction	These amendments require companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences.	Annual periods beginning on or after January 01, 2023.
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SAUDI AIRLINES CATERING COMPANY (A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

At 30 June 2023

2. BASIS OF PREPARATION (continued)

2.6 New standards, interpretations and amendments adopted by the Group (continued)

New standards not yet effective

Standard, interpretation, amendments	Description	Effective date
Amendments to IAS 1, Presentation of financial statements', on classification of liabilities	These narrow-scope amendments to IAS 1, 'Presentation of financial statements', clarify that liabilities are classified as either current or noncurrent, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability. Note that the IASB has issued a new exposure draft proposing change to this amendment.	Deferred until accounting periods starting not earlier than 1 January 2024
Amendments to IFRS 10 and IAS 28	Sale or contribution of Assets between an Investor and its Associate or Joint Ventures	Available for optional adoption/effective date deferred indefinitely
Amendment to IFRS 16, Lease Liability in a Sale and Leaseback	Lease Liability in a Sale and Leaseback amends IFRS 16 by adding subsequent measurement requirements for sale and leaseback transactions.	1 January 2024
Amendments to IAS 1, Non-current Liabilities with Covenants	Non-current Liabilities with Covenants amends IAS 1 Presentation of Financial Statements. The amendments improve the information an entity provides when its right to defer settlement of a liability for at least twelve months is subject to compliance with covenants. The amendments also respond to stakeholders' concerns about the classification of such a liability as current or non-current.	1 January 2024

2.6 Basis of consolidation

These interim condensed consolidated financial statements comprises the interim condensed consolidated financial statements of the Group and its subsidiary as for the period ended 30 June 2023. The Company and its subsidiary are collectively referred to as the "Group". 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. Subsidiaries are consolidated from the date on which control commences until the date on which control ceases. The Group accounts for the business combinations using the acquisition method when control is transferred to the Group. Intra-group balances and transactions, and any recognized income and expenses arising from intra-group transactions, are eliminated. Accounting policies of the subsidiary are aligned, where necessary, to ensure consistency with the policies adopted by the Group. The Parent Company and its subsidiary have the same reporting periods.

SAUDI AIRLINES CATERING COMPANY (A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

At 30 June 2023

3. OPERATING SEGMENTS

a. Basis for segmentation

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

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

The Board of Directors is the Chief Operating Decision Maker and 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 profit or loss and is measured consistently with profit or loss in the interim condensed consolidated financial statements. However, the Group's financing (including finance costs, finance income and other income) and zakat are managed on a Group basis and are not allocated to operating segments.

SAUDI AIRLINES CATERING COMPANY (A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

At 30 June 2023

3. OPERATING SEGMENTS (continued)

b. Information about reportable segments

30 June 2023 (Unaudited)

	<i>Inflight</i> <i>SR</i>	<i>Retail</i> <i>SR</i>	<i>Catering and</i> <i>facilities</i> <i>SR</i>	<i>Total reportable</i> <i>segments</i> <i>SR</i>	<i>Overheads</i> <i>SR</i>	<i>Head office</i> <i>SR</i>	<i>Elimination</i> <i>SR</i>	<i>Total</i> <i>SR</i>
External revenue	721,985,353	26,067,444	270,609,120	1,018,661,917	-	-	-	1,018,661,917
Inter-segment revenue	126,367,171	-	56,396,632	182,763,803	-	-	(182,763,803)	-
Segment revenue	848,352,524	26,067,444	327,005,752	1,201,425,720	-	-	(182,763,803)	1,018,661,917
Segment profit / (loss) before zakat and tax	200,640,029	(13,360,116)	52,279,868	239,559,781	(99,968,730)	-	-	139,591,051
Depreciation and amortization	32,705,570	4,001,741	8,063,075	44,770,386	19,342,867	-	-	64,113,253
30 June 2023 (Unaudited)								
Assets:								
Segment assets	1,243,195,616	137,861,503	197,308,949	1,578,366,068	-	-	-	1,578,366,068
Head office	-	-	-	-	-	548,551,171	-	548,551,171
Total Assets	1,243,195,616	137,861,503	197,308,949	1,578,366,068	-	548,551,171	-	2,126,917,239
Liabilities:								
Segment liabilities	458,979,762	53,053,754	60,254,648	572,288,164	-	-	-	572,288,164
Head office	-	-	-	-	-	353,182,551	-	353,182,551
Total Liabilities	458,979,762	53,053,754	60,254,648	572,288,164	-	353,182,551	-	925,470,715

There are no changes from last financial statements in the basis and segmentation, and the basis of measurement and segment proportion.

SAUDI AIRLINES CATERING COMPANY (A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

At 30 June 2023

3. OPERATING SEGMENTS (continued)

b. Information about reportable segments (continued)

30 June 2022 (Unaudited)

	Inflight SR	Retail SR	Catering and facilities SR	Total reportable segments SR	Overheads SR	Head office SR	Elimination SR	Total SR
External revenue	605,608,687	27,165,352	175,279,734	808,053,773	-	-	-	808,053,773
Inter-segment revenue	97,062,178	-	46,173,304	143,235,482	-	-	(143,235,482)	-
Segment revenue	<u>702,670,865</u>	<u>27,165,352</u>	<u>221,453,038</u>	<u>951,289,255</u>	<u>-</u>	<u>-</u>	<u>(143,235,482)</u>	<u>808,053,773</u>
Segment profit / (loss) before zakat and tax	181,263,806	(11,153,147)	24,061,256	194,171,915	(103,122,778)	-	-	91,049,137
Depreciation and amortization	52,221,084	4,272,632	12,050,495	68,544,211	18,478,641	-	-	87,022,852
<i>31 December 2022 (Audited)</i>								
Assets:								
Segment assets	1,178,323,269	130,667,623	187,012,987	1,496,003,879	-	-	-	1,496,003,879
Other assets	-	-	-	-	-	535,190,950	-	535,190,950
Total Assets	<u>1,178,323,269</u>	<u>130,667,623</u>	<u>187,012,987</u>	<u>1,496,003,879</u>	<u>-</u>	<u>535,190,950</u>	<u>-</u>	<u>2,031,194,829</u>
Liabilities:								
Segment liabilities	452,255,655	52,276,510	59,371,910	563,904,075	-	-	-	563,904,075
Head office	-	-	-	-	-	347,364,575	-	347,364,575
Total Liabilities	<u>452,255,655</u>	<u>52,276,510</u>	<u>59,371,910</u>	<u>563,904,075</u>	<u>-</u>	<u>347,364,575</u>	<u>-</u>	<u>911,268,650</u>

SAUDI AIRLINES CATERING COMPANY (A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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At 30 June 2023

3. OPERATING SEGMENTS (continued)

c. Reconciliations of information on reportable segments to primary statements

I. Revenue

	<i>30 June 2023 SR (Unaudited)</i>	<i>30 June 2022 SR (Unaudited)</i>
Total revenue for reportable segments	1,201,425,720	951,289,255
Elimination of intersegment revenue	(182,763,803)	(143,235,482)
Total revenue	1,018,661,917	808,053,773

II. Profit

	<i>30 June 2023 SR (Unaudited)</i>	<i>30 June 2022 SR (Unaudited)</i>
Total profit for reportable segments	239,559,781	194,171,915
Overheads	(99,968,730)	(103,122,778)
Total profit	139,591,051	91,049,137

III. Assets

	<i>30 June 2023 SR (Unaudited)</i>	<i>31 December 2022 SR (Audited)</i>
Total assets for reportable segments	1,578,366,068	1,496,003,879
Head office	548,551,171	535,190,950
Total assets	2,126,917,239	2,031,194,829

Head office amounts principally related to cash and cash equivalents, investments and prepayment and other assets. Right-of-use assets and subleased assets have been allocated to their related segments.

IV. Liabilities

	<i>30 June 2023 SR (Unaudited)</i>	<i>31 December 2022 SR (Audited)</i>
Total liabilities for reportable segments	572,288,164	563,904,075
Head office	353,182,551	347,364,575
Total liabilities	925,470,715	911,268,650

Head office amounts are principally related to trade and other payables, zakat and tax liabilities and employees' terminal benefits. Lease liabilities have been allocated to the related segment.

SAUDI AIRLINES CATERING COMPANY (A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(continued)

At 30 June 2023

3. OPERATING SEGMENTS (continued)

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

V. Geographical information

Revenue	30 June	30 June
	2023	2022
	SR	SR
	(Unaudited)	(Unaudited)
Kingdom of Saudi Arabia	989,359,610	785,239,645
All foreign countries		
Egypt – Cairo	29,302,307	22,814,128
Total revenue	1,018,661,917	808,053,773

d. Major customer

Revenue from one customer of the Group represented approximately 56% (30 June 2022: 61%) of the total revenues.

4. REVENUES

	Three-month period ended		Six-month period ended	
	30 June		30 June	
	2023	2022	2023	2022
	SR	SR	SR	SR
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
In-flight catering revenue	300,755,514	259,761,805	610,858,909	512,035,488
Non-airlines revenue	128,583,422	89,110,522	271,273,017	172,859,008
Business lounge revenue	52,412,002	50,422,083	105,301,056	91,981,919
Retail revenue	13,129,899	12,731,245	26,067,444	27,165,352
Other operating revenues				
Camp facilities sales (staff feeding & accommodation)	981,297	1,422,422	1,944,099	3,012,006
Exclusivity purchase income & services to suppliers	1,217,392	-	3,217,392	1,000,000
	497,079,526	413,448,077	1,018,661,917	808,053,773

5. COST OF SALES

	Three-month period ended		Six-month period ended	
	30 June		30 June	
	2023	2022	2023	2022
	SR	SR	SR	SR
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Cost of materials and goods	178,110,573	127,088,912	353,218,892	249,511,912
Personnel costs	96,490,618	75,231,069	186,627,580	152,956,832
Depreciation	26,034,955	38,843,589	56,850,945	77,281,551
Rent and maintenance of production units	15,463,919	7,919,704	31,841,311	16,957,880
Other costs				
Manpower and transportation cost	17,093,153	15,038,605	34,474,721	28,125,348
Supplies and expandable items	13,530,486	11,250,485	28,327,008	22,896,246
Communication and utilities	7,468,395	6,823,303	14,581,923	13,096,393
Other operational costs	18,000,946	18,351,364	45,206,936	31,271,352
	372,193,045	300,547,031	751,129,316	592,097,514

SAUDI AIRLINES CATERING COMPANY (A SAUDI JOINT STOCK COMPANY)

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At 30 June 2023

6. EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing the net income for the period attributable to ordinary equity holders of the Group by the weighted average number of ordinary shares outstanding during the period. The calculation of diluted earnings per share is not applicable to the Group.

The basic and diluted earnings per share are calculated as follows:

	<i>Three-month period ended</i>		<i>Six-month period ended</i>	
	<i>30 June</i>		<i>30 June</i>	
	<i>2023</i>	<i>2022</i>	<i>2023</i>	<i>2022</i>
	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Net Profit for the period	63,734,197	43,463,187	120,859,362	78,775,645
Weighted average number of ordinary shares	82,000,000	82,000,000	82,000,000	82,000,000
Basic and diluted earnings per share (SR per share)	0.78	0.53	1.47	0.96

7. PROPERTY, PLANT AND EQUIPMENT

	<i>30 June</i>	<i>31 December</i>
	<i>2023</i>	<i>2022</i>
	<i>SR</i>	<i>SR</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>
<u>Cost:</u>		
Balance at the beginning of the period/year	783,600,274	766,014,073
Additions during the period/year	20,709,191	18,464,052
Disposals during the period/year	(16,578,595)	(501,622)
Expensed during the period/year	(159,616)	(376,229)
Balance at the end of the period/year	787,571,254	783,600,274
<u>Accumulated depreciation:</u>		
Balance at the beginning of the period/year	442,648,594	358,007,600
Charge for the period/year	32,084,026	85,123,092
Disposals during the period/year	(16,200,688)	(482,098)
Balance at the end of the period/year	458,531,932	442,648,594
<u>Carrying amounts:</u>		
At the end of period / year	329,039,322	340,951,680

- a) Capital work in progress represents construction works at renovation of Retail Shop in Riyadh Airport, Jeddah Airport Unit and Riyadh Airport Unit Building modifications.

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(continued)

At 30 June 2023

8. LEASES

a. Right-of-use assets

	<i>Commercial Building SR</i>	<i>Land SR</i>	<i>Residential Building SR</i>	<i>Vehicles SR</i>	<i>Total 2023 SR</i>
<u>Cost:</u>					
Balance at 1 January 2023	450,353,468	59,814,366	44,839,680	14,763,450	569,770,964
Additions (see note (i) below)	25,366,266	-	-	-	25,366,266
	<u>475,719,734</u>	<u>59,814,366</u>	<u>44,839,680</u>	<u>14,763,450</u>	<u>595,137,230</u>
Balance at 30 June 2023	<u>475,719,734</u>	<u>59,814,366</u>	<u>44,839,680</u>	<u>14,763,450</u>	<u>595,137,230</u>
<u>Accumulated depreciation:</u>					
Balance at 1 January 2023	251,964,777	11,031,342	24,867,194	14,763,450	302,626,763
Charge for the period	26,310,433	1,378,918	3,347,388	-	31,036,739
	<u>278,275,210</u>	<u>12,410,260</u>	<u>28,214,582</u>	<u>14,763,450</u>	<u>333,663,502</u>
Balance at 30 June 2023	<u>278,275,210</u>	<u>12,410,260</u>	<u>28,214,582</u>	<u>14,763,450</u>	<u>333,663,502</u>
<u>Carrying amounts:</u>					
At 30 June 2023 (Unaudited)	<u>197,444,524</u>	<u>47,404,106</u>	<u>16,625,098</u>	<u>-</u>	<u>261,473,728</u>
	<i>Commercial Building Lease SR</i>	<i>Land Lease SR</i>	<i>Residential Lease SR</i>	<i>Vehicles Lease SR</i>	<i>Total 2022 SR</i>
<u>Cost:</u>					
Balance at 1 January 2022	446,419,112	59,814,366	145,445,614	14,763,450	666,442,542
Additions	10,755,094	-	-	-	10,755,094
Terminations	(6,820,738)	-	(100,605,934)	-	(107,426,672)
	<u>450,353,468</u>	<u>59,814,366</u>	<u>44,839,680</u>	<u>14,763,450</u>	<u>569,770,964</u>
Balance at 31 December 2022	<u>450,353,468</u>	<u>59,814,366</u>	<u>44,839,680</u>	<u>14,763,450</u>	<u>569,770,964</u>
<u>Accumulated depreciation:</u>					
Balance at 1 January 2022	199,185,844	8,273,507	31,013,998	11,080,176	249,553,525
Charge for the year	58,329,811	2,757,835	10,628,846	3,683,274	75,399,766
Terminations	(5,550,878)	-	(16,775,650)	-	(22,326,528)
	<u>251,964,777</u>	<u>11,031,342</u>	<u>24,867,194</u>	<u>14,763,450</u>	<u>302,626,763</u>
Balance at 31 December 2022	<u>251,964,777</u>	<u>11,031,342</u>	<u>24,867,194</u>	<u>14,763,450</u>	<u>302,626,763</u>
<u>Carrying amounts:</u>					
At 31 December 2022	<u>198,388,691</u>	<u>48,783,024</u>	<u>19,972,486</u>	<u>-</u>	<u>267,144,201</u>

- i) During the period ended 30 June 2023, the company entered into a new contract with Saudi Iwaa for Residential Compounds in Riyadh.

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(continued)

At 30 June 2023

8. LEASES (continued)

b. Lease Liabilities

	30 June 2023 SR (Unaudited)	31 December 2022 SR (Audited)
At the beginning of the period / year	307,370,093	474,499,382
Additions to lease liabilities during the period / year	25,366,266	10,755,093
Interest expense during the period / year	6,870,151	17,801,951
Related to terminated contract	-	(105,366,036)
Lease payment during the period / year	(16,278,284)	(90,320,297)
Lease liabilities at the end of the period / year	323,328,226	307,370,093
Less: Current portion of lease liabilities	(164,366,412)	(132,049,502)
Non-Current portion of lease liabilities	158,961,814	175,320,591

c. Leases receivables

Movement in net lease receivables during the period/year is as follows:

	30 June 2023 SR (Unaudited)	31 December 2022 SR (Audited)
Net lease receivables at beginning of the period / year	19,248,835	24,074,505
Finance income	235,384	451,828
Modification	(2,250,638)	-
Payments received during the period / year	(10,474,463)	(5,277,498)
Net lease receivables at end of the period / year	6,759,118	19,248,835
Less: Current portion of net lease receivables	(4,743,625)	(15,458,733)
Non-Current portion of net lease receivables	2,015,493	3,790,102

9. INVESTMENT IN ASSOCIATE

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

The balances of the investment in associate as at 30 June 2023 and 31 December 2022 are as follows:

Name	Country of incorporation	Effective ownership interest (%)		Carrying value	
		30 June 2023 (Unaudited)	31 December 2022 (Audited)	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Saudi French Company for Duty Free Operations and Management	Kingdom of Saudi Arabia	40%	40%	31,083,557	21,543,123

SAUDI AIRLINES CATERING COMPANY (A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(continued)

At 30 June 2023

9. INVESTMENT IN ASSOCIATE (continued)

a) The associate does not issue interim financial statements, accordingly the financial data below and the share of results for the six-month period ended 30 June 2023 and year ended 31 December 2022 are based on internal management reporting.

b) Below is the summary of the financial information of the associate as at 30 June 2023 and 31 December 2022:

<i>i) <u>Share in net assets</u></i>	30 June 2023 SR (Unaudited)	31 December 2022 SR (Audited)
Non-current assets	63,379,472	93,951,585
Current assets	145,612,712	138,767,430
Total assets	208,992,184	232,719,015
Non-current liabilities	5,492,176	22,826,718
Current liabilities	133,124,422	158,953,667
Total liabilities	138,616,598	181,780,385
Net assets	70,375,586	50,938,630
Group's share in net assets	28,150,234	21,543,123
 <i>ii) <u>Share in profit</u></i>		
	30 June 2023 SR (Unaudited)	30 June 2022 SR (Unaudited)
Revenue	251,754,775	176,382,204
Net income / (loss) for the period	23,851,086	(1,081,653)
Company's share of profit for the period (40%)	9,540,434	-

The associate had no contingent liabilities or capital commitments as at 30 June 2023 and 31 December 2022.

c) During the year ended 31 December 2022, the Group reversed the total impairment of investment in associate and recognize their share of results in the mentioned associate. The movement in investment in associate for the period/year is as follows:

	30 June 2023 SR (Unaudited)	31 December 2022 SR (Audited)
At beginning of the period / year	21,543,123	-
Group's share of results in an associate	9,540,434	18,417,193
Reversal of impairment	-	3,125,930
At ending of the period / year	31,083,557	21,543,123

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10. TRADE AND OTHER RECEIVABLES

	<i>30 June 2023 SR (Unaudited)</i>	<i>31 December 2022 SR (Audited)</i>
Trade receivables - Due from related parties (note 16)	536,736,615	564,795,615
Trade receivables – Others	374,076,189	338,410,877
Unbilled receivables (<i>note c below</i>)	80,492,851	44,124,804
	991,305,655	947,331,296
Less: allowance for expected credit losses	(149,033,506)	(148,413,824)
	842,272,149	798,917,472

- a) Trade receivables are non-interest bearing. The credit terms of the trade receivables vary across the business segments of the Group. It is not the practice of the Group to obtain collateral over receivables and the vast majority of these are, therefore, unsecured. For terms and conditions with related parties please refer to Note 16.
- b) As at 30 June 2023, approximately 72% of the Group's trade receivable's balance was due from various governmental and semi-Government entities (31 December 2022: SR 69%).
- c) Unbilled receivables represent billing not yet approved by customers. As at 30 June 2023 and 31 December 2022 the unbilled receivables balances was having aging of less than one year.

The movement in allowance for expected credit losses is as follows:

	<i>30 June 2023 SR (Unaudited)</i>	<i>31 December 2022 SR (Audited)</i>
At the beginning of the period / year	148,413,824	126,596,732
Charge during the period / year	619,682	25,705,642
Written off during the period / year	-	(3,888,550)
At the end of the period / year	149,033,506	148,413,824

11. SHARE CAPITAL

As at the statement of financial position date, the authorized, issued and fully paid share capital is SR 820 million (2022: SR 820 million) which is divided into 82 million (2022: 82 million) shares of SR 10 par value each (2022: SR 10 par value each).

The shareholders are entitled to dividends as declared from time to time and are entitled to one vote per share at general meetings of the Group.

The shareholders and their percentage interests in the share capital of the Parent Company as at 30 June 2023 and 31 December 2022 are as follows:

<u><i>Name of Shareholders</i></u>	<i>Number of shares</i>	<i>Value in SR</i>	<i>Percentage Holding %</i>
Saudi Arabian Airlines Corporation	29,274,000	292,740,000	35.7%
Abdulmohsen Alhokair Group for Tourism and Development	7,711,256	77,112,560	9.4%
General public	45,014,744	450,147,440	54.9%
	82,000,000	820,000,000	100%

SAUDI AIRLINES CATERING COMPANY (A SAUDI JOINT STOCK COMPANY)**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

(continued)

At 30 June 2023

12. STATUTORY RESERVE

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

13. DIVIDENDS

On 22 March 2023, and in its issued resolution, the Board of Directors recommended the distribution of cash dividends to the Company's shareholders for the fiscal year 2022 amounted to SR 41 million at SR 0.5 per share.

14. ZAKAT

	30 June 2023 SR (Unaudited)	31 December 2022 SR (Audited)
Zakat payable	17,507,380	28,777,772
Advance income tax relating to foreign shareholding	(7,127,198)	(7,127,198)
Net zakat payable	10,380,182	21,650,574

i) Movement in Zakat provision is as follows:

	30 June 2023 SR (Unaudited)	31 December 2022 SR (Audited)
Balance at beginning of the period / year	28,777,772	20,075,409
Charge for the period / year	17,507,380	28,777,772
Adjustment related to prior years	1,224,309	(59,945)
Payments during the period / year	(30,002,081)	(20,015,464)
Balance at end of the period / year	17,507,380	28,777,772

ii) Charge of the period ended 30 June 2023 and year ended 31 December 2022 is as follows:

	30 June 2023 SR (Unaudited)	31 December 2022 SR (Audited)
Zakat charge for the period / year	17,507,380	28,777,772
Prior year adjustment	1,224,309	(59,945)
Total Zakat of the period / year	18,731,689	28,717,827

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At 30 June 2023

14. ZAKAT (continued)

Zakat assessments status

The Group's status of the assessments is as follows:

The Parent Company:

The Company has submitted its Zakat and tax declarations for the years 2008 to 2022.

For the year ended 31 December 2008, Zakat, Tax and Customs Authority ("ZATCA") issued an assessment claiming additional Zakat and tax along with delay penalties of SR 475 thousand which the Company settled under protest, and simultaneously filed an objection. The ZATCA partially accepted the Company's objection. Accordingly, the Company has accepted the remaining claim and is in the process of obtaining a refund of the amount accepted by ZATCA, SR 313 thousand.

For the years ended 31 December, 2009 to 2014, the ZATCA issued queries for the mentioned years. ZATCA has not issued any assessments. However, given the statute of limitation is five years under zakat regulations and the assessment for the subsequent years has been issued, the Company believes there may not be any further correspondence for the above period which can therefore be considered as final.

For the years ended 31 December 2015 to 2018, The ZATCA issued assessments on 22 December 2020, claiming additional Zakat, tax, and delay penalties on tax amounting to SR 16 million. The Company submitted its objection against the assessment, and after attending a hearing with ZATCA, the Company received a revised assessment claiming SR 14 million, which was not accepted, hence the Company escalated the case to the Tax Violation and Dispute Resolution Committee ("TVDRC"), The TVDRC conducted a hearing on 17 July 2022. Later, the TVDRC issued its decision, partially accepting the Company's objection. As a result, the total additional Zakat has been reduced to SR 11.7 million for all these years. The Company escalated the objection to the Tax Violation and Dispute Appeal Committee ("TVDAC") on 12 September 2022, and the case is being under their review.

For the years ended 31 December 2019 to 2020, post-submission of the response to the ZATCA queries and draft assessment, the ZATCA issued a final assessment claiming additional Zakat, tax, and penalties amounting to SR 9.2 million. The Company submitted an objection against the above assessment. Upon receiving ZATCA's decision, the Company escalated the case to TVDRC on December 31, 2021. Post-hearing being held at the TVDRC level, the TVDRC issued a decision on 17 January 2023; in its decision, they partially accepted the Company's objection. However, the Company still did not accept the decision, further escalating the objection to TVDAC on 15 February 2023. Currently, the case is being under their review.

The Company has a refund of SR 7.1 million for overpaid accelerated taxes. The Company is in the process of obtaining the said refund from ZATCA.

For the years ended 31 December 2022, the Company has submitted its Zakat declarations and obtained a Zakat certificate valid until 30 April 2024.

The Subsidiary

The subsidiary has submitted its Zakat declarations up to the year ended 31 December 2022 and obtained the unrestricted Zakat certificate valid until 30 April 2024.

15. TRADE AND OTHER PAYABLES

	<i>30 June 2023 SR (Unaudited)</i>	<i>31 December 2022 SR (Audited)</i>
Accrued expenses	286,342,613	232,626,157
Trade payables – third parties	72,251,346	126,767,350
Payroll accruals	46,236,387	38,226,625
Trade payables – related parties (note 16)	8,082,782	8,836,841
Dividend payable (note 13)	2,624,828	2,446,535
	<u>415,537,956</u>	<u>408,903,508</u>

SAUDI AIRLINES CATERING COMPANY (A SAUDI JOINT STOCK COMPANY)

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At 30 June 2023

16. RELATED PARTY TRANSACTIONS AND BALANCES

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

i) Following are the details of related party transactions during the period:

<i>Name of Related party</i>	<i>Nature of transactions</i>	<i>Three-month period ended</i>		<i>Six-month period ended</i>	
		<i>30 June</i>		<i>30 June</i>	
		<i>2023</i>	<i>2022</i>	<i>2023</i>	<i>2022</i>
		<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>
		<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>
<i>Shareholders</i>					
Saudi Arabian Airlines Corporation	Sale of goods and services	351,416,381	307,153,536	726,250,134	589,086,972
	Services received	1,503,160	-	1,772,344	1,174,401
<i>Affiliates</i>					
Saudi Ground Services Company	Sale of goods and services	15,840,025	10,665,490	28,736,838	17,822,912
	Services received	861,730	-	1,454,456	812,916
Saudi Airlines Cargo Company	Sale of goods and services	1,535,441	1,929,096	3,047,408	3,728,083
	Services received	12,882	1,224,349	871,015	1,409,830
Saudi French Company for Duty Free Operations and Management	Sale of goods and services	1,885,134	1,726,283	3,915,413	3,120,142
Saudi Airlines Real Estate Development Company	Sale of goods and services	-	6,038	-	34,305
	Services received	2,618,045	-	3,183,977	-
Saudi Private Aviation	Sale of goods and services	6,242,320	5,962,539	12,603,661	14,499,461
Saudia Royal Fleet	Sale of goods and services	8,104,656	13,349,706	16,458,393	25,105,485
Saudia Aerospace Engineering Industries	Sale of goods and services	960,653	830,290	1,541,526	1,338,326
Flyadeal Airlines Company	Sale of goods and services	4,860,822	2,512,396	7,763,995	4,066,629
Al Salam Aircraft Company	Sale of goods and services	46,123	67,830	125,197	277,121
Prince Sultan Aviation Academy	Sale of goods and services	-	-	12,133	-

SAUDI AIRLINES CATERING COMPANY (A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(continued)

At 30 June 2023

16. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

ii) Due from related parties comprised the following:

	<i>30 June</i> <i>2023</i> <i>SR</i> <i>(Unaudited)</i>	<i>31 December</i> <i>2022</i> <i>SR</i> <i>(Audited)</i>
Saudi Arabian Airlines Corporation	431,562,109	430,488,596
Saudia Royal Fleet	42,389,493	53,662,602
Saudi Ground Services Company	32,132,660	47,269,751
Saudia Aerospace Engineering Industries	11,519,660	9,978,135
Saudi Private Aviation	9,347,442	12,670,913
Flyadeal Airlines Company	4,675,588	3,028,242
Saudi French Company for Duty Free Operations and Management	1,885,134	4,043,890
Saudi Airlines Cargo Company	1,830,966	2,132,060
Al Salam Aircraft Company	1,207,420	1,262,454
Prince Sultan Aviation Academy	53,523	113,754
Saudi Airlines Real Estate Development Company	132,620	145,218
	<u>536,736,615</u>	<u>564,795,615</u>

iii) Due to related parties comprised the following:

	<i>30 June</i> <i>2023</i> <i>SR</i> <i>(Unaudited)</i>	<i>31 December</i> <i>2022</i> <i>SR</i> <i>(Audited)</i>
Saudi Airlines Real Estate Development Company	6,628,326	8,444,349
Saudi Ground Services Company	1,454,456	-
Saudi Airlines Cargo Company	-	392,492
	<u>8,082,782</u>	<u>8,836,841</u>

Terms and conditions of transactions with related parties

Outstanding balances at the reporting period are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. Outstanding balances at year-end arise in the normal course of business. For the period ended 30 June 2023 and year ended 31 December 2022, the amounts owed by related parties are not impaired.

iv) Compensation of key management personnel of the Group:

Key management personnel of the Group comprise of key members of the management having authority and responsibility for planning, directing and controlling the activities of the Group. The compensation to key management is shown below:

	<i>Three-month period ended</i>		<i>Six-month period ended</i>	
	<i>30 June</i>		<i>30 June</i>	
	<i>2023</i>	<i>2022</i>	<i>2023</i>	<i>2022</i>
	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Short term employee benefits	1,710,296	1,955,087	3,419,743	4,258,781
Post-employment benefits	16,200	24,300	40,500	60,750
Termination benefits	140,609	102,915	378,823	235,537
Key management bonus	1,000,000	965,039	2,000,000	1,930,078
	<u>2,867,105</u>	<u>3,047,341</u>	<u>5,839,066</u>	<u>6,485,146</u>

The amounts disclosed in the table are the amounts recognised as an expense during the year related to key management personnel.

SAUDI AIRLINES CATERING COMPANY (A SAUDI JOINT STOCK COMPANY)**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

(continued)

At 30 June 2023

17. CONTINGENCIES AND COMMITMENTS

As at 30 June 2023 and 31 December 2022, the Group had the following commitments, letter of guarantees and contingencies:

	<i>2023</i>	<i>2022</i>
	<i>SR</i>	<i>SR</i>
Capital commitments	82,554,043	46,222,342
Letter of guarantees (refer to note below)	59,450,304	51,451,595

On 30 June 2023, the Group had outstanding letters of guarantee amounting to SR 59.5 million issued by banks on behalf of the Group to suppliers and promises to meet any financial obligations (31 December 2022: SR 51.5) with cash margin deposit amounting to SR 10.6 million (31 December 2022: SR 10.5 million).

Vendors and ex-employees have commenced an action against the Group in respect of individual and commercial claimed to be defective. The estimated payout is SR 2.5 million should the action be successful.

18. APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

These interim condensed consolidated financial statements were approved by the Board of Directors on 1 August 2023 (corresponding to 14 Muharram 1445H).