

Arriyadh Development Company
(A Saudi Joint Stock Company)

INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS PERIODS ENDED 30 SEPTEMBER
2023
AND INDEPENDENT AUDITOR'S REVIEW REPORT (UNAUDITED)

Arriyadh development Company
(A Saudi Joint Stock Company)

INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE AND NINE MONTHS PERIODS ENDED 30 SEPTEMBER 2023

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Independent Auditor's review report on the interim condensed financial statements

To the shareholders

Arriyadh Development Company

(A Saudi Joint Stock Company)

Introduction

We have reviewed the accompanying interim condensed statement of financial position of Arriyadh Development Company – Saudi Joint Stock Company – (the “Company”) as at 30 September 2023 and the related interim condensed statements of profit or loss and other comprehensive income for the three and nine months periods ended 30 September 2023, and condensed interim financial statements of changes in shareholders' equity and cash flows for the nine month period then ended, and explanatory notes. Board of Directors is responsible for the preparation and presentation of these interim condensed 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 interim condensed financial statements based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial statements are not prepared, in all material respects, in accordance with IAS 34 endorsed in the Kingdom of Saudi Arabia.

For Ernst & Young Professional Services

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

Riyadh: 11 Rabi Al-Thani 1445H
(26 October 2023)



ARRIYADH DEVELOPMENT COMPANY
(SAUDI JOINT STOCK COMPANY)

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

As at 30 September 2023

(In Saudi Riyals, unless otherwise indicated)

	Note	30 September 2023 (Unaudited)	31 December 2022 (Audited)
ASSETS			
NON-CURRENT ASSETS			
Property, plant, and equipment		9,421,725	5,911,186
Investment properties	3	1,504,571,948	1,527,752,437
Right-of-use assets	4	46,235,905	49,603,946
Projects under constructions		8,390,889	5,067,761
Investments designated at FVOCI	5	986,929	986,929
Investment in an associate	6	216,699,991	231,347,588
Murabaha investment deposits – long term	8	-	185,000,000
TOTAL NON-CURRENT ASSETS		1,786,307,387	2,005,669,847
CURRENT ASSETS			
Accounts receivable, prepayments and other receivable		95,708,149	97,518,588
Murabaha investment deposits – short term	8	745,000,000	460,000,000
Cash at banks		37,696,409	34,555,510
TOTAL CURRENT ASSETS		878,404,558	592,074,098
TOTAL ASSETS		2,664,711,945	2,597,743,945
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Share capital	9	1,777,777,770	1,777,777,770
Statutory reserve	10	127,927,485	127,927,485
Retained earnings		327,928,966	294,744,421
Revaluation reserve of investments designated at FVOCI	5	(2,813,070)	(2,813,070)
TOTAL SHAREHOLDERS' EQUITY		2,230,821,151	2,197,636,606
NON-CURRENT LIABILITIES			
Lease liabilities	4	41,513,230	45,579,655
Employees' defined benefit obligations		12,450,060	10,659,905
TOTAL NON-CURRENT LIABILITIES		53,963,290	56,239,560
CURRENT LIABILITIES			
Accounts payable, accrued expenses and other payables	12	279,882,283	242,916,728
Lease liabilities - current portion	4	5,928,728	5,999,592
Accrued dividends payable	11	74,692,026	73,917,517
Zakat provision	13	19,424,467	21,033,942
TOTAL CURRENT LIABILITIES		379,927,504	343,867,779
TOTAL LIABILITIES		433,890,794	400,107,339
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		2,664,711,945	2,597,743,945



Chief Financial Officer
Mr. Mohammed bin Ahmed Alkulaib



Member of the Board of Directors
And Chairman of the Audit Committee
Mr. Suleiman bin Nasser Al-Hattlan



Chief Executive Officer
Mr. Jehad Abdul Rahman Al-Kadi

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

ARRIYADH DEVELOPMENT COMPANY
(SAUDI JOINT STOCK COMPANY)

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the three and nine months periods ended 30 September 2023
(In Saudi Riyals, unless otherwise indicated)

		For the three months period Ended		For the nine months period ended	
		30 September 2023	30 September 2022	30 September 2023	30 September 2022
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	Note				
Revenue		77,986,214	63,705,390	216,873,525	188,707,977
Cost of revenue		(33,275,584)	(23,054,334)	(87,782,793)	(64,684,725)
Gross profit		44,710,630	40,651,056	129,090,732	124,023,252
General and administrative expenses	14	(17,967,267)	(18,820,714)	(53,318,549)	(45,974,360)
Profit for the period from main operations		26,743,363	21,830,342	75,772,183	78,048,892
Finance cost	4	(674,922)	(731,046)	(2,062,711)	(2,207,650)
Murabaha deposits income	8	10,112,702	6,847,018	26,905,919	15,911,626
Share of profit of an associate	6	14,823,114	39,767,408	33,918,403	177,687,704
Other income		187,445	35,235	403,915	213,223
Net profit for the period before zakat		51,191,702	67,748,957	134,937,709	269,653,795
Zakat	13	(4,779,504)	(2,325,000)	(12,864,276)	(7,925,000)
Net profit for the period		46,412,198	65,423,957	122,073,433	261,728,795
Other comprehensive income:					
Items not to be reclassified to profit or loss in subsequent periods					
Change in fair value of Investments designated at FVOCI	5	-	-	-	8,242,217
Total other comprehensive income for the period		-	-	-	8,242,217
Total comprehensive income for the period		46,412,198	65,423,957	122,073,433	269,971,012
Earnings per share					
Basic and diluted earnings per share from profit for the period from main operations	15	0,15	0,12	0,43	0,44
Basic and diluted earnings per share from net profit for the period	15	0,26	0,37	0,69	1,47



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ARRIYADH DEVELOPMENT COMPANY
(SAUDI JOINT STOCK COMPANY)

CONDENSED INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the nine months period ended 30 September 2023

(In Saudi Riyals, unless otherwise indicated)

	Share capital	Statutory reserve	Retained earnings	Revaluation reserve of investments designated at FVOCI	Total shareholders' equity
Balance as at 31 December 2021 (Audited)	1,777,777,770	97,891,859	129,094,523	16,478,192	2,021,242,344
Net profit for the period	-	-	261,728,795	-	261,728,795
Other comprehensive income for the period	-	-	-	8,242,217	8,242,217
Dividends	-	-	(133,333,333)	-	(133,333,333)
Transfer from the revaluation reserve of investments designated at FVOCI to retained earnings (note 5)	-	-	27,533,479	(27,533,479)	-
Balance as at 30 September 2022 (Unaudited)	1,777,777,770	97,891,859	285,023,464	(2,813,070)	2,157,880,023
Balance as at 31 December 2022 (Audited)	1,777,777,770	127,927,485	294,744,421	(2,813,070)	2,197,636,606
Net profit for the period	-	-	122,073,433	-	122,073,433
Dividends	-	-	(88,888,888)	-	(88,888,888)
Balance as at 30 September 2023 (Unaudited)	1,777,777,770	127,927,485	327,928,966	(2,813,070)	2,230,821,151



Chief Financial Officer
Mr. Mohammed bin Ahmed Alkulaib



Member of the Board of Directors
And Chairman of the Audit Committee
Mr. Suleiman bin Nasser Al-Hattlan



Chief Executive Officer*
Mr. Jehad Abdul Rahman Al-Kadi

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

ARRIYADH DEVELOPMENT COMPANY
(SAUDI JOINT STOCK COMPANY)

CONDENSED INTERIM STATEMENT OF CASH FLOWS

For the nine months period ended 30 September 2023

(In Saudi Riyals, unless otherwise indicated)

	30 September 2023 (Unaudited)	30 September 2022 (Unaudited)
OPERATING ACTIVITIES		
Net profit for the period	122,073,433	261,728,795
Adjustment:		
Depreciation of property, plant and equipment, investments properties and right of use	31,947,577	28,050,059
Finance cost	2,062,711	2,207,650
Murabaha deposits income	(26,905,919)	(15,911,626)
Charge of expected credit loss allowance	12,578,431	2,027,751
Share of profit of an associate	(33,918,403)	(177,687,704)
Charge of zakat provision	12,864,276	7,925,000
Charge of employees' defined benefit obligations	3,288,389	1,479,005
	123,990,495	109,818,930
Increase/decrease in working capital:		
Accounts receivable, prepayments and other receivable	16,137,926	(28,463,320)
Accounts payable, accrued expenses and other payables	37,740,064	(3,722,518)
Employees' defined benefit obligations paid	(1,498,234)	(855,871)
Zakat paid	(14,473,751)	(9,306,256)
Net cash from operating activities	161,896,500	67,470,965
INVESTING ACTIVITIES		
Murabaha investment deposits	(100,000,000)	(364,500,000)
Purchase projects under construction	(9,855,722)	(553,370)
Purchase of property, plant and equipment	(2,376,991)	(2,969,234)
Proceeds from liquidation and sale of investments designated at FVOCI	-	68,879,324
Dividends received from an associate	48,566,000	171,485,892
Net cash used in investing activities	(63,666,713)	(127,657,388)
FINANCING ACTIVITIES		
Dividends	(88,888,888)	(88,404,666)
Lease liabilities paid	(6,200,000)	(6,200,000)
Change in related party	-	137,473,752
Net cash flows (used in) from financing activities	(95,088,888)	42,869,086
Increase (decrease) in cash at banks	3,140,899	(17,317,337)
Cash at banks at beginning of the period	34,555,510	55,843,107
Cash at banks at end of the period	37,696,409	38,525,770
Non-cash transactions		
Change of fair value for investments designated at FVOCI	-	8,242,217
Accrued Dividends	774,509	44,928,667
Transfer from projects under construction to Investment properties	-	(2,109,650)
Transfer from projects under construction to property, plant and equipment	2,883,514	(1,117,746)

Chief Financial Officer

Mr. Mohammed bin Ahmed Alkulail

Member of the Board of Directors
And Chairman of the Audit Committee

Mr. Suleiman bin Nasser Al-Hattlan

Chief Executive Officer

Mr. Jihad Abdul Rahman Al-Kadi

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

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the nine months period ended 30 September 2023

(In Saudi Riyals, unless otherwise indicated)

1- CORPORATE INFORMATION

Riyadh Development Company (a Saudi joint stock company) (hereinafter referred to as the “Company”) was established by Royal Decree No. M/2 dated 9 Safar 1414 H (corresponding to 28 July 1993). The company is registered in the Kingdom of Saudi Arabia with Commercial Registration No. 1010124500 issued in the city of Riyadh on 29 Dhu al-Qi`dah 1414 H (corresponding to 10 May 1994). The company is listed on the Saudi Stock Exchange (Tadawul).

The Company’s Head Office is located at King Fahad Road, Aldera District, P.O. Box 94542, Riyadh 11614, Kingdom of Saudi Arabia.

The principal activities of the company is general construction of residential buildings, general construction of non-residential buildings and includes (schools, hospitals, hotels, etc.), general construction of government buildings, construction of prefabricated buildings in locations, and renovations of residential and non-residential buildings.

2- SIGNIFICANT ACCOUNTING POLICIES

2-1 BASIS OF PREPARATION

These condensed 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).

These condensed interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company annual financial statements as at 31 December 2022.

The interim financial results for the period may not be an accurate indication of the financial results for the full year.

The interim condensed financial statements have been prepared on a historical cost basis, except for Investments designated at FVOCI.

The interim condensed financial statements are presented in Saudi Riyals which is also the functional currency of the Company.

2-2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the Company’s annual financial statements for the year ended 31 December 2022. The Company has not early adopted any new standard, interpretation or amendment that has been issued but which are not yet effective.

2-3 New standards, interpretations and amendments adopted by the company

Several amendments apply for the first time in 2023, but do not have an impact on the interim condensed financial statements of the Company.

Definition of Accounting Estimates - Amendments to IAS 8

The amendments to IAS 8 clarify the difference between changes in accounting estimates and changes in accounting policies, and correct errors. It also describes how entities use measurement techniques and inputs to develop accounting estimates.

The amendments did not have any impact on the Company's interim condensed financial statements.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Continued)

For the nine months period ended 30 September 2023

(In Saudi Riyals, unless otherwise indicated)

2- SIGNIFICANT ACCOUNTING POLICIES (Continued)

2-3 New standards, interpretations and amendments adopted by the company (Continued)

Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2

Amendments on IAS 1 and IFRS Practice Statement 2 on Comparative Judgment provide guidance and examples.

Help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures. The amendments had no impact on the Company interim condensed financial statements, but are expected to affect the accounting policy disclosures in the Company annual financial statements.

3- INVESTMENT PROPERTIES

	Lands	Lands on which buildings are constructed	Buildings	Total
Cost				
As at 31 December 2022 (Audited)	241,751,732	439,689,861	1,280,678,263	1,962,119,856
Additions	-	-	3,649,080	3,649,080
As at 30 September 2023 (Unaudited)	241,751,732	439,689,861	1,284,327,343	1,965,768,936
Accumulated Depreciation				
As at 31 December 2022 (Audited)	-	-	434,367,419	434,367,419
Depreciation for the period	-	-	26,829,569	26,829,569
As at 30 September 2023 (Unaudited)			461,196,988	461,196,988
Net book value				
As at 30 September 2023 (Unaudited)	241,751,732	439,689,861	823,130,355	1,504,571,948
As at 31 December 2022 (Audited)	241,751,732	439,689,861	846,310,844	1,527,752,437

As explained in the significant accounting policies, investment properties are stated at cost less accumulated depreciation. The fair value of real estate investments amounted to SR 4,193,387,000 as of 31 December 2022 (31 December 2021: SR 4,190,097,000), according to the evaluation process carried out by several real estate evaluators, namely Esnad and its partner for real estate appraisal, holder of license No. 1210000448, and Bassma Company and its partner for real estate appraisal. Holder of License No. 1210001217 (an independent resident accredited by the Saudi Authority for Accredited Residents).

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Continued)

For the nine months period ended 30 September 2023

(In Saudi Riyals, unless otherwise indicated)

3- INVESTMENT PROPERTIES (Continued)

Real estate investments include buildings built on land leased from the Riyadh Municipality (meat market) under a lease contract for a period of 25 Hijri years starting from 18 September 1996 and ending on 20 December 2020, provided that the ownership of these buildings is transferred to the Municipality at the end of the contract period. In the subsequent period, the company delivered the project and paid all rental dues related to the land (note 20).

Also, Investment properties include buildings constructed on land leased from the Riyadh Municipality (Otaqa market) under 23-year lease from 30 March 2011, which are transferred to the Municipality at the end of the contract. The net book value as at 30 September 2023 is SR 168,9 million (31 December 2022: SR 177,4 million).

Real estate investments include lands amounting to 28,872,546 Saudi riyals that were expropriated in favor of the company under Royal Order No. 4/B/2732 dated Rabi' al-Awwal 8, 1412 AH, and the owners did not apply to receive their dues and transfer ownership of the land to the company until 30 September 2023 (note 12).

All investment properties are located in the Kingdom of Saudi Arabia.

4- RIGHT OF USE ASSETS AND LEASE LIABILITIES

The following table shows the balance of the right to use (leased lands) in addition to the charged depreciation movement as follows:

	30 September 2023 (Unaudited)	31 December 2022 (Audited)
At the beginning of the period / year	49,603,946	54,094,668
Charge for the period / year	(3,368,041)	(4,490,722)
At the end of the period / year	46,235,905	49,603,946

There are no additions to the right to use the assets during the period ended 30 September 2023 and for the year ended 31 December 2022.

Below is a statement of the lease liabilities:

	30 September 2023 (Unaudited)	31 December 2022 (Audited)
Non-current lease liabilities	41,513,230	45,579,655
Current lease liabilities	5,928,728	5,999,592
Total lease liabilities	47,441,958	51,579,247

The finance costs from the recognized lease liabilities during the period ended 30 September 2023 amounted to SR 2,062,711 (30 September 2022: SR 2,207,650).

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Continued)

For the nine months period ended 30 September 2023

(In Saudi Riyals, unless otherwise indicated)

5- INVESTMENT DESIGNATED AT FVOCI

Investments designated at fair value through other comprehensive income are:

	30 September 2023 (Unaudited)	31 December 2022 (Audited)
Investments in equity instruments of companies listed on the Saudi Stock Exchange (A)	-	-
Investments in equity instruments of companies not listed on the Saudi Stock Exchange (B)	986,929	986,929
	986,929	986,929

The movement in the revaluation reserve of Investments designated at FVOCI was as follows:

	30 September 2023 (Unaudited)	31 December 2022 (Audited)
Beginning balance for the period / year	(2,813,070)	16,478,192
The change in the fair value of investments at fair value through other comprehensive income	-	8,242,217
Transfer of revaluation reserve of Investments designated at FVOCI to retained earnings	-	(27,533,479)
	(2,813,070)	(2,813,070)

A) Investments in equity instruments of companies listed on the Saudi Stock Exchange

	30 September 2023 (Unaudited)	31 December 2022 (Audited)
Beginning balance for the period / year	-	59,437,107
Addition during the period / year	-	-
The change in fair value	-	8,242,217
Proceeds from disposals during the period/ year *	-	(67,679,324)
	-	-

* During the last year ending on 31 December 2022 investment portfolio of Al-inma Investment Company was liquidated and disposed, along with an investment in another company, which resulted profits from the sale of investments with an approximate amount of SR 27 million, this amount were transferred from Revaluation reserve for investments designated at FCOVI to retained earnings in accordance with the International Financial Reporting Standard number (9) "Financial Instruments".

B) Investments in equity instruments of companies not listed on the Saudi Stock Exchange

The board of directors decided at its meeting held on 15 January 2015 to enter as a partner in Saudi Heritage Hospitality Company ("Nuzul") (Closed Saudi Joint Stock Company) located in Riyadh, with 2,000,000 shares at total value SR 20 million and 8% of the company's capital. The company paid SR 5,000,000 as a payment for its investment share.

During the year ending on 31 December 2022, the shareholders of Nuzul decided to liquidate the company, and the company received during the period an amount of SR 1,200,000 until the completion of the liquidation procedures.

As of 30 September 2023 the Revaluation reserve of Investments designated at FVOCI in Saudi Hospitality Heritage company ("Nuzul") is (SR 2,813,070). The company's management does not believe that any additional losses will result from the liquidation process.

The movement of the Investments as follows:

	30 September 2023(Unaudited)	31 December 2022 (Audited)
Beginning balance for the period / year	986,929	2,186,929
The change in fair value	-	-
Proceeds from liquidation process	-	(1,200,000)
	986,929	986,929

6- INVESTMENT IN AN ASSOCIATE

During 2018, the company agreed with Sumou Holding Company about the establishment of Tanal Investment and Real Estate Development Company ("Tanal") (a limited liability company) with a capital of SR 100,000, 69.38% for Riyadh Development Company and 30.62% for Sumou Holding Company- which is the same percentages of ownership by both of them in the first Riyadh Real Estate Development - for the purpose of transferring the assets and obligations of the first Riyadh Real Estate Development Fund, which was liquidated and assets transferred during 2019 to the Tanal Investment and Real Estate Development Company and its subsidiary (Ruba Real Estate Buildings Company), which is 100% owned by In order to complete the implementation of the remaining infrastructure works for the land of Al Thumama, in Riyadh which has an area of 3 million square meters, which was completed by Sumou Real Estate Company.

The financial statements of Tanal Investment and Real Estate Development Company have not been consolidated due to the lack of control by the company, as the company does not currently have the majority rights to vote on operational and administrative decisions, as the articles of association state that board of directors consists of (5) managers who represents the partners and form among themselves the board of directors of the Tanal Company, whereby the partner (Smou Holding Company) appoints (3) managers and the partner (Riyadh Development Company) appoint (2) managers, also article of association cannot be modified or amended without consent and approval of all members. Accordingly, a significant influence exists for Arriyadh Development Company on Tanal Company and to account the investment under equity method accounting.

During the second quarter of 2021, it was agreed between the partners of Tanal company to transfer part of the share of Sumou Holding Company to Sumou Real Estate Company (a Saudi Joint Stock Company) and the company's article of association was amended accordingly. Accordingly, the percentage of ownership in the Tanal Investment and Real Estate Development Company became 69.38% for the Riyadh Development Company, 20.62% for the Sumou Holding Company and 10% for the Sumou Real Estate Company. The method of processing the investment in the Tanal Investment and Real Estate Development Company was not affected due to the non-change of the voting rights referred to above and contained in the article of association.

The address of the head office of the company is in Riyadh. The company is engaged in managing and leasing residential and non-residential properties that are owned or leased. The company's current operation is to selling lands.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Continued)

For the nine months period ended 30 September 2023

(In Saudi Riyals, unless otherwise indicated)

6- INVESTMENT IN AN ASSOCIATE (Continued)

Summary of financial information for Tanal Investment and Real Estate Development Company and its subsidiary that's wholly owned (Ruby Buildings Real Estate Company)

The financial statements of this company and its subsidiary are prepared in accordance with International Financial Reporting Standards 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). The accounting policies used in preparing the financial statements of the associate are consistent with those of Arriyadh Development Company.

6-1 Summary of the statement of profit or loss and other comprehensive income

	30 September 2023 (Unaudited)	30 September 2022 (Unaudited)
Revenue	90,286,419	525,446,647
Profit from the main operations	55,250,610	262,107,962
Total comprehensive income for the period	48,887,868	256,107,962
The company's share of the total comprehensive income	33,918,403	177,687,704

Calculating the share in the net profit and the share in other comprehensive income based on the interim financial statements of Tanal Company, which are available on the date of issuance of the summary interim financial statements.

6-2 Summary of the statement of financial position

	30 September 2023 (Unaudited)	31 December 2022 (Audited)
Assets		
Land inventory for sale	315,997,508	349,018,140
Cash at banks	16,085,735	6,815,304
Total assets	332,083,243	355,833,444
Liabilities and shareholders' equity		
Zakat provision and other liabilities	19,744,807	22,382,876
Total shareholders' equity	312,338,436	333,450,568
Total liabilities and shareholders' equity	332,083,243	355,833,444

6-3 The investment movement

	30 September 2023 (Unaudited)	31 December 2022 (Audited)
Beginning for the period / year	231,347,588	451,136,194
Share of profits for the period / year	33,918,403	190,465,838
Decrease in additional capital	-	(137,473,752)
Dividends received during the period / year	(48,566,000)	(272,780,692)
At the end of the period / year	216,699,991	231,347,588

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Continued)

For the nine months period ended 30 September 2023

(In Saudi Riyals, unless otherwise indicated)

7- RELATED PARTY TRANSACTIONS

The related parties are represented in the dealings with the associate company (Tanal Investment and Real Estate Development Company) board of directors, and senior management employees of the company, where the employees of the higher management are the persons who exercise authority and responsibility in planning, managing and monitoring the company's activities, directly or indirectly, including the managers.

During the normal course of its business, the company had the following important transactions with major related parties during the period ended on 30 September 2023 and 2022, as follows:

		30 September 2023	30 September 2022
		(Unaudited)	(Unaudited)
Description	Nature of the transaction		
- Members of the Board of Directors (Note 14)	Committee attendance allowances and bonuses	2,583,000	2,808,000
- Senior management personnel	Salaries, allowances and incentives	12,567,323	7,046,718
- Tanal Investment and Real Estate Development Company	Additional paid in capital reduction/ Recovering permanent financing against the investment in the associate.	-	137,473,752

8- MURABAHA INVESTMENT DEPOSITS

As at 30 September 2023 Total investment Murabaha deposit contracts amounting to SR 745 million (31 December 2022: SR 645 million), which were placed with many of the local financial institutions. Murabaha rate ranges from 4,5% to 6,0%.

9- SHARE CAPITAL

The Company's share capital amounting to SR 1,777,777,770 as at 30 September 2023 is divided into 177,777,777 shares of SR 10 each.

10- STATUORY RESERVE

The Company's by laws require that 10% of the annual net profit be transferred to the statutory reserve until this reserve reaches 30% of the capital. This reserve is not available for distribution.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Continued)

For the nine months period ended 30 September 2023

(In Saudi Riyals, unless otherwise indicated)

11- DIVIDENDS DISTRIBUTION

The balance shown in the financial statements represents the remaining of the amounts approved by the Company's Ordinary General Assembly for previous years, and the shareholders still didn't come to receive it as on 30 September 2023, in the amount of SR 74,692,026 (31 December 2022: SR 73,917,517).

Subsequent to the period end, based on the approval of the General Assembly issued on 11 Shawwal 1444 H (corresponding to 1 May 2023) to authorize the Board of Directors to distribute interim profits on a semi/quarterly basis, the Board of Directors of the company decided during its meeting held on 9 Muharram 1445 H (corresponding to 27 July 2023) to distribute Cash dividends for the first half of 2023 amounting to SR 44,444,444, at 25 halalas per share.

On 30 April 2023, the company's general assembly approved the Board of Directors' recommendation to distribute dividends for the second half of 2022 at 25 halalas per share, with a total amount of SR 44,444,444.

Based on the approval of the General Assembly issued on 11 Shawwal 1443 H (corresponding to 12 May 2022) to authorize the Board of Directors to distribute interim profits on a semi/quarterly basis, the Board of Directors of the company decided during its meeting held on 2 Rabi' al-Awwal 1444 H (corresponding to 28 September 2022) to distribute Cash dividends for the first half of 2022 amounting to SR 44,444,444, at 25 halalas per share.

On 12 May 2022, the company's general assembly approved the board of directors' decision to distribute dividends for the first half of 2021 at 1 Saudi riyals per share, with a total amount of SR 177,777,777. As well as the recommendation of the Board of Directors to distribute dividends for the second half of 2021 at 50 halalas per share, with a total amount of SR 88,888,888.

12- ACCOUNTS PAYABLE, ACCRUED EXPENSES AND OTHER PAYABLES

	30 September 2023 (Unaudited)	31 December 2022(Audited)
Payables of Al-Shorouk land contribution (A)	87,664,963	87,664,963
Deferred revenue	59,349,228	39,552,182
Accrued expenses	38,283,452	19,172,705
Payable from obtain real estate (B)	28,872,546	28,872,546
Provisions (C)	22,373,464	14,142,172
Insurance for others	18,911,296	17,764,084
Legal provision	12,626,155	11,602,077
Securing reservation of rental units	4,348,704	3,514,102
Accrued wages and other benefits	3,288,051	13,683,434
Bonuses and allowances for board members	2,745,000	3,450,000
VAT payable	778,159	2,529,918
Contractors retention	434,728	526,304
Others	206,537	442,241
	279,882,283	242,916,728

- A) The balance of the creditors of Al-Shorouk land contribution represents the value of the sales of the lands of the Al-Shorouk contribution, which were collected by the company. Work is underway to liquidate the contribution after deducting all the remaining costs on the shareholders of Al-Shorouk land in favor of the Company.
- B) The amount represents the payable amounts to the owners of the properties that were expropriated under Royal Decree No. 4 / B / 2732 dated 8 Rabi' al-Awwal 1412 H. The owners did not submit their contributions until 30 September 2023 (Note 3).
- C) The amount of the provisions represents commitments for construction works for the implementation of a canal for draining flood and rain in Al-Shorouk lands in Al-Remal district, according to the request of the regulatory authorities in the region.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Continued)

For the nine months period ended 30 September 2023

(In Saudi Riyals, unless otherwise indicated)

13- ZAKAT PROVISION

The movement in the Zakat provision was as follows:

	30 September 2023 (Unaudited)	31 December 2022 (Audited)
At the beginning of the period / year	21,033,942	17,652,286
Charge of the period / year	12,864,276	12,687,913
Paid during the period / year	(14,473,751)	(9,306,257)
At the end of the period / year	19,424,467	21,033,942

The Company has submitted zakat returns till 2021 and finalized its zakat position for the years 2019 and 2020 by paying zakat differences of SR 999 thousand, during the years 2020 and 2021 the company received zakat assessment for the previous years from 2015 to 2018, which states zakat differences amounting to SR 109 million. The company have submitted an objection against these differences and the objection was escalated to the General Secretariat of Zakat, Tax and Customs Committees. In addition to that, the case was submitted to the Committee for the Settlement of Zakat and Tax Disputes at Zakat, Tax and Customs Committees to reach for settlement by paying an amount in order to ends the dispute, by offering an amount of SR 59 million, but this was rejected by the company's management and decided to continue with the objection submitted to the Secretariat General tax commissions. The decision of the Committee for Settlement of Tax and Income Violations and Disputes was issued, which resulted in a reduction in the amount of zakat in dispute to SR 39 million, The company filed an appeal against this decision for the First Appeals Chamber for Income Tax Violations and Disputes in the General Secretariat of Tax and Customs Committees The company is still awaiting a response from the Appeals Division.

14- GENERAL AND ADMINISTRATIVE EXPENSES

For the period ending 30 September

	2023 (Unaudited)	2022 (Unaudited)
Employee salaries, wages, and other benefits	25,116,340	26,038,168
Allowance of expected credit losses	12,578,431	3,117,686
Professional and advisory fees	9,867,590	2,214,448
Committee attendance allowances and bonuses (Note 7)	2,583,000	2,808,000
Maintenance and operation	720,360	-
Accrued legal fees	589,115	10,327,744
Others	1,863,713	1,468,314
	53,318,549	45,974,360

15- EARNINGS PER SHARE

Basic earnings per share was calculated by dividing the net profit from main operations and net profit for the period by the weighted average number of shares outstanding during the period amounting to 177,777,777 shares. As there is no contingent liability for equity instruments, the diluted earnings per share are not different from basic earnings per share.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Continued)

For the nine months period ended 30 September 2023

(In Saudi Riyals, unless otherwise indicated)

16- SEGMENT INFORMATION

Segmental information relates to the company's business and activities, which the company's management relied on as a basis for preparing its financial information, in line with the internal reporting methods.

The assets, liabilities and operating activities of the segments include items directly related to a particular segment and items that can be allocated to different segments on a reasonable basis. Items that cannot be allocated between segments are classified under joint assets and liabilities.

The following summary financial information sector in Saudi Riyal according to the nature of the activity:

	Commercial Centers Sector	Public benefit Sector	Sale of land Sector	Joint assets and liabilities	Total
As at 30 September 2023 (Unaudited):					
Total assets	1,319,154,531	115,348,188	241,751,732	988,457,494	2,664,711,945
Total liabilities	141,895,900	29,106,142	110,038,427	152,850,325	433,890,794
As at 31 December 2022 (Audited):					
Total assets	1,338,869,569	106,827,614	241,751,732	910,295,030	2,597,743,945
Total liabilities	117,487,006	22,650,178	110,038,427	149,931,728	400,107,339
For the nine months ending 30 September 2023 (Unaudited):					
Revenue	119,444,675	97,428,850	-	-	216,873,525
Cost of revenue	(68,991,021)	(18,791,771)	-	-	(87,782,792)
Finance Cost	(2,062,711)	-	-	-	(2,062,711)
Other income	-	-	-	403,915	403,915
Operating results	48,390,943	78,637,079	-	403,915	127,431,937
General and administrative expenses	-	-	-	(53,318,549)	(53,318,549)
Murabaha deposits Income	-	-	-	26,905,919	26,905,919
Share of Profits of an associate company	-	-	-	33,918,403	33,918,403
Net profit for the period before zakat	48,390,943	78,637,079	-	7,909,688	134,937,710
Zakat	-	-	-	(12,864,276)	(12,864,276)
Net profit for the period	48,390,943	78,637,079	-	(4,954,588)	122,073,434
For the nine months ending 30 September 2022 (Unaudited):					
Revenue	105,244,547	83,463,430	-	-	188,707,977
Cost of revenue	(53,002,008)	(11,682,717)	-	-	(64,684,725)
Finance Cost	(2,207,650)	-	-	-	(2,207,650)
Other income	-	-	-	213,223	213,223
Operating results	50,034,889	71,780,713	-	213,223	122,028,825
General and administrative expenses	-	-	-	(45,974,360)	(45,974,360)
Murabaha deposits Income	-	-	-	15,911,626	15,911,626
Share of profits of an associate company	-	-	-	177,687,704	177,687,704
Net profit for the period before zakat	50,034,889	71,780,713	-	147,838,193	269,653,795
Zakat	-	-	-	(7,925,000)	(7,925,000)
Net profit for the period	50,034,889	71,780,713	-	139,913,193	261,728,795

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Continued)

For the nine months period ended 30 September 2023

(In Saudi Riyals, unless otherwise indicated)

17- FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair Value

The following table shows the fair value measurement hierarchy of the Company's financial assets and financial liabilities as of 30 September 2023 and 31 December 2022.

As of 30 September 2023

(Unaudited)	Book value	First level	Second level	Third level	fair value
Investments designated at FVOCI	986,929	-	-	986,929	986,929
	986,929	-	-	986,929	986,929

As of 31 December 2022

(Audited)					
Investments designated at FVOCI	986,929	-	-	986,929	986,929
	986,929	-	-	986,929	986,929

The management found that the fair value of cash and cash equivalents, trade receivables, trade payables and other current liabilities is close to their book value due to the short maturity of these instruments.

Capital risk management

The company manages its capital to ensure that the company have ability to continue as a going concern, while achieving higher returns through optimizing debt and equity balances.

The capital structure of the Company includes the equity attributable to shareholders of the Company comprising capital, reserves, fair value reserve and retained earnings as included in the statement of changes in shareholders' equity.

Financial risk management

The Company's activities may be exposed to financial risks arising from the following:

Currency risk

The Company is not exposed to significant risks associated with foreign currency exchange and therefore no effective management of such exposure is required.

Interest rate risk

The financial instruments in the Interim condensed statement of financial position are not subject to interest rate risk.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Continued)

For the nine months period ended 30 September 2023

(In Saudi Riyals, unless otherwise indicated)

17- FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

Financial risk management (Continued)

Credit risk

Credit risk represents the risk arising from the failure of the counterparty to fulfill its obligations in relation to a financial instrument or a customer contract, which leads to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and its financing activities, including deposits with banks and financial institutions and other financial instruments.

To reduce exposure to credit risk, the Company has approval procedures through which credit limits are applied to its customers. The management also constantly monitors exposure to credit risks related to customers and sets aside a provision for expected credit losses, based on the customer's status and payment history. Outstanding customer receivables are also monitored on a regular basis.

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

	30 September 2023 (Unaudited)	31 December 2022 (Audited)
Cash at banks	37,696,409	34,555,510
Murabaha investment Deposits*	745,000,000	645,000,000
Accounts receivable, net	74,323,077	73,584,542
Investments designated at FVOCI	986,929	986,929
	<u>858,006,415</u>	<u>754,126,981</u>

* Concentration in Murabaha investment deposits amounting to SR 745 million, with many local financial institutions which represents more than 28% of the value of the company's assets as of 30 September 2023.

Liquidity risk

Liquidity risk 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.

Liquidity risk is managed by monitoring it on a regular basis to ensure that the necessary funds are available to meet the future commitments of the Company.

18- UNDERTAKINGS AND CONTINGENT COMMITMENTS

The Company has potential obligations from time to time relating to certain disputed matters, including claims from and against contractors, and judicial and arbitration proceedings involving various issues. These contingent liabilities arise during the normal business cycle. No further significant liabilities are expected to be incurred from these potential claims.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Continued)

For the nine months period ended 30 September 2023

(In Saudi Riyals, unless otherwise indicated)

19- SIGNIFICANT EVENTS DURING THE PERIOD

With reference to note No. (6), lands in the associate company were sold during the 2023, with a total value of SR 90,286,419 (30 September 2022: SR 525,446,647), legal formalities related to issuance of sukuk have been completed for the buyers, This resulted in a net profits for the period ended 30 September 2023 amounting to SR 48,887,868 (30 September 2022 SR 256,107,962), Share of Arriyadh Development Company from the profits of the associate company - Tanal for Investment and Real Estate Development Company for the period ended 30 September 2023, amounted to SR 33,918,403 (30 September 2022: SR 177,687,704).

20- SUBSEQUENT EVENT

In the opinion of the management except what is mentioned in note 3, there were no significant subsequent events after 30 September 2023 and until the date of approval of the interim condensed financial statements by the Board of Directors that might have a material impact on the interim condensed financial statements as at 30 September 2023.

21- APPROVAL OF CONDENSED INTERIM FINANCIAL STATEMENTS

The approval of the condensed interim financial statements was approved by the Board of Directors on 11 Rabi Al-Thani 1445 H (26 October 2023).