SAUDI GROUND SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)

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

FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED
30 SEPTEMBER 2024

SAUDI GROUND SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)

UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REVIEW REPORT
For the three-month and nine-month periods ended 30 September 2024

Building a better
working world

Ernst & Young Professional Services (Professional LLC)
Paid-up capital (SR 5,500,000 – Five million five hundred thousand Saudi Riyal)
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INDEPENDENT AUDITOR'S REVIEW REPORT ON THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
TO THE SHAREHOLDERS OF SAUDI GROUND SERVICES COMPANY (A SAUDI JOINT STOCK COMPANY)

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Saudi Ground Services Company (A Saudi Joint Stock Company) and its subsidiary (the "Group") as at 30 September 2024, and the related interim condensed consolidated statement of profit or loss and other comprehensive income for the three-month and nine-month periods ended 30 September 2024, and the related interim condensed consolidated statements of changes in equity and cash flows for the nine-month period then ended, and 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"* 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 as endorsed in the Kingdom of Saudi Arabia.

for Ernst & Young Professional Services

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سجل تجاري ٤٠٣٠٢٧٦٦٤٤
CR.4030276644
شركة إرنست ويونغ للخدمات المهنية
(مهنية ذات مسؤولية محدودة)
Ernst & Young Professional Services
(Professional LLC)

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

Jeddah: 05 Jumada al-Ula 1446H
07 November 2024G

SAUDI GROUND SERVICES COMPANY (A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2024

	Notes	***30 September 2024 (Unaudited) SR'000***	*31 December 2023 (Audited) SR'000*
ASSETS			
NON-CURRENT ASSETS			
Property and equipment	6	**538,605**	486,568
Right-of-use assets	7	**144,936**	224,553
Intangible assets and goodwill	8	**729,245**	746,780
Equity-accounted investments	9	**115,139**	95,705
Prepayments and other assets		**107,085**	42,124
TOTAL NON-CURRENT ASSETS		**1,635,010**	1,595,730
CURRENT ASSETS			
Inventories		**7,727**	4,870
Trade receivables	10	**1,292,089**	1,248,376
Prepayments and other assets		**661,545**	678,960
Financial assets at fair value through profit or loss (FVTPL)	11	**200,961**	124,439
Short term deposits		**409,000**	500,000
Cash and bank balances		**42,213**	79,090
TOTAL CURRENT ASSETS		**2,613,535**	2,635,735
TOTAL ASSETS		**4,248,545**	4,231,465
EQUITY AND LIABILITIES			
EQUITY			
Share capital	1	**1,880,000**	1,880,000
Statutory reserve	1	**-**	520,173
Retained earnings / (accumulated losses)		**498,529**	(68,681)
TOTAL EQUITY		**2,378,529**	2,331,492
NON-CURRENT LIABILITIES			
Lease liabilities	7	**81,311**	150,679
Employee defined benefit liabilities		**587,359**	558,843
TOTAL NON-CURRENT LIABILITIES		**668,670**	709,522
CURRENT LIABILITIES			
Loans and borrowings	12	**-**	100,000
Lease liabilities	7	**76,419**	86,115
Trade payables		**120,779**	130,958
Accruals and other current liabilities		**618,840**	509,175
Zakat provision	13	**385,308**	364,203
TOTAL CURRENT LIABILITIES		**1,201,346**	1,190,451
TOTAL LIABILITIES		**1,870,016**	1,899,973
TOTAL EQUITY AND LIABILITIES		**4,248,545**	4,231,465

Mohammad A. Alamoudi Acting Chief Financial Officer	Mohammed A. Mazi Chief Executive Officer	Khalid Al Buainain Chairman of the Board of Directors

The attached notes from 1 to 21 form an integral part of these interim condensed consolidated financial statements.

SAUDI GROUND SERVICES COMPANY (A SAUDI JOINT STOCK COMPANY)

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

For the three-month and nine-month periods ended 30 September 2024

	Notes	***Three-month period ended 30 September***		***Nine-month period ended 30 September***	
		2024 (Unaudited) SR'000	*2023 (Unaudited) SR'000*	***2024 (Unaudited) SR'000***	*2023 (Unaudited) SR'000*
Revenue	14	**668,650**	646,717	**2,008,361**	1,837,055
Costs of revenue		**(527,707)**	(527,248)	**(1,602,112)**	(1,514,824)
GROSS PROFIT		**140,943**	119,469	**406,249**	322,231
Other income		**20,746**	11,558	**53,042**	26,522
General and administrative expenses		**(68,948)**	(62,029)	**(186,874)**	(178,220)
Impairment losses on trade and other receivables		**(17,929)**	(4,701)	**(49,568)**	(11,334)
OPERATING PROFIT		**74,812**	64,297	**222,849**	159,199
Finance costs		**(2,388)**	(6,913)	**(8,415)**	(25,784)
Interest income on term deposits		**6,995**	9,163	**20,969**	31,270
Realized and unrealized gain on financial assets at FVTPL	11	**5,435**	2,944	**13,977**	7,838
Share of results from equity-accounted investments	9	**6,075**	6,628	**19,434**	20,538
PROFIT FOR THE PERIOD BEFORE ZAKAT		**90,929**	76,119	**268,814**	193,061
Zakat charge	13	**(9,250)**	(16,242)	**(37,540)**	(43,209)
PROFIT FOR THE PERIOD		**81,679**	59,877	**231,274**	149,852
Re-measurement gain on employee defined benefit liabilities		**3,763**	-	**3,763**	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**85,442**	59,877	**235,037**	149,852
Earnings per share					
Earnings per share attributable to ordinary equity holders of the Company (basic and diluted) (in SR)	15	**0.43**	0.32	**1.23**	0.80

Mohammad A. Alamoudi
Acting Chief Financial Officer

Mohammed A. Mazi
Chief Executive Officer

Khalid Al Buainain
Chairman of the Board of Directors

The attached notes from 1 to 21 form an integral part of these interim condensed consolidated financial statements.

	Share capital	*Statutory reserve*	*Retained earnings / (accumulated losses)*	*Total*
	SR'000	*SR'000*	*SR'000*	*SR'000*
Balance as at 1 January 2023 (Audited)	1,880,000	499,025	(276,995)	2,102,030
Profit for the period	-	-	149,852	149,852
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	-	-	149,852	149,852
Balance as at 30 September 2023 (Unaudited)	1,880,000	499,025	(127,143)	2,251,882
Balance as at 1 January 2024 (Audited)	1,880,000	520,173	(68,681)	2,331,492
Profit for the period	-	-	231,274	231,274
Other comprehensive income for the period	-	-	3,763	3,763
Total comprehensive income for the period	-	-	235,037	235,037
Dividends declared (note 1)	-	-	(188,000)	(188,000)
Transfer (note 1)	-	(520,173)	520,173	-
Balance as at 30 September 2024 (Unaudited)	**1,880,000**	**-**	**498,529**	**2,378,529**

Mohammad A. Alamoudi
Acting Chief Financial Officer

Mohammed A. Mazi
Chief Executive Officer

Khalid Al Buainain
Chairman of the Board of Directors

The attached notes from 1 to 21 form an integral part of these interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the nine-month period ended 30 September 2024

	Notes	***Nine-month period ended 30 September***	
		2024 (Unaudited) SR'000	*2023 (Unaudited) SR'000*
OPERATING ACTIVITIES			
Profit before zakat		**268,814**	193,061
Adjustments to reconcile profit before zakat to net cash flows:			
Depreciation on property and equipment	6	**76,470**	74,136
Depreciation on right-of-use assets	7	**42,645**	38,369
Amortization of intangible assets	8	**17,535**	23,447
Share of results from equity-accounted investments	9	**(19,434)**	(20,538)
Impairment loss on trade and other receivables		**49,568**	11,334
Provision for employee defined benefit liabilities		**61,621**	59,779
Unrealized gain on financial assets at FVTPL	11	**(5,576)**	(1,852)
Gain on disposal of financial assets at FVTPL	11	**(8,401)**	(5,986)
Gain on disposal of property and equipment		**-**	(3)
Finance costs		**8,415**	25,784
		491,657	397,531
Working capital adjustments:			
Inventories		**(2,857)**	1,947
Trade receivables		**(80,909)**	(100,541)
Prepayments and other assets		**(59,918)**	69,211
Trade payables		**(10,179)**	33,379
Accruals and other liabilities		**109,665**	(14,566)
Cash from operations		**447,459**	386,961
Finance costs paid		**(1,236)**	(18,031)
Employee defined benefit paid		**(29,342)**	(35,571)
Zakat paid	13	**(16,435)**	(20,889)
Net cash from operating activities		**400,446**	312,470
INVESTING ACTIVITIES			
Additions to property and equipment	6	**(128,507)**	(107,545)
Proceeds from disposal of financial assets at FVTPL	11	**315,000**	264,409
Additions of investments at FVTPL	11	**(377,545)**	(289,611)
Proceeds from disposal of property and equipment		**-**	4
Investments in short term deposits		**(409,000)**	(1,470,000)
Proceeds on maturity of short term deposits		**500,000**	970,000
Net changes in restricted cash		**453**	-
Net cash used in investing activities		**(99,599)**	(632,743)
FINANCING ACTIVITIES			
Repayments of loans and borrowings		**(100,000)**	(426,196)
Payments of lease liabilities	7	**(49,271)**	(46,979)
Dividends paid		**(188,000)**	-
Net cash used in financing activities		**(337,271)**	(473,175)
Net decrease in cash and cash equivalents		**(36,424)**	(793,448)
Cash and cash equivalents at the beginning of the period		**78,637**	864,417
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		**42,213**	70,969
SUPPLEMENTARY SIGNIFICANT NON-CASH INFORMATION			
Addition to right-of-use assets and lease liabilities	7	**8,643**	147,193
Modification to right-of-use assets and lease liabilities	7	**(45,615)**	3,810

Mohammad A. Alamoudi	Mohammed A. Mazi	Khalid Al Buainain
Acting Chief Financial Officer	Chief Executive Officer	Chairman of the Board

The attached notes from 1 to 21 form an integral part of these interim condensed consolidated financial statements.

1 CORPORATE INFORMATION

Saudi Ground Services Company ("the Company") is a Saudi Joint Stock Company incorporated in the Kingdom of Saudi Arabia. The Company was registered as a limited liability company in the Kingdom of Saudi Arabia under Commercial Registration number 4030181005 dated 11 Rajab 1429H, (corresponding to 14 July 2008).

The Company is engaged in providing ground handling services, aircraft cleaning, passenger handling, baggage, and fuel to Saudi Airlines Air Transport Company, other local and foreign airlines, and other customers in the Kingdom of Saudi Arabia.

The registered address of the Company is Al Yasmin Commercial Center King Abdul Aziz Road, Al Basatin District P.O. Box 48154, Jeddah 21572, Kingdom of Saudi Arabia.

Share capital
The Company's parent is Saudi Arabian Airlines Corporation (the "Parent Company"), having 52.5% of shares in the Company. The Company's Ultimate Controlling Party is Government of Saudi Arabia. At 30 September 2024 and 31 December 2023 the authorized, issued, and paid-up share capital of SR 1,880 million consists of 188 million fully paid shares of SR 10 each. The shareholding of Parent Company and General public is as follows:

	Percentage %	*Number of shares*	*Amount SR'000*
Parent Company	52.5	98,700,000	987,000
General public	47.5	89,300,000	893,000
	100	188,000,000	1,880,000

During the nine-month period ended 30 September 2024, Board of Directors declared and paid dividends at SR 1 per share amounting to SR 188 million (30 September 2023: Nil).

The new Companies Law issued through Royal Decree number M/132 on 1/12/1443H (corresponding to June 30, 2022) (hereinafter referred as "the Law") came into force on 26/6/1444H (corresponding to January 19, 2023). For most provisions of the Law, full compliance should take place not later than two years from 26/6/1444H (corresponding to January 19, 2023). The Company has amended the By-Laws for changes to align the Articles to the provisions of the Law. The shareholders approved the amended By-Laws in the Extraordinary General Assembly meeting. As a result, during the Company's extraordinary General Assembly meeting held on 15 Duh Al-Qi'dah 1445H (corresponding to 23 May 2024G) the shareholders approved transferring the statutory reserve balance amounting to SR 520 million to the retained earnings, which was completed and reflected in these interim condensed consolidated financial statements for the three-month and nine-month periods ended 30 September 2024.

Subsidiary
During the nine-month period ended 30 September 2024, the Board of Directors approved the establishing of a 100% owned new subsidiary as a limited liability company in the Kingdom of Saudi Arabia under the name of Ground Service Company for Travel and Tourism Services ("the Subsidiary"). The Subsidiary was registered as a limited liability company in the Kingdom of Saudi Arabia under Commercial Registration number 4030558452 dated 18 Duh Al-Qi'dah 1445H, (corresponding to 26 May 2024). The legal formalities in relation to meeting the initial capital contribution were completed on 12 September 2024, however, the Subsidiary has not yet commenced operations as of the reporting date.

These interim condensed consolidated financial statements comprise the results of the Company and its subsidiary (together referred as the "Group").

1 CORPORATE INFORMATION (continued)

Joint ventures
The Group holds ownership interest in equity-accounted investments as at 30 September 2024 and 31 December 2023 as follows:

Name	Country of incorporation / principal place of business	Effective ownership interest (%)	
		30 September 2024 (Unaudited)	*31 December 2023 (Audited)*
Saudi Amad for Airport Services and Transport Support Company ("SAAS") (note 9)	Kingdom of Saudi Arabia	**50%**	50%
TLD Arabia Equipment Services ("TLDAES") (note 9)	Kingdom of Saudi Arabia	**50%**	50%
Jusoor Airport Services Company ("Jusoor") (note 9)	Kingdom of Saudi Arabia	**51%**	51%

2 BASIS OF PREPARATION

2.1 Statement of compliance
The interim condensed consolidated financial statements for the nine-months period ended 30 September 2024 have been prepared in accordance with International Accounting Standard 34 - Interim Financial Reporting ("IAS 34") as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by Saudi Organization for Chartered and Professional Accountants ("SOCPA"). The Group has prepared the interim condensed consolidated financial statements on the basis that it will continue to operate as a going concern. The management consider that there are no material uncertainties that may cast significant doubt over this assumption. They have formed a judgement that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, and not less than 12 months from the end of the reporting period.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the Company's annual financial statements for the year ended 31 December 2023. In addition, results of the interim period ended 30 September 2024 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2024.

2.2 Basis of measurement
These interim condensed consolidated financial statements are prepared under the historical cost convention using the accrual basis of accounting and going concern concept, except for the financial assets held at fair value through profit or loss which are valued at fair value, and employee defined benefit liabilities measured at present value of the defined benefit obligation using projected credit unit method.

2.3 Functional and presentation currency
These interim condensed consolidated financial statements are presented in Saudi Riyals (SR), which is also the Group's functional and presentation currency. All figures are rounded off to the nearest thousands (SR '000) unless when otherwise stated.

2.4 Material accounting judgements, estimates and assumptions
The preparation of the Group's interim condensed consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. 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 financial statements for the year ended 31 December 2023.

2 BASIS OF PREPARATION (continued)

2.5 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 September 2024. The subsidiary is an entity controlled by the Company.

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. Subsidiary is consolidated from the date on which control commences until the date on which control ceases. The Group accounts for the business combination 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 is aligned, where necessary, to ensure consistency with the policies adopted by the Group. The Company and its subsidiary have the same reporting period.

3 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED BY THE GROUP

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31 December 2023, except for the adoption of new standards effective as of 1 January 2024 and basis of consolidation. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. Several amendments and interpretations apply for the first time in 2024 given below, but do not have an impact on the interim condensed consolidated financial statements of the Group.

Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7

In May 2023, the IASB issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures to clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. The transition rules clarify that an entity is not required to provide the disclosures in any interim periods in the year of initial application of the amendments.

The amendments had no impact on the Group's interim condensed consolidated financial statements.

Amendments to IFRS 16: Lease Liability in a Sale and Leaseback

In September 2022, the IASB issued amendments to IFRS 16 to specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.

The amendments had no impact on the Group's interim condensed consolidated financial statements.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

In January 2020 and October 2022, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement.
- That a right to defer must exist at the end of the reporting period.
- That classification is unaffected by the likelihood that an entity will exercise its deferral right.
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

In addition, a requirement has been introduced whereby an entity must disclose when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months.

The amendments had no impact on the Group's interim condensed consolidated financial statements.

4 STANDARDS ISSUED BUT NOT YET EFFECTIVE

Standards issued but not yet effective up to the date of issuance of the Group's interim condensed consolidated financial statements are listed below. The Group intends to adopt these standards when they become effective.

Standard/ interpretation	**Description**	**Effective from periods beginning on or after**
Amendment to IAS 21 – Lack of exchangeability	IASB amended IAS 21 to add requirements to help in determining whether a currency is exchangeable into another currency, and the spot exchange rate to use when it is not exchangeable. Amendment set out a framework under which the spot exchange rate at the measurement date could be determined using an observable exchange rate without adjustment or another estimation technique.	1 January 2025
Amendments IFRS 9 and IFRS 7 - Classification and measurement of financial instruments	This amendment aims to improve clarity and consistency in accounting for financial instruments, particularly regarding classification of ESG-linked loans.	1 January 2026
Annual Improvements to IFRS Accounting Standards — Volume 11	The IASB's annual improvements process deals with non-urgent, but necessary, clarifications and amendments to IFRS. The pronouncement comprises the following amendments: • IFRS 1: Hedge accounting by a first-time adopter • IFRS 7: Gain or loss on derecognition, Disclosure of deferred difference between fair value and transaction price, and Introduction and credit risk disclosures • IFRS 9: Lessee derecognition of lease liabilities; and transaction price • IFRS 10: Determination of a 'de facto agent' • IAS 7: Cost method	Annual reporting periods beginning on or after 1 January 2026
Amendments to IFRS 10 and IAS 28- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Partial gain or loss recognition for transactions between an investor and its associate or joint venture only apply to the gain or loss resulting from the sale or contribution of assets that do not constitute a business as defined in IFRS 3 Business Combinations and the gain or loss resulting from the sale or contribution to an associate or a joint venture of assets that constitute a business as defined in IFRS 3 is recognized in full.	Effective date deferred indefinitely.
IFRS 18 Presentation and disclosure in financial statements	IFRS 18 sets out requirements for the presentation and disclosure of information in financial statements. These examples are not intended to illustrate all aspects of the presentation and disclosure requirements in IFRS 18, nor do they illustrate a complete set of financial statements.	1 January 2027
IFRS 19 Subsidiaries without Public Accountability: Disclosures	IFRS 19 specifies the disclosure requirements an eligible subsidiary is permitted to apply instead of the disclosure requirements in other IFRS Accounting Standards.	1 January 2027

Other standards issued but not yet effective

Following are the new IFRS sustainability disclosure standards effective for the annual periods beginning on or after 1 January 2024 subject to endorsement of the standards by SOCPA.

IFRS S1 General requirements for disclosure of sustainability-related financial information

This standard includes the core framework for the disclosure of material information about sustainability-related risks and opportunities across an entity's value chain.

IFRS S2 Climate-related disclosures

This is the first thematic standard issued that sets out requirements for entities to disclose information about climate related risks and opportunities.

5 OPERATING SEGMENTS

The Group's primary format for segmental reporting is based on business segments. The business segments are determined based on the Group's management and internal reporting structure. The Group is principally involved in providing ground handling services to local and foreign airlines at all airports in the Kingdom of Saudi Arabia. Other operations are related to the fueling to the local and foreign airlines and other customers. The operations related to fueling and other services has not met the quantitative thresholds for reportable segments for the nine-month period ended 30 September 2024 and 30 September 2023. Accordingly, the management believes that the Group's business falls within a single reportable business segment and is subject to similar risks and returns.

6 PROPERTY AND EQUIPMENT

a) Reconciliation of carrying amounts:

	30 September 2024 (Unaudited) SR'000	*31 December 2023 (Audited) SR'000*
At beginning of the period / year	**486,568**	433,259
Additions during the period / year (*)	**128,507**	142,554
Disposal during the period / year	**-**	(1)
Depreciation during the period / year	**(76,470)**	(98,792)
Other Adjustments	**-**	9,548
At the end of the period / year	**538,605**	486,568

* Additions to property and equipment mainly include procurement of airport equipment.

b) Category-wise carrying amounts are as follows:

	30 September 2024 (Unaudited) SR'000	*31 December 2023 (Audited) SR'000*
Land	**27,464**	27,464
Leasehold improvements	**17,367**	19,047
Airport equipment	**480,826**	428,939
Motor vehicles	**1,025**	657
Furniture, fixture and equipment	**5,774**	6,808
Computer equipment	**6,149**	3,653
At the end of the period/year	**538,605**	486,568

7 LEASES

The Group has various leases for land, office buildings, workshops, and motor vehicles from various lessors around the region, that includes extension options. The leases of airport premises, workshops and office buildings have renewable lease term, as per management expectation they have been assessed for a lease term of 7 years. Land has a lease term of 22 years and motor vehicles have lease term of 2.8 years.

The Group also has certain leases of buildings with lease terms of 12 months or less. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

7 LEASES (continued)

a) Right of use assets

Reconciliation of the carrying amount

	30 September 2024 (Unaudited) SR'000	*31 December 2023 (Audited) SR'000*
At the beginning of the period / year	**224,553**	128,671
Additions during the period / year	**8,643**	147,193
Modification during the period / year (note 7.1)	**(45,615)**	5,243
Derecognition during the period / year	**-**	(2,356)
Depreciation during the period / year	**(42,645)**	(54,198)
At the end of the period / year	**144,936**	224,553

The Group has several lease contracts that include extension options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with Group's business needs. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised.

b) Lease liabilities

Movement of the lease liabilities during the period / year is as follows:

	30 September 2024 (Unaudited) SR'000	*31 December 2023 (Audited) SR'000*
At the beginning of the period / year	**236,794**	132,379
Additions during the period / year	**8,643**	147,193
Modification during the period / year (note 7.1)	**(45,615)**	5,243
Derecognition during the period / year	**-**	(1,778)
Accretion of interest during the period / year	**7,179**	9,504
Payments during the period / year	**(49,271)**	(55,747)
At the end of the period / year	**157,730**	236,794
Less: Current portion	**(76,419)**	(86,115)
Non-current portion	**81,311**	150,679

7.1 During the period, the Group had modified certain leases as a result of change in the lease rentals. There were no changes in the scope of the lease.

8 INTANGIBLE ASSETS AND GOODWILL

	Goodwill *SR'000*	*Customer contracts* *SR'000*	*Customer relationships* *SR'000*	*Software* *SR'000*	*Total* *SR'000*
Cost:					
Balance at 31 December 2023 and 30 September 2024	582,816	153,179	468,475	64,117	1,268,587
Accumulated amortisation:					
Balance at 1 January 2023 (Audited)	-	153,179	281,087	57,997	492,263
Amortisation for the year	-	-	23,424	6,120	29,544
Balance at 31 December 2023 (Audited)	-	153,179	304,511	64,117	521,807
Amortisation for the period	-	-	17,535	-	17,535
Balance at 30 September 2024 (Unaudited)	**-**	**153,179**	**322,046**	**64,117**	**539,342**
Net book value:					
At 30 September 2024 (Unaudited)	**582,816**	**-**	**146,429**	**-**	**729,245**
At 31 December 2023 (Audited)	582,816	-	163,964	-	746,780

On February 7, 2010, the Company has entered into Sale and Purchase Agreement (SPA) for the acquisition of capital of National Handling Services ("NHS") in consideration of the Company's shares. As the principal shareholder of the NHS and pursuant to the Transfer of Operations Agreement ("the Agreement"), the Company resolved to transfer the commercial activities of NHS to the Company. Consequently, the assets and liabilities of the NHS were transferred to the Company as of January 1,2011 along with the business operations. Further, on 7 February 2010 the Company has entered into another Sale and Purchase Agreement (SPA) for the acquisition of ground handling business of Attar Ground Handling and Attar Travel in consideration of the Company's shares.

As part of the agreements, the Company has recognized the fair value of the net assets acquired. The identifiable intangible assets acquired as part of the acquisition were customer contracts amounting to SR 153.2 million and customer relationships amounting to SR 468.5 million, resulting in goodwill of SR 582.8 million which comprises the fair value of expected synergies arising from the acquisition.

As at 31 December 2023, an independent impairment assessment of the Company was conducted to determine whether the carrying values exceed the recoverable amounts and was concluded that goodwill was not impaired. The changes in key assumptions and sensitivity analysis would not result in impairment as disclosed in the audited financial statements of the Company for the year ended 31 December 2023. The Group has assessed and concluded that there are no significant indicators of impairment during the period, which may impact the goodwill as of 30 September 2024. However, an independent impairment assessment will be conducted as at 31 December 2024.

9 EQUITY-ACCOUNTED INVESTMENTS

The equity-accounted investments in joint ventures as at 30 September 2024 are as follows:

	Country of incorporation / principal place of business	Effective ownership interest (%)			
		30 September 2024 (Unaudited)	*31 December 2023 (Audited)*	***30 September 2024 (Unaudited) SR'000***	*31 December 2023 (Audited) SR'000*
Saudi Amad for Airport Services and Transport Support Company ("SAAS")	Kingdom of Saudi Arabia	**50%**	50%	**50,344**	42,630
TLD Arabia Equipment Services ("TLDAES")	Kingdom of Saudi Arabia	**50%**	50%	**23,698**	22,497
Jusoor Airport Services Company ("Jusoor")	Kingdom of Saudi Arabia	**51%**	51%	**41,097**	30,578
				115,139	95,705

The movement summary of equity-accounted investments is as follows:

	30 September 2024 (Unaudited) SR'000	*31 December 2023 (Audited) SR'000*
Balance at the beginning of the period / year	**95,705**	74,365
Share of results for the period / year	**19,434**	23,340
Dividends for the period / year (note b)	**-**	(2,000)
Balance at the end of the period/year	**115,139**	95,705

The equity-accounted investments applied the same accounting policies as applied by the Group in these interim condensed consolidated financial statements and have no significant contingent liabilities or capital commitments at 30 September 2024 and 31 December 2023.

a) Saudi Amad for Airport Services and Transport Support Company ("SAAS")

This represents Group's 50% investment in a joint venture in Saudi Amad for Airport Services and Transport Support Company ("SAAS") which is one of the Group's strategic suppliers and is principally engaged in providing transportation services for passengers and crew in the Kingdom of Saudi Arabia. The Group does not have control over SAAS. Based on management assessment, it is classified as a joint venture. The Group's interest in SAAS is accounted for using the equity method in these interim condensed consolidated financial statements.

b) TLD Arabia Equipment Services ("TLDAES")

This represents Group's 50% investment in a joint venture in TLD Arabia Equipment Services ("TLDAES") which is having primary objective to provide maintenance services for the ground handling equipment across all the airports in the Kingdom of Saudi Arabia. The Group does not have control over the TLDAES. Based on management assessment, it is classified as a joint venture. The Group's interest in TLDAES is accounted for using the equity method in the interim condensed consolidated financial statements.

During the nine-month period 30 September 2024, TLDAES has neither announced nor paid dividends (31 December 2023: SR 4 million). Subsequent to the nine-month period ended 30 September 2024, TLDAES's Board of Directors declared dividends amounting to SR 17.2 million. The Group records 50% of the dividend in accordance with its percentage of shareholding in TLDAES.

c) Jusoor Airport Services Company ("Jusoor")

This represents Group's 51% investment in a joint venture in Jusoor Airport Services Company ("Jusoor") which is having primary objective to operate and maintain passenger boarding bridges. The Group does not have control over the Jusoor. Based on management assessment, it is classified as a joint venture. The Group's interest in Jusoor is accounted for using the equity method in the interim condensed consolidated financial statements. The legal formalities for establishing the joint venture were completed on 29 August 2023.

10 TRADE RECEIVABLES

Trade receivables as at 30 September 2024 is as follows:

	30 September 2024 (Unaudited) SR'000	*31 December 2023 (Audited) SR'000*
Due from related parties (note 16 (a))	**1,074,802**	1,083,608
Other trade receivables	**455,960**	475,205
	1,530,762	1,558,813
Less: allowance for impairment loss	**(238,673)**	(310,437)
	1,292,089	1,248,376

The movement in the allowance for impairment loss is as follows:

	30 September 2024 (Unaudited) SR'000	*31 December 2023 (Audited) SR'000*
Balance at beginning of the period / year	**310,437**	292,432
Charge for the period / year	**37,196**	22,698
*Written-off during the period / year	**(108,960)**	(4,693)
	238,673	310,437

*During the nine-month period, the Board approved the write-off amounting to SR 109 million.

11 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (FVTPL)

Financial assets at FVTPL mainly comprises investments in the shariah compliant money market – mutual funds.

Movement in financial assets at FVTPL is as follows:

	30 September 2024 (Unaudited) SR'000	*31 December 2023 (Audited) SR'000*
Balance at beginning of the period / year	**124,439**	209,185
Investments during the period / year	**377,545**	379,609
Disposal of investments during the period / year	**(315,000)**	(474,823)
Fair value gain during the period / year	**13,977**	10,468
	200,961	124,439

During the period income on financial assets at FVTPL is as follows:

	30 September 2024 (Unaudited) SR'000	*30 September 2023 (Unaudited) SR'000*
Realized gain	**8,401**	5,986
Unrealized gain	**5,576**	1,852
	13,977	7,838

12 LOANS AND BORROWINGS

	30 September 2024 (Unaudited) SR'000	*31 December 2023 (Audited) SR'000*
Gross amount payable	**-**	100,000

- During the year ended 31 December 2020, the Company signed a facility agreement with a local commercial bank for a value of SR 500 million. This amount was withdrawn in full on 28 July 2020. This loan bears financial charges based on SAIBOR plus 0.80% per annum. The loan was initially repayable over a period of three years on flexible repayment terms. The Company has paid a management fee of SR 7 million to obtain the facility in accordance with the agreed terms of the loan agreement. The loan is secured by an order note. The Company was able to extend the facility for additional period, up to 31 October 2024. During the year ended 31 December 2022, the Company repaid an amount of SR 100 million of the total withdrawn loan. Further, during the year ended 31 December 2023, the Company repaid an amount of SR 300 million of the remaining withdrawn loan.

  During the nine-month period ended 30 September 2024, the Company settled the outstanding amount.

13 ZAKAT PROVISION

Movement in zakat provision during the period / year is as follows:

	30 September 2024 (Unaudited) SR'000	*31 December 2023 (Audited) SR'000*
Balance at beginning of the period / year	**364,203**	325,685
Charge during the period / year	**37,540**	59,407
Payments during the period / year	**(16,435)**	(20,889)
	385,308	364,203

Status of assessments

The Company filed Zakat declaration up to the financial year ended 31 December 2023 with Zakat, Tax and Customs Authority ("ZATCA"), and has obtained Zakat certificate valid until 30 April 2025.

The Company has finalized its assessments with ZATCA up to the year 2014. ZATCA has issued Zakat assessments for the years from 2015 to 2020 claiming an additional liability of SR 243.7 million. The Company has escalated its appeal against ZATCA assessments for the years 2015 to 2020 to the General Secretariat of Zakat, Tax and Customs Committees ("GSZTCC"). During 2023, The Tax Committees for Resolution of Tax Violations and Disputes ("TCRTVD") (first level of GSTC's committees) issued its ruling regarding the Company's appeal case for those years from 2015 to 2020 according to which the TCRTVD has partially accepted some disputed items. Knowing that such ruling is not final as both the Company and ZATCA have appealed against such ruling to the appellate committee ("ACTVDR"), the hearing and final ruling from ACTVDR are still awaiting. Based on the current progress and the available information, management believes that the level of existing provisions for zakat is sufficient to account for any potential liabilities that may arise at the time of final assessments.

14 REVENUE

The Group's revenue is derived from contracts with customers by providing aircraft cleaning, passenger handling, fuel, baggage, and ground handling services to its customers.

Revenue by categories:

	Three-month period ended		***Nine-month period ended***	
	30 September 2024 **(Unaudited)** **SR '000**	*30 September 2023* (Unaudited) SR '000	***30 September 2024*** **(Unaudited)** **SR '000**	*30 September 2023* (Unaudited) SR '000
Rendering of services	**660,571**	640,797	**1,986,941**	1,821,083
Sale of goods	**8,079**	5,920	**21,420**	15,972
	668,650	646,717	**2,008,361**	1,837,055

Revenue by the type of customers:

	Three-month period ended		***Nine-month period ended***	
	30 September 2024 **(Unaudited)** **SR '000**	*30 September 2023* (Unaudited) SR '000	***30 September 2024*** **(Unaudited)** **SR '000**	*30 September 2023* (Unaudited) SR '000
Revenue from related parties (note 16(a))	**374,349**	351,746	**1,068,245**	986,690
Revenue from other local and foreign customers	**294,301**	294,971	**940,116**	850,365
	668,650	646,717	**2,008,361**	1,837,055

15 EARNINGS PER SHARE

The Company presents basic and diluted earnings per share for its ordinary shares. Basic is calculated by dividing the profit attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

	Three-month period ended		***Nine-month period ended***	
	30 September 2024 **(Unaudited)**	*30 September 2023* (Unaudited)	***30 September 2024*** **(Unaudited)**	*30 September 2023* (Unaudited)
Profit for the period attributable to the shareholders of the Company (SR'000)	**81,679**	59,877	**231,274**	149,852
Weighted average number of ordinary shares for the purposes of basic and diluted earnings	**188,000,000**	188,000,000	**188,000,000**	188,000,000
Basic and diluted earnings per share based on earnings for the period attributable to shareholders of the Company (in SR)	**0.43**	0.32	**1.23**	0.80

16 RELATED PARTY TRANSACTIONS AND BALANCES

Related parties represent the shareholders, 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. The Group operates in an economic regime whereby there are various entities that are directly or indirectly controlled by the Government of Kingdom of Saudi Arabia through its government authorities, affiliations and other organizations, collectively referred to as government-related entities. The Group applies exemption in IAS 24. Related Party Disclosures that allows to present reduced related party disclosures regarding transactions with government related parties.

Following is the list of related parties and their transactions and the relationship with the Group.

Related Parties:	***Relationship***
Saudi Arabian Airlines Corporation	Parent Company
Ground Service Company for Travel and Tourism Services	Subsidiary
Saudi Airlines Air Transport Company	Fellow subsidiary
Saudia Aerospace Engineering Industries Company	Fellow subsidiary
Saudia Royal Fleet	Fellow subsidiary
Flyadeal Company	Fellow subsidiary
SAL Saudi Logistics Services Company	Fellow subsidiary
Saudi Private Aviation	Fellow subsidiary
Saudi Airlines Cargo Company	Fellow subsidiary
Saudi Airlines Real Estate Development Company	Fellow subsidiary
Prince Sultan Aviation Academy Company	Fellow subsidiary
Catrion Catering Holding Company	Common shareholder
TLD Arabia Equipment Services	Joint venture
Saudi Amad for Airport Services And Transport Support Company	Joint venture
Jusoor Airport Services Company	Joint venture
Bupa Arabia for Cooperation Insurance	Common Key Management Personnel

Significant transactions with related parties in the ordinary course of business arise mainly from services provided / received, supply of fuel, and various business arrangements and are undertaken at approved contractual terms. Significant balance and transactions arising from related parties are summarized below.

a) ***Due from related parties - significant transactions and balances under trade receivables:***

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

Relationship	**Nature of transactions**	***Three-month period ended***		***Nine-month period ended***	
		30 September 2024 (Unaudited) SR '000	*30 September 2023 (Unaudited) SR '000*	***30 September 2024 (Unaudited) SR '000***	*30 September 2023 (Unaudited) SR '000*
Fellow subsidiary	Services provided	**371,057**	349,271	**1,058,364**	979,809
Joint venture	Services provided	**2,201**	1,520	**6,856**	4,381
Common shareholder	Services provided	**1,091**	955	**3,025**	2,500

16 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

a) *Due from related parties - significant transactions and balances under trade receivables (continued):*

ii) Due from related parties under trade receivables comprised the following:

	30 September 2024 (Unaudited) SR'000	*31 December 2023 (Audited) SR'000*
Saudi Airlines Air Transport Company	**653,865**	656,333
Saudia Royal Fleet	**174,806**	175,960
Saudia Aerospace Engineering Industries Company	**118,719**	140,204
Flyadeal Company	**109,234**	90,861
Saudi Private Aviation	**11,075**	13,458
SAL Saudi Logistics Services Company	**4,253**	3,915
Catrion Catering Holding Company	**1,254**	1,282
Saudi Airlines Cargo Company	**912**	912
Saudi Arabian Airlines Corporation	**683**	683
Prince Sultan Aviation Academy Company	**1**	-
	1,074,802	1,083,608

b) *Due from related parties - significant transactions and balances under prepayments and other current assets:*

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

Relationship	**Nature of transactions**	***Three-month period ended***		***Nine-month period ended***	
		30 September 2024 (Unaudited) SR '000	*30 September 2023 (Unaudited) SR '000*	***30 September 2024 (Unaudited) SR '000***	*30 September 2023 (Unaudited) SR '000*
Joint venture	Other expenses	**7,425**	5,509	**21,232**	18,764
Joint venture	Invoices on behalf of the joint venture*	**16,914**	14,144	**48,451**	42,404

* This includes invoices issued on behalf of joint ventures to related parties.

ii) Due from related parties under prepayments and other current assets comprised the following:

	30 September 2024 (Unaudited) SR'000	*31 December 2023 (Audited) SR'000*
Saudi Arabian Airlines Corporation	**308,738**	308,738
Saudi Amad for Airport Services and Transport Support Company	**85,248**	108,150
Jusoor Airport Services Company	**-**	23,987
TLD Arabia Equipment Services	**-**	2,497
	393,986	443,372
Prepayments		
Bupa Arabia for Cooperation Insurance	**-**	57,793

16 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

c) Due to related parties - significant transactions and balances under trade payables:

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

Relationship	Nature of transactions	Three-month period ended 30 September 2024 (Unaudited) SR '000	Three-month period ended 30 September 2023 (Unaudited) SR '000	Nine-month period ended 30 September 2024 (Unaudited) SR '000	Nine-month period ended 30 September 2023 (Unaudited) SR '000
Common Key Management Personnel	Services received	**-**	25,788	**56,470**	77,826
Joint venture	Maintenance received	**31,013**	24,675	**85,313**	86,577
Common shareholder	Services received	**16,403**	12,487	**46,280**	35,890
Joint venture	Services received	**762**	2,727	**4,817**	8,181
Joint venture	Invoices issued on behalf of Joint Ventures to related parties	**-**	2,188	-	6,655

ii) Due to related parties under trade payable comprised the following:

	30 September 2024 (Unaudited) SR'000	31 December 2023 (Audited) SR'000
Catrion Catering Holding Company	**6,599**	-
TLD Arabia Equipment Services	**4,116**	11,118
Saudi Airlines Cargo Company	**684**	684
Bupa Arabia for Cooperation Insurance	**-**	14,184
	11,399	25,986

d) Due to related parties – significant transactions and balances under other current liabilities:

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

Relationship	Nature of transactions	Three-month period ended 30 September 2024 (Unaudited) SR '000	Three-month period ended 30 September 2023 (Unaudited) SR '000	Nine-month period ended 30 September 2024 (Unaudited) SR '000	Nine-month period ended 30 September 2023 (Unaudited) SR '000
Joint venture	Invoices issued on behalf of Joint Ventures to related parties	**8,943**	13,975	**29,361**	42,235
Joint venture	Other expenses	**3,549**	**-**	**10,673**	**-**
Fellow subsidiary	Other expenses	**-**	**-**	**2,555**	**-**

16 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

d) Due to related parties – significant transactions and balances under other current liabilities (continued):

ii) Due to related parties under other current liabilities comprised the following:

	30 September 2024 (Unaudited) SR'000	*31 December 2023 (Audited) SR'000*
Saudi Arabian Airlines Corporation	**40,470**	40,470
Jusoor Airport Services Company	**25,798**	-
Catrion Catering Holding Company	**22,708**	13,835
Saudia Aerospace Engineering Industries Company	**16,536**	39,744
TLD Arabia Equipment Services	**16,146**	-
Saudi Airlines Air Transport Company	**2,954**	2,954
Prince Sultan Aviation Academy Company	**2,555**	-
Saudi Airlines Cargo Company	**177**	177
	127,344	97,180

Key management compensation

Compensation for key management is as follows:

	30 September 2024 (Unaudited) SR'000	*30 September 2023 (Unaudited) SR'000*
Short term benefits	**15,452**	7,792
End of service benefits	**638**	457
Directors' fees	**4,437**	4,376
	20,527	12,625

Key management personnel comprise of chief executive officer and heads of departments. Compensation of the Group's key management personnel includes salaries, non-cash benefits and contributions to a post-employment defined benefit plan.

17 FINANCIAL INSTRUMENTS RISK MANAGEMENT

The Group is exposed to market risk, credit risk and liquidity risk. The Group's overall risk management program focuses on robust liquidity management as well as monitoring of various relevant market variables, thereby continually seeking to minimize potential adverse effects on the Group's financial performance.

The Group's management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Board of Directors has overall responsibility for establishment and oversight of the Group's risk management framework. Audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

Risk management systems are regularly reviewed by the executive management team to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group's principal financial liabilities comprise lease liabilities and trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets include trade and other receivables, financial assets at FVTPL, short term deposits and bank balances that derive directly from its operations.

17 FINANCIAL INSTRUMENTS RISK MANAGEMENT (continued)

Market risk
Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and price risk.

Interest rate risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the loans and borrowing with floating interest rates. The Group manages the interest rate risk by regularly monitoring the interest rate profiles of its interest-bearing financial instruments. Management monitors the changes in interest rates and believes that the fair value and cash flow interest rate risks to the Group are not significant. Interest bearing financial assets comprises of short term deposits which are at fixed interest rates; therefore, has no exposure to cash flow interest rate risk and fair value interest rate risk.

The interest rate profile of the Group's interest-bearing financial instruments as reported to the management of the Group is as follows:

Financial liabilities

	30 September 2024 (Unaudited) SR'000	*31 December 2023 (Audited) SR'000*
Loans and borrowings	-	100,000

Profit or loss is sensitive to higher/lower interest expense on borrowings as a result of changes in interest rates. A change of 100 basis points in interest rates at the reporting date would have increased / (decreased) profit or loss by SR nil (31 December 2023: SR 0.25 million). This analysis assumes that all other variables, in particular, foreign currency rates, remain constant.

Currency risk
Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's transactions are principally in Saudi Riyals, Euros, and United States Dollars. The management believes that there is no currency risk arising from the transactions in currencies to which the Saudi Riyals is pegged. The Group's exposure to currency risk arising from currencies to which the Saudi Riyals is not pegged is not material to these interim condensed consolidated financial statements.

The cash and bank balances, short term deposits, trade receivables, loans and borrowings and trade payables of the Group are denominated in Saudi Arabian Riyals.

Price risk
Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from special commission rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instruments or it's issuer, or factors affecting all similar financial instruments traded in the market.

The Group's exposure to price risk arises from investments held by the Group and classified in the interim condensed consolidated statement of financial position at fair value through profit or loss. The Group closely monitors price in order to manage price risk arising from financial assets at FVTPL.

Every 5% increase or decrease in the net asset value with all other variables held constant will decrease or increase profit or loss for the period by SR 10.0 million (31 December 2023: SR 6.2 million).

Credit risk
Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to risk on its trade and other receivables, financial assets at FVTPL and cash at banks. The Group manages credit risk with respect to receivables from customers by monitoring in accordance with defined policies and procedures.

17 FINANCIAL INSTRUMENTS RISK MANAGEMENT (continued)

Credit risk

To reduce exposure to credit risk, the Group has developed a formal approval process whereby credit limits are applied to its customers. The management also continuously monitors the credit exposure towards the customers and makes provisions against those balances considered doubtful of recovery. To mitigate the risk, the Group has a system of assigning credit limits to its customers based on an extensive evaluation of the customer profile and payment history.

The receivables are shown net of allowance for impairment of trade receivables. The Group applies the IFRS 9 *financial instruments* simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped into low risk, fair risk, doubtful, and loss based on shared credit risk characteristics and the days past due. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors (such as GDP forecast and industry outlook) affecting the ability of the customers to settle the receivables. The calculation reflects the probability-weighted outcome, the time value of money, and reasonable and supportable information that is available at the reporting date about past events, current conditions, and forecasts of future economic conditions.

The Group's exposure to credit risk for gross trade receivables by type of counterparty mainly includes local and foreign airlines and other related parties.

At 30 September 2024, trade receivables are mainly due from related parties (note 16(a)) and other trade receivables and are stated at their estimated realizable values. The ten largest customers account for 66% (31 December 2023: 59%) of outstanding gross other trade receivables. The financial position of the related parties is stable.

With respect to credit risk arising from the other financial assets of the Group, including bank balances and cash, the Group's exposure to credit risk arises from the default of the counterparty, with a maximum exposure equal to the carrying amount as disclosed in the statement of financial position. The credit risk in respect of bank balances is considered by management to be insignificant, as the balances are mainly held with reputable banks in the Kingdom of Saudi Arabia and internationally.

The changes in the carrying amounts of trade receivables contributed mainly by the changes in the impairment loss allowance for the period ended 30 September 2024.

The Group's gross maximum exposure to credit risk at the reporting date is as follows:

	30 September 2024 (Unaudited) SR'000	*31 December 2023 (Audited) SR'000*
Financial assets		
Trade receivables	**1,530,762**	1,558,813
Other assets	**430,078**	483,135
Financial assets at fair value through profit or loss (FVTPL)	**200,961**	124,439
Short term deposits	**409,000**	500,000
Bank balances	**40,960**	77,898
	2,611,761	2,744,285

17 FINANCIAL INSTRUMENTS RISK MANAGEMENT (continued)

Credit risk (continued)

The charges for the allowance for impairment loss is as follows:

	Three-month period ended		***Nine-month period ended***	
	30 September 2024 **(Unaudited)** **SR '000**	*30 September 2023* (Unaudited) SR '000	***30 September 2024*** **(Unaudited)** **SR '000**	*30 September 2023* (Unaudited) SR '000
Trade receivables (note 10)	**11,608**	4,701	**37,196**	11,334
Other receivables	**6,321**	-	**12,372**	-
	17,929	4,701	**49,568**	11,334

Liquidity Risk

Liquidity risk is the risk that a Group will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at an amount close to its fair value. Liquidity risk is managed by monitoring on a regular basis that sufficient funds are available through committed credit facilities to meet any future commitments. This includes consideration of future cashflow forecasts, prepared using assumptions about the nature, timing and amount of future transactions, planned course of actions and other committed cash flows that can be considered reasonable and achievable in the circumstances of the Group. The Group's management has developed a plan to enable the Group to meet its obligations as they become due and to continue its operations, without significant curtailment, as a going concern.

The amounts are gross and undiscounted, and include contractual interest payments and exclude the impact of netting arrangements.

Expected maturity of undiscounted cash flows of financial liabilities are as follows:

		Contractual cash flows		
Non-derivative financial liabilities	***Carrying amount SR'000***	***Less than one year SR'000***	***More than one year SR'000***	***Total SR'000***
30 September 2024 (Unaudited)				
Trade payables	**120,779**	**120,779**	**-**	**120,779**
Other payables (excluding advances)	**604,971**	**604,971**	**-**	**604,971**
Lease liabilities	**157,730**	**76,419**	**108,538**	**184,957**
	883,480	**802,169**	**108,538**	**910,707**

		Contractual cash flows		
Non-derivative financial liabilities	*Carrying amount SR'000*	*Less than one year SR'000*	*More than one year SR'000*	*Total SR'000*
31 December 2023 (Audited)				
Trade payables	130,958	130,958	-	130,958
Other payables (excluding advances)	500,975	500,975	-	500,975
Loans and borrowings	100,000	101,712	-	101,712
Lease liabilities	236,794	86,115	185,386	271,501
	968,727	819,760	185,386	1,005,146

17 FINANCIAL INSTRUMENTS RISK MANAGEMENT (continued)

Capital risk management

The Group's objective when managing capital is to safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain a strong capital base to support the sustained development of its businesses. The Group manages its capital structure by monitoring the return on net assets and makes required adjustments to it in the light of changes in economic conditions.

18 FAIR VALUE MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.
All financial instruments for which fair value is recognized or disclosed are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole, as follows:

- Level 1: quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2: valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3: valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

If the inputs used to measure the fair value of an asset or liability falls into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest input level that is significant to the entire measurement.

The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. The management assessed that the fair value of cash and cash equivalents, short term deposits and trade and other receivables approximate their carrying amounts largely due to the short-term maturities of these instruments.

Loans and borrowings, liabilities against leases, and other liabilities are the Group's financial liabilities. All financial liabilities as of 30 September 2024 and 31 December 2023 are measured at amortized cost. The carrying values of the financial liabilities under amortized cost approximate their fair values.

The carrying value of all the financial assets classified as amortized cost approximates their fair value on each reporting date.

The Group fair values the derivative financial instruments and investment at fair value through profit or loss. The fair value of derivative financial instruments is calculated as the present value of the estimated future cash flows based on observable yield curves. The fair value of investment at fair value through profit or loss is based on the net asset value communicated by the fund manager.

18 FAIR VALUE MEASUREMENT (continued)

The fair values under different levels were as follows:

	As at 30 September 2024			
		Fair value hierarchy		
	Carrying amount SR'000	***Level 1 SR'000***	***Level 2 SR'000***	***Level 3 SR'000***
Financial assets at fair value through profit or loss	**200,961**	-	**200,961**	-
	200,961	-	**200,961**	-

	As at 31 December 2023			
		Fair value hierarchy		
	Carrying amount SR'000	*Level 1 SR'000*	*Level 2 SR'000*	*Level 3 SR'000*
Financial assets at fair value through profit or loss	124,439	-	124,439	-
	124,439	-	124,439	-

During the nine-month periods ended 30 September 2024 and year ended 31 December 2023, there were no movements between the levels.

19 CONTINGENCIES AND COMMITMENTS

(a) In addition to contingencies disclosed in note 13, the Group had letters of guarantee amounting to SR 87 million as at 30 September 2024 (31 December 2023: SR 81 million), that were issued in the normal course of the business.

(b) Commitments amounting to SR 81 million (31 December 2023: SR 56.4 million) are in respect of capital expenditure committed but not paid.

(c) As at 30 September 2024, there are cases filed by labors and subcontractors where the Group is a defendant. Currently, the legal proceedings are ongoing and based on management expectations, the related probabilities of winning the cases are high for the Group.

20 SUBSEQUENT EVENTS

There have been no significant subsequent events since the period-end, that would require disclosures of adjustments in these interim condensed consolidated financial statements, except as disclosed in note 9, TLDAES's Board of Directors declared dividends amounting to SR 17.2 million.

21 APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

These interim condensed consolidated financial statements have been approved and authorized to issue by the Company's Board of Directors on 5 November 2024G corresponding to 03 Jumada al-Ula 1446H.