

**ARRIYADH DEVELOPMENT COMPANY  
(SAUDI JOINT STOCK COMPANY)**

**CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE THREE AND NINE MONTH PERIODS ENDED 30 SEPTEMBER 2021  
TOGETHER WITH REPORT ON REVIEW OF CONDENCED INTERIM  
FINANCIAL STATEMENTS**



**Crowe**

**Al Azem, Al Sudairy, Al Shaikh & Partners**  
CPA's & Consultants - Member Crowe Global

**ARRIYADH DEVELOPMENT COMPANY  
(SAUDI JOINT STOCK COMPANY)**

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

**TO: THE SHAREHOLDERS OF  
ARRIYADH DEVELOPMENT COMPANY  
(A Saudi Joint Stock Company)**

**Introduction:**

We have reviewed the accompanying condensed interim statement of financial position of ARRIYADH DEVELOPMENT COMPANY (the "Company") as at 30 September 2021, and the related condensed interim statement of profit or loss and other comprehensive income for the three and nine month periods ended 30 September 2021, and the related condensed interim statements of changes in shareholders' equity and cash flows for the nine-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.



**Al Azem, Al Sudairy, Al Shaikh & Partners  
Certified Public Accountants**



**Abdullah M. Al Azem  
License No. 335**

13 Rabi' Al-Awal 1443H (20 October 2021)  
Riyadh, Kingdom of Saudi Arabia



**ARRIYADH DEVELOPMENT COMPANY**  
**(SAUDI JOINT STOCK COMPANY)**  
**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 SEPTEMBER 2021**  
**(Saudi Riyals)**

	Note	30 September 2021 (Unaudited)	31 December 2020 (Audited)
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment, net		1,174,112	613,751
Real estate investments, net	5	1,373,325,269	1,395,041,268
Right of use Assets, net	6	55,191,086	58,480,338
Projects under constructions		9,156,327	7,420,519
Investments as at fair value through other comprehensive income	7	63,972,237	44,151,937
Investment in a associate company	8	537,469,341	472,160,536
Murabaha investment deposits		-	240,000,000
<b>TOTAL NON-CURRENT ASSETS</b>		<b>2,040,288,372</b>	<b>2,217,868,349</b>
<b>CURRENT ASSETS</b>			
Accounts receivable, prepayments and other receivable, net		70,885,426	55,874,915
Due from related party	9	-	44,975,854
Murabaha investment deposits		320,000,000	-
Cash at banks		68,264,294	48,866,307
<b>TOTAL CURRENT ASSETS</b>		<b>459,149,720</b>	<b>149,717,076</b>
<b>TOTAL ASSETS</b>		<b>2,499,438,092</b>	<b>2,367,585,425</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	10	1,777,777,770	1,777,777,770
Statutory reserve	11	66,060,909	66,060,909
Retained earnings		168,756,225	136,855,401
Revaluation reserve investments through OCI	7	18,995,715	400,974
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>2,031,590,619</b>	<b>1,981,095,054</b>
<b>NON-CURRENT LIABILITIES</b>			
Lease obligations - non-current portion	6	48,185,028	52,019,147
Employee benefit obligations		12,087,853	11,916,334
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>60,272,881</b>	<b>63,935,481</b>
<b>CURRENT LIABILITIES</b>			
Accounts payable, accrued expenses and other payables	13	231,040,664	230,612,489
Due to related party	9	84,728,036	-
Lease obligations - current portion	6	5,959,527	5,980,261
Accrued dividends distribution		73,827,964	68,080,194
Provision of estimated zakat		12,018,401	17,881,946
<b>TOTAL CURRENT LIABILITIES</b>		<b>407,574,592</b>	<b>322,554,890</b>
<b>TOTAL LIABILITIES</b>		<b>467,847,473</b>	<b>386,490,371</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<b>2,499,438,092</b>	<b>2,367,585,425</b>

**Finance Manager**  
**Mr. Mamdouh Ahmad Shehata**



**Authorized Member**  
**Mr. Abdullah Bin Mohammad Al Bahouth**



The attached notes (1) to (21) form an integral part of these condensed interim 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 MONTH PERIODS ENDED 30 SEPTEMBER 2021  
(Saudi Riyals)

	Note	For the three period ended 30 September		For the nine period ended 30 September	
		2021 (Unaudited)	2020 (Unaudited)	2021 (Unaudited)	2020 (Unaudited)
Revenue		61,910,750	59,744,181	188,064,318	174,192,675
Cost of revenue		(20,423,940)	(16,182,857)	(55,232,865)	(49,127,447)
<b>Gross operating profit for the period</b>		<b>41,486,810</b>	<b>43,561,324</b>	<b>132,831,453</b>	<b>125,065,228</b>
General and administrative expenses		(8,047,130)	(4,103,442)	(19,268,738)	(12,582,436)
<b>Net profit of period from main operations</b>		<b>33,439,680</b>	<b>39,457,882</b>	<b>113,562,715</b>	<b>112,482,792</b>
Finance cost	6	(784,617)	(834,870)	(2,345,147)	(2,483,654)
Income from Murabha deposits		974,758	869,973	2,436,284	3,137,775
The company's share of the results of the business of the associate	8	37,719,397	16,694,693	213,663,513	33,865,322
Cash dividends investments as at fair value through OCI		593,923	178,501	1,225,559	829,228
Other income		74,296	124,026	366,229	502,323
<b>Net profit for the period before estimated zakat</b>		<b>72,017,437</b>	<b>56,490,205</b>	<b>328,909,153</b>	<b>148,333,786</b>
Estimated zakat		(1,224,999)	(1,396,000)	(3,674,997)	(3,544,917)
<b>Net profit for the period</b>		<b>70,792,438</b>	<b>55,094,205</b>	<b>325,234,156</b>	<b>144,788,869</b>
<b>Other Comprehensive Income:</b>					
<b>Items that cannot be reclassified to profit or loss</b>					
Unrealized gain / (loss) of fair value for investments through OCI	7	6,347,929	4,247,207	18,594,741	828,564
<b>Other comprehensive income for the period</b>		<b>6,347,929</b>	<b>4,247,207</b>	<b>18,594,741</b>	<b>828,564</b>
<b>Total comprehensive income for the period</b>		<b>77,140,367</b>	<b>59,341,412</b>	<b>343,828,897</b>	<b>145,617,433</b>
<b>Earnings per share</b>					
Basic and diluted earnings per share from main operations	14	0.19	0.22	0.64	0.63
Basic and diluted earnings per share from net profit for the period	14	0.40	0.31	1.83	0.81

**Finance Manager**  
**Mr. Mamdouh Ahmad Shehata**



**Authorized Member**  
**Mr. Abdullah Bin Mohammad Al Bahouth**



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



**ARRIYADH DEVELOPMENT COMPANY**  
**(SAUDI JOINT STOCK COMPANY)**  
**CONDENSED INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2021**  
(Saudi Riyals)

	Share capital	Statutory reserve	Retained earnings	Revaluation reserve investments through OCI	Total shareholders' equity
<b>Balance as at 1 January 2020</b>	<b>1,777,777,770</b>	<b>43,268,366</b>	<b>127,883,033</b>	<b>(3,536,410)</b>	<b>1,945,392,759</b>
Net profit for the period	-	-	144,788,869	-	144,788,869
Other comprehensive income for the period	-	-	-	828,564	828,564
Dividends distribution	-	-	(88,888,889)	-	(88,888,889)
<b>Balance as at 30 September 2020 (Unaudited)</b>	<b>1,777,777,770</b>	<b>43,268,366</b>	<b>183,783,013</b>	<b>(2,707,846)</b>	<b>2,002,121,303</b>
<b>Balance as at 1 January 2021</b>	<b>1,777,777,770</b>	<b>66,060,909</b>	<b>136,855,401</b>	<b>400,974</b>	<b>1,981,095,054</b>
Net profit for the period	-	-	325,234,156	-	325,234,156
Other comprehensive income for the period	-	-	-	18,594,741	18,594,741
Dividends distribution (Note 12)	-	-	(293,333,332)	-	(293,333,332)
<b>Balance as at 30 September 2021 (Unaudited)</b>	<b>1,777,777,770</b>	<b>66,060,909</b>	<b>168,756,225</b>	<b>18,995,715</b>	<b>2,031,590,619</b>

**Finance Manager**  
**Mr. Mamdough Ahmad Shehata**



**Authorized Member**  
**Mr. Abdullah Bin Mohammad Al Bahouth**



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**ARRIYADH DEVELOPMENT COMPANY**  
**(SAUDI JOINT STOCK COMPANY)**  
CONDENSED INTERIM STATEMENT OF CASH FLOWS  
FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2021  
(Saudi Riyals)

	30 September 2021 (Unaudited)	30 September 2020 (Unaudited)
<b>OPERATING ACTIVITIES</b>		
Net profit for the period	325,234,156	144,788,869
<b>Adjustments to reconcile net profit with net cash provided from operating activities:</b>		
Depreciation	25,842,793	25,970,290
Finance cost	2,345,147	2,483,654
Income from Murabha deposits	(2,436,284)	(3,137,775)
Expected credit loss provision	3,919,779	3,281,059
Recovered expected credit loss provision	-	(61,200)
The company's share of the results of the business of the associate	(213,663,513)	(33,865,322)
Employee benefit obligations	833,495	749,628
Formed of provision of estimated zakat	3,674,997	3,544,917
Profit of property, plant and equipment	-	(10,000)
	<b>145,750,570</b>	<b>143,744,120</b>
<b>Operating assets and liabilities:</b>		
Accounts receivable, prepayments and other assets	(16,494,006)	(18,447,084)
Accounts payable, accrued expenses and other payables	428,175	(124,397)
Paid employee benefit obligations	(661,976)	(712,189)
Paid of zakat	(9,538,542)	(4,563,588)
<b>Net cash provided from operating activities</b>	<b>119,484,221</b>	<b>119,896,862</b>
<b>INVESTING ACTIVITIES</b>		
Investments as at fair value through other comprehensive income	(1,225,559)	(829,228)
Murabaha investment deposits	(80,000,000)	70,000,000
Purchase of real estate investments	(551,560)	(1,642,857)
Purchase of property, plant and equipment	(846,343)	(174,869)
Proceed from property, plant and equipment sale	-	10,000
Projects under construction	(1,735,808)	(1,490,509)
<b>Net cash (used in) provided from investing activities</b>	<b>(84,359,270)</b>	<b>65,872,537</b>
<b>FINANCING ACTIVITIES</b>		
lease obligations Paid	(6,200,000)	(6,424,753)
Change in related party	278,058,598	-
Cash dividends paid	(287,585,562)	(89,199,320)
<b>Net cash used in financing activities</b>	<b>(15,726,964)</b>	<b>(95,624,073)</b>
Net change in cash at banks	19,397,987	90,145,326
Cash at banks at beginning of the period	48,866,307	20,734,435
<b>Cash at banks at end of the period</b>	<b>68,264,294</b>	<b>110,879,761</b>
<b>Non-cash transactions</b>		
Unrealized gain / (loss) of fair value for investments through OCI	18,594,741	828,564
Accrued dividends distribution	5,747,770	(310,431)
Transfer from the investment in associate company balance to due from a related party balance (recovery of permanent financing exchange investment in associate company)	148,354,708	119,417,875

**Finance Manager**  
**Mr. Mamdouh Ahmad Shehata**



**Authorized Member**  
**Mr. Abdullah Bin Mohammad Al Bahouth**



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



**ARRIYADH DEVELOPMENT COMPANY**  
**(SAUDI JOINT STOCK COMPANY)**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2021**  
**(Saudi Riyals)**

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**1. ACTIVITIES**

Arriyadh Development Co. is Saudi Joint Stock Company was founded according to the royal decree No. m/2 dated Safar 9, 1414H corresponding to July 28, 1993. The Company is registered in the Kingdom of Saudi Arabia under the Commercial Registration No. 1010124500, issued in Riyadh dated Dhu'l Al-Qa'dah 29, 1414H (corresponding to May 10, 1994). The paid-up capital of the company SAR 1,777,777,770 from 177,777,777 shares, each valued at SAR 10.

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

The principle activities of 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. BASIS OF PREPARATION CONDENSED INTERIM FINANCIAL STATEMENTS**

**2-1 Applicable accounting principles:**

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 contain all the information and explanations required to issue full financial statements in accordance with International Financial Reporting Standards.

**2-2 Preparation the condensed interim financial statements**

These condensed interim Financial Statements have been prepared on the historical cost basis except for the following material items in the interim condensed Statement of Financial Position.

- Equity investments is measured at fair value at FVOCI.
- The employee benefit obligations is recognized at the present value of future obligations using expected credit unit method.

**2-3 Functional and presentation currency:**

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

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies applied to these condensed interim financial statements are the same as those applied to the last year's financial statements as in the year ended December 31, 2020.

The following is a summary of the significant accounting policies adopted by the company

**Use of estimates**

The preparation of condensed interim financial statements in accordance with International Financial Reporting Standards requires the use of estimates and assumptions that may affect the value of restricted assets and liabilities, and disclosure of potential assets and liabilities in the date of the financial statements, and the value of revenue and expenses were disclosure to the period of the financial statement's preparation. Although these estimates and judgments are based on management's best knowledge and events available to the management in the date of the financial statements, it is possible that actual final results differ from these estimates.

These estimates and assumptions are reviewed on a continual basis and effects resulting from these accounting changes will be disclosed in the period and future period which are affected by it.

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



**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Real Estate Investments**

**A) Confession**

Land and buildings owned by the company for purposes of generating rental income or for capital appreciation, or for both purposes, are classified as investment properties. Properties that are created or developed for future use as investment properties are also classified as investment properties.

**B) Measurement**

Investment properties are measured at cost, less accumulated depreciation, if any. As no land is accounted for depreciation. Building consumption is calculated according to the straight-line method on the basis of its useful life by adopting the following annual percentages:

Building	1.6% - 7%
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Investments land include lands fully owned to the company (except for what was mentioned in Note 5), and all recorded in the costs with addition to development expenses.

Real estate investments are stated at cost in accordance with IAS 40, the standard give choices for recording its investment properties are at cost or at fair value provided that there is no impediment to the ability to reliably determine the value of the investment. The management has chosen the cost model to record its investments.

**Derecognition**

A financial asset is primarily derecognized when the contractual rights to receive cash flows from the asset have expired, or the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass through' arrangement; and either the Company has transferred substantially all the risks and rewards of the asset. Or the Company has neither transferred nor retained substantially all the risks and rewards of the asset. But has transferred control of the asset.

**Property, plant and equipment**

Property, plant and equipment are stated at cost net of accumulated depreciation. The cost is including the expenses related to purchase the asset. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components). Expenditure on maintenance and repairs is expensed, while expenditure for betterment is capitalized. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Sold or disposed asset is deleted from the books at date of sale or disposal along with its accumulated depreciation.

The percentage rates of depreciation are as follow:

<u>Description</u>	<u>Percentage</u>
Machinery and equipment	25%
Furniture and fixtures	25%
Motor vehicles	25%

The useful life and depreciation method are reviewed periodically to ensure that the depreciation method and period are commensurate with the expected economic benefits from property, plant and equipment.



**ARRIYADH DEVELOPMENT COMPANY**  
**(SAUDI JOINT STOCK COMPANY)**  
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)  
FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2021  
(Saudi Riyals)

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Right of use assets and lease obligations**

The Company has recognized new assets and liabilities for its operating leases of operating leases of land. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis.

i. Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

ii. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payments that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the incremental borrowing rate, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in Condensed Statement of Profit or Loss. Short-term leases are leases with a lease term of 12 months or less.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options are only included in the lease term if the lease is reasonably certain to be extended. In determining the lease term, the management generally considers certain factors including historical lease durations and the costs and business disruption required to replace the leased asset.

**Investment in an associate company**

Associated companies are those companies over which the company exercises significant influence. The major effect is the ability of the company to participate in the financial and operating decisions of the investee company but it is not a joint control or control of these policies.

The results, assets and liabilities of the associate are included in these condensed interim financial statements using the equity method, whereby the investment in the associate is recorded at cost in the statement of financial position and the cost is adjusted thereafter so that the company's share of the profit or loss and other comprehensive income of the associate is recorded. When the company's share in the losses of the associate exceeds its ownership (which includes any long-term ownership that is part of the company's net investment in the associate) the company stops admitting its share of the additional losses and records the additional losses only to the extent that the company incurs legal or contractual obligations Or made payments on behalf of the associate. If the associate company subsequently records profits, the company will resume recording its share of these profits only when its share of the profits equals with its share of unrecorded losses.



**ARRIYADH DEVELOPMENT COMPANY**  
**(SAUDI JOINT STOCK COMPANY)**  
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)  
FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2021  
(Saudi Riyals)

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Investment in an associate company (continued)**

The company's investment in the associate is accounted for using the equity method from the date the investee becomes an associate. Upon acquisition of the investment in the associate, any increase in the investment cost over the company's share in the net fair value of the assets and liabilities identified for the investee company is recorded as goodwill and is included in the book value of the investment. Any increase in the company's share of the net fair value of the identifiable assets and liabilities of the associate over the cost of the investment immediately after the revaluation is recorded in the statement of profit or loss in the period in which the investment is acquired.

**Financial instruments**

Financial assets and financial liabilities are recognized when a Company entity becomes a party to the Contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

**First: Financial assets**

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

**A) Financial assets at fair value through statement of profit & loss**

Financial assets are classified as at FVTPL when the financial asset is (i) contingent consideration that may be paid by an acquirer as part of a business combination to which IFRS 3 applies, (ii) held for trading, or (iii) it is designated at FVTPL by the Company.

A financial asset is classified as held for trading if:

- It has been acquired principally for selling it in the near term.
- On initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking.
- It is a derivative that is not designated and effective as a hedging instrument.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement Recognized in profit or loss. Dividends or interest earned on the financial asset are included in the 'other income / charges' line item in the statement of profit or loss.



**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Financial instruments (continued)**

**B) Financial assets at fair value through other comprehensive income**

The Listed shares which owned by the company and traded in an active market are classified as available-for-sale financial assets and are stated at fair value. The Company also has investments in unlisted shares that are not traded in active markets but are also classified as available-for-sale financial assets and are carried at fair value, in the belief that the fair value can be reliably measured. Gains and losses arising from changes in fair value are included in other comprehensive income and are added to the revaluation reserve under equity except for impairment losses that are recognized in profit or loss. If the investment is disposed of or is impaired, the cumulative gain or loss previously recognized in the revaluation reserve is included in other comprehensive income.

Any dividend income from investments in equity instruments is recognized at fair value through other comprehensive income when the company's right to receive payments for dividends from those investments is established and is recognized as income in the statement of profit or loss unless the dividends clearly represent a recovery of part of the cost of the investment. Other gains and losses are recognized in other comprehensive income and are never reclassified to the statement of profit or loss.

**C) Financial assets measured at amortized cost**

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Receivables including trade and other receivables, bank balances and cash are measured at amortized cost using the effective interest method, less any impairment loss which is recognized in profit or loss.

Interest income is recognized by applying the effective interest rate, except for short-term receivables when the effect of discounting is immaterial.

**Second: Financial liabilities**

Financial liabilities (including borrowings and trade and other payables) are initially and subsequently Measured at amortized cost using the effective interest method.

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

**- Effective interest method**

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

**Cash at banks balances**

Cash at banks balances include bank balances, banking Murabhat and other investments which can be liquidated in three months or less.

**Accounts Receivable**

Accounts receivable balance appear in the original invoices amount after deduction of doubtful provision against any amount inapplicable to being collected. An estimate for the doubtful receivable is made when the company cannot collect the balances and doubtful receivables are written-off when incurred. The provisions appear in the statement of income. Any subsequent recovery in the accounts receivable previously written-off is added to the revenue.



**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Zakat estimated provision**

Zakat estimated is a company obligation and the estimated Zakat is provided within the accompanying condensed interim financial statements and is charged to the condensed interim statement of profit or loss, in accordance with Zakat standards issued by the Saudi Organization for Chartered and Professional Accountants. As it is computed approximately in accordance with the accrual concept.

The zakat charge is computed at end of the year according to the actual Saudis ownership based on adjusted net income or zakat base, whichever is higher. Tax is computed at end of the year according to the actual non-Saudis ownership based on adjusted net income according to the Regulations of the Department of Zakat, Tax and customs Authority in the Kingdom of Saudi Arabia. Any difference in the estimate is recorded when the final assessment is provided.

**Related party transactions**

**Related party**

The related party is the person or entity associated with the company whose financial statements are prepared.

A) If the person or a member of his family is closely related to the company whose financial statements are prepared:

- 1) He has control or joint control of the company whose financial statements are prepared;
- 2) It has a material impact on the company whose financial statements are prepared. or
- 3) He is a member of the senior management of the company that prepares its financial statements or the parent company of the company that prepares its financial statements.

B) If the firm is linked to the company whose financial statements are prepared in the event that any of the following conditions is true:

- 1) The enterprise and the company whose financial statements are prepared are members of the same group (which means that both the parent company and its subsidiaries and associates are related to the other).
- 2) One of the two companies is an associate or a joint venture of the other company (or an associate or joint venture of a member of a group of which the other company is a member).
- 3) Both companies are joint ventures of the same third party.
- 4) One of the two companies is a joint venture of a third company and the other company is an associate of the third company.
- 5) A company is a post-employment benefit plan for employees of any of the companies whose financial reports are prepared or a company related to the company that prepares its financial statements. If the company that prepares its financial statements is the same one that prepares these plans, then the sponsors of the sponsoring work are also related to the company that prepares its financial statements.
- 6) The company is controlled or controlled jointly by a person specified in paragraph (a).
- 7) The person specified in Paragraph (a) (i) has a material impact on the company or is a member of the senior management of the company (or parent company).
- 8) The company or any member of a group of it provides part of the services of the employees of the higher management of the company that prepares its financial statements or to the parent company of the company that prepares its financial statements.



**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Employee benefits**

**- End-of-service indemnities**

The end of service benefits provision, which is a defined benefit plan, is determined using the projected unit credit method, with actuarial valuations being carried out at the end of annual reporting period. Remeasurements, comprising actuarial gains and losses, are reflected immediately in the statement of financial position with a charge or credit recognized in other comprehensive income in the period in which they occur. Remeasurements recognized in other comprehensive income are reflected immediately in retained earnings and will not be reclassified to profit or loss.

**- Retirement benefits**

The Company pays retirement contributions for its Saudi Arabian employees to the General Organization for Social Insurance. This represents a defined contribution plan. The payments made are expensed as incurred.

**- Short-term employee benefits**

A liability is recognized for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

**Revenue**

Revenue is measured based on the consideration specified in a contract with customer and excludes amount collected on behalf of third parties.

The Company recognizes revenue when it transfers control over a product or service to a customer. The principles in IFRS 15 are applied using the following five steps:

**Step 1:** The Company accounts for a contract with a customer when:

- The contract has been approved and the parties are committed;
- Each party's rights are identified;
- Payment terms are defined;
- The contract has commercial substance; and
- Collection is probable.

**Step 2:** The Company identifies all promised goods or services in a contract and determines whether to account for each promised good or service as a separate performance obligation. A good or service is distinct and is separated from other obligations in the contract if both:

- The customer can benefit from the good or service separately or together with other resources that are readily available to the customer; and
- The good or service is separately identifiable from the other goods or services in the contract.

**Step 3:** The Company determines the transaction price, which is the amount of consideration it expects to be entitled to in exchange for transferring promised goods or services to a customer.

**Step 4:** The transaction price in an arrangement is allocated to each separate performance obligation based on the relative standalone selling price of the good or service being provided to the customer.

**Step 5:** Revenue is recognized when control of the goods or services is transferred to the customer. The Company transfers a good or service when the customer obtains control of that good or service. A customer obtains control of a good or service if it has the ability to direct the use of and receive the benefit from the good or service.



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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Revenue (continued)**

The company's revenues are as follows:

**A) Real estate sale income**

Revenue from sale of investment lands intended for sale (developed or underdeveloped) is proven upon implementation and completion of the sale process and the transfer of significant property risks and privileges to the buyer, and revenue from the sale of land contributions (under development) is proven upon the conclusion of the sales contract and the issuance of a certificate of contribution to the new owner.

**B) Leasing and operating revenues**

Revenue from rental and operation of investment property is recognized upon contracting or upon service provision, and revenue is calculated for the period that relates to the financial period by a straight-line method over the lease term or operating period and other income is recognized when realized.

**Expenses**

Expenses by the company comprise of management and maintenance real estate expenses and their depreciations which are classified as direct costs, other expenses are classified as general and administrative expenses.

**Provisions**

Provisions are made when the Company has any present obligation (legal or constructive) as a result of past events for which the cost payment is probable.

Provisions are measured to the best of the expected fair value of the liability as at the balance sheet date, taking into account risks and uncertainties surrounding the obligation. When an allowance is measured using estimated cash flows to settle the present obligation, the receivable is recognized as an asset if the receipt and replacement of the amount is confirmed and the amount can be measured reliably.

**Segmental Reporting**

An operating segment is a sum of assets and processes that jointly engage in the rendering of products or services subject to risks and rewards that are different from those of other operating segments and which are measured according to reports used by the chief executive officer and the chief decision maker.

The geographical segment is associated with the provision of products in a specific economic environment that are subject to risks and rewards that differ from those of business segments in economic environments.

**Offsetting**

Financial assets and financial liabilities are offset, and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset recognized amounts and there is an intention to settle on a net basis. To realize the assets and settle the liabilities simultaneously.

**Earnings per share**

Basic and diluted earnings per share was calculated based on the weighted average number of normal shares as at the end of the year.

**Foreign currency transactions**

Foreign currency transactions are translated into Saudi Riyals at the rates of exchange prevailing at the time of the transaction. Monetary assets and liabilities denominated in foreign currencies at the statement of financial position date are translated at the exchange rates prevailing at that date. Gains and losses from settlement and translation of foreign currency transactions are included in the condensed interim statement of profit or loss.



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### **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### **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, 2021 and are shown below, but they have no material impact on the Company's condensed interim financial statements.

The following is a statement of the new standards and amendments to the standards applied for the years beginning on or after January 1, 2021:

#### **Amendments to IAS 1, "Presentation of Financial Statements" on the classification of liabilities**

These narrow-scope amendments to IAS 1, "Presentation of Financial Statements" clarify that liabilities are classified as current or non-current, depending on the rights existing at the end of the reporting period. The rating is not affected by the entity's expectations or by events after the reporting date (for example, the receipt of a waiver or a breach of an undertaking). The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of an obligation.

#### **Amendments to IFRS 3 and IAS 16 and 37**

- IFRS 3 "Business Combinations" is an update of a reference in IFRS 3 for the conceptual framework for financial reporting without changing the accounting requirements for business combinations.
- International Accounting Standard No. 16, "Property, Plant and Equipment" prohibits the company from deducting from the cost of property, plant and equipment the amounts received from the sale of the items produced while the company prepares the asset for its intended use. Instead, the company will recognize these sales revenue and related costs in its profit or loss statement.
- International Accounting Standard No. 37, "Provisions, Liabilities and Contingent Assets" specifies the costs that a company includes when assessing whether the contract will cause a loss.

#### **Annual amendments to IFRSs (2018-2020 cycle)**

These amendments are effective on or after January 1, 2021.

- IFRS 9, "Financial Instruments" clarifies the fees that the company includes when performing a "10% test" in order to assess whether the recognition of a financial liability will be cancelled.
- IFRS 16, "Leases", eliminates the possibility of confusion regarding rental incentives by amending Illustration 13 accompanying IFRS 16.

### **4. INTERIM RESULTS**

The company's management has prepared all the adjustments that it deemed important so that the interim condensed financial statements appear fairly, the company's initial condensed financial position as at September 30, 2021 and its initial operation results for the period ending on that date. Preliminary financial results for this period may not be an accurate indicator of financial results for the entire year.



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**5. REAL ESTATE INVESTMENTS, NET**

	<u>Lands</u>	<u>Lands on which buildings are constructed</u>	<u>Buildings</u>	<u>Total</u>
<b><u>Cost</u></b>				
Balance at 1st January 2021	211,190,203	401,428,705	1,154,435,553	1,767,054,461
Addition for the period	-	-	551,560	551,560
<b>Balance at 30 September 2021</b>	<b>211,190,203</b>	<b>401,428,705</b>	<b>1,154,987,113</b>	<b>1,767,606,021</b>
<b><u>Accumulated depreciation</u></b>				
Balance at 1st January 2021	-	-	372,013,193	372,013,193
Depreciation for the period	-	-	22,267,559	22,267,559
<b>Balance at 30 September 2021</b>	<b>-</b>	<b>-</b>	<b>394,280,752</b>	<b>394,280,752</b>
<b><u>Net book value</u></b>				
<b>30 September 2021</b>	<b>211,190,203</b>	<b>401,428,705</b>	<b>760,706,361</b>	<b>1,373,325,269</b>
<b>31 December 2020</b>	<b>211,190,203</b>	<b>401,428,705</b>	<b>782,422,360</b>	<b>1,395,041,268</b>

Within the real estate investments there is lands totaling amounting 28,872,553 SR not registered in the name of the company as it was expropriated under Royal Decree No. 4 / B / 2732 dated 8/3/1412H. The owners did not submit their dues and transfer the land ownership to the company until 30 September 2021.

Real estate investments include buildings constructed on land leased from the Riyadh Municipality under 25-year lease from September 18, 1996, which are transferred to the Municipality at the end of the contract period. The net book value as at 30 September 2021 is zero SR.

Real estate investments include buildings constructed on land leased from the Riyadh Municipality 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 2021 is 195.2 million SR.

All real estate investments are located in the Kingdom of Saudi Arabia and are classified within the third level in the fair value hierarchy.

**6. RIGHT OF USE ASSETS AND LEASE OBLIGATIONS, NET**

The table below shows the right to use assets balance in and the depreciation charged as follows:

	<u>Lands</u>	<u>Total</u>
<b><u>Cost</u></b>		
Balance at 1st January 2021	67,423,998	67,423,998
<b>Balance at 30 September 2021</b>	<b>67,423,998</b>	<b>67,423,998</b>
<b><u>Accumulated depreciation</u></b>		
Balance at 1st January 2021	8,943,660	8,943,660
Charge for the period	3,289,252	3,289,252
<b>Balance at 30 September 2021</b>	<b>12,232,912</b>	<b>12,232,912</b>
<b><u>Net book value</u></b>		
<b>30 September 2021</b>	<b>55,191,086</b>	<b>55,191,086</b>
<b>31 December 2020</b>	<b>58,480,338</b>	<b>58,480,338</b>



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**6. RIGHT OF USE ASSETS AND LEASE OBLIGATIONS, NET (CONTINUED)**

There are no additions to the right to use the assets during the period ended 30 September 2021.  
The lease obligations as at the end of the period are as follows:

	30 September 2021 (Unaudited)	31 December 2020 (Audited)
Non-current lease obligations	48,185,028	52,019,147
Current lease obligations	5,959,527	5,980,261
<b>Total lease obligations</b>	<b>54,144,555</b>	<b>57,999,408</b>

The financing costs for the lease obligations recognized during the period ending September 30, 2021 amounted to 2,345,147 SAR (September 30, 2020: 2,483,654 SAR).

**7. INVESTMENT AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME**

	30 September 2021 (Unaudited)	31 December 2020 (Audited)
Investments in traded shares (7-a)	61,538,039	41,717,739
Investments in non-traded shares (7-b)	2,434,198	2,434,198
	<b>63,972,237</b>	<b>44,151,937</b>

The movement in the investment revaluation reserve at FVOCI was as follows:

	30 September 2021 (Unaudited)	31 December 2020 (Audited)
Beginning balance for the period / year	400,974	(3,536,410)
Unrealized gain from investment revaluation for the period / year	18,594,741	3,937,384
	<b>18,995,715</b>	<b>400,974</b>

**a) Investments in traded shares**

	30 September 2021 (Unaudited)	31 December 2020 (Audited)
Beginning balance for the period / year (at cost)	41,717,739	37,252,421
Addition during the period / year	1,225,559	925,132
Unrealized gain from investment revaluation for the period / year	18,594,741	3,540,186
	<b>61,538,039</b>	<b>41,717,739</b>

**b) Investments in non-traded shares**

The board of directors decided at its meeting held on January 15, 2015 to enter as a partner founder in Saudi Hospitality Heritage company (Closed Saudi Joint Stock Company) located in Riyadh, with 2,000,000 shares at total value 20 million SR and 8% of the company's capital. The company paid 5,000,000 SR as a payment for its investment share and the full amount will be financed from the company's own resources. The investment is recorded at cost due to the difficulty in determining the fair value. The investment movement is as follows:

	30 September 2021 (Unaudited)	31 December 2020 (Audited)
Beginning balance for the period / year	2,434,198	2,037,000
Unrealized gain from revaluation of investment	-	397,198
	<b>2,434,198</b>	<b>2,434,198</b>

The fair value of investments in equity instruments for companies not listed in the Saudi financial market amounted to SAR 2,434,198 as of December 31, 2020 according to the evaluation study carried out by the evaluator Ahmed bin Mohammed Al Farraj Office for Economic Establishments Evaluation License holder No. 4112000053 (independent evaluator authorized by the Saudi Organization for authorized evaluators).



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**8. INVESTMENT IN A ASSOCIATE COMPANY**

The company has partnered with Sumou Holding Company, the owner of Adcer Real Estate Company, to establish the Tanal Company for Investment and Real Estate Development (a limited liability company) with a capital of SAR 100,000 with a share of 69.38% for Arriyadh Development Company and 30.62% for Sumou Holding Company, which are the same proportions both of them own in the first Riyadh Real Estate Development Fund, for the purpose of transferring the assets and liabilities of the first Riyadh Real Estate Development Fund, which was closed and transferred in 2019 to Tanal for Investment and Real Estate Development and its subsidiary (Ruba Buildings Real Estate Company), which is owned by 100%, in order to complete the implementation of the remainder of the infrastructure works of the Al Thumama land, which has an area of 3 million square meters. A square that was fully completed by Sumou Real Estate Company - a Saudi Joint Stock Company (a related party) As at the end of the current period, the financial statements of Tanal Real Estate Investment and Development Company have not been consolidated due to the lack of control over the company because of its voting rights of 40% compared to 60 % To the other partner on the operational and administrative decisions and this was considered as a significant influence and thus the investment was treated using the equity method.

During the second quarter of 2021, it was agreed to waive 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, and accordingly, the ownership percentage in the Tanal Company for Investment and Real Estate Development became 69.38% to the Arriyadh Development Company, 20.62% for Sumou Holding Company and 10% for the Sumou Real Estate Company. method of processing the investment in the company "Tanal Company for Investment and Real Estate Development" was not affected due to the unchanged voting rights referred to above.

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.

All shares of Ruba Buildings Real Estate Company have been completely assigned to the Tanal Investment and Real Estate Development Company, as Al-Thumama land is registered in the name of Ruba Buildings Real Estate Company.

**Summary of the consolidated financial information of Tanal for Real Estate Investment and Development Company and its subsidiary (Ruba Buildings Real Estate Company)**

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

**8-1 Summary of the consolidated statement of profit or loss and other comprehensive income**

	For the three month period ended 30 September		For the nine month period ended 30 September	
	2021 (Unaudited)	2020 (Unaudited)	2021 (Unaudited)	2020 (Unaudited)
Revenue	125,106,834	156,296,588	744,397,125	400,422,188
Profit from main operations	56,448,332	41,052,921	317,671,239	66,133,796
Net profit for the period	54,366,096	24,064,189	307,959,752	48,811,361
Other comprehensive income for the period	54,366,096	24,064,189	307,959,752	48,811,361
Company's share of the profit for the period	37,719,397	16,694,693	213,663,513	33,865,322
Company's share of total comprehensive income	37,719,397	16,694,693	213,663,513	33,865,322

The share in net profit and share in other comprehensive income was calculated based on the consolidated financial statements of Tanal Company for Investment and Real Estate Development which were available at the date of issuance of the associate's interim condensed financial statements. This may sometimes lead to some minor changes that are settled in the subsequent accounting period.



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**8. INVESTMENT IN A ASSOCIATE COMPANY (CONTINUED)**

**8-2 Summary of the consolidated statement of financial position**

	30 September 2021 (Unaudited)	31 December 2020 (Audited)
<b>Assets</b>		
Non-current assets	676,259,802	1,099,785,895
Current assets	169,372,572	217,746,704
<b>Total assets</b>	<b>845,632,374</b>	<b>1,317,532,599</b>
<b>Liabilities and owner's equity</b>		
Non-current liability	65,648,426	512,945,409
Current liability	5,295,623	124,029,403
Total owner's equity	774,688,325	680,557,787
<b>Total liabilities and owner's equity</b>	<b>845,632,374</b>	<b>1,317,532,599</b>

**8-3 The investment movement (book value settlement)**

	30 September 2021 (Unaudited)	31 December 2020 (Audited)
Share at cost	69,380	69,380
Other owned component	385,131,788	555,175,808
Other equity component recovery (Note 9)	(148,354,708)	(170,044,020)
<b>Total share in equity</b>	<b>236,846,460</b>	<b>385,201,168</b>
Share of accumulated profit (loss) at beginning of the period / year	86,959,368	(237,611)
Share of profit during the period / year	213,663,513	87,196,979
<b>The share of the accumulated profit at the end of the period / year</b>	<b>300,622,881</b>	<b>86,959,368</b>
<b>Book value of the investment</b>	<b>537,469,341</b>	<b>472,160,536</b>

**9. RELATED PARTY TRANSACTIONS**

The related parties are represented in the dealings with the associate company, non-executive members of the 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 2021 and 2020, as follows:

Name	Relationship
Tanal Investment and Real Estate Development Company	Associate company

- The transactions and amounts related thereto for the period ended on:

Descreption	Nature of the transaction	30 September 2021 (Unaudited)	30 September 2020 (Unaudited)
Tanal Investment and Real Estate Development Company	Recovery of permanent funding on investment in the associated *	148,354,708	119,417,875
Non-executive directors	Bonuses and allowances	198,000	153,000
Senior management personnel	Salaries, allowances and incentives	6,934,939	5,944,340

\* The partners in Tanal Real Estate Investment and Development Company decided, on September 30, 2020, to recover part of the permanent financing in exchange for investment in the associate - Tanal Real Estate Development and Investment Company, in proportion to land sales, as the associate company does not need liquidity.



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**9. RELATED PARTY TRANSACTIONS (continued)**

- Due (to) from a related party represent as of, the following:

	30 September 2021 (Unaudited)	31 December 2020 (Audited)
Tanal Investment and Real Estate Development Company	(84,728,036)	44,975,854
	<u>(87,728,036)</u>	<u>44,975,854</u>

**10. SHARE CAPITAL**

The capital consists of SAR 1,777,777,770 fully paid, divided into 177,777,777 shares of SAR 10 each.

**11. STATUORY RESERVE**

The system of companies in the Kingdom of Saudi Arabia requires that 10% of the annual net profit be transferred to the statutory reserve and that this transfer continues until this reserve reaches 30% of the capital. This reserve is not available for distribution to shareholders.

**12. DIVIDENDS DISTRIBUTION AND BOARD OF DIRECTORS' REWARDS**

The general assembly, in its meeting held on 6 Ramadan 1442H, corresponding to 18 April 2021, approved the recommendation of the Board of Directors to distribute cash dividends for the second half of 2020 at 65 halala per share, which represents 6.5% of the nominal value per share at an amount of SAR 115,555,555.

The Board of Directors, in its meeting held on 3 Dhul-Hijjah 1442H, corresponding to 13 July 2021, approved the distribution of semi-annual dividends for the first half of 2021, amounting to SAR 177,777,777 (at 1 riyal per share).

Which was distributed as follows:

Description	The amount
Semi-annual dividends for the second half of 2020	115,555,555
Semi-annual dividends for the first half of 2021	177,777,777
<b>Total dividends</b>	<b>293,333,332</b>

**13. ACCOUNT PAYABLE, ACCRUED EXPENSES AND OTHER PAYABLES**

	30 September 2021 (Unaudited)	31 December 2020 (Audited)
Amounts under settlement Al-Shorouq land (13A)	87,664,963	87,664,963
Payable from obtain real estate (13B)	28,872,546	28,872,546
Deferred revenue (13C)	44,459,782	36,273,166
Insurance for others	16,410,716	15,559,332
Provisions (13D)	14,142,172	14,142,172
Contractors retention	9,797,678	10,658,408
Accrued expenses against services	5,059,808	5,138,566
Accrued wages and other benefits	4,085,427	5,573,687
Securing reservation of rental units	1,494,470	1,827,529
Accounts Payable	178,586	240,791
Share of profits	-	3,769,000
Sundry payables	18,874,516	20,892,329
	<u>231,040,664</u>	<u>230,612,489</u>

A- The amount represents the value of the sale of Al-Shorouq lands, and the liquidation of the contribution after deducting all the remaining costs is deducted from the shareholders of Al-Shorouq land to 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 8/3/1412 H. The owners did not submit their contributions until 30 September 2021.



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**13. ACCOUNT PAYABLE, ACCRUED EXPENSES AND OTHER PAYABLES (CONTINUED)**

- C- Deferred revenue is the revenue received and unreceived from the investment property lease contracts which are not for the period ended 30 September 2021.
- D- The amount of the provisions is the amount for the work of the implementation of a channel for the discharge of flood water and rain in the Shrouq land in Remal district.

**14. 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.

Diluted 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 adjusted for the potential reduction in ordinary shares. As there is no contingent liability for equity instruments, the diluted earnings per share are not different from basic earnings per share.

The weighted average number of shares was reached by taking the effect of the capital increase from the beginning of the nearest offered period to comply with the requirements of IAS 33.

**15. SEGMENT INFORMATION**

The segment information is attributable to the Company's activities and business as approved by Company's management to be used as a basis for the financial reporting preparation and consistent with the internal reporting process. Transactions between the business segments are conducted as another parties' transaction.

Segments' assets, liabilities and the operational activities comprise items that are directly attributable to certain segment and items that can reasonably be allocated between various business segments. Unallocated items are included under joint assets and liabilities.

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

	Operating	Leasing	Sale of Contribution land	Joint assets and liabilities	Total
<b>As at 30 September 2021:</b>					
Total assets	329,082,709	1,209,941,058	23,046,050	937,368,275	2,499,438,092
Total liabilities	42,278,109	105,523,953	102,328,725	217,716,686	467,847,473
Revenue	99,914,688	88,149,630	-	-	188,064,318
Gross profit	78,808,291	54,023,162	-	-	132,831,453
<b>As at 31 December 2020:</b>					
Total assets	311,088,124	1,214,456,391	23,046,050	818,994,860	2,367,585,425
Total liabilities	38,490,468	104,751,836	102,328,725	140,919,342	386,490,371
<b>As at 30 September 2020:</b>					
Revenue	92,650,404	81,542,271	-	-	174,192,675
Gross profit	75,840,809	49,224,419	-	-	125,065,228

The operating segment represents the Company's operational projects which provides general utility services that are presented in the Tameer Market for Vegetables and Fruits, Wholesale public transportation development center and Tameer International car auction in Al-Riyadh. Leasing segment represents real estate leased units which belongs to Al Tameer Wholesale Center, Tameer Market for Meat, Vegetables and Fruits, Al-Riyadh Development Market and Autaqah market center. Sale of contribution land represents the Company's projects in selling the development lands.



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**16. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

**Fair Value**

The fair value of financial assets and financial liabilities includes financial assets, cash and cash equivalents, receivables and securities. Financial liabilities include payables, loans and other credit balances.

**First level:** market prices which stated in active markets for the same financial instruments.

**Second level:** Valuation techniques are based on inputs that effect on fair value and can be observable directly or indirectly in the market.

**Third level:** Valuation techniques are based on inputs that effect on fair value and cannot be observable directly or indirectly in the market.

	<u>First level</u>	<u>Second level</u>	<u>Third level</u>	<u>Total</u>
<b><u>As of 30 September 2021: (Unaudited)</u></b>				
Investments as at fair value through other comprehensive income	61,538,039	-	2,434,198	63,972,237
	<u>61,538,039</u>	<u>-</u>	<u>2,434,198</u>	<u>63,972,237</u>
	<u>First level</u>	<u>Second level</u>	<u>Third level</u>	<u>Total</u>
<b><u>As of 31 December 2020: (Audited)</u></b>				
Investments as at fair value through other comprehensive income	41,717,739	-	2,434,198	44,151,937
	<u>41,717,739</u>	<u>-</u>	<u>2,434,198</u>	<u>44,151,937</u>

**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 company's overall strategy for the year 2020 has not changed.

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 statement of financial position are not subject to interest rate risk.

Other Prices risk

The Company is exposed to price risk from its investments in the equity of other companies. The Company retains these investments for strategic purposes and not for trading purposes and the Company does not trade in those investments.



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**16. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)**

**Financial risk management (continued)**

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 is exposed to credit risk on its bank balances and accounts receivable as follows:

	30 September 2021 (Unaudited)	31 December 2020 (Audited)
Cash at banks	68,264,294	48,866,307
Accounts receivable, Net	60,623,958	47,241,994
	<b>128,888,252</b>	<b>96,108,301</b>

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.

The company manages its liquidity risk by ensuring that the necessary funds are available when needed.

**17. CONTINGENT LIABILITIES**

There is a legal suit on Al Shorouq land which is owned by the company based on the official deed at a book value of 30,726,121 SAR and the net book value of buildings constructed on it amounted to 39,468,419 SAR, such amounts are shown as a part of real estate investments. The judgment was issued to cancel the retention on the land, which gives the Company the right to sell. The Company is currently selling these lands and transferring the ownership based on this decision.

There is a fine and performance guarantee for the company according to its share in the capital of Tanal real estate investment and development company (an associate company) as collateral required to provide facilities for the benefit of the associate, and the value of the guarantee is 555 million SAR.

	<u>Million Saudi Rival</u>	
	<u>30 September 2021</u>	<u>31 December 2020</u>
The amount paid	509	199
Due balance	46	356

**18. IMPORTANT EVENTS**

A) An indication of what the World Health Organization announced that it considers the new Corona virus a "global pandemic", and this epidemic has resulted in disturbances in economic and commercial activities worldwide. The company would like to point out that its operating revenues for the period until 30 September 2021 were affected, like other companies, due to its inability to fully achieve the desired revenue due to the continued application of precautionary measures, especially with regard to the public transport center. Due to the inability to determine the expected extent of the end of this crisis and the consequences thereof, the company was unable to determine the effect of this on the financial statements for the coming periods.

B) With reference to note No. (8), lands in the associate company were sold during the nine month period ended 30 September 2021, with a total value of SAR 744,397,125 and the legal procedures related to emptying the sukuk have been completed. For the buyers, and this resulted in a net profit for the period amounting to SAR 307,959,752 the share of Arriyadh Development Company from the profits of the associate company - Tenal for Investment and Real Estate Development Company for the period ended 30 September 2021, amounted to SAR 213,663,513.



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**19. SUBSEQUENT EVANT**

In the opinion of the management, there were no significant subsequent events after 30 September 2021 until the date of approval of the condensed interim financial statements by the Board of Directors, which may have a material impact on the condensed interim financial statements as of 30 September 2021.

**20. GENERAL**

The figures in these condensed interim financial statements are rounded to the nearest Saudi.

**21. APPROVAL OF CONDENSED INTERIM FINANCIAL STATEMENTS**

The approval of the condensed interim financial statements was approved by the Board of Directors on 13 Rabi' Al-Awal 1443H (20 October 2021).