

**Saudi Public Transport Company and its Subsidiary  
(A Saudi Joint Stock Company)**

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

**FOR THE THREE AND NINE MONTHS PERIODS ENDED 30 SEPTEMBER 2020**

Saudi Public Transport Company and its Subsidiary  
(A Saudi Joint Stock Company)

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INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S  
REVIEW REPORT  
FOR THE THREE AND NINE MONTHS PERIODS ENDED 30 SEPTEMBER 2020

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**INDEPENDENT AUDITOR'S REVIEW REPORT**  
**To the Shareholders' of Saudi Public Transport Company**  
**(A Saudi Joint Stock Company)**

**Introduction:**

We have reviewed the accompanying interim condensed consolidated statement of financial position of Saudi Public Transport Company - A Saudi Joint Stock Company - (the "Company") and its Subsidiary (collectively referred to as the "Group") as at 30 September 2020, and the related interim condensed consolidated statement of income and comprehensive income for the three and nine months ended 30 September 2020, and the related interim condensed consolidated statements of changes in equity and cash flows for the nine months periods ended 30 September 2020, 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") 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 International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" that is endorsed in the Kingdom of Saudi Arabia. A review of interim financial statements 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") that is endorsed in the Kingdom of Saudi Arabia.

for Ernst & Young

Fahad M. Al-Toaimi  
Certified Public Accountant  
Registration No. (354)



Riyadh: 22 Rabi' Al Awwal 1442H  
(8 November 2020)

Saudi Public Transport Company and its Subsidiary  
(A Saudi Joint Stock Company)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME

For the three and nine months period ended 30 September 2020

	Note	For the three months period ended 30 September		For the nine months period ended 30 September	
		2020	2019	2020	2019
		SAR'000 (Unaudited)	SAR'000 (Unaudited)	SAR'000 (Unaudited)	SAR'000 (Unaudited)
Revenue	3	313,931	485,312	856,733	1,325,236
Cost of revenue		(340,393)	(312,816)	(962,294)	(1,120,782)
<b>Gross (loss) profit</b>		<b>(26,462)</b>	172,496	<b>(105,561)</b>	204,454
Selling and distribution expenses		(9,874)	(11,469)	(24,840)	(26,560)
Administrative expenses		(20,431)	(41,403)	(67,425)	(92,792)
Impairment loss for assets held for sale	13	(42,705)	-	(42,705)	-
<b>Operating (loss) profit</b>		<b>(99,472)</b>	119,624	<b>(240,531)</b>	85,102
Share of (loss) profit from joint venture	15	(14,910)	(10,232)	(31,531)	17,718
Share of (loss) profit from an associate		(151)	413	244	368
Finance income	10	1,058	146	3,522	734
Finance costs	8	(7,382)	(9,301)	(28,034)	(25,264)
Other income	4	2,134	3,345	4,464	11,081
<b>(Loss) profit before zakat and income tax</b>		<b>(118,723)</b>	103,995	<b>(291,866)</b>	89,739
Zakat and income tax	5	(3,028)	(8,980)	(10,158)	(15,275)
<b>(Loss) profit for the period</b>		<b>(121,751)</b>	95,015	<b>(302,024)</b>	74,464
<b>(Loss) profit for the period attributable to:</b>					
-Equity holders of the parent company		(120,950)	97,106	(299,567)	76,886
-Non-controlling interests		(801)	(2,091)	(2,457)	(2,422)
		<b>(121,751)</b>	95,015	<b>(302,024)</b>	74,464
<b>(Loss) profit per share (in Saudi Riyals):</b>					
Basic and diluted, from the (loss) profit for the period attributable to equity holders of the parent company		(0.97)	0.78	(2.40)	0.62

Saudi Public Transport Company and its Subsidiary  
(A Saudi Joint Stock Company)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three and nine months period ended 30 September 2020

	For the three months period ended 30 September		For the nine months period ended 30 September	
	2020	2019	2020	2019
	<i>Note</i> <b>SAR'000</b> <b>(Unaudited)</b>	SAR'000 <b>(Unaudited)</b>	<b>SAR'000</b> <b>(Unaudited)</b>	SAR'000 <b>(Unaudited)</b>
<b>(Loss) profit for the period</b>	<b>(121,751)</b>	95,015	<b>(302,024)</b>	74,464
<b>Other comprehensive income</b>				
<i>Other comprehensive (loss) income not to be reclassified to the interim condensed consolidated statement of income in subsequent periods:</i>				
- Re-measurement gains on defined benefits liability	<b>1,533</b>	-	<b>1,533</b>	4,982
- Net movement in fair value of investments classified at fair value through other comprehensive income "FVOCI"	<b>16,222</b>	(3,907)	<b>8,269</b>	6,941
<b>Total other comprehensive (loss) income for the period</b>	<b>17,755</b>	(3,907)	<b>9,802</b>	11,923
<b>Total comprehensive loss for the period</b>	<b>(103,996)</b>	91,108	<b>(292,222)</b>	86,387
<b>Total comprehensive loss for the period attributable to:</b>				
Equity holders of the parent company	<b>(103,195)</b>	93,199	<b>(289,765)</b>	88,809
Non-controlling interests	<b>(801)</b>	(2,091)	<b>(2,457)</b>	(2,422)
	<b>(103,996)</b>	91,108	<b>(292,222)</b>	86,387

The attached notes from 1 to 20 form an integral part of these interim condensed consolidated financial statements.

Saudi Public Transport Company and its Subsidiary  
(A Saudi Joint Stock Company)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2020

		30 September 2020	31 December 2019
	<i>Note</i>	SAR'000 (Unaudited)	SAR'000 (Audited)
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment and right of use assets	6	1,131,630	1,257,377
Intangible assets	7	517,671	345,955
Investment properties		307,122	307,122
Amounts due from a related party – non-current portion	10	44,231	67,145
Investment in associates and a joint venture		106,810	138,352
Investments in equity instruments designated as at FVOCI	12	92,694	90,101
Unbilled receivables – non-current portion		1,271,807	1,032,945
Other non-current assets		4,692	5,306
<b>Total non-current assets</b>		<b>3,476,657</b>	<b>3,244,303</b>
<b>Current assets</b>			
Inventories		27,309	30,752
Trade receivables, unbilled receivables and other receivables		590,905	307,545
Amounts due from a related party – current portion	10	61,030	35,587
Prepayments and other current assets		112,567	139,185
Cash and cash equivalents		488,097	338,438
		<b>1,279,908</b>	<b>851,507</b>
Assets held for sale	13	7,016	-
<b>Total current assets</b>		<b>1,286,924</b>	<b>851,507</b>
<b>Total assets</b>		<b>4,763,581</b>	<b>4,095,810</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Issued capital		1,250,000	1,250,000
Statutory reserve		183,471	183,471
Consensual reserve		42,730	42,730
Investment revaluation reserve		1,774	(6,495)
(Accumulated losses) retained earnings		(134,233)	163,801
<b>Equity attributable to equity holders of the parent company</b>		<b>1,343,742</b>	<b>1,633,507</b>
Non-controlling interests		4,183	6,640
<b>Total equity</b>		<b>1,347,925</b>	<b>1,640,147</b>
<b>Non-current liabilities</b>			
Murabaha financing – non-current portion	8	843,127	336,663
Lease liabilities – non-current portion		31,955	8,529
Employees' defined benefits obligation		143,380	137,516
Advance from a customer – non-current portion	9	1,460,561	959,078
Deferred revenue - non-current portion		5,887	6,639
<b>Total non-current liabilities</b>		<b>2,484,910</b>	<b>1,448,425</b>
<b>Current liabilities</b>			
Murabaha financing – current portion	8	115,996	84,209
Lease liabilities – current portion		3,709	1,779
Murabaha financing – short term	8	150,363	339,181
Trade and other payables		395,501	345,156
Due to non-controlling interests of the subsidiary	10	7,366	12,118
Accrued expenses and other liabilities		113,759	129,595
Deferred revenue - current portion		14,097	16,852
Advance from a customer – current portion	9	97,315	48,901
Zakat and income tax payable	5	32,640	29,447
<b>Total current liabilities</b>		<b>930,746</b>	<b>1,007,238</b>
<b>Total liabilities</b>		<b>3,415,656</b>	<b>2,455,663</b>
<b>Total equity and liabilities</b>		<b>4,763,581</b>	<b>4,095,810</b>

The attached notes from 1 to 20 form an integral part of these interim condensed consolidated financial statements.

Saudi Public Transport Company and its Subsidiary  
(A Saudi Joint Stock Company)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period ended 30 September 2020

	<i>Attributed to equity holders of the parent company</i>					<i>Non - controlling interests'</i> SAR'000	<i>Total equity</i> SAR'000	
	<i>Issued capital</i> SAR'000	<i>Statutory reserve</i> SAR'000	<i>Consensual reserve</i> SAR'000	<i>Investment revaluation reserve</i> SAR'000	<i>(Accumulated losses) retained earnings</i> SAR'000			<i>Total</i> SAR'000
31 December 2019 (Audited)	1,250,000	183,471	42,730	(6,495)	163,801	1,633,507	6,640	1,640,147
Loss for the period	-	-	-	-	(299,567)	(299,567)	(2,457)	(302,024)
Other comprehensive income for the period	-	-	-	8,269	1,533	9,802	-	9,802
Total comprehensive (loss) income	-	-	-	8,269	(298,034)	(289,765)	(2,457)	(292,222)
<b>At 30 September 2020 (Unaudited)</b>	<b>1,250,000</b>	<b>183,471</b>	<b>42,730</b>	<b>1,774</b>	<b>(134,233)</b>	<b>1,343,742</b>	<b>4,183</b>	<b>1,347,925</b>
	<i>Issued capital</i> SAR'000	<i>Statutory reserve</i> SAR'000	<i>Consensual reserve</i> SAR'000	<i>Investments revaluation reserve</i> SAR'000	<i>Retained earnings</i> SAR'000	<i>Total</i> SAR'000	<i>Non- controlling interests</i> SAR'000	<i>Total Equity</i> SAR'000
31 December 2018 (Audited)	1,250,000	179,939	42,730	(18,502)	130,562	1,584,729	8,040	1,592,769
Loss for the period	-	-	-	-	76,886	76,886	(2,422)	74,464
Other comprehensive income for the period	-	-	-	6,941	4,982	11,923	-	11,923
Total comprehensive (loss) income	-	-	-	6,941	81,868	88,809	(2,422)	86,387
<b>At 30 September 2019 (Unaudited)</b>	<b>1,250,000</b>	<b>179,939</b>	<b>42,730</b>	<b>(11,561)</b>	<b>212,430</b>	<b>1,673,538</b>	<b>5,618</b>	<b>1,679,156</b>

The attached notes from 1 to 20 form an integral part of these interim condensed consolidated financial statements.

Saudi Public Transport Company and its Subsidiary  
(A Saudi Joint Stock Company)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
For the period ended 30 September 2020

	2020 SAR'000 (Unaudited)	2019 SAR'000 (Unaudited)
<b>OPERATING ACTIVITIES</b>		
(Loss) income before zakat and income tax	(291,866)	89,739
<i>Adjustments to reconcile income before zakat to net cash flows:</i>		
Depreciation and amortization	138,504	139,142
Impairment of trade receivables, unbilled receivables and other receivables	13,584	3,011
Impairment of assets held for sale	42,705	-
Allowance for slow moving inventories	1,500	1,500
Share of loss (profit) of a joint venture	31,531	(17,718)
Share of profit of an associate	(244)	(368)
Deferred revenue amortization	(772)	(770)
Finance costs	28,034	25,264
Finance income	(3,522)	(734)
Changes in employee's defined benefit liabilities	15,395	14,895
Gain on disposal of property, plant and equipment	(13)	(6,458)
	<u>(25,164)</u>	<u>247,503</u>
<i>Working capital adjustments:</i>		
Inventories, net	1,943	(1,450)
Trade receivables, unbilled receivables and other receivables	(535,806)	(587,618)
Amounts due from a related party	(2,529)	(10,975)
Prepayments and other current assets	29,136	(21,678)
Other non-current assets	614	614
Trade and other payables	50,345	(86,129)
Amounts due to non-controlling interests of the subsidiary	(4,752)	(4,125)
Accrued expenses and other liabilities	(15,591)	8,457
Advance from a customer	549,896	549,896
Deferred revenue	(2,735)	7,126
Cash from operations	45,357	101,621
Zakat and income tax paid	(6,965)	(2,050)
Defined benefits obligation paid to employees	(7,978)	(34,882)
<b>Net cash flows from operating activities</b>	<u>30,414</u>	<u>64,689</u>
<b>INVESTING ACTIVITIES</b>		
Movement in investments in equity instruments designated as at FVOCI	5,676	8,423
Proceeds from finance income	991	-
Proceeds from sale of assets held for sale	-	14,000
Proceeds from sale of property, plant and equipment	14	9,549
Purchase of intangible assets	(173,219)	(85,223)
Purchase of property, plant and equipment and right of use assets	(31,048)	(97,264)
<b>Net cash flows used in investing activities</b>	<u>(197,586)</u>	<u>(150,515)</u>
<b>FINANCING ACTIVITIES</b>		
Proceeds from Murabaha financing	752,716	959,618
Repayment of Murabaha financing	(431,317)	(631,565)
Repayment of lease liability	(4,568)	(3,340)
<b>Net cash flows from financing activities</b>	<u>316,831</u>	<u>324,713</u>
<b>Net increase in cash and cash equivalents</b>	<u>149,659</u>	<u>238,887</u>
Cash and cash equivalents at 1 January	<u>338,438</u>	<u>241,848</u>
<b>Cash and cash equivalents at 30 September</b>	<u>488,097</u>	<u>480,735</u>
<b><u>SIGNIFICANT NON-CASH TRANSACTIONS:</u></b>		
Re-measurement gains on defined benefits liability	1,533	4,982
Net movement in fair value of equity investments as at FVOCI	<u>8,269</u>	<u>6,941</u>

The attached notes from 1 to 20 form an integral part of these interim condensed consolidated financial statements.



Saudi Public Transport Company and its Subsidiary  
(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2020

**1 CORPORATE INFORMATION**

Saudi Public Transport Company (the "Company", "SAPTCO", or the "Parent") is a Saudi Joint Stock Company, registered in Riyadh, the Kingdom of Saudi Arabia formed under the Royal Decree No. M/11, dated 7 Rabi Awal 1399H (corresponding to 5 February 1979), whose shares are publicly traded on the Saudi Stock Exchange. The formation was declared pursuant to the resolution of His Excellency, The Minister of Commerce, No. 254 dated 14 Sha'aban 1399H (corresponding to 9 July 1979). The Company operates under commercial registration number 1010024335 dated 5 Ramadan 1399H (corresponding to 29 July 1979). The Company's head office's address is Al-Nakheel neighborhood, Al-Takhasusi Street, Building No. 7995, P.O. Box 10667 Riyadh 11443, KSA.

The Company is engaged in passenger land transport both intra and inter-city throughout the country, and outside the Kingdom of Saudi Arabia, as well as transfer of non-postal parcels, cargo, school transport, teachers transport, car rental and sand and gravel transport. The Company is also engaged in operating and maintaining of trains, metros, motor vehicles and trucks, organising tours, transporting pilgrims and visitors in and out of the Kingdom of Saudi Arabia and importing spare parts and chemical detergents of vehicles.

Royal Decree No. (M/48) dated 23 Dhul-Hijjah 1399H (corresponding to 13 November 1979) was issued to grant Saudi Public Transport Company a franchise contract whereby the Company commits to transport passengers on public roads network both intra and inter-city throughout the Kingdom of Saudi Arabia for a period of fifteen Hijri years.

The Council of Ministers' resolution No. (57) issued on 1 Jumada Thani 1414H (corresponding to 15 November 1993) approved the renewal of the franchise contract for a period of fifteen years starting from 1 Rajab 1414H. On 21 Jumada Al-Awal 1429H (corresponding to 26 May 2008), the contract was renewed for another renewable five-year period starting from 1 Rajab 1429H (corresponding to 4 July 2008).

The Council of Ministers' resolution No. (254) issued on 24 Rajab 1434H (corresponding to 3 September 2013) approved the extension of the franchise contract signed between the government and Saudi Public Transport Company (SAPTCO), whereby the Company is committed to carry passengers by buses within and between cities in the Kingdom for a period of three years starting 1 Rajab 1434H (corresponding to 11 May 2013). The concerned governmental authorities shall have the right during that period to partially reduce the spatial coverage of the franchise contract based on the phases of issuing new tender for providing public transportation between the cities inside the Kingdom of Saudi Arabia.

On 29 Dhul-Hijja 1436H (corresponding to 12 October 2015), the Council of Ministers approved the extension of the franchise contract, signed between the government and Saudi Public Transport Company (SAPTCO) by virtue of the Royal Decree (No. M/48 dated 23 Dhul-Hijjah 1399H corresponding to 13 November 1979), for a period of five years starting 1 Rajab 1437H (corresponding to 8 April 2016), without giving the Company or any other company any competitive advantage when issuing tenders for providing public transportation services between the cities of the Kingdom. On 27 Safar 1442 H (corresponding to 14 October 2020), the Company received a letter from His Excellency President of the General Authority for Transport regarding the franchise contract that includes the approval of the Council of Ministers (initial approval) on what the assigned committee has reach to regarding Company's assets (note 19).

The Company has invested in the following subsidiary, which is included in these interim condensed consolidated financial statements:

Subsidiary	Year of incorporation	Shareholding %		Principal Activity	Country of Incorporation
		30 September 2020	31 December 2019		
Public Transport Company ("PTC")	2014	80%	80%	Executing King Abdulaziz Project for Public Transport in Riyadh	Kingdom of Saudi Arabia

Public Transport Company ("PTC") is a limited liability Company registered in Riyadh, Kingdom of Saudi Arabia, under commercial registration number 1010429250, dated 8 Rabi ul Awal 1436H (corresponding to 31 December 2014). The Company is engaged in importing, operating and maintaining of buses in Riyadh according to license issued by the Saudi Arabian General Investment Authority Numbered 10608351147347 dated 8 Dhul-Qadah 1435H (corresponding to 4 September 2014).

Saudi Public Transport Company and its Subsidiary  
(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
At 30 September 2020

**1 CORPORATE INFORMATION (continued)**

The Company has also the following investments in associates and joint venture:

Investment in associates and joint venture	Relationship	Shareholding %		Principal Activity	Country of Incorporation
		30 September 2020	31 December 2019		
Saudi Bahraini Transport Company*	Associate	40%	40%	Transportation activities	Kingdom of Saudi Arabia – Kingdom of Bahrain
Capital Metro Company	Associate	20%	20%	Road construction works and maintenance	Kingdom of Saudi Arabia
Saudi Emirates Integrated Transport Company	Joint Venture	50%	50%	Educational transportation services	Kingdom of Saudi Arabia

\*The Saudi Bahraini Transport Company is under liquidation since 31 December 2015.

**2 SIGNIFICANT ACCOUNTING POLICIES**

**2-1 BASIS OF PREPARATION**

These interim condensed consolidated financial statements, for the three and nine month periods ended 30 September 2020, have been prepared in accordance with the International Accounting Standard, “Interim Financial Reporting” (“IAS 34”) as endorsed in the Kingdom of Saudi Arabia (“KSA”) and other standards and pronouncements that are issued by the Saudi Organization for Certified Public Accountants (“SOCPA”).

The interim condensed consolidated financial statements do not include all the information and disclosures required in the 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 2019.

These interim condensed consolidated financial statements have been prepared under the historical cost convention, except for equity investments classified as ‘Fair Value through Other Comprehensive Income’, which are measured at fair value, and defined benefit obligation, which is recognised at the present value of future obligations under the Projected Unit Credit method.

Although the interim period is considered an integral part of the entire financial year, the results of the interim period may not be a fair indicator of the operating results of the entire year.

These interim condensed consolidated financial statements are presented in Saudi Riyals, which is also the Group’s functional currency. All amounts have been rounded to the nearest thousand (“SR ‘000”), unless otherwise indicated.

**2-2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the annual consolidated financial statements for the year ended 31 December 2019, and are explained in note (2) to the consolidated financial statement for the year ended 31 December 2019, except for the adoption of new standards effective as of 1 January 2020, if any. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Saudi Public Transport Company and its Subsidiary  
(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

At 30 September 2020

**3 REVENUE**

	For the three months period ended 30 September		For the nine months period ended 30 September	
	2020 SR'000 (Unaudited)	2019 SR'000 (Unaudited)	2020 SR'000 (Unaudited)	2019 SR'000 (Unaudited)
Revenues from concession arrangements for the from King Abdulaziz Project for public transportation in Riyadh	<b>203,899</b>	105,678	<b>536,005</b>	507,863
Revenue from passenger transport	<b>79,794</b>	165,769	<b>208,777</b>	464,310
Revenue from specialized services	<b>23,694</b>	199,705	<b>86,821</b>	310,584
Government subsidy revenue (*)	<b>6,544</b>	14,160	<b>25,130</b>	42,479
	<b>313,931</b>	485,312	<b>856,733</b>	1,325,236

(\*) During 2018, the Royal Commission for Riyadh (“Commission’s Projects and Planning Center”) and Saudi Public Transport Company (SAPTCO) (“Operator”) agreed to implement the alternative bus service in Riyadh as an alternative service provided by the existing local buses in the Riyadh city for two years, including the provision of materials, equipment, workers and any matters technically and practically required for the implementation of the project.

The operation start date is 11 Jumada Althani 1439H (corresponding to February 27, 2018) for transport on service runways and stop points in Riyadh city, which is to be determined by approval of the Public Transport Authority. The total of the annual support amount (SR 36,505,676) is disbursed in equal monthly installments. During March 2020, the Group agreed with the Royal Commission for Riyadh to continue to implementing the project on a monthly basis of SR 6.5 million, where King Abdulaziz Project for Public Transport has not started yet. Due to the suspension of transportation during the second quarter of the current year, the Group did not record the support revenues until the discussions with the Authority to determine the duration of the extension and the amount of support for the period are finalized. The discussions are still in process up to the date of preparation of these interim condensed financial statements.

During 2018, Jeddah Municipality and SAPTCO agreed to implement the alternative bus service project in Jeddah for a period of five years, including the provision of materials, equipment, workers and all matters technically and practically required for implementing the project.

The operation start date is 11 Jumada Althani 1439H (corresponding to February 27, 2018) for transport on service runways and stop points in Jeddah city, which is to be determined by approval of the Public Transport Authority. The total amount of the annual subsidy (SR 20,132,728) is to be disbursed in equal monthly installments. Due to the suspension of transportation during the second quarter of the current year, the Group has not recorded support revenue for the period. Management believes that there are no unfulfilled terms or contingent liabilities related to this subsidy.

**4 OTHER INCOME**

	For the three months period ended 30 September		For the nine months period ended 30 September	
	2020 SR'000 (Unaudited)	2019 SR'000 (Unaudited)	2020 SR'000 (Unaudited)	2019 SR'000 (Unaudited)
Rental income	<b>287</b>	743	<b>1,235</b>	2,064
Suppliers’ penalties	<b>483</b>	329	<b>1,019</b>	849
Drivers renting income	<b>590</b>	-	<b>922</b>	-
Gain on sale of scrap	<b>256</b>	152	<b>307</b>	257
Advertising revenue on intra-city transportation buses	<b>220</b>	-	<b>220</b>	99
Gain on sale of property, plant and equipment	<b>13</b>	2,041	<b>13</b>	6,458
Other income	<b>285</b>	80	<b>748</b>	1,354
	<b>2,134</b>	3,345	<b>4,464</b>	11,081

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**5 ZAKAT AND INCOME TAX**

**A) Zakat**

Zakat has been calculated based on Zakat base for the Company and its subsidiary separately. The Company has filed zakat returns for the years 2005 to 2019 and received required zakat certificates up to 2019. The General Authority for Zakat and Tax (“GAZT”) has issued its zakat assessments for the Company up to 2018. The Group has paid the zakat payable under the amended assessment and cleared its Zakat assessment for all the year up to the 2018.

**B) Income Tax**

The zakat and income tax returns for the subsidiary for all years up to 2019 have been filed with the GAZT. Assessments have not yet been raised by the GAZT.

**6 PROPERTY, PLANT, EQUIPMENT AND RIGHT-OF-USE ASSETS**

	<b>30 September 2020</b> <b>SR'000</b> <b>(Unaudited)</b>	31 December 2019 SR'000 (Audited)
Property, plant, equipment and right-of-use assets	<b>1,101,201</b>	1,235,249
Projects and buses in progress	<b>30,429</b>	22,128
	<b>1,131,630</b>	1,257,377

During the nine months period ended 30 September 2020, the Group has added property, plant and equipment with a cost of SR 61 million (30 September 2019: SR 86 million).

During the nine month period ended 30 September 2020, the Group has disposed property, plant and equipment with a net book value amounting to SR 1 thousand (30 September 2019: SR 3.1 million), which resulted in gains from the sale of property, plant and equipment for the nine month periods ended 30 September 2020 amounting to SR 13 thousand (for the nine month period ended 30 September 2019: SR 6.4 million).

**7 INTANGIBLE ASSETS**

	<b>30 September 2020</b> <b>SR'000</b> <b>(Unaudited)</b>	31 December 2019 SR'000 (Audited)
Software and licenses	<b>34,985</b>	36,135
Other intangible assets (A)	<b>482,686</b>	309,820
	<b>517,671</b>	345,955

**(A) Other intangible assets**

The intangible assets represent the subsidiary’s right in the residual value of the project’s buses and garages after the completion of the project. As per the project contract, the grantor has an option to purchase these buses and garages at their net book value. If this option is not exercised, the subsidiary has the right to retain these buses and garages.

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**8 MURABAHA FINANCING**

**A) Long-term Murabaha financing**

	<b>30 September 2020</b>	31 December 2019
	<b>SAR'000</b>	SAR'000
	<b>(Unaudited)</b>	(Audited)
Murabaha financing	<b>959,123</b>	420,872
Less: Current portion	<b>(115,996)</b>	(84,209)
Non-current portion	<b>843,127</b>	336,663

The Group has entered into borrowing arrangements with banks to obtain Murabaha facilities. These loans have been availed during 2017 to 2020 and have a maturity of three to five years from the date of the loan agreement and are secured by promissory notes bearing prevailing commission rates. The Group has obtained these loans in order to finance the procurement of buses.

During the third quarter of the current year, the Subsidiary entered into an agreement with a local bank to restructure short-term Murabaha financing amounted to SR 499 million, to be long-term Murabaha financing due in quarterly installments for a period of 7 years and is secured by promissory notes bearing prevailing commission rates.

**B) Short-term Murabaha financing**

During the first quarter from the current year, the Company obtained short-term credit facilities from local banks amounted to SR 70 million in the form of a Murabaha loan to finance its operations. In addition, during the current quarter, the Subsidiary has obtained short-term credit facilities from local banks amounted to SR 403 million to finance the procurement of buses.

During the second quarter of the current year, the Company obtained short-term credit facilities from local banks amounted to SR 80 million in the form of a Murabaha loan to finance its operations.

**9 ADVANCE PAYMENT FROM A CUSTOMER**

During 2015, the Subsidiary received an amount of SR 471 million as an advance payment for executing King Abdulaziz Project for Public Transport in Riyadh. The advance payment represents 6% of the total contract value. During 2019, the Subsidiary received an amount of SR 550 million as a second advance payment for executing the Project. The second advance payment represents 7% of the total contract value. During the current period, the Subsidiary received an amount of SR 550 million as a third advance payment for executing the Project. The third advance payment represents 7% of the total contract value.

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**10. RELATED PARTY TRANSACTIONS AND BALANCES**

		<b>Finance income</b>	<b>Share in profits (losses)</b>	<b>Purchase of buses</b>	<b>Services provided</b>	<b>Balance</b>
		<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>
<b>Amounts due from related parties:</b>						
<b>Joint venture:</b>						
Saudi Emirates Integrated Transport Company (SEETCO)*	<b>30 September 2020 (Unaudited)</b>	<b>1,480</b>	<b>(31,531)</b>	-	<b>840</b>	<u><u><b>105,261</b></u></u>
	31 December 2019 (Audited)	361	17,415	33,626	4,859	<u><u>102,732</u></u>
<b>Associate:</b>						
Capital Metro Company Ltd (CAMCO)	<b>30 September 2020 (Unaudited)</b>	-	<b>244</b>	-	-	<u><u>-</u></u>
	31 December 2019 (Audited)	-	1,728	-	-	<u><u>-</u></u>
<b>Amounts due to non-controlling interests of the subsidiary:</b>						
RATP Development (French company)	<b>30 September 2020 (Unaudited)</b>	-	-	-	<b>6,275</b>	<u><u><b>3,246</b></u></u>
	31 December 2019 (Audited)	-	-	-	8,492	<u><u>12,013</u></u>
RATP Dev Saudi Arabia LLC	<b>30 September 2020 (Unaudited)</b>	-	-	-	<b>34,111</b>	<u><u><b>4,120</b></u></u>
	31 December 2019 (Audited)	-	-	-	40,465	<u><u>105</u></u>
<b>Total amounts due to non-controlling interests of the subsidiary</b>	<b>30 September 2020</b>					<u><u><b>7,366</b></u></u>
	31 December 2019					<u><u>12,118</u></u>

**Joint venture**

\* During 2014, the Company has funded the operations of the Saudi Emirates Integrated Transport Co., Ltd. ("SEITCO") in an amount of SR 30 million. This amount is not subject to any interest and is repayable within four years effective from July 2015. SEITCO has paid SR 1.9 million. However, the partners agreed to reschedule the payments to be during 2020 and 2021. These loans are recorded at fair value based on prevailing market rate of interest, which resulted in an addition of the discount to the investment amount. The interest income on such loans has been taken to the interim condensed consolidated statement of income.

In addition, during 2016, the Company has provided two additional finances totaling to SR 40 million to finance the operation of transportation contracts to government schools. This amount doesn't carry any interest and it will be recovered upon receiving the accruals of SEITCO. Subsequently, the Company and SEITCO reached an agreement to schedule payment to specific payments during 2021 - 2023. Thus, these loans are recorded at fair value based on market rate of interest that resulted in an addition of the discount to the investment amount. The financing income on this loan has been included in the interim condensed consolidated statement of income.

During 2019, the Company sold 350 buses to SEITCO for SR 32 million to be paid in annual installments. This process has been recorded at fair value based on market rate of interest that resulted in an addition of the discount to the investment amount. The financing income on this loan has been included in the interim condensed consolidated statement of income.

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**10 RELATED PARTY TRANSACTIONS AND BALANCES (continued)**

**Compensation of key management personnel of the Group**

	For the three months period ended 30 September		For the nine months period ended 30 September	
	2020 SR'000 (Unaudited)	2019 SR'000 (Unaudited)	2020 SR'000 (Unaudited)	2019 SR'000 (Unaudited)
<b>Transactions with key management personnel</b>				
Board and committees' expenses, remunerations and allowances	535	547	1,772	1,546
Compensation of key management personnel of the Group (*)	2,315	2,103	12,059	9,093

(\*) Compensations of key management personnel of the Group were as follows:

	For the three months period ended 30 September		For the nine months period ended 30 September	
	2020 SR'000 (Unaudited)	2019 SR'000 (Unaudited)	2020 SR'000 (Unaudited)	2019 SR'000 (Unaudited)
Employees' short-term benefits	1,677	1,981	8,435	8,727
Post-employment benefits	638	122	3,624	366
<b>Total compensation of key management personnel</b>	<b>2,315</b>	<b>2,103</b>	<b>12,059</b>	<b>9,093</b>

The amounts disclosed in the above table are recognized as an expense for the period ended 30 September 2020, in respect of key management personnel.

**11 SEGMENT REPORTING**

For management purposes, the Group is organized into business units based on their operations and has the following reportable segments:

- *Passenger transport* - Includes scheduled transport services which incorporate between the cities of the Kingdom of Saudi Arabia and within it, as well as international transport services. It also includes the cargo operations and is considered the major segment of the Group.
- *Specialised services* - Incorporates transport services as per lease agreements entered into by the Group with third parties, whether government or non-government parties, inside or outside Kingdom of Saudi Arabia. It includes Limo services as well.
- *Public Transportation Project* - Includes the financial results for Public Transportation Company, which is engaged in execution of King Abdul-Aziz Project for Public Transport in Riyadh, as stated in note (1).
- *Head office* - Includes the headquarters of the Group, and financial information attributable to support unit activities.

These operating segments are identified based on internal reports that the entity regularly reviews in allocating resources to segments and in assessing their performance 'management approach'. The management approach is based on the way in which management organises the segments within the entity for making operating decisions and in assessing performance. The management of SAPTCO, at the end of every reporting period, reviews the above segments for quantitative thresholds as well as the criteria for presenting the revenues and expenses for each segment.

The activities of the Group and its subsidiary are primarily conducted in the Kingdom of Saudi Arabia.

Inter-segment and inter business units revenues are eliminated upon consolidation and reflected in the "adjustments and eliminations" column.

Management 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 the condensed consolidated interim income statement and is measured similarly to the interim condensed consolidated interim income statement in the condensed consolidated interim financial statements.

The Group has no significant customer that contributes 10% or more to the revenue of the Group at the periods ended 30 September 2020 and 2019, respectively except certain governmental agencies that contribute in aggregate more than 10%.

The Group's revenues are affected by seasons with high operating rates; these seasons are the period of Hajj, the summer vacation, the holy month of Ramadan and public holidays.

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11 SEGMENT REPORTING (continued)

The selected financial information for these segments is as follows:

For the period ended 30 September 2020 (Unaudited)	Passenger transport SR'000	Specialized services SR'000	Head office SR'000	Public Transportation Project SR'000	Total segments SR'000	Adjustments and eliminations SR'000	Consolidated SR'000
Total revenues (note 3)	233,907	86,821	-	536,005	856,733	-	856,733
Cost of revenue	(268,517)	(197,335)	-	(518,112)	(983,964)	21,670	(962,294)
Gross (loss) profit	(34,610)	(110,514)	-	17,893	(127,231)	21,670	(105,561)
Loss before zakat and income tax	(83,894)	(157,258)	(48,939)	(11,233)	(301,324)	9,458	(291,866)
For the period ended 30 September 2019 (Unaudited)	Passenger transport SR'000	Specialized services SR'000	Head office SR'000	Public Transportation Project SR'000	Total segments SR'000	Adjustments and eliminations SR'000	Consolidated SR'000
Total revenues (note 3)	506,789	310,584	-	507,863	1,325,236	-	1,325,236
Cost of revenue	(418,358)	(242,714)	-	(475,758)	(1,136,830)	16,048	(1,120,782)
Gross profit	88,431	67,870	-	32,105	188,406	16,048	204,454
Profit (loss) before zakat and income tax	59,197	52,869	(25,224)	(12,079)	74,763	14,976	89,739
As at 30 September 2020 (Unaudited)	Passenger transport SR'000	Specialized services SR'000	Head office SR'000	Public Transportation Project SR'000	Total segments SR'000	Adjustments and eliminations SR'000	Consolidated SR'000
Total assets	453,824	789,747	1,029,729	2,515,992	4,789,292	(25,711)	4,763,581
Total liabilities	387,075	346,822	195,664	2,524,211	3,453,772	(38,116)	3,415,656
Other disclosures: Property, plant and equipment (note 6)	342,135	681,954	104,499	3,042	1,131,630	-	1,131,630
Investments in associates and a joint venture	-	-	104,365	-	104,365	2,445	106,810



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**11 SEGMENT REPORTING (continued)**

<i>As at 31 December 2019 (Audited)</i>	Passenger transport SR'000	Specialized services SR'000	Head office SR'000	Public Transportation Project SR'000	Total segments SR'000	Adjustments and eliminations SR'000	Consolidated SR'000
Total assets	490,476	868,921	999,983	1,753,553	4,112,933	(17,123)	4,095,810
Total liabilities	281,980	268,353	172,540	1,749,925	2,472,798	(17,135)	2,455,663
Other disclosures:							
Property, plant and equipment (note 6)	410,107	754,379	90,264	2,627	1,257,377		1,257,377
Investments in associates and a joint venture	-	-	135,333	-	135,333	3,019	138,352

**12 FINANCIAL INSTRUMENTS - FAIR VALUE**

The Group's financial instruments are composed of cash and cash equivalents, trade receivables, due from a related party, equity investments designated as at FVOCI, trade and other payables, and Murabaha financing.

The management determined that the fair values of cash and cash equivalents, trade receivables, trade payables, and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

Management determined that the carrying value of Murabaha financing and term loans bearing fixed and variable rates approximates their fair values due to the fact that they bear interest rates that reflect current market interest rates for similar financing and loans. As a result, the value of the future discounted cash flows on those financing and loans are not significantly different from their current carrying values.

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

*Fair value hierarchy*

**30 September 2020  
(Unaudited)**

	Carrying value SR'000	Level 1 SR'000	Level 2 SR'000	Level 3 SR'000	Total fair value SR'000
<b>Measured at fair value:</b>					
Investments in equity instruments designated as at FVOCI	92,694	92,694	-	-	92,694

**31 December 2019  
(Audited)**

Measured at fair value:

Investments in equity instruments designated as at FVOCI	90,101	90,101	-	-	90,101
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There were no transfers between the levels of fair value measurements at 30 September 2020 and 31 December 2019. No transfers between any levels of the fair value hierarchy took place in the comparative period.

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**13 ASSETS HELD FOR SALE**

During the period ended 30 September 2020, the Group's management has decided to sell certain fixed assets (buses) used for passenger transport. Accordingly, these assets have been reclassified as assets held for sale. Its expected to result in a loss of SR 42.705 million representing the difference between the recoverable value and the net book value of those fixed assets, thus, differences were recognized as impairment losses of assets in the interim condensed consolidated statement of income.

**14 CAPITAL COMMITMENTS AND CONTINGENCIES**

**A) Contingencies**

As at 30 September 2020, the Group's bankers have issued, on its behalf during the normal course of business, letters of guarantees, acceptance and credit limited to SR 2,072 million (31 December 2019: SR 1,450 million).

The Group has potential obligations from time to time relating to certain disputed issues, including claims from and against certain actors, lawsuits and arbitration proceedings involving a variety of cases. These potential commitments arose in the normal context of business. None of these potential claims is expected to be incurred.

**B) Modification to public transport project contract**

The subsidiary's management is in discussions with the Al Riyadh Development Authority (the Grantor) regarding amendments to certain items (variation orders) received from the Authority on the contract of King Abdulaziz project for public transport in Riyadh, which will result in a change to performance obligations and estimated margin of each performance obligation when finalised and agreed with the Grantor. Discussions are still ongoing as of the date of approval of these interim consolidated financial statements. Management believes the outcome of these discussions will be, to a large extent, in favor of the Company.

**15 DIVIDENDS**

The Ordinary General Assembly approved, in its meeting held on 4 Ramadan 1441H (Corresponding to 27 April 2020), the Board of Directors' recommendation for not distributing cash dividends for the financial year 2019. The Ordinary General Assembly also approved Board of Directors' remuneration of SR 1.8 million.

The Ordinary General Assembly approved, in its meeting held on 24 Sha'aban 1440H (Corresponding to 29 April 2019), the Board of Directors' recommendation for not distributing cash dividends for the financial year 2018. The Ordinary General Assembly also approved Board of Directors' remuneration of SR 1.8 million.

**16 IMPACT OF NOVEL CORONAVIRUS (COVID-19) OUTBREAK**

A novel strain of coronavirus (COVID-19) was first identified at the end of December 2019, and in March 2020 was declared as a pandemic by the World Health Organization (WHO). COVID-19 continues to spread throughout in nearly all parts of the world, including the Kingdom of Saudi Arabia and resulted in travel restrictions and curfew in cities which led to a slowdown of economic activities and shutdowns of many sectors at global and local levels. In addition, suspension of schools impacted the results of the Joint Venture for the period.

The extent to which coronavirus pandemic impacts the Company's business, operations, and financial results, is uncertain and depends on many factors and future developments, which the Company may not be able to estimate reliably during the current period. These factors include the virus transmission rate, the duration of the outbreak, precautionary actions that may be taken by governmental authorities to reduce the spread of the epidemic and the impact of those actions on economic activity, and how much our customers and businesses are affected by the pandemic and other factors.

Whilst it is challenging now, to predict the full extent and duration of its business and economic impact, the Company's management carried out an impact assessment on the overall Company's operations and business aspects including factors like travel restrictions, services demand, etc. and concluded that, as of the issuance date of these interim condensed consolidated financial statements, no significant changes are required to the judgements and key estimates. During the second quarter of the current year, the operations started gradual in transport services between cities and within cities with social distancing controls, which cause a reduces in the operation capacity by 50%, in addition to the continued suspension of passenger transport services for visit and Umrah, international transport services, Hajj and educational transport, which are among the main services provided by the company. Also, the management has taken several measures to mitigate the effects of the pandemic, including taking advantage of some government agencies' initiatives to stimulate the private sector. The company has also made several initiatives to reduce employee costs and service contracts, and it is still working to monitor and rationalize expenses in a way that does not affect the company's operational ability. Also, the company's management evaluated the cash flow situation, including the available banking facilities, and the readiness of operational processes when fully permitted by the relevant authorities. Management expects the impact of the measures on its annual revenue to be a 50% decrease compared to last year. However, in light of the current lack of clarity, any future change in assumptions and estimates may result in a material adjustment to the carrying values of the assets or liabilities affected by this in future periods. Given the rapidly evolving situation and the accompanying uncertainty, management will continue to evaluate the resulting impact in accordance with future developments.

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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**18 COMPARATIVE FIGURES**

Certain comparative figures presented in prior period have been reclassified to conform with classification of the current period.

**19 SUBSEQUENT EVENTS TO THE INTRIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

On 27 Safar 1442 H (corresponding to 14 October 2020), the Company received a letter from the General Authority for Transport regarding the franchise contract included therein the approval of the Council of Ministers (initial approval) on what the assigned committee has reach to regarding Company's assets which includes an extension of the franchise contract for a year from 1 Rajab 1442 H (corresponding to 13 February 2021) and the required terms for the final settlements by the Company regarding to the franchise contract as announced in the Company's website and its announcements in Tadawul.

Accordingly, Board of Directors will present the terms mentioned in the approval of the Council of Ministers to Company's shareholders to vote in the Ordinary General Assembly meeting that will be held on 29 Rabi' Al Awwal 1442 H (corresponding to 15 November 2020).

The Company has identified the impact of the agreement and the terms and conditions of the contract signed between the Government and the Company in light of what was reached to by the assigned committee to study Company's assets, when it's approved by the Company's shareholders, which will result in a total increase in the Group's depreciation expense by SR 27 million over the next six years.

**20 APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

The Board of Directors of the Company has approved the interim condensed consolidated financial statements during its meeting held on 19 Rabi' al-Awwal 1442H (corresponding to 5 November 2020).