

**POWER AND WATER UTILITY COMPANY FOR JUBAIL AND YANBU (MARAFIQ)  
AND ITS SUBSIDIARIES**

(A Saudi Joint Stock Company)

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE THREE AND NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2022  
WITH INDEPENDENT AUDITOR'S REVIEW REPORT**

**POWER AND WATER UTILITY COMPANY FOR JUBAIL AND YANBU (MARAFIQ) AND ITS SUBSIDIARIES**  
**(A SAUDI JOINT STOCK COMPANY)**  
**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE AND NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2022**

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## KPMG Professional Services

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P.O. Box 4803  
Al Khobar, 34412 - 3146  
Kingdom of Saudi Arabia  
Commercial Registration No 2051062328

Headquarters in Riyadh

## كي بي إم جي للاستشارات المهنية

الطابق ١٦، برج البرعش  
٦١٨٩ طريق الأمير تركي، الكورنيش  
ص.ب ٤٨٠٣  
الخبير ٣٤٤١٢ - ٣١٤٦  
المملكة العربية السعودية  
سجل تجاري رقم ٢٠٥١٠٦٢٣٢٨

المركز الرئيسي في الرياض

# Independent auditor's report on review of condensed consolidated interim financial statements

To the shareholders of Power and Water Utility Company for Jubail and Yanbu (MARAFIQ)

## Introduction

We have reviewed the accompanying 30 September 2022 condensed consolidated interim financial statements of **Power and Water Utility Company for Jubail and Yanbu (MARAFIQ)** and its subsidiaries ("the Group") which comprises:

- the condensed consolidated statement of financial position as at 30 September 2022;
- the condensed consolidated income statement for the three and nine months period ended 30 September 2022;
- the condensed consolidated statement of profit or loss and other comprehensive income for the three and nine months period ended 30 September 2022;
- the condensed consolidated statement of changes in equity for the nine months period ended 30 September 2022;
- the condensed consolidated statement of cash flows for the three and nine months period ended 30 September 2022; and
- the notes to the condensed consolidated interim financial statements.

Management is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

## Scope of review

We conducted our review in accordance with the International Standard on Review Engagements 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' that is endorsed in the Kingdom of Saudi Arabia. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



# Independent auditor's report on review of condensed consolidated interim financial statements

To the shareholders of Power and Water Utility Company for Jubail and Yanbu (MARAFIQ) (Continued)

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 30 September 2022, condensed consolidated interim financial statements of **Power and Water Utility Company for Jubail and Yanbu (MARAFIQ)** and its subsidiaries are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia.

### KPMG Professional Services

**Abdulaziz Abdullah Alnaim**  
License No: 394



Al Khobar  
Date: 21 Rabi Al Akhar 1444H.  
Corresponding to: 15 November 2022G.


**POWER AND WATER UTILITY COMPANY FOR JUBAIL AND YANBU (MARAFIQ) AND ITS SUBSIDIARIES**  
**(A SAUDI JOINT STOCK COMPANY)**  
**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 SEPTEMBER 2022**

	Note	30 September 2022 (Un-audited) SR '000	31 December 2021 (Audited) SR '000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	6	20,078,140	20,412,090
Intangible assets		16,261	9,619
Equity accounted investees		57,534	11,706
Long-term receivables and prepayments		320,096	272,418
Deferred tax assets		4,295	7,430
<b>Total non-current assets</b>		<b>20,476,326</b>	<b>20,713,263</b>
<b>Current assets</b>			
Inventories		282,007	273,539
Trade receivables	10	1,081,456	834,096
Prepayments and other current assets		438,187	384,155
Short-term deposits	12	1,708,000	1,422,200
Cash and cash equivalents		414,706	482,654
<b>Total current assets</b>		<b>3,924,356</b>	<b>3,396,644</b>
<b>TOTAL ASSETS</b>		<b>24,400,682</b>	<b>24,109,907</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital		2,500,000	2,500,000
Statutory reserve		287,960	287,960
Retained earnings		5,159,298	4,834,430
<b>Equity before fair value reserve for cash flow hedge of investees</b>		<b>7,947,258</b>	<b>7,622,390</b>
Fair value reserve for cash flow hedge of investees		132,217	(71,304)
<b>Equity attributable to equity holders of the Parent Company</b>		<b>8,079,475</b>	<b>7,551,086</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Bank loans and borrowings	13	8,333,285	8,617,965
Lease liabilities	8	2,730,911	2,865,048
Other non-current liabilities	14	2,746,500	2,752,632
Deferred tax liabilities		159,148	126,443
<b>Total non-current liabilities</b>		<b>13,969,844</b>	<b>14,362,088</b>
<b>Current liabilities</b>			
Current portion of bank loans and borrowings	13	391,265	361,066
Short term borrowings		51,000	-
Current portion of lease liabilities	8	345,392	367,330
Trade payables		651,688	612,327
Accrued expenses and other current liabilities		912,018	856,010
<b>Total current liabilities</b>		<b>2,351,363</b>	<b>2,196,733</b>
<b>Total liabilities</b>		<b>16,321,207</b>	<b>16,558,821</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>24,400,682</b>	<b>24,109,907</b>

The condensed consolidated interim financial statements appearing on pages 1 to 18 were approved by the Board of Directors of the Company have been signed on their behalf by:

  
Musaad Ahmed Al-Sayouhi  
Authorized Board Member


  
Mohammed Berki Al-Zuabi  
President & CEO

  
Muhammed Abdulhamid AlMulhim  
VP Finance

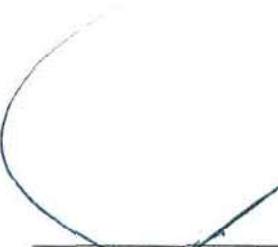
The accompanying notes 1 through 17 form an integral part of these condensed consolidated interim financial statements

**POWER AND WATER UTILITY COMPANY FOR JUBAIL AND YANBU (MARAFIQ) AND ITS SUBSIDIARIES**  
**(A SAUDI JOINT STOCK COMPANY)**  
**CONDENSED CONSOLIDATED INCOME STATEMENT**  
**FOR THE THREE AND NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2022**

	Note	Three months from July to September		Nine months from January to September	
		2022	2021	2022	2021
		(Unaudited) SR '000	(Unaudited) SR '000	(Unaudited) SR '000	(Unaudited) SR '000
Revenue	15	1,767,942	1,645,482	4,885,478	4,635,772
Cost of revenue		(1,370,937)	(1,342,803)	(3,989,879)	(3,856,383)
<b>Gross profit</b>		<b>397,005</b>	<b>302,679</b>	<b>895,599</b>	<b>779,389</b>
Administrative expenses		(32,669)	(28,421)	(88,019)	(87,457)
Impairment loss on trade receivables		(3,864)	(12,786)	(3,864)	(12,786)
Other operating income		64,908	55,934	179,775	153,896
Other operating expenses		(636)	(976)	(1,197)	(2,821)
<b>Operating profit</b>		<b>424,744</b>	<b>316,430</b>	<b>982,294</b>	<b>830,221</b>
Finance income		15,535	3,929	32,395	13,684
Finance cost		(97,840)	(58,663)	(215,096)	(181,763)
Share in results of equity accounted Investees, net		(1,394)	1,333	(2,001)	5,670
<b>Profit before Zakat and income tax</b>		<b>341,045</b>	<b>263,029</b>	<b>797,592</b>	<b>667,812</b>
Zakat and income tax	7	(31,381)	(7,594)	(83,159)	(81,471)
<b>Profit for the period</b>		<b>309,664</b>	<b>255,435</b>	<b>714,433</b>	<b>586,341</b>
<b>Attributable to:</b>					
Equity holders of the parent		309,664	243,284	714,433	553,685
Non-controlling interest		-	12,151	-	32,656
		<b>309,664</b>	<b>255,435</b>	<b>714,433</b>	<b>586,341</b>
<b>Earnings per share:</b>					
Basic and diluted earnings per share attributable to shareholders		<b>1.24</b>	<b>1.02</b>	<b>2.86</b>	<b>2.35</b>

  
Musaad Ahmed Al-Sayouhi  
Authorized Board Member

  
Mohammed Berki Al-Zuabi  
President & CEO

  
Muhammed Abdulhamid AlMulhim  
VP Finance

The accompanying notes 1 through 17 form an integral part of these condensed consolidated interim financial statements

**POWER AND WATER UTILITY COMPANY FOR JUBAIL AND YANBU (MARAFIQ) AND ITS SUBSIDIARIES**  
**(A SAUDI JOINT STOCK COMPANY)**  
**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE THREE AND NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2022**

	Three months from July to September		Nine months from January to September	
	2022 (Unaudited) SR '000	2021 (Unaudited) SR '000	2022 (Unaudited) SR '000	2021 (Unaudited) SR '000
Profit for the period	309,664	255,435	714,433	586,341
Other comprehensive income for the period				
<i>Other comprehensive income items that are or may be reclassified to profit or loss account in subsequent periods:</i>				
Share of profit on cash flow hedge of investees, net of deferred tax	60,627	30,529	203,521	79,977
<b>Total comprehensive income for the period</b>	<b>370,291</b>	<b>285,964</b>	<b>917,954</b>	<b>666,318</b>
<b>Attributable to:</b>				
Equity holders of the parent	370,291	273,813	917,954	633,662
Non-controlling interest	-	12,151	-	32,656
	<b>370,291</b>	<b>285,964</b>	<b>917,954</b>	<b>666,318</b>



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Mohammed Berki Al-Zuabi  
President & CEO



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VP Finance

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**POWER AND WATER UTILITY COMPANY FOR JUBAIL AND YANBU (MARAFIQ) AND ITS SUBSIDIARIES**

(A SAUDI JOINT STOCK COMPANY)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

**FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2022**

	Attributable to equity holders of the Parent Company						Non-controlling interest SR '000	Total equity SR '000
	Share capital SR '000	Statutory reserve SR '000	Retained earnings SR '000	Fair value reserve for cash flow hedge of investees SR '000	Total SR '000	Total equity SR '000		
As at 1 January 2021 (Audited)	2,500,000	261,010	4,334,889	(162,146)	6,933,753	53,633	6,987,386	
Profit for the period (Un-audited)	-	-	553,685	-	553,685	32,656	586,341	
Other comprehensive income (Un-audited)	-	-	-	79,977	79,977	-	79,977	
Dividends (Un-audited)	-	-	(140,605)	-	(140,605)	(12,735)	(153,340)	
As at 30 September 2021 (Un-audited)	2,500,000	261,010	4,747,969	(82,169)	7,426,810	73,554	7,500,364	
As at 1 January 2022 (Audited)	2,500,000	287,960	4,834,430	(71,304)	7,551,086	-	7,551,086	
Profit for the period (Un-audited)	-	-	714,433	-	714,433	-	714,433	
Other comprehensive income (Un-audited)	-	-	-	203,521	203,521	-	203,521	
Dividends (Un-audited) (note 16)	-	-	(389,565)	-	(389,565)	-	(389,565)	
As at 30 September 2022 (Un-audited)	2,500,000	287,960	5,159,298	132,217	8,079,475	-	8,079,475	



Musaad Ahmed Al-Sayouhi  
Authorized Board Member



Mohammed Berki Al-Zuabi  
President & CEO



Muhammed Abdulhamid AIMurthim  
VP Finance

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**POWER AND WATER UTILITY COMPANY FOR JUBAIL AND YANBU (MARAFIQ) AND ITS SUBSIDIARIES**  
(A SAUDI JOINT STOCK COMPANY)  
**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE THREE AND NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2022**

	Note	Three months from July to		Nine months from January to	
		September		September	
		2022 (Un-audited) SR '000	2021 (Un-audited) SR '000	2022 (Un-audited) SR '000	2021 (Un-audited) SR '000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Profit for the period		309,664	255,435	714,433	586,341
<i>Adjustments from:</i>					
Depreciation of property, plant and equipment	6	286,876	276,724	861,176	835,171
Amortization of intangible assets		2,587	1,364	6,130	24,441
Property, plant and equipment written off		-	3,817	-	3,817
Amortization of deferred income		(14,343)	(13,686)	(42,896)	(41,175)
Amortization of deferred employee benefits		1,396	(215,443)	4,188	(212,652)
Provision for impairment of trade receivables		3,863	11,710	3,863	12,786
Provision for slow moving and obsolete inventories		(5,042)	8,618	1,255	9,764
Share in results of equity accounted investees, net		1,394	(1,333)	2,001	(5,670)
Employees' benefits charge		15,381	14,837	60,332	54,000
Finance income		(15,535)	(3,929)	(32,395)	(13,684)
Finance costs		97,840	58,663	215,096	181,763
Zakat and income tax charge	7	31,381	7,594	83,159	81,471
<i>Changes in:</i>					
Trade receivables		(25,334)	(74,637)	(251,223)	(83,915)
Inventories		2,261	36,031	(9,723)	24,140
Prepayment and other current assets		(27,891)	(48,811)	(44,784)	51,425
Long term receivables and prepayments		10,266	228,088	32,145	256,061
Trade payables		(30,582)	(64,836)	39,361	(64,389)
Accrued expenses and other current liabilities		34,549	101,616	36,611	87,480
Other non-current liabilities		8,752	-	33,408	-
<b>Cash generated from operating activities</b>		<b>687,483</b>	<b>581,822</b>	<b>1,712,137</b>	<b>1,787,175</b>
Employees' benefits paid		(2,222)	(3,644)	(6,950)	(12,709)
Interest paid		(33,624)	(44,771)	(132,520)	(142,648)
Zakat and income tax paid		(13,416)	(1,119)	(55,562)	(47,468)
<b>Net cash from operating activities</b>		<b>638,221</b>	<b>532,288</b>	<b>1,517,105</b>	<b>1,584,350</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Acquisition of property, plant and equipment		(242,731)	(218,876)	(536,467)	(604,931)
Additions to intangible assets		-	-	(842)	-
Interest income on deposits		7,691	2,167	17,369	6,746
Net movement in short-term deposits		34,000	(19,900)	(285,800)	(447,700)
<b>Net cash used in investing activities</b>		<b>(201,040)</b>	<b>(236,609)</b>	<b>(805,740)</b>	<b>(1,045,885)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Repayment of bank loans and borrowings		(92,085)	(79,747)	(273,282)	(390,581)
Proceeds from short term borrowings		51,000	51,000	102,000	102,000
Repayment of short term borrowings		-	-	(51,000)	(51,000)
Payment of lease obligation		(95,648)	282	(167,466)	(3,599)
Movement in other non-current liabilities		-	39,903	-	20,307
Dividends paid		(250,366)	(153,340)	(389,565)	(153,340)
<b>Net cash used in financing activities</b>		<b>(387,099)</b>	<b>(141,902)</b>	<b>(779,313)</b>	<b>(476,213)</b>
Net change in cash and cash equivalents		50,082	153,777	(67,948)	62,252
Cash and cash equivalents at the beginning of the period		364,624	503,290	482,654	594,815
<b>Cash and cash equivalents at the end of the period</b>		<b>414,706</b>	<b>657,067</b>	<b>414,706</b>	<b>657,067</b>

**POWER AND WATER UTILITY COMPANY FOR JUBAIL AND YANBU (MARAFIQ) AND ITS SUBSIDIARIES**  
(A SAUDI JOINT STOCK COMPANY)  
**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)**  
**FOR THE THREE AND NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2022**

	Three months from July to September		Nine months from January to September	
	2022	2021	2022	2021
	(Un-audited)	(Un-audited)	(Un-audited)	(Un-audited)
	SR '000	SR '000	SR '000	SR '000
<b>SUPPLEMENTAL CASH FLOW INFORMATION</b>				
<b>Significant non-cash transactions</b>				
Customer funded assets acquired	-	-	1,942	267,510
Additions to ROU assets	-	510,965	747	1,268
Dividends declared to NCI	-	-	-	(12,735)
Transfers to intangible assets from CWIP	11,930	2,322	11,930	32,863
Net change in fair value of cash flow hedge of investees	60,627	22,490	203,521	74,470



Musaad Ahmed Al-Sayouhi  
Authorized Board Member



Mohammed Berki Al-Zuabi  
President & CEO



Muhammed Abdulhamid AIMulhim  
VP Finance

The accompanying notes 1 through 17 form an integral part of these condensed consolidated interim financial statements

**POWER AND WATER UTILITY COMPANY FOR JUBAIL AND YANBU (MARAFIQ) AND ITS SUBSIDIARIES**  
(A SAUDI JOINT STOCK COMPANY)  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE AND NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2022**

**1. CORPORATE INFORMATION**

Power and Water Utility Company for Jubail and Yanbu ("Marafiq" or "the Parent Company") was incorporated pursuant to Royal Decree No. M/29 dated 21/7/1421 corresponding to 18 October 2000 as a Saudi joint stock company, in accordance with Ministerial Decision No. 2101 dated 26/12/1421 corresponding to 21 March 2001 which approved the Articles of Association of the Parent Company.

The Parent Company operates under commercial registration number 2055004968 dated 17/6/1422 corresponding to 5 September 2001 issued in Jubail Industrial City. The Parent Company's registered office is situated in the Support Industries Area of Jubail Industrial City, Kingdom of Saudi Arabia.

The issued and paid-up capital of the Parent Company is divided into 250,000,000 shares of SR 10 per share amounted to SR 2,500,000,000 at the period / year end and was held as follows:

	<u>30 September 2022</u>	<u>31 December 2021</u>
Saudi Basic Industries Corporation ("SABIC")	<b>24.81%</b>	24.81%
Saudi Aramco Power Company ("SAPCO")	<b>24.81%</b>	24.81%
Royal Commission for Jubail & Yanbu ("Royal Commission")	<b>24.81%</b>	24.81%
Public Investment Fund ("PIF")	<b>24.81%</b>	24.81%
Other private sector investors	<b>0.76%</b>	0.76%
	<b>100%</b>	<b>100%</b>

The primary objectives of the Parent Company are to undertake operation, maintenance, management, expansion and construction of seawater cooling systems, district cooling systems, desalinated and treated water systems, sanitary and industrial drainage systems as well as electricity systems and transmission and distribution pipeline networks, to provide such services as required for industrial, commercial and residential facilities. In order to render such services, the Parent Company may:

- own or lease related property, facilities and networks and/or install, extend, upgrade, replace or expand facilities or networks as required on its own or through others;
- also engage in any activities necessary or complementary to those objectives, including importation of materials and the likes. The Parent Company shall provide those services to all beneficiaries in the two industrial cities of Jubail and Yanbu;
- acquire interests in other companies and own, lease, install, extend, upgrade, replace or expand related properties, facilities and networks and to engage in any activities in realizing its objectives; and
- own interest or shares in other companies or merge with or buy such companies and to establish new companies alone inside or outside the Kingdom Saudi Arabia.

Prior to the commencement of operations of the Parent Company, the supply of the above services was undertaken by the Royal Commission for Jubail and Yanbu ("the Royal Commission"). Pursuant to various government directives, the Parent Company is required to deliver such services to customers in Jubail and Yanbu industrial cities.

The Parent Company commenced its commercial operations on 1 January 2003. The Parent Company's principal places of business are Jubail and Yanbu Industrial Cities.

On 21 September 2021, the Council of Ministers Resolution No. 111 was issued approving the tariff for heavy consumption of electricity that will be applied to establishments operating in qualified activities or sectors belonging to industrial, commercial and agricultural consumers effective 1 January 2022. Eligible sectors in this regard will be determined by a committee to be formed under the chairmanship of the Ministry of Energy.

During the nine months period ended 30 September 2022, the shareholders of the Parent Company in their meeting held on 21 April 2022 authorized to offer Marafiq's shares for public subscription whereby major shareholders will equally sell their shares on Tadawul. Furthermore, the shareholders authorized the Board of Directors to represent the Parent Company before Capital Market Authority, Tadawul, Ministry of Commerce and any other concerned authority to take necessary approvals in order to list the Parent Company's shares on Tadawul.

The Saudi Exchange approved the Parent Company's application for listing of its ordinary shares on the Main Market of the Saudi Exchange on 24 August 2022. The Capital Market Authority ("CMA") approved the Parent Company's application for the initial public offering of 73,094,500 ordinary shares (representing 29.24% of the Marafiq's share capital) on 26 September 2022.

On 2 October 2022, the Parent Company announced its intention to proceed with the initial public offering and listing of its ordinary shares, where offering is expected to comprise a sale of existing shares and result in a free float of 29.24% of the Company's share capital. The offering, after taking into account minority shareholders with a total of 0.76% of Marafiq's share capital, will correspond to a 30% free float at listing. On 25 October 2022, the Parent Company announced commencement of retail subscription period until 30 October 2022 at an offer price of SR 46 per share. Final allocation is due on 3 November 2022.

**POWER AND WATER UTILITY COMPANY FOR JUBAIL AND YANBU (MARAFIQ) AND ITS SUBSIDIARIES**  
(A SAUDI JOINT STOCK COMPANY)  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE AND NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2022**

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**1. CORPORATE INFORMATION** (Continued)

**Group structure**

**Subsidiaries**

As at 30 September 2022, the Parent Company has following subsidiaries (the Parent Company and its subsidiaries hereinafter referred to as "the Group"):

- Marafiq Insurance Limited ("MIL") is owned 100% by the Parent Company registered in the Island of Guernsey and is engaged in the business of captive insurance for Marafiq.
- Marafiq Water and Power Supply Company ("TAWREED"), owned 100% by the Parent Company, is registered in the Kingdom of Saudi Arabia for the purpose of purchase of water and electricity from Jubail Water and Power Company ("JWAP") and sale of these utilities to the On-Sale Parties: Saudi Electric Company, Saline Water Conversion Corporation and Marafiq. TAWREED is also responsible for the purchase and supply of fuel to JWAP.
- MASA Services Company for Operation and Maintenance (formerly Marafiq SAUR Operation and Maintenance Co.) ("MASA"), owned 100% by Marafiq, is registered in the Kingdom of Saudi Arabia for the purpose of operation, maintenance and management of seawater cooling systems, desalinated and treated water systems, sanitary and industrial drainage systems, waste water treatment and operation and maintenance of utility services relating to management and treatment of industrial waste and hazardous waste.

**Joint operating arrangement**

As at 30 September 2022, the Group has following Joint Operating Arrangement:

- Jubail Water and Power Company ("JWAP"), owned 30% by Marafiq, is registered in the Kingdom of Saudi Arabia with the principal activity being to develop, construct, own, operate and maintain an independent water and power plant in Jubail Industrial City, Kingdom of Saudi Arabia, sell water and electricity and to engage in any business or activities related or ancillary thereto. JWAP commenced its commercial operations in 2010. The Group considers JWAP as a Joint Operating Arrangement. Consequently, the Group recognized its share in assets, liabilities, revenue from sale of output and expenses of the Joint Operation in these condensed consolidated interim financial statements.

**Investment in associates**

As at 30 September 2022, the Group has following associates:

- Jubail and Yanbu District Cooling Company ("TABREED"), owned 20% by Marafiq, is registered in Kingdom of Saudi Arabia with the principal activity being to develop, provide and support district cooling systems for industrial, commercial and residential customers in the industrial cities of Jubail and Yanbu.
- Jeddah Althaniya Operation and Maintenance Company ("JAOM"), owned 49% by the Parent Company, is registered for operation and maintenance of a sewage collection and treatment plant in Jeddah. Commercial operations of the Company have not commenced yet.

**Investment in joint venture:**

As at 30 September 2022, the Group has following joint venture:

- Jeddah Althaniya Water Company ("JAWC"), owned 45% by Marafiq, is registered for management, operation, maintenance, construction and expansion of a sewage collection and treatment plant, distribution and disposal of waste and the establishment and expansion of the necessary facilities and networks in Jeddah. Commercial operations of the Company have not commenced yet.

The Group's ownership percentage in the above companies is the same in all periods presented in these condensed consolidated interim financial statements except for MASA in which Marafiq had 51% ownership for the three and nine months period ended 30 September 2021.

**Date of authorization of condensed consolidated interim financial statements**

These condensed consolidated interim financial statements of the group for the three and nine months period ended 30 September 2022 were approved by the Board of Directors on 18 Rabi Al Akhar 1444H corresponding to 12 November 2022G.

**2. BASIS OF ACCOUNTING**

**2.1 Statement of compliance**

These condensed consolidated interim financial statements (herein referred to as the "interim financial statements") have been prepared in accordance with IAS 34 "Interim Financial Reporting" that is endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by Saudi Organization for Chartered and Professional Accountants ("SOCPA"), and should be read in conjunction with the Group's last annual consolidated financial statements as at and for the year ended 31 December 2021 ("last annual financial statements"). These interim financial statements do not include all of the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to understanding of the changes in the Group's financial position and performance since the last annual financial statements.

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**2. BASIS OF ACCOUNTING** (Continued)

**2.1 Statement of compliance** (Continued)

These interim financial statements have been prepared on a historical cost basis. These interim financial statements comprise the condensed consolidated interim financial statements of the Parent Company and its subsidiaries for the three and nine-months period ended 30 September 2022. The significant Group accounting policies were the same as those described in the last annual financial statements.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Parent Company controls an investee if, and only if, the Parent Company has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee;
- The ability to use its power over the investee to affect its returns

**2.2 Functional and presentational currency**

Items included in these interim financial statements are measured using the currency of the primary economic environment in which the Company operates. These interim financial statements are presented in Saudi Riyals which is the Group's functional and presentation currency. All amounts are rounded to the nearest thousand (SR '000), except when otherwise indicated.

**2.3 Basis of consolidation**

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Parent Company has less than a majority of the voting or similar rights of an investee, the Parent Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Parent Company's voting rights and potential voting right.

The Parent Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the period are included in the interim financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary. Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the Parent Company and non-controlling interest, even if this results in the non-controlling interest having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary;
- Derecognizes the carrying amount of any non-controlling interest;
- Derecognizes the cumulative translation differences, recorded in equity;
- Recognizes the fair value of the consideration received;
- Recognizes the fair value of any investment retained;
- Recognizes any surplus or deficit in profit or loss;
- Reclassifies the Group's share of components previously recognized in other comprehensive income to profit or loss or retained earnings, as appropriate, as would be required if the Parent Company had directly disposed of the related assets or liabilities.

Non-Controlling Interests (NCI) are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated. Unrealized gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

The Group accounts for its interest in the assets, liabilities, revenues and expenses relating to joint operation.

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**3. USE OF ESTIMATES AND JUDGEMENT**

In preparing these interim financial statements, management has made judgments and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements.

**4. NEW STANDARDS, AMENDMENTS AND INTERPRETATION**

**a) New and revised standards with no material effect on the interim financial statements**

Following are the recent changes to IFRSs that are required to be adopted in annual periods beginning on 1 January 2022:

- COVID-19 Related Rent Concessions (Amendment to IFRS 16);
- Onerous Contracts - Cost of fulfilling a contract (Amendments to IAS 37);
- Annual Improvements to IFRS standards 2018 – 2020;
- Property, plant and Equipment: Proceeds before intended use (Amendments to IAS 16); and
- Reference to the Conceptual Framework (amendments to IFRS 3).

The application of the revised IFRS did not have any material impact on the amounts reported for current and prior periods.

**b) Standards issued but not yet effective**

The Group's management decided not to choose the early adoption of the following new and amended standards and interpretations issued which will become effective for the periods commencing on or after 1 January 2023:

- IFRS 17 insurance Contracts, effective for annual periods beginning on or after 1 January 2023;
- Classification of liabilities as current or non-current (Amendments to IAS 1), effective for annual periods beginning on or after 01 January 2023;
- Amendments to IFRS 17, effective for annual periods beginning on or after 1 January 2023;
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2), effective for annual periods beginning on or after 1 January 2023;
- Definition of Accounting Estimate (Amendments to IAS 8), effective for annual periods beginning on or after 1 January 2023;
- Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction – Amendments to IAS 12 Income Taxes, effective for annual periods beginning on or after 1 January 2023;
- Initial Application of IFRS 17 and IFRS 9 – Comparative Information (Amendments to IFRS 17), effective for annual periods beginning on or after 01 January 2023;
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16), effective for annual periods beginning on or after 01 January 2024; and
- Sale or Contribution of assets between an Investor and its associate or Joint Venture (Amendments to IFRS 10 and IAS 28), with effective annual periods yet to be determined.

The above-mentioned standards are not expected to have a material impact on the Group's interim financial statements.

**5. OPERATING SEGMENTS**

The main operating activities of the Group are divided into Power, Water and others which are complementary to each other in the production and distribution of electricity and water to customers. The Group's primary revenues are currently realized from sale of power and water services to final customers according to the applicable tariffs.

Based on management decision and in line with changes in management reporting and to facilitate a better decision making about resource allocation and performance assessment, the expenses in prior periods have been allocated based on the revised allocation methodology to be in line with Water and Power Regulations. Accordingly, segmental information for prior periods were adjusted to be in line with the current period presentation.

**Segment information:**

The Group is organized into business units based on six reportable segments as follows:

- Power, includes electric power generation, transmission, distribution and retail sales;
- Water, includes desalinated and treated water systems, and potable, process and industrial water production, distribution, sea water cooling systems for heavy industries, industrial and sanitary waste water treatment and disposal;
- Gas, includes sales gas distribution and retail sales of gas;
- JWAP, as explained in note 1;
- Tawreed, as explained in note 1; and
- Corporate, includes all other activities that are not directly linked to identifiable operating segments. This includes finance income/expense, other income/expense and share in results of equity accounted investees.

All of the Group's operating assets and principal activities are located in the Kingdom of Saudi Arabia.

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**5. OPERATING SEGMENTS (Continued)**

**For the nine months period ended 30 September 2022**

	<b>Power</b>	<b>Water</b>	<b>Gas</b>	<b>JWAP</b>	<b>Tawreed</b>	<b>Corporate</b>	<b>Eliminations</b>	<b>Total</b>
External customers	1,304,944	1,810,098	58,427	-	1,712,009	-	-	4,885,478
Inter segment	-	346,809	-	254,640	272,064	6,473	(879,986)	-
<b>Total revenue</b>	<b>1,304,944</b>	<b>2,156,907</b>	<b>58,427</b>	<b>254,640</b>	<b>1,984,073</b>	<b>6,473</b>	<b>(879,986)</b>	<b>4,885,478</b>
Cost of revenue								
Depreciation and amortisation	(289,567)	(436,456)	(2,377)	(2,063)	-	-	(128,823)	(859,286)
Others	(712,421)	(1,279,578)	(49,852)	(111,118)	(1,982,098)	-	1,004,474	(3,130,593)
<b>Total cost of revenue</b>	<b>(1,001,988)</b>	<b>(1,716,034)</b>	<b>(52,229)</b>	<b>(113,181)</b>	<b>(1,982,098)</b>	<b>-</b>	<b>875,651</b>	<b>(3,989,879)</b>
Administrative and other expenses	(30,471)	(55,320)	(245)	(3,416)	(1,975)	1,751	9,684	(79,992)
Depreciation and amortisation	(1,415)	(6,568)	(44)	-	-	-	-	(8,027)
<b>Total administrative and other expenses</b>	<b>(31,886)</b>	<b>(61,888)</b>	<b>(289)</b>	<b>(3,416)</b>	<b>(1,975)</b>	<b>1,751</b>	<b>9,684</b>	<b>(88,019)</b>
Impairment loss on trade receivables	-	-	-	-	-	(3,864)	-	(3,864)
Other income/ expense, net	-	1,492	-	434	(5)	215,482	(6,430)	210,973
Finance cost	-	(180)	-	(51,619)	-	(163,599)	302	(215,096)
Share of income in equity accounted investees	-	-	-	-	-	(2,001)	-	(2,001)
Zakat and income tax expense	-	(5,434)	-	(11,190)	5	(66,540)	-	(83,159)
<b>Net profit for the period</b>	<b>271,070</b>	<b>374,863</b>	<b>5,909</b>	<b>75,668</b>	<b>-</b>	<b>(12,298)</b>	<b>(779)</b>	<b>714,433</b>
<b>As at 30 September 2022</b>								
<b>Total assets</b>	<b>8,736,676</b>	<b>10,667,840</b>	<b>162,058</b>	<b>2,394,892</b>	<b>497,773</b>	<b>3,924,189</b>	<b>(1,982,746)</b>	<b>24,400,682</b>
<b>Total liabilities</b>	<b>3,130,230</b>	<b>5,564,972</b>	<b>21,753</b>	<b>1,612,566</b>	<b>495,836</b>	<b>5,808,073</b>	<b>(312,223)</b>	<b>16,321,207</b>

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**5. OPERATING SEGMENTS** (Continued)

For the nine months period ended 30 September 2021

	Power	Water	Gas	JWAP	Tawreed	Corporate	Eliminations	Total
External customers	1,171,890	1,743,269	47,049	-	1,673,564	-	-	4,635,772
Inter segment	-	365,207	-	248,602	266,131	3,727	(883,667)	-
Total revenue	1,171,890	2,108,476	47,049	248,602	1,939,695	3,727	(883,667)	4,635,772
Cost of revenue								
Depreciation and amortisation	(287,319)	(433,068)	(2,359)	(1,543)	-	-	(128,823)	(853,112)
Others	(687,975)	(1,235,669)	(48,141)	(105,505)	(1,938,225)	-	1,012,244	(3,003,271)
Total cost of revenue	(975,294)	(1,668,737)	(50,500)	(107,048)	(1,938,225)	-	883,421	(3,856,383)
Administrative and other expenses	(30,715)	(55,763)	(247)	(3,039)	(1,470)	-	10,277	(80,957)
Depreciation and amortisation	(1,146)	(5,319)	(35)	-	-	-	-	(6,500)
Total administrative and other expenses	(31,861)	(61,082)	(282)	(3,039)	(1,470)	-	10,277	(87,457)
Impairment loss on trade receivables	-	-	-	-	-	(12,786)	-	(12,786)
Other income/ expense, net	-	1,626	-	-	86	165,231	(2,184)	164,759
Finance cost	-	(327)	-	(53,945)	-	(124,974)	(2,517)	(181,763)
Share of income in equity accounted investees	-	-	-	-	-	5,670	-	5,670
Zakat and income tax expense	-	(7,241)	-	(5,241)	-	(68,989)	-	(81,471)
Net profit / (loss) for the period	164,735	372,715	(3,733)	79,329	86	(32,121)	5,330	586,341
Non-controlling interest (NCI)	-	32,656	-	-	-	-	-	32,656
As at 31 December 2021								
Total assets	8,752,713	10,805,604	163,196	2,409,735	481,912	3,248,055	(1,751,308)	24,109,907
Total liabilities	3,295,429	5,778,607	19,168	1,806,009	479,976	5,469,937	(290,305)	16,558,821



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**6. PROPERTY, PLANT AND EQUIPMENT**

	Land	Plant & machinery	Buildings, wells & civil infrastructure	Meters, pipe networks & lift stations	Power lines, cables, meters & networks	Common external facilities	Other equipment	Capital work – in-progress	Total
<b>Cost:</b>	SR '000	SR '000	SR '000	SR '000	SR '000	SR '000	SR '000	SR '000	SR '000
Balance at 1 January 2021	411,511	17,587,172	3,702,140	4,612,334	3,129,233	90,369	700,322	1,281,888	31,514,969
Additions	-	9,558	80,198	118,318	357,900	-	75,911	712,667	1,354,552
Disposals	-	(32,854)	(6,298)	-	-	-	(2,797)	-	(41,949)
Transfers	-	231,517	40,869	4,889	32,760	-	47,858	(390,756)	(32,863)
Balance at 31 December 2021	411,511	17,795,393	3,816,909	4,735,541	3,519,893	90,369	821,294	1,603,799	32,794,709
Additions	-	-	191	2,410	-	-	16,340	520,215	539,156
Disposals	-	(512)	-	-	-	-	(32)	-	(544)
Transfers	-	44,881	21,641	-	12,458	-	19,934	(110,844)	(11,930)
<b>Balance at 30 September 2022</b>	<b>411,511</b>	<b>17,839,762</b>	<b>3,838,741</b>	<b>4,737,951</b>	<b>3,532,351</b>	<b>90,369</b>	<b>857,536</b>	<b>2,013,170</b>	<b>33,321,391</b>
<b>Accumulated depreciation</b>									
Balance at 1 January 2021	34,113	6,727,487	1,385,981	1,749,624	876,627	44,078	450,873	-	11,268,783
Depreciation	15,165	620,335	98,704	229,584	109,558	4,504	62,822	-	1,140,672
Disposals	-	(21,558)	(2,481)	-	-	-	(2,797)	-	(26,836)
Balance at 31 December 2021	49,278	7,326,264	1,482,204	1,979,208	986,185	48,582	510,898	-	12,382,619
Depreciation	10,182	470,084	74,685	175,768	80,852	3,378	46,227	-	861,176
Disposals	-	(512)	-	-	-	-	(32)	-	(544)
<b>Balance at 30 September 2022</b>	<b>59,460</b>	<b>7,795,836</b>	<b>1,556,889</b>	<b>2,154,976</b>	<b>1,067,037</b>	<b>51,960</b>	<b>557,093</b>	<b>-</b>	<b>13,243,251</b>
<b>Carrying value:</b>									
<b>Balance at 30 September 2022</b>	<b>352,051</b>	<b>10,043,926</b>	<b>2,281,852</b>	<b>2,582,975</b>	<b>2,465,314</b>	<b>38,409</b>	<b>300,443</b>	<b>2,013,170</b>	<b>20,078,140</b>
Balance at 31 December 2021	362,233	10,469,129	2,334,705	2,756,333	2,533,708	41,787	310,396	1,603,799	20,412,090

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**7. ZAKAT AND INCOME TAX**

The Zakat and income tax charge consist of:

	<b>30 September 2022</b> <b>(Un-audited)</b>	30 September 2021 <b>(Un-audited)</b>
	<b>SR '000</b>	<b>SR '000</b>
Zakat charge	<b>41,932</b>	43,016
Income tax	<b>41,227</b>	38,455
Total	<b>83,159</b>	81,471

**a) Status of assessments**

**Power and Water Utility Company for Jubail and Yanbu (Marafiq)**

Zakat and income tax assessment have been finalised up to 2014. During 2021, Zakat, Tax and Customs Authority (ZATCA) issued assessments for the years 2015 to 2017 raising additional Zakat demand of SR 99.8 million. Marafiq filed appeals against 2015, 2016 & 2017 assessments within the due date. ZATCA issued its revised assessments rejecting Marafiq's contention in appeals. Marafiq has filed appeals against ZATCA's revised assessments to General Secretariat of Tax Committees (GSTC) and GSTC's review is awaited. Management, in consultation with its tax advisor, believes that probability of successful appeal is more likely than not and accordingly no provision has been made in the interim financial statements.

Income tax and Zakat return for the years ended up to 31 December 2021 has been submitted within the statutory deadline.

**Marafiq Water and Power Supply Company (TAWREED)**

Zakat and income tax assessment have been finalised up to 2014 and for 2017. During 2021, ZATCA issued assessments for the years 2015 and 2016 raising additional Zakat demand of SR 2.2 million. Tawreed filed appeals against said assessments within due date. During 2021, ZATCA issued its revised assessments rejecting Tawreed's contention in appeals. Tawreed has filed appeals against ZATCA's revised assessments to GSTC and GSTC's review is awaited.

ZATCA has raised certain additional queries for the years 2018 through 2020 which have been responded by Tawreed and ZATCA's review is awaited. Income tax and Zakat return for the year ended 31 December 2021 has been submitted within the statutory deadline.

**Jubail Water and Power Company (JWAP)**

Zakat and income tax assessment from the year 2007 through 2012 have been finalized. The income tax and Zakat returns for the years 2013 through 2021 have been submitted with ZATCA and ZATCA's review is awaited.

During the nine months period ended 30 September 2022, JWAP settled for open assessment of 2018 with the Tax Dispute and Appellate Committee of ZATCA for SR 14.5 million.

**MASA Services Company for Operation and Maintenance (MASA)**

Zakat and income tax assessment for the years since inception through 2021 are under review by ZATCA. Income tax and Zakat return for the year ended 31 December 2021 have been submitted within the statutory deadline.

**8. FINANCIAL INSTRUMENTS**

**i. Financial assets**

	<b>30 September 2022</b> <b>(Un-audited)</b>	31 December 2021 <b>(Audited)</b>
	<b>SR '000</b>	<b>SR '000</b>
Trade receivables	<b>1,108,213</b>	856,978
Other receivables (note a)	<b>397,587</b>	270,257
Due from employee home ownership program	<b>287,647</b>	234,580
Short term deposits	<b>1,708,000</b>	1,422,200
Cash and cash equivalents	<b>414,706</b>	482,654
Total financial assets not measured at fair value	<b>3,916,153</b>	3,266,669

a. This includes SEC margin receivable amounting to SR 49.4 million (31 December 2021: SR 10.4 million) and accrued revenue amounting to SR 248 million (31 December 2021: SR 224.3 million).

These interim financial statements do not include all financial risk management information and disclosures required in the annual audited consolidated financial statements; they should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2021. The risk management policies of the Group were the same as those described in the last annual financial statements.

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**8. FINANCIAL INSTRUMENTS (Continued)**

**ii. Financial liabilities**

	<b>30 September 2022</b> <b>(Un-audited)</b>	31 December 2021 <b>(Audited)</b>
	<b>SR '000</b>	<b>SR '000</b>
Loans and borrowings	<b>8,799,184</b>	9,072,466
Short term borrowings	<b>51,000</b>	-
Lease liabilities (note a)	<b>3,076,303</b>	3,232,378
Other non-current liabilities	<b>1,448,490</b>	1,435,005
Trade payables	<b>660,342</b>	612,327
Accrued expense and other payables (note b)	<b>803,308</b>	707,551
Total financial liabilities not measured at fair value	<b>14,838,627</b>	15,059,727

a. This includes current portion of lease liability amounting to SR 345.4 million (31 December 2021: SR 367.3 million) and non-current portion of lease liability amounting to SR 2,731 million (31 December 2021: SR 2,865 million).

b. This includes due to related parties amounting to SR 157.6 million (31 December 2021: SR 182.1 million) and accrued finance cost amounting to SR 76.9 million (31 December 2021: SR 23.8 million).

**iii. Fair value hierarchy for financial instruments**

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the interim financial statements are categorised within the fair value hierarchy. This is described, as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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.

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

	<b>Fair value</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total fair value</b>
<b>Interest rate swaps used for hedging</b>				
<b>30 September 2022 (un-audited)</b>	-	<b>132,217</b>	-	<b>132,217</b>
31 December 2021 (audited)	-	(71,304)	-	(71,304)

Fair value of cash flows hedge reserve represents mark to market values of the interest rate swaps as of 31 December 2021. Interest rate swaps are fair valued by calculating present value of the estimated future cash flows. Estimated cash flows are discounted using a yield curve constructed from similar sources and which reflects the relevant benchmark interbank rate used by market participants for this purpose when pricing interest rate swaps. The fair value estimate is subject to a credit risk adjustment that reflects the credit risk of the Group and of the counterparty; this is calculated based on credit spreads derived from current default swap or bond prices.

**9. COMMITMENTS AND CONTINGENCIES**

**Capital commitments**

Capital expenditure contracted by the Group at the end of the period but not incurred is SR 1,048.9 million (31 December 2021: SR 1,897 million).

**Other commitments**

One of the Group companies, Tawreed has an agreement with Saudi Aramco to purchase fuel for a period of twenty years. The cost of fuel is charged back to On-Sale Parties on a monthly basis without any mark-up.

**Contingent liabilities**

At 30 September 2022, bank guarantees have been issued amounting to 510.3 million (31 December 2021: SR 524.9 million), by the Group's bankers, on behalf of the Group in the ordinary course of business. As at 30 September 2022, there is no ongoing litigation which could have a material effect on the Group's interim financial statements.

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**10. TRADE RECEIVABLES**

	<b>30 September 2022</b> <b>(Un-audited)</b>	31 December 2021 <b>(Audited)</b>
	SR '000	SR '000
Trade receivables – related parties	<b>438,633</b>	479,871
Trade receivables – others	<b>669,580</b>	377,107
	<b>1,108,213</b>	856,978
Provision for impairment	<b>(26,757)</b>	(22,882)
	<b>1,081,456</b>	834,096

**11. RELATED PARTY TRANSACTIONS AND BALANCES**

**11.1 Significant transactions with related parties**

Revenues and other income include earnings from providing power and water services to related parties in accordance with long term supply agreement as follows:

	<b>30 September 2022</b> <b>(Un-audited)</b>	30 September 2021 <b>(Un-audited)</b>
	SR '000	SR '000
<i>Shareholders</i>		
SABIC and its subsidiaries	<b>1,312,901</b>	919,795
Royal Commission for Jubail & Yanbu	<b>119,896</b>	93,244
<i>Other related parties</i>		
Saudi Aramco and its subsidiaries	<b>1,132,838</b>	945,732
Saudi Electricity Company	<b>1,366,998</b>	1,225,886
	<b>3,932,633</b>	3,184,657

Costs include fuel oil and gas costs in accordance with long-term purchase agreements as follows:

	<b>30 September 2022</b> <b>(Un-audited)</b>	30 September 2021 <b>(Un-audited)</b>
	SR '000	SR '000
<i>Other related parties</i>		
Saudi Aramco and its subsidiaries	<b>1,133,466</b>	1,098,086
Saudi Electricity Company	<b>69,518</b>	47,793
	<b>1,202,984</b>	1,145,879

**11.2 Balances with related parties**

	<b>30 September 2022</b> <b>(Un-audited)</b>	31 December 2021 <b>(Audited)</b>
	SR '000	SR '000
<b>Due to related parties</b>		
<i>Shareholders</i>		
Royal Commission (11.2.1)	<b>4,398,949</b>	4,575,698
<i>Other related parties</i>		
Saudi Aramco and its subsidiaries	<b>230,155</b>	223,762
Saudi Electricity Company	<b>15,321</b>	33,640
	<b>4,644,425</b>	4,833,100

11.2.1 This includes lease obligation in respect of assets on lease from Royal Commission and obligation in respect of assets transferred from Royal Commission amounting to SR 3,017.9 million and SR 1,362.7 million respectively (31 December 2021: SR 3,201.9 million and SR 1,362.7 million respectively).

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**11. RELATED PARTY TRANSACTIONS AND BALANCES** (Continued)

**Due from related parties**

	<b>30 September 2022</b> <b>(Un-audited)</b>	31 December 2021 <b>(Audited)</b>
	<b>SR '000</b>	<b>SR '000</b>
<i>Shareholders</i>		
Royal Commission	<b>92,486</b>	73,625
SABIC and its subsidiaries	<b>219,025</b>	200,291
<i>Other related parties</i>		
Saudi Aramco and its subsidiaries	<b>183,454</b>	203,352
Saudi Electricity Company	<b>369,718</b>	139,664
	<b>864,683</b>	616,932

**11.3 Transactions with key management personnel**

Key management personnel of the Group comprise the Board of Directors and key members of management having authority and responsibility for planning, directing and controlling the activities of the Group.

The remuneration of directors and other members of key management personnel during the period was as follows:

	<b>30 September 2022</b> <b>(Un-audited)</b>	30 September 2021 <b>(Un-audited)</b>
	<b>SR '000</b>	<b>SR '000</b>
Short-term employee benefits	<b>18,609</b>	19,111
Post-employment defined benefit plan	<b>819</b>	2,557
<b>Total compensation paid to key management personnel</b>	<b>19,428</b>	21,668

**12. SHORT TERM DEPOSITS**

Short term deposits represent deposits placed with commercial banks for varying periods of between three to twelve months and earn finance income at market rates of interest.

**13. BANK LOANS AND BORROWINGS**

	<b>30 September 2022</b> <b>(Un-audited)</b>	31 December 2021 <b>(Audited)</b>
	<b>SR '000</b>	<b>SR '000</b>
<i>MARAFIQ</i>		
Fourth Murabaha	<b>1,500,000</b>	1,500,000
Fifth Murabaha	<b>1,500,000</b>	1,500,000
Sixth Murabaha	<b>3,400,000</b>	3,400,000
SIDF	<b>896,000</b>	990,000
	<b>7,296,000</b>	7,390,000
Less: Unamortised transaction costs	<b>(58,856)</b>	(75,154)
	<b>7,237,144</b>	7,314,846
<i>JWAP</i>		
Long-term loans	<b>1,503,184</b>	1,682,466
Less: Unamortised transaction costs	<b>(15,778)</b>	(18,281)
Total	<b>8,724,550</b>	8,979,031

Bank loans and borrowings are presented in these interim financial statements as follows:

	<b>30 September 2022</b> <b>(Un-audited)</b>	31 December 2021 <b>(Audited)</b>
	<b>SR '000</b>	<b>SR '000</b>
Current maturity under current liabilities	<b>391,265</b>	361,066
Non-current maturity under non-current liabilities	<b>8,333,285</b>	8,617,965
	<b>8,724,550</b>	8,979,031

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**14. OTHER NON-CURRENT LIABILITIES**

	<b>30 September 2022</b> <b>(Un-audited)</b>	31 December 2021 <b>(Audited)</b>
Obligation for assets transferred	<b>1,362,717</b>	1,362,717
Obligation for post-employment defined benefits	<b>700,271</b>	646,982
Deferred income	<b>597,739</b>	620,712
Retention payable	<b>21,062</b>	13,925
Employees' savings plan	<b>56,827</b>	51,628
Others	<b>7,884</b>	56,668
	<b>2,746,500</b>	2,752,632

**15. REVENUE**

Revenue from contracts with customers is disaggregated as follows:

	<b>30 September 2022</b> <b>(Un-audited)</b> <b>SR '000</b>	30 September 2021 <b>(Un-audited)</b> <b>SR '000</b>
Power	<b>2,550,485</b>	2,394,607
Water	<b>2,249,882</b>	2,169,014
Others	<b>85,111</b>	72,151
	<b>4,885,478</b>	4,635,772

**16. DIVIDENDS**

During the nine-month period ended 30 September 2022, the shareholders of the Parent Company in their meeting held on 21 April 2022 approved to distribute dividends amounting to SR 175 million for the year ended 31 December 2021, which was paid net of zakat and income tax, on 12 May 2022. Further, the shareholders of the Parent Company approved interim dividends on 13 September 2022 amounting to SR 275 million, which was paid net of zakat and income tax, on 29 September 2022.

**17. SUBSEQUENT EVENTS**

No adjusting event occurred between 30 September 2022 and the date of approval of the interim financial statements by the Board of Directors which may have an impact on these interim financial statements.