

Al Azem, Al Sudairy, Al Shaikh & Partners  
For Professional Consulting - Member Crowe Global

**ALDREES PETROLEUM AND TRANSPORT SERVICES COMPANY  
(A Saudi Joint Stock Company)**

CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2023  
TOGETHER WITH REPORT ON REVIEW OF CONDENSED INTERIM  
FINANCIAL STATEMENTS



**ALDREES PETROLEUM AND TRANSPORT SERVICES COMPANY**  
**(A Saudi Joint Stock Company)**

---

**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE- MONTHS PERIOD ENDED MARCH 31, 2023**  
**TOGETHER WITH REPORT ON REVIEW OF CONDENSED INTERIM**  
**FINANCIAL STATEMENTS**

<b>INDEX</b>	<b>PAGE</b>
Report on review of condensed Interim financial statements	1
Condensed interim statement of financial position	2
Condensed interim statement of comprehensive income	3
Condensed interim statement of shareholders' equity	4
Condensed interim statement of cash flows	5-6
Notes to the condensed interim financial statements	7-18



---

Amro Mahmoud Abouelmaaty Siam

FM



---

Hamad Mohammad Aldrees  
Chairman



---

Eng. Abdulelah Saad Aldrees

CEO

**REPORT ON REVIEW OF  
CONDENSED INTERIM FINANCIAL STATEMENTS**

**TO: THE SHAREHOLDERS OF  
ALDREES PETROLEUM AND TRANSPORT SERVICES COMPANY  
(A Saudi Joint Stock Company)**

**Introduction:**

We have reviewed the accompanying condensed interim statement of financial position of **ALDREES PETROLEUM AND TRANSPORT SERVICES COMPANY** (the "Company") as at 31 March 2023, and the related condensed interim statements of comprehensive income, changes in shareholders' equity and cash flows for the three months period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with International Accounting Standard (34) "Interim Financial Reporting" endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these condensed interim 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 condensed 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 condensed interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard (34) "Interim Financial Reporting" endorsed in the Kingdom of Saudi Arabia.



13 Shawwal 1444H (May 3, 2023)  
Riyadh, Kingdom of Saudi Arabia



**Al Azem, Al Sudairy, Al Shaikh & Partners  
For Professional Consulting**



**Abdullah M. AlAzem  
License No. 335**



**Aldrees Petroleum and Transport Services Company**  
**(A Saudi Joint Stock Company)**

**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION**  
**AS AT MARCH 31, 2023**  
**(All amounts in Saudi Riyals)**

	Note	31 March 2023 (Unaudited)	31 December 2022 (Audited)
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
Property and equipment, net	4	1,630,768,017	1,558,537,572
Right-of-use assets, net	5-1	3,611,073,236	3,422,292,974
Deferred costs, net		17,978,524	17,786,886
Investment in joint ventures	6	15,706,031	15,693,748
Investment at amortised cost	7-1	145,000,000	145,000,000
<b>TOTAL NON CURRENT ASSETS</b>		<b>5,420,525,808</b>	<b>5,159,311,180</b>
<b>CURRENT ASSETS</b>			
Due from a related party	8	2,182,888	2,193,242
Other assets		203,522,053	208,474,705
Prepaid expenses		197,033,731	168,895,372
Inventories, net		169,639,269	143,627,283
Contract assets		79,690,818	75,119,084
Trade accounts receivable, net		425,153,889	409,794,354
Cash and cash equivalents		164,467,688	148,166,876
<b>TOTAL CURRENT ASSETS</b>		<b>1,241,690,336</b>	<b>1,156,270,916</b>
<b>TOTAL ASSETS</b>		<b>6,662,216,144</b>	<b>6,315,582,096</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	10	750,000,000	750,000,000
Statutory reserve		119,532,881	119,532,881
Retained earnings		310,347,941	239,811,445
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>1,179,880,822</b>	<b>1,109,344,326</b>
<b>LIABILITIES</b>			
<b>NON CURRENT LIABILITES</b>			
Long term loans	9	5,142,857	10,285,714
Non-current portion of lease liabilities	5-2	3,161,833,581	2,906,055,383
Employees' defined benefits liabilities		111,368,252	111,383,995
<b>TOTAL NON CURRENT LIABILITIES</b>		<b>3,278,344,690</b>	<b>3,027,725,092</b>
<b>CURRENT LIABILITIES</b>			
Provision for zakat payable	12	5,742,497	11,880,835
Current portion of lease liabilities	5-2	230,639,913	313,414,859
Accrued expenses and other liabilities		423,653,008	435,261,759
Due to a related party	8	2,908,966	2,100,922
Trade payables		1,260,474,819	1,175,282,874
Current portion of long term loans	9	20,571,429	20,571,429
Short term loans	9	260,000,000	220,000,000
<b>TOTAL CURRENT LIABILITIES</b>		<b>2,203,990,632</b>	<b>2,178,512,678</b>
<b>TOTAL LIABILITIES</b>		<b>5,482,335,322</b>	<b>5,206,237,770</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<b>6,662,216,144</b>	<b>6,315,582,096</b>

The accompany from (1) to (20) are integrated part of these condensed interim financial statements.

**Aldrees Petroleum and Transport Services Company**  
**(A Saudi Joint Stock Company)**

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE THREE-MONTHS PERIOD ENDED MARCH 31, 2023**  
 (All amounts in Saudi Riyals)

	<i>Note</i>	<i>For the three months period ended 31 March 2023 (Unaudited)</i>	<i>For the three months period ended 31 March 2022 (Unaudited)</i>
Revenues		3,418,619,063	2,780,125,717
Cost of revenues		(3,255,320,879)	(2,643,941,798)
<b>GROSS PROFIT</b>		<b>163,298,184</b>	<b>136,183,919</b>
Selling and marketing expenses		(808,938)	(1,169,273)
General and Administrative expenses		(59,041,390)	(51,023,733)
Other income, net		3,097,648	246,225
<b>INCOME FROM OPERATIONS</b>		<b>106,545,504</b>	<b>84,237,138</b>
Financial charges		(36,302,838)	(28,548,951)
Company share in gains of investment in joint venture		12,283	446,044
Gain from investment at fair value through profit or loss		-	7,785,384
Financial income		1,931,547	-
<b>INCOME BEFORE ZAKAT ESTIMATED</b>		<b>72,186,496</b>	<b>63,919,615</b>
Zakat estimated		(1,650,000)	(1,500,000)
<b>NET INCOME FOR THE PERIOD</b>		<b>70,536,496</b>	<b>62,419,615</b>
<b>OTHER COMPREHENSIVE INCOME:</b>			
<b>ITEMS NOT TO BE RECLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT PERIODS:</b>			
Re-measurement for employees' defined benefits		-	-
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>70,536,496</b>	<b>62,419,615</b>
<b>Earnings per share from:</b>			
Income from operations	13	1.42	1.12
Net income	13	0.94	0.83

The accompany from (1) to (20) are integrated part of these condensed interim financial statements.

**Aldrees Petroleum and Transport Services Company  
(A Saudi Joint Stock Company)**

**CONDENSED INTERIM STATEMENT OF SHAREHOLDERS' EQUITY  
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2023  
(All amounts in Saudi Riyals)**

	<i>Share Capital</i>	<i>Statutory reserve</i>	<i>Retained earnings</i>	<i>Total</i>
Balance at 1 January 2023	750,000,000	119,532,881	239,811,445	1,109,344,326
Total comprehensive income for the period	-	-	70,536,496	70,536,496
Balance at 31 March 2023 <i>(Unaudited)</i>	<u>750,000,000</u>	<u>119,532,881</u>	<u>310,347,941</u>	<u>1,179,880,822</u>
Balance at 1 January 2022	750,000,000	95,350,189	149,799,650	995,149,839
Dividends( Note 11)	-	-	(112,500,000)	(112,500,000)
Total comprehensive income for the period	-	-	62,419,615	62,419,615
Balance at 31 March 2022 <i>(Unaudited)</i>	<u>750,000,000</u>	<u>95,350,189</u>	<u>99,719,265</u>	<u>945,069,454</u>

The accompany from (1) to (20) are integrated part of these condensed interim financial statements.

**Aldrees Petroleum and Transport Services Company**  
**(A Saudi Joint Stock Company)**

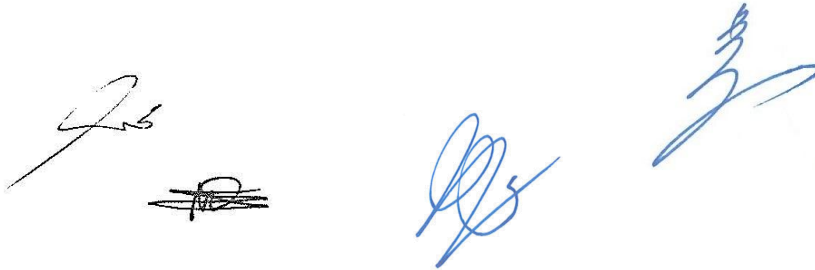
**CONDENSED INTERIM STATEMENT OF CASH FLOWS**  
**FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2023**  
 (All amounts in Saudi Riyals)

	31 March 2023 (Unaudited)	31 March 2022 (Unaudited)
<b>OPERATING ACTIVITIES</b>		
Income before zakat estimated	72,186,496	63,919,615
Adjustment for:		
Depreciation	37,272,822	30,282,675
Depreciation of right of use asset	72,951,384	61,570,320
Company share in gains of investment in joint venture	(12,283)	(446,044)
(Gain)/from investment at fair value through profit or loss	-	(7,785,384)
Financial income	(1,931,547)	-
Financial costs	36,302,838	28,548,951
Amortization of deferred costs	360,237	451,402
(Gain)/ loss on sale of property and equipment	(783,480)	126,073
Provision for expected credit losses	887,936	281,145
Provision for employees' defined benefits	4,908,110	14,158,130
	<u>222,142,513</u>	<u>191,106,883</u>
<b>Changes in operating assets and liabilities:</b>		
Trade accounts receivable	(16,247,471)	(65,487,811)
Contract Assets	(4,571,734)	(20,650,490)
Inventories	(26,011,986)	12,603,112
Prepaid expenses	(52,228,437)	(48,814,460)
Other assets	4,952,652	7,814,249
Net change in related parties	818,398	(1,327,836)
Trade payables	85,191,945	127,780,795
Accrued expenses and other liabilities	(11,608,751)	(4,636,625)
<b>Cash from operations</b>	<u>202,437,129</u>	<u>198,387,817</u>
Employees' defined benefits paid	(4,923,853)	(3,428,929)
Zakat paid	(7,788,338)	(5,738,479)
<b>Net cash from operating activities</b>	<u>189,724,938</u>	<u>189,220,409</u>
<b>INVESTING ACTIVITIES</b>		
Purchase investments at fair value through profit and loss	-	(78,671,254)
Selling investments at fair value through profit or loss	-	39,391,210
interest income received	1,312,797	-
Deferred costs	(551,875)	(336,500)
Purchase of property and equipment	(113,172,201)	(62,648,661)
Proceeds from sale of property and equipment	4,452,414	801,181
<b>Net cash used in investing activities</b>	<u>(107,958,865)</u>	<u>(101,464,024)</u>
<b>FINANCING ACTIVITIES</b>		
Proceeds from short term loans	835,000,000	175,000,000
Repayment of short term loans	(795,000,000)	(75,000,000)
Repayment of long term loans	(5,142,857)	(13,410,714)
Repayment of lease liabilities	(66,619,807)	(74,135,681)
Paid financing costs	(4,022,268)	(3,641,797)
Repaid interest from lease obligations	(29,680,329)	(30,815,207)
Dividends paid	-	(112,500,000)
<b>Net cash used in financing activities</b>	<u>(65,465,261)</u>	<u>(134,503,399)</u>

**Aldrees Petroleum and Transport Services Company**  
**(A Saudi Joint Stock Company)**

**CONDENSED INTERIM STATEMENT OF CASH FLOWS**  
**FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2023**  
(All amounts in Saudi Riyals)

	<u>31 March 2023</u>	<u>31 March 2022</u>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
<b>CHANGE IN CASH AND CASH EQUIVALENTS BALANCES</b>	<b>16,300,812</b>	<b>(46,747,014)</b>
Cash and cash equivalents balances, at beginning of period	<u>148,166,876</u>	<u>273,964,384</u>
<b>CASH AND CASH EQUIVALENTS BALANCES, END OF PERIOD</b>	<u><b>164,467,688</b></u>	<u><b>227,217,370</b></u>
<b>NON -CASH ITEMS</b>		
Transferred from prepaid expenses to the right of use	24,090,078	19,679,357

The image shows four handwritten signatures in blue ink. The first signature on the left is a stylized 'J' followed by a horizontal line. The second signature is a more complex, cursive scribble. The third signature is a large, bold, cursive 'S'. The fourth signature is a large, bold, cursive 'Z'.

The accompany from (1) to (20) are integrated part of these condensed interim financial statements.



**Aldrees Petroleum and Transport Services Company**  
**(A Saudi Joint Stock Company)**

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2023  
(All amounts in Saudi Riyals)

**1) ORGANISATION AND ACTIVITIES**

Aldrees Petroleum and Transport Services Company (the "Company") is a Saudi Joint Stock Company registered in Riyadh, the Kingdom of Saudi Arabia under commercial registration number 1010002475 issued in Riyadh on 13 Rabi Al-Thani 1382H (corresponding to 12 September 1962),

The Company's objectives as per its commercial registration, include retail and wholesale trading of fuel, lubricants, catering services and the transportation of goods using highways in the Kingdom of Saudi Arabia in accordance with license number 11/00001327, establishment of vehicle workshops and car washes and acquisition of land to construct buildings for sale or lease for the interest of the Company and construction, managing, operating and renting take away centres for hot and cold beverages and food.

**2) BASIS OF PREPARATION**

**(a) Statement of compliance:**

These Condensed Interim Financial Statements have been prepared in accordance with IAS 34 Interim Financial Reporting that is endorsed in 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 Company's last annual Financial Statements as at and for the year ended 31 December 2022. They do not include all of the information required for a complete set of IFRS Financial Statements however, accounting policies and selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company's financial position and performance since December 31, 2022.

The company's current liabilities are in excess of current assets by SR 962,300,296 However, the management and board of directors assumed that the company have the ability to continue as a going concern. It is their assessment that the company will generate sufficient profits and cash flows to meet ongoing liabilities. These condensed interim financial statements have been accordingly prepared on a going concern basis.

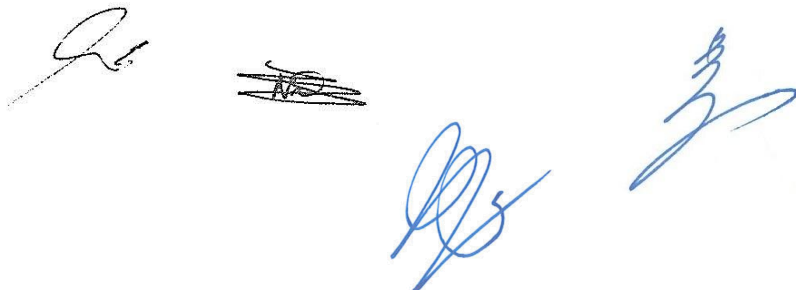
**(b) Basis of measurement:**

The condensed interim financial statements have been prepared on the historical cost basis using the accrual basis of accounting except for the following.

- Investments at fair value through profit and loss measured at fair value.
- Employee benefits obligations that are recognized at the present value of future liabilities using the expected credit unit method.

**(c) Functional and presentation currency:**

The condensed interim financial statements are presented in Saudi Riyal, which is the Company's functional currency.



**Aldrees Petroleum and Transport Services Company**  
**(A Saudi Joint Stock Company)**

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)  
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2023  
(All amounts in Saudi Riyals)

**2) BASIS OF PREPARATION (continued)**

**(d) Use of estimates and judgments:**

The preparation of condensed interim financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The significant estimates made by the management when applying the company's accounting policies and the significant sources of uncertainties in the estimates were similar to those shown in the last annual financial statements.

**3) SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies applied in these condensed interim financial statements are in accordance with the International Financial Reporting Standards approved in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by Saudi Organization for Chartered and Professional Accountants ("SOCPA") and are the same policies applied in the company's annual financial statements for the year ended December 31, 2022.

**New standards and amendments to standards and interpretations**

No new standards have been issued, however, a number of amendments to the standards are in effect as of January 1, 2023, which have been explained in the company's annual financial statements, but have no material impact on the Company's condensed interim financial statements.

**4) PROPERTY AND EQUIPMENT, NET**

During the three months period ended March 31, 2023, the Company addition to property and equipment were SR 113,172,201 (SR 62,648,661 March 31, 2022).

During the three-month period ended March 31, 2023, the Company disposed of property and equipment with a net book value of SR 3,668,934 (March 31, 2022: SR 927,254) which resulted in losses /Gain on sale of property and equipment for the three-month period on March 31, 2023 amounting to SR 783,480 (March 31, 2022: SR 126,073).

During the three-month period ended March 31, 2023, depreciation expense of property and equipment amounted to SR 37,272,822 (SR 30,282,675 for the three month ended March 31, 2022)

**Aldrees Petroleum and Transport Services Company**  
**(A Saudi Joint Stock Company)**

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)  
 FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2023  
 (All amounts in Saudi Riyals)

**5) RIGHT OF USE ASSETS, NET**

5/1 The movement in the right to use assets as follows:

	31 March 2023 (Unaudited)		31 December 2022 (audited)	
	Depreciation	Balance	Depreciation	Balance
Land	-	-	187,410	-
Building	72,951,384	3,611,073,236	275,087,411	3,422,292,974
<b>Total right of use</b>	<b>72,951,384</b>	<b>3,611,073,236</b>	<b>275,274,821</b>	<b>3,422,292,974</b>

Additions to the right to use assets during the period ended March 31, 2023: SR 295 million (March 31, 2022: SR 220 million)

Disposal to the right to use assets during the period ended March 31, 2023: SR 19 million (March 31, 2022: SR 36 million)

**5/2 Lease Liabilities**

-The table below shows the lease obligations based on the contractual maturity date:

	As at 31 March 2023 (Unaudited)	As at 31 December 2022 (Audited)
Non-current portion of lease liabilities	3,161,833,581	2,906,055,383
Current portion of lease liabilities	230,639,913	313,414,859
<b>Total lease liabilities</b>	<b>3,392,473,494</b>	<b>3,219,470,242</b>

The total interest expense on lease liabilities recognized during the period ended March 31, 2023: SR 32,3 million (March 31, 2022: SR 24,9 million).

Expenses related to short-term and low-value lease contracts amounted to SR 13,8 million, SR 10 million respectively.

**6) INVESTMENT IN JOINT VENTURES**

On 21 Sha'aban 1434 (corresponding to 30 June 2013), the Company has signed a joint venture (JV) agreement with Bertschi AG, an entity incorporated in Switzerland, to establish a jointly controlled entity to provide logistic services. During the period ended 22 March 2015, the Company and co-venture have made a contribution of SR 500,000 each towards the establishment of the jointly controlled entity.

The following is the movement in the investments account.

	As at 31 March 2023 (Unaudited)	As at 31 December 2022 (Audited)
At the beginning of the period / year	15,693,748	14,216,933
Investment gain of the period / year	12,283	1,476,815
At the end of period / year	<b>15,706,031</b>	<b>15,693,748</b>

**Aldrees Petroleum and Transport Services Company**  
**(A Saudi Joint Stock Company)**

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2023**

(All amounts in Saudi Riyals)

**7) INVESTMENT IN FINANCIAL ASSETS**

Investments in financial assets consist of the following:

**7-1) Investment at amortised cost**

During the year ending on December 31, 2022, the company invested in sukuk inside the Kingdom of Saudi Arabia with an amount of 145 million Saudi riyals, and these sukuk carry fixed interest returns of 5.25%, 5.5% annually.

The company's management classified those investments in sukuk at amortized cost by passing these sukuk test "representing only solely payments of principal and interest on the principal amount outstanding" based on the business model prepared by the company's management.

	<i>March 31, 2023</i>	<i>December 31, 2022</i>
	<u>SR</u>	<u>SR</u>
<b>Investment at amortised cost:</b>		
Investments in Sukuk Riyadh	100,000,000	100,000,000
Investments in Sukuk Al Rajhi	45,000,000	45,000,000
<b>Total investment at amortised cost</b>	<u>145,000,000</u>	<u>145,000,000</u>

The movement in investments at amortised cost during the year was as follows:

	<i>March 31, 2023</i>	<i>December 31, 2022</i>
	<u>SR</u>	<u>SR</u>
Balance at the beginning of the year	145,000,000	-
Addition during the year	-	145,000,000
<b>Balance at the end of the year</b>	<u>145,000,000</u>	<u>145,000,000</u>

**7-2) Investment at fair value through profit or loss**

	<i>March 31, 2023</i>	<i>December 31, 2022</i>
	<u>SR</u>	<u>SR</u>
<b>Investment at fair value through profit or loss:</b>		
Investments in traded securities	-	-
Investments in real estate funds	-	-
<b>Total investment at fair value through profit or loss</b>	<u>-</u>	<u>-</u>

The investment movement at fair value through profit and loss during the year was as follows:

	<i>March 31, 2023</i>	<i>December 31, 2022</i>
	<u>SR</u>	<u>SR</u>
Balance at the beginning of the period / year	-	19,956,843
Addition during the period / year	-	217,640,102
Selling investments during the period / year	-	(237,950,178)
Unrealized gains on revaluation of investments at fair value through profit or loss	-	-
Realized gains on revaluation of investments at fair value through profit or loss	-	353,233
<b>Balance at the end of the period / year</b>	<u>-</u>	<u>-</u>

**Aldrees Petroleum and Transport Services Company**  
**(A Saudi Joint Stock Company)**

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)  
 FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2023  
 (All amounts in Saudi Riyals)

**8) RELATED PARTIES**

During the period, the Company dealt with the related parties mentioned below. These transactions were made during the ordinary business cycle and the terms of these transactions were approved by the Board of Directors.

<i>Name</i>	<i>Relationship</i>
Mr. Hamad Mohammed Aldrees	Member of the Board of Directors
Mr. Abdulmohsen Mohammed Aldrees	Member of the Board of Directors
Al - Drees for Industry and Trading	One of the partners is a member of the Board of Directors
Seven Lights Trading Company	One of the partners is a member of the Board of Directors
Aldrees Bertschi Joint	Joint venture

The following are the most important transactions with related parties:

<u>Nature of the transaction</u>	<i>31 March 2023 (Unaudited)</i>	<i>31 December 2022 (Audited)</i>
Purchase of machinery, equipment and spare parts	<u>2,210,186</u>	<u>8,410,386</u>
Rental expenses (depreciation of the right to use the assets)	<u>638,937</u>	<u>2,782,014</u>
Interest-free financing	<u>2,182,888</u>	<u>2,193,242</u>

The balances of related parties are as follows:

<u>Due from a related party:</u>	<i>As at 31 March 2023 (Unaudited)</i>	<i>As at 31 December 2022 (Audited)</i>
Aldrees Bertschi	<u>2,182,888</u>	<u>2,193,242</u>
<u>Due to related party:</u>		
Al - Drees for Industry and Trading	<u>2,908,966</u>	<u>2,100,922</u>

**Aldrees Petroleum and Transport Services Company  
(A Saudi Joint Stock Company)**

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)  
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2023  
(All amounts in Saudi Riyals)**

**9) LOANS**

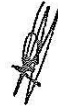
In the normal course of business, the Company has obtained Islamic long term and short term facilities from various local commercial banks as of March 31, 2023 amounting to SR 5,910 million (31 December 2022: SR 5,510 million). These facilities include advances in the current account, short term and long-term Tawarruq loans, notes payable, letters of guarantee against the advance payments and contracts performance. The Company has unutilized facilities amounting as at 31 March 2023 SR 2,168 million (31 December 2022: SR 1,925 million). The following is the details of outstanding balance as of:

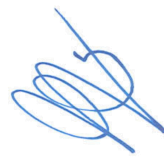
- a) Short-term loans outstanding as at March 31, 2023 amounted to SR 260,000,000 (31 December 2022: SR 220,000,000).
- b) Long term loans consist of the following:

Bank	Type of facilities	Facility amount in SR		Utilized amount in SR		Outstanding Balance in SR		Purpose	Repayment frequency	Repayment	
		31 March 2023	31 December 2022	31 March 2023	31 December 2022	31 March 2023	31 December 2022			Starting date	Ending date
Saudi National Bank	Revolving Long term tawarruq financing	72,000,000	75,000,000	72,000,000	72,000,000	25,714,286	30,857,143	Finance the working capital and acquisition of property and equipment	Quarterly	06 Jun 2020	19 May 2024
		<u>72,000,000</u>	<u>75,000,000</u>	<u>72,000,000</u>	<u>72,000,000</u>	<u>25,714,286</u>	<u>30,857,143</u>				

The above facilities bear finance charges at SIBOR plus agreed margins and are secured by promissory notes issued by the Company.

The loan agreements referred to above includes financial covenants relating to current ratio, liabilities to total equity ratio, net gearing ratio, debt service coverage ratio and total condensed interim shareholders' equity.



**Aldrees Petroleum and Transport Services Company**  
**(A Saudi Joint Stock Company)**

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2023**  
(All amounts in Saudi Riyals)

**10) SHARE CAPITAL**

The Company's share capital at March 31, 2023 amounted to SR 750 million (31 December 2022: SR 750 million) of 75 million shares as of March 31, 2023 (2022: 75 million shares) fully paid with a nominal value of SR 10 per share.

**11) DIVIDENDS AND BOARD OF DIRECTORS' REMUNERATIONS**

The general assembly in its meeting on 27 Rajab 1443H (corresponding to 28 February 2022) has approved to distribute cash dividends amounting to SR 112,5 million representing SR 1,5 per share representing 15% of the Company's share capital. and Disburse an amount of SAR 500,000 to each member of the board of directors and the secretary of the board of directors for the year 2021. The amount distributed as in accordance with the regulations of the ministry of commerce and the Capital Market Authority.

**12) PROVISION FOR ZAKAT PAYBLE**

*Status of assessment*

The Company has filed its zakat declaration for all years up to 31 December 2022.

The assessments have been finalized with the Zakat, Tax and Customs Authority (The "ZATCA") for all years up to 31 December 2018.

The assessments for the year 2019 - 2022 have not been raised by the ZATCA, yet.

**13) EARNINGS PER SHARE**

Earnings per share attributable to income from operations and net income was calculated by dividing income from operations and net income for the period by the weighted average number of outstanding shares of 75 million as of 31 March 2023 (31 March 2022: 75 million shares).

**14) COMMITMENTS AND CONTINGENCIES**

At 31 March 2023, the Company has outstanding contingent liabilities in the form of letters of guarantee amounting to SR 3,456 million (31 December 2022: SR 3,334.6 million).

In addition, the company has capital commitments as of 31 March 2023 amounting to SR 88,8 million (31 December 2022: SR 117,1 million).

**15) SEGMENTAL INFORMATION**

Since the Company carries out its activities entirely in the Kingdom of Saudi Arabia, reporting is provided by business segment only. The Company has determined its business segments on the basis of type of goods supplied and services rendered by the Company's business segments and reported to the Company's executive management for the purposes of resource allocation and assessment of segment performance.

Transactions between the business segments are based on an arm length basis. For executive management purposes, the Company is organized in the following business segments:

- Petroleum Service Segment
- Transport Services Segment



**Aldrees Petroleum and Transport Services Company**  
**(A Saudi Joint Stock Company)**

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)  
 FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2023  
 (All amounts in Saudi Riyals)

15) **SEGMENTAL INFORMATION (continued)**

The selected segment information is provided by business segments as follows:

	<i>Petroleum service</i>	<i>Transport Services</i>	<i>Intercompany eliminations</i>	<i>Total</i>
<b><u>As of 31 March 2023 – unaudited</u></b>				
Total assets	6,162,587,407	765,891,354	(266,262,617)	6,662,216,144
Total liabilities	5,385,695,301	362,902,638	(266,262,617)	5,482,335,322
Revenue	3,347,703,000	112,841,846	(41,925,783)	3,418,619,063
Cost of Revenue	3,215,951,735	81,294,927	(41,925,783)	3,255,320,879
Gross profit	131,751,265	31,546,919	-	163,298,184
Depreciation and amortization	98,944,942	11,639,501	-	110,584,443
Income from operations	90,504,089	16,041,415	-	106,545,504
Net income for the period	57,889,440	12,647,056	-	70,536,496
Deferred cost additions	551,875	-	-	551,875
Property and equipment additions	71,642,468	41,529,733	-	113,172,201
<b><u>Total assets and Liabilities</u></b>				
<b><u>As of 31 December 2022 – audited</u></b>				
Total assets	5,821,568,653	740,657,782	(246,644,339)	6,315,582,096
Total liabilities	5,102,565,986	350,316,123	(246,644,339)	5,206,237,770
<b><u>As of 31 March 2022 – unaudited</u></b>				
Revenue	2,711,537,831	100,220,396	(31,632,510)	2,780,125,717
Cost of Revenue	2,601,159,082	74,415,226	(31,632,510)	2,643,941,798
Gross profit	110,378,749	25,805,170	-	136,183,919
Depreciation and amortization	80,503,074	11,801,323	-	92,304,397
Income from operations	72,609,560	11,627,578	-	84,237,138
Net income for the period	51,348,649	11,070,966	-	62,419,615
Deferred cost additions	336,500	-	-	336,500
Property and equipment additions	54,206,137	8,442,524	-	62,648,661



**Aldrees Petroleum and Transport Services Company**  
**(A Saudi Joint Stock Company)**

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2023**  
(All amounts in Saudi Riyals)

**16) FINANCIAL RISK MANAGEMENT**

The company has exposure to the following risks from its use of financial instruments.

- Credit risk
- Liquidity risk
- Commission rate risk
- Currency risk
- Concentration risk

This note presents information about the company's exposure to each of the above risks, the company's objectives, policies and processes for measuring and managing risk, and the company's management of capital.

**Risk management framework**

The management has overall responsibility for the establishment and oversight of company's risk management framework.

The company's risk management policies are established to identify and analyses the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.

Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the company's activities.

The company, 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.


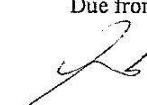
**Credit risk**

Credit risk is the risk that one party will fail to discharge an obligation and will cause the other party to incur a financial loss, The Company's policy is that all customers who wish to trade on credit terms are subject to credit worthiness evaluation process, Financial instruments that expose the Company to concentrations of credit risk consist primarily of accounts receivable, The Company places its bank balances with a number of financial institutions with sound credit ratings and has a policy of limiting its balances deposited with each institution, The Company does not believe that there is a significant risk of non-performance by these financial institutions, The Company does not consider itself exposed to a concentration of credit risk with respect to accounts receivable due to its diverse customer base operating in various industries and located in many regions.

The credit risk assessment of receivables requires additional estimates of credit risk using expected credit loss derived from the probability of default, exposure at default, and loss given default.

The carrying amount of the financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the financial position date was as follows:

	<b>Requested value</b>	
	<b>As of</b>	<b>As of</b>
	<b>31 March 2023</b>	<b>31 December 2022</b>
Trade accounts receivable, net	425,153,889	409,794,354
Cash and cash equivalents	164,467,688	148,166,876
Contract assets	79,690,818	75,119,084
Other assets	203,522,053	208,474,705
Due from related parties	2,182,888	2,193,242
	<b>875,017,336</b>	<b>843,748,261</b>



**Aldrees Petroleum and Transport Services Company**  
**(A Saudi Joint Stock Company)**

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2023**

(All amounts in Saudi Riyals)

**16) FINANCIAL RISK MANAGEMENT (continued)**

**Liquidity risk**

It is the risk that the Company 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, The Company manages its liquidity risk by ensuring that Islamic bank facilities are available, The terms and conditions of the facilities are disclosed in note 9, The Company's terms of sales require amounts to be paid either on cash on delivery or on terms basis, Trade payables are normally settled within 60 days of the date of purchase.

The following are the contracted maturities of financial liabilities, including estimated interest payments:

**31 March 2023**

*(Unaudited)*

	<u>Carrying Amount</u>	<u>Contractual Cash Flows</u>	<u>Less than a year</u>	<u>More than a year</u>
Loans	285,714,286	(285,714,286)	(280,571,429)	(5,142,857)
Lease Liabilities	3,392,473,494	(3,392,473,494)	(230,639,913)	(3,161,833,581)
Trade payables	1,260,474,819	(1,260,474,819)	(1,260,474,819)	-
Due to related party	2,908,966	(2,908,966)	(2,908,966)	-
Accrued expenses and other liabilities	423,653,008	(423,653,008)	(423,653,008)	-
Zakat payable	5,742,497	(5,742,497)	(5,742,497)	-
Employees' defined benefits liabilities	111,368,252	(111,368,252)	-	(111,368,252)
	<u>5,482,335,322</u>	<u>(5,482,335,322)</u>	<u>(2,203,990,632)</u>	<u>(3,278,344,690)</u>

**31 December 2022**

*(Audited)*

Loans	250,857,143	(250,857,143)	(240,571,429)	(10,285,714)
Lease Liabilities	3,219,470,242	(3,219,470,242)	(313,414,859)	(2,906,055,383)
Trade payables	1,175,282,874	(1,175,282,874)	(1,175,282,874)	-
Due to related party	2,100,922	(2,100,922)	(2,100,922)	-
Accrued expenses and other liabilities	435,261,759	(435,261,759)	(435,261,759)	-
Zakat payable	11,880,835	(11,880,835)	(11,880,835)	-
Employees' defined benefits liabilities	111,383,995	(111,383,995)	-	(111,383,995)
	<u>5,206,237,770</u>	<u>(5,206,237,770)</u>	<u>(2,178,512,678)</u>	<u>(3,027,725,092)</u>

**Commission rate risk**

Commission rate risk is the risk that the value of financial instruments will fluctuate due to changes in the prevailing market commission rates, The Company is subject to commission rate risk on its commission bearing Islamic short term and long term facilities.

**Currency risk**

It is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates, Management monitors fluctuations in foreign currency exchange rates, and believes that the Company is not exposed to significant currency risk since the Company did not undertake significant transactions in currencies other than Saudi Riyal and US Dollars, The Saudi Riyal is pegged to the US Dollar, accordingly, balances and transactions in US Dollars are not considered to represent significant currency risk.

**Aldrees Petroleum and Transport Services Company**  
**(A Saudi Joint Stock Company)**

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)  
 FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2023  
 (All amounts in Saudi Riyals)

**16) FINANCIAL RISK MANAGEMENT (continued)**

**Concentration risk**

The company's purchases from a major supplier (Saudi Arabian Oil Company - Aramco) during the period amounting to 2.964 million Saudi riyals represent 98% of the company's total purchases (March 31,2022: 2.385million Saudi riyals, 98% of the company's total purchases). The company expects to maintain the relationship with this supplier.

**Fair Value**

Fair value represents 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 in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value, of a liability reflects its non-performance risk.

When measuring the fair value of an asset or liability, the Company uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

<u>March 31, 2023</u>	<i>Value</i> SR	<i>Level (1)</i> SR	<i>Level (2)</i> SR	<i>Level (3)</i> SR
<b>Financial assets</b>				
Investment at amortised cost	145,000,000	45,000,000	100,000,000	-
<b>Financial liabilities</b>				
Loans	285,714,286	-	285,714,286	-
<u>December 31, 2022</u>	<i>Value</i> SR	<i>Level (1)</i> SR	<i>Level (2)</i> SR	<i>Level (3)</i> SR
<b>Financial assets</b>				
Investment at amortised cost	145,000,000	45,000,000	100,000,000	-
<b>Financial liabilities</b>				
Loans	250,857,143	-	250,857,143	-

The company has not disclosed the fair values of financial instruments such as cash and cash equivalents, commercial and debit accounts, commercial credit accounts, amounts payable and other current liabilities, given that their book values are a reasonable approximation of the fair value and that is largely due to the short-term maturity dates for these instruments.

**Aldrees Petroleum and Transport Services Company**  
**(A Saudi Joint Stock Company)**

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2023**  
(All amounts in Saudi Riyals)

**17) INTERIM RESULTS**

The results of operations for the condensed interim periods may not be an accurate indication of the results of the full year operations.

**18) EVENT AFTER THE REPORTING PERIOD**

The general assembly in its meeting on 11 Shawwal 1444H (corresponding to May 1, 2023) has approved to distribute cash dividends amounting to SR 150 million representing SR 2 per share representing 20% of the Company's share capital. and Disburse an amount of SAR 3.5 million to each member of the board of directors and the secretary of the board of directors for the year 2022. The amount distributed as in accordance with the regulations of the ministry of commerce and the Capital Market Authority.

The management believes there are no material subsequent events for the period ending on March 31, 2023 which may have a significant impact on the Company's interim condensed statement of financial position as shown in these condensed interim financial statements.

**19) COMPARATIVE FIGURS**

Certain of the prior year amounts have been reclassified to conform to the presentation in the current year.

**20) APPROVAL OF CONDENSED INTERIM FINANCIAL STATEMENTS**

The condensed interim financial statements were approved by the Board of Directors on 13 shawwal 1444 H (corresponding to May 03, 2023).

