

**LADUN INVESTMENT COMPANY**

(SAUDI CLOSED JOINT-STOCK COMPANY)

RIYADH – SAUDI ARABIA

**INDEPENDENT AUDITOR'S REVIEW REPORT AND  
INTERIM CONDENSED CONSOLIDATED FINANCIAL  
STATEMENTS FOR THE SIX-MONTH PERIOD ENDED  
JUNE 30, 2021 (UNAUDITED)**

**LADUN INVESTMENT COMPANY**  
(SAUDI CLOSED JOINT-STOCK COMPANY - RIYADH)

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**Independent auditor's review report and the interim condensed consolidated financial statements for the six-month period ended June 30, 2021 (unaudited)**

<b><u>CONTENTS</u></b>	<b><u>PAGE</u></b>
Independent auditor's review report for the interim condensed consolidated financial statements	1
Interim condensed consolidated statement of financial position (unaudited)	2
Interim condensed consolidated statement of profit or loss and other comprehensive income (unaudited)	3
Interim condensed consolidated statement of changes in shareholders' equity (unaudited)	4
Interim condensed consolidated statement of cash flows (unaudited)	5
Notes to the interim condensed consolidated financial statements (unaudited)	6 - 16

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**INDEPENDENT AUDITOR'S REVIEW REPORT FOR THE INTERIM CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS**

**TO THE SHAREHOLDERS  
LADUN INVESTMENT COMPANY  
SAUDI CLOSED JOINT-STOCK COMPANY - RIYADH**

**Introduction**

We have reviewed the accompanying interim condensed consolidated statement of financial position of Ladun Investment Company - a Saudi Closed Joint-Stock Company (the "Company") and its subsidiaries (collectively referred to as the "Group") as of June 30, 2021, the interim condensed consolidated statement of profit or loss and other comprehensive income, the interim condensed consolidated statements of changes in shareholders' equity and cash flows for the six-month period then ended, and a summary of significant accounting policies.

Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with the International Accounting Standard (IAS) 34 "Interim Financial Reporting" as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

**Scope of Review**

We conducted our review in accordance with International Standard on Review Engagements (ISRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", as endorsed in the Kingdom of Saudi Arabia. A review of interim condensed consolidated 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 approved 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 the audit. Accordingly, we do not express an audit opinion.

**Conclusion**

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

RIYADH: Muharram 11, 1443 H,  
August 19, 2021 G.



For EL SAYED EL AYOUTY & CO.

*A. Balamesh*

**Abdullah A. Balamesh**  
Certified Public Accountant  
License No. (345)

**LADUN INVESTMENT COMPANY**  
(SAUDI CLOSED JOINT-STOCK COMPANY - RIYADH)

**Interim condensed consolidated statement of financial position as at June 30, 2021 (unaudited)**

(All amounts in Saudi Riyals unless otherwise stated)

	Note	30/06/2021 (unaudited)	31/12/2021 (audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and equipment – net		32,229,488	57,286,760
Intangible assets – net		2,565,538	4,603,519
Capital work in progress		58,283,540	211,346,318
Investment properties – net	5	522,578,580	273,630,257
Right-of-use assets – net	6.1	90,461,381	113,276,853
Financial assets at fair value through other comprehensive income	7	241,682,000	209,870,500
Investments in associate	8	23,091	23,091
Other financial assets		-	28,874,005
<b>Total non-current assets</b>		<b>947,823,618</b>	<b>898,911,303</b>
<b>Current assets</b>			
Property development		84,771,046	129,089,955
Inventory		43,127,095	43,629,769
Trade receivables and other debit balances – net	9	438,090,800	382,944,148
Due from related parties	10.1	18,714,300	18,023,063
Investments at fair value through profit or loss		-	13,542,443
Cash and cash equivalents		519,369,401	207,128,224
<b>Total current assets</b>		<b>1,104,072,642</b>	<b>794,357,602</b>
<b>TOTAL ASSETS</b>		<b>2,051,896,260</b>	<b>1,693,268,905</b>
<b>Shareholders' equity and liabilities</b>			
<b>Shareholders' equity</b>			
Share capital	11	368,114,200	368,114,200
Statutory reserve	12	12,447,488	12,447,488
Retained earnings		132,373,282	71,034,813
Unrealized gain/(losses) from revaluation of finance investments at fair value		28,182,000	(3,629,500)
Actuarial losses of re-measurement of employees' defined benefits		(1,733,257)	(1,926,107)
<b>Total Shareholders' equity attributable Parent Company</b>		<b>539,383,713</b>	<b>446,040,894</b>
<b>Non-current liabilities</b>			
Long term loans - non-current portion	13.1	396,786,924	95,800,111
Lease obligations - non-current portion	6.2	108,356,064	129,676,986
Employees' defined benefit obligations		8,559,281	9,701,988
<b>Total non-current liabilities</b>		<b>513,702,269</b>	<b>235,179,085</b>
<b>Current liabilities</b>			
Short term loans	13.2	89,405,837	77,142,960
Long term loans - current portion	13.1	153,446,961	151,968,139
Lease obligations - current portion	6.2	62,197,360	96,455,954
Trade payables and other credit balances		389,322,389	377,563,106
Incentive recovered from Ministry of Housing		300,513,298	300,513,299
Due to related parties	10.2	733	5,791
Zakat provision	14	3,923,700	8,399,677
<b>Total current liabilities</b>		<b>998,810,278</b>	<b>1,012,048,926</b>
<b>Total liabilities</b>		<b>1,512,512,547</b>	<b>1,247,228,011</b>
<b>Total Shareholders' equity and liabilities</b>		<b>2,051,896,260</b>	<b>1,693,268,905</b>

Chief Financial Officer

Chief Executive Officer

Authorized BOD's Member

The accompanying notes (1) to (20) form an integral part of these interim condensed consolidated financial statements (unaudited).



**LADUN INVESTMENT COMPANY**  
(SAUDI CLOSED JOINT-STOCK COMPANY - RIYADH)

**Interim condensed consolidated statement of profit or loss and other comprehensive income  
for the six-month period ended June 30, 2021 (unaudited)**

(All amounts in Saudi Riyals unless otherwise stated)

	<u>Note</u>	<u>30/06/2021</u> <u>(unaudited)</u>	<u>30/06/2021</u> <u>(unaudited)</u>
Revenue	15	402,400,202	176,021,196
Cost of revenue		(366,536,605)	(147,801,793)
<b>Gross profit</b>		<b>35,863,597</b>	<b>28,219,403</b>
General and administrative expenses		(25,383,621)	(29,187,783)
<b>Income / (loss) from operating activities</b>		<b>10,479,976</b>	<b>(968,380)</b>
<b>Other revenue /(expenses)</b>			
Company's share in investment profits in a subsidiary disposed off		4,299,492	-
Other Income		2,107,484	1,223,082
Dividends from a Musharakah fund		6,405,000	5,551,000
Realized gains/(losses) from sale of investments in financial assets		2,249,382	(3,001,350)
Unrealized gains from revaluation of investments in financial assets		-	107,802
Finance charges		(7,142,471)	(4,639,148)
Gain from disposal of investment in subsidiary	1.5.1	57,580,259	-
<b>Total other revenue /(expenses)</b>		<b>65,499,146</b>	<b>(758,614)</b>
<b>Net income/(loss) for the period before Zakat</b>		<b>75,979,122</b>	<b>(1,726,994)</b>
Zakat	14.1	(2,492,635)	(919,504)
<b>Net income/(loss) for the period</b>		<b>73,486,487</b>	<b>(2,646,498)</b>
<b>Net income / (loss) for the period attributable to Parent Company</b>		<b>73,486,487</b>	<b>(3,023,466)</b>
Shareholders' non-controlling interests		-	376,968
<b>Net income / (loss) for the period after Shareholders' controlling interests</b>		<b>73,486,487</b>	<b>(2,646,498)</b>
<b>Other comprehensive income:</b>			
<b>Items that will not subsequently be reclassified to profit or loss</b>			
Unrealized gains from revaluation of finance investments at fair value	7	31,811,500	7,259,000
Actuarial gains of re-measurement of employees' defined benefits		192,850	1,041,989
<b>Other comprehensive income for the period</b>		<b>32,004,350</b>	<b>8,300,989</b>
<b>Total comprehensive income</b>		<b>105,490,837</b>	<b>5,654,491</b>
<b>Total comprehensive income attributable to:</b>			
Parent Co.		105,490,837	5,277,523
Shareholders' non-controlling interests		-	376,968
		<b>105,490,837</b>	<b>5,654,491</b>
<b>Basic and diluted earnings/(loss) per share (SR)</b>	16	<b>2.00</b>	<b>(0.08)</b>

Chief Financial Officer

Chief Executive Officer

Authorized BOD's Member

The accompanying notes (1) to (20) form an integral part of these interim condensed consolidated financial statements (unaudited).

**LADUN INVESTMENT COMPANY**  
(SAUDI CLOSED JOINT-STOCK COMPANY - RIYADH)

**Interim condensed consolidated statement of changes in shareholders' equity for the six-month period ended June 30, 2021 (unaudited)**

(All amounts in Saudi Riyals unless otherwise stated)

	<u>Share capital</u>	<u>Statutory reserve</u>	<u>Retained earnings</u>	<u>Unrealized (losses) from revaluation of finance investments at fair value</u>	<u>Actuarial (losses) of re-measurement of employee defined benefits</u>	<u>Total Shareholders' equity attributable to Parent Company</u>	<u>Non-controlling interests</u>	<u>Total Shareholders' equity</u>
<b>The period ended June 30, 2020</b>								
Balance as at January 01, 2020 - restated (audited)	368,114,200	10,300,570	48,366,647	(10,888,500)	(2,753,660)	413,139,257	12,412,121	425,551,378
<b>Net (loss) for the period</b>	-	-	(3,023,466)	-	-	(3,023,466)	376,968	(3,023,466)
Other Comprehensive Income	-	-	-	7,259,000	1,041,989	8,300,989	-	8,300,989
<b>Total comprehensive income</b>	-	-	<b>(3,023,466)</b>	<b>7,259,000</b>	<b>1,041,989</b>	<b>5,277,523</b>	<b>376,968</b>	<b>5,654,491</b>
<b>Balance at June 30, 2020</b>	<b>368,114,200</b>	<b>10,300,570</b>	<b>45,343,181</b>	<b>(3,629,500)</b>	<b>(1,711,671)</b>	<b>418,416,780</b>	<b>12,789,089</b>	<b>431,205,869</b>
<b>The period ended June 30, 2021</b>								
Balance at January 01, 2021- (audited)	368,114,200	12,447,488	71,034,813	(3,629,500)	(1,926,107)	446,040,894	-	446,040,894
Net income for the period	-	-	73,486,487	-	-	73,486,487	-	73,486,487
Other Comprehensive Income	-	-	-	31,811,500	192,850	32,004,350	-	32,004,350
<b>Total comprehensive income</b>	-	-	<b>73,486,487</b>	<b>31,811,500</b>	<b>192,850</b>	<b>105,490,837</b>	-	<b>105,490,837</b>
Transferred to the statutory reserve	-	-	-	-	-	-	-	-
Dividends distributed during the period	-	-	(12,148,018)	-	-	(12,148,018)	-	(12,148,018)
<b>Balance at June 30, 2021 (unaudited)</b>	<b>368,114,200</b>	<b>12,447,488</b>	<b>132,373,282</b>	<b>28,182,000</b>	<b>(1,733,257)</b>	<b>539,383,713</b>	-	<b>539,383,713</b>

\_\_\_\_\_  
Chief Financial Officer

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Chief Executive Officer

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Authorized BOD's Member

The accompanying notes (1) to (20) form an integral part of these interim condensed consolidated financial statements (unaudited).



**LADUN INVESTMENT COMPANY**  
(SAUDI CLOSED JOINT-STOCK COMPANY - RIYADH)

**Interim condensed consolidated statement of cash flows for the six-month period ended June 30, 2021 (unaudited)**

(All amounts in Saudi Riyals unless otherwise stated)

	Note	30/06/2021	30/06/2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Net profit (loss) for the period</b>		73,486,487	(2,646,498)
<b>Net income adjusted (loss) to net cash flows from operating activities</b>			
Depreciation on property and equipment		2,844,942	3,919,458
Depreciation on investment properties		3,970,147	1,592,618
Amortization of intangible assets		198,184	45,467
Depreciation of right-of-use assets		9,815,469	10,144,566
Realized (gains) from sale of investments		-	(1,813,639)
Provision for employees' benefit obligations		1,227,373	1,391,726
Company's share in (loss of) investments in subsidiaries		(4,299,492)	-
Gain on sales of subsidiary		(57,580,259)	-
Non-controlling interests		-	(9,309,091)
Finance costs		7,124,981	4,567,954
Zakat charge		2,492,635	919,504
		<b>39,280,467</b>	<b>8,812,065</b>
<b>Change in assets and liabilities</b>			
Property development		44,318,909	(15,728,294)
Inventory		502,674	(12,653,850)
Trade receivables and other debit balances		(55,146,652)	(47,269,852)
Change in related parties		(67,604,767)	(50,833,275)
Trade payables and other credit balances		11,759,283	32,951,352
Employees' defined benefit obligations paid		(638,481)	(4,333,493)
Settlement of employees' benefit obligations provision - a subsidiary disposed off		(1,538,749)	-
Finance costs paid		(3,996,972)	(2,071,081)
Zakat settlements - a subsidiary disposed off		(262,439)	-
Zakat paid		(6,706,173)	(2,198,091)
<b>Net cash flows (used in) operating activities</b>		<b>(40,032,900)</b>	<b>(93,324,519)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
(Purchase of) property and equipment		(681,461)	(5,692,542)
Disposal of property and equipment		22,893,791	42,009,719
Capital work in progress		61,571,600	(35,983,164)
(Additions to) intangible assets		-	(645,516)
Disposal of intangible assets		1,839,797	-
Additions of investment property		(32,265,554)	(31,124,917)
Net change in investments		13,542,443	38,265,425
Other financial assets		28,874,005	(9,238,215)
<b>Net cash flows from/(used in) investment activities</b>		<b>95,774,621</b>	<b>(2,409,210)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Lease obligations paid		(46,081,038)	(25,766,005)
Change in loans		314,728,512	52,876,522
Dividends		(12,148,018)	-
<b>Net cash flows from financing activities</b>		<b>256,499,456</b>	<b>27,110,517</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>312,241,177</b>	<b>(68,623,212)</b>
<b>Cash and cash equivalents at beginning of the period</b>		<b>207,128,224</b>	<b>338,678,613</b>
<b>Cash and cash equivalents at end of the period</b>		<b>519,369,401</b>	<b>270,055,401</b>
<b>Additional information on non-cash finance operations</b>			
Transferred from capital work to investment property		91,864,693	-
Addition of investment properties through shareholders		128,788,223	-
Disposal of right-of-use assets and lease obligations - a subsidiary disposed off		13,338,089	-
Reduction of due from related parties balance against transfer of investment properties from sale of Three Bees Hotel Company		66,908,472	-

Chief Financial Officer

Chief Executive Officer

Authorized BOD's Member

The accompanying notes (1) to (20) form an integral part of these interim condensed consolidated financial statements (unaudited).

**LADUN INVESTMENT COMPANY**  
(SAUDI CLOSED JOINT-STOCK COMPANY - RIYADH)

**Notes to the interim condensed consolidated financial statements for the six-month period ended June 30, 2021 (unaudited)**

(All amounts in Saudi Riyals unless otherwise stated)

**1. General**

**1.1** Ladun Investment Company, a closed-joint stock company (the "Company"), was incorporated as per the Saudi Companies Law on 12/07/1432 H and was registered in Riyadh under registration number 1010467355 on 18/04/1438 H (16/01/2017), valid until 18/04/1445 H.

**1.2** The financial statements include the accounts of the head office and the following branch:

Al-Khobar branch registration number 2051030952 issued on 17/03/1426 H valid until 07/10/1442 H.

**1.3** During 2020, the subsidiary commercial register No. 1010467355 was converted into a main commercial register, and the main commercial register No. 2051030952 was converted into a subsidiary one.

**1.4** The activity of the Company is to manage and rent owned or leased residential properties and rent owned or leased non-residential properties as well as property development and investment.

**1.5** The accompanying consolidated financial statements include the accounts of the Company and its subsidiaries, referred to as the "Group" and they are as follows:

Subsidiaries	Place of incorporation	Shareholding Percentage	
		2021	2020
Built Contracting Company	Kingdom of Saudi Arabia	100%	70%
Painite Operations and Maintenance Company	Kingdom of Saudi Arabia	100%	100%
Three Bees Hotel Company (note 1.5.1)	Kingdom of Saudi Arabia	-	100%
Lak Trade and Investment Company (note 1.5.2)	Kingdom of Saudi Arabia	100%	-

**1.5.1** On 15/08/1442 H (March 28, 2021), Ladun Investment Company (the Parent Company) transferred its entire shareholding of 500 shares at SR500,000 in the subsidiary company - Three Bees Hotel Company - to the shareholders with its rights and obligations. The Company's share in the business of the subsidiary has been established until the date on which control ceased. The profit from the investment sale was recognized in the statement of income at SR57,850,259.

**1.5.2** During the period ended June 30, 2021, the Lak Trade and Investment Company, which owns a real estate in Makkah City, was acquired at a market value of SR128,788,223, as per the approved valuation. The Lak Investment Company was consolidated on June 30, 2021 according to internal calculations prepared by the Management only, including this property only under the Investment Properties (note 5).

**1.6** The Company's fiscal year begins on January 1st and ends on December 31st of each calendar year and the presented financial statements are for the period from January 1, 2021 to June 30, 2021.

**1.7 Significant events**

The spread of the corona virus (covid-19) pandemic was confirmed at the beginning of 2021, causing disruption to business and economic activities around the world, including the Kingdom of Saudi Arabia, which took precautionary measures to encounter the adverse effects of the pandemic.

The extent of the impact of the covid-19 pandemic on the Company's business, operations and financial results is something which the Company's Management believes. However, the amounts are not specified and depend on myriad factors and future developments. This required the Group's Management to reassess the assumptions, estimates and primary sources applied to the consolidated financial statements for the year ended December 31 2020 and the Company's interim condensed consolidated financial statements for the period ended June 30, 2021.

During that period, in the light of the discovery of new vaccines for this pandemic and the declining impact of covid-19, the Management assessed the potential impact on the Company's operations and activities. As a result, there was no need to make any significant adjustments to the interim condensed consolidated financial statements for the period ended June 30, 2021.



**Notes to the interim condensed consolidated financial statements for the six-month period ended June 30, 2021 (unaudited)**

(All amounts in Saudi Riyals unless otherwise stated)

**1.7 Significant events...(continued)**

However, given the current uncertainty, a future change in assumptions and estimates may result in substantial adjustments to the carrying amounts of the assets and / or liabilities on a prospective basis. Due to the rapid developments of the current situation and in the light of the existence of uncertainty about the future, Management will continue to assess the impact based on future developments.

**2. Basis of preparation**

**2.1 Statement of compliance**

These interim condensed consolidated financial statements were prepared in accordance with International Accounting Standard - IAS 34 "Interim Financial Reporting as adopted in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by the Saudi Organization for Auditors and Accountants."

These interim condensed consolidated financial statements do not include all the information and notes required in the annual consolidated financial statements, therefore, It should be read in conjunction with the Group's latest consolidated financial statements for the year ended December 31, 2020.

**2.2 Basis for consolidating the financial statements**

The interim condensed consolidated financial statements include the financial statements of the Parent Company and all subsidiaries, collectively referred to as the "Group". The consolidated financial statements present financial information about the Group as a single economic entity at the same reporting date of the Parent Company, using consistent accounting policies.

Subsidiaries are all entities over which the Company has the power to govern the financial and operating policies so as to obtain benefits from its activities. Control is presumed to exist over the subsidiary when the Company owns, directly or indirectly, more than half of the voting power of an investee unless, in exceptional circumstances, it can be clearly demonstrated that such ownership does not constitute control.

Control also exists when the Company owns half or less of the voting power of an investee but has other power to govern the financial and operating policies of the entity. The assets, liabilities and results of the subsidiaries are consolidated in full from the date of acquisition, being the date when control is transferred to the Group. Consolidation continues until the date of such control ceases.

The Group applies the acquisition method to account for business combination. Inter-company transactions, balances, income, expenses, unrealized gains and losses on transactions and dividends are eliminated in full.

**2.3 Basis of measurement**

The interim condensed consolidated financial statements have been prepared in accordance with the accrual basis of accounting and the going concern principle, and on the basis of the historical cost principle except for financial assets that are measured at fair value and financial liabilities that are measured at the present value of future liabilities projections using the projected unit credit method.

**2.4 Presentation currency**

These interim condensed consolidated financial statements are presented in Saudi Riyals ("SR") which is the functional and presentation currency. All amounts are presented in the interim condensed consolidated financial statements in Saudi riyals, unless otherwise stated.

**2.5 Use of judgments, estimates and assumptions**

The preparation of these interim condensed consolidated financial statements requires Management to make certain judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses, and disclosures of contingent liabilities at the reporting date. Although these estimates are based on the best current information and indicators available to Management, the final actual results may differ from these estimates.

**LADUN INVESTMENT COMPANY**  
(SAUDI CLOSED JOINT-STOCK COMPANY - RIYADH)

**Notes to the interim condensed consolidated financial statements for the six-month period ended June 30, 2021 (unaudited)**

(All amounts in Saudi Riyals unless otherwise stated)

**2.5 Use of judgments, estimates and assumptions...(continued)**

These estimates and assumptions are reviewed on an ongoing basis, and the effects arising from adjustment of the accounting estimates are recognized in the period in which such adjustment is made and the subsequent periods.

The significant judgments made by Management in applying the Group's accounting policies and the significant sources of estimation uncertainties were the same as those applied to the consolidated financial statements for the year ended December 31, 2020.

**3. Summary of significant accounting policies**

The accounting policies applied to these interim condensed consolidated financial statements are the same as those applied to the consolidated financial statements for the year ended December 31, 2020.

**4. Changes in significant accounting policies and new standards**

No new IFRS standards have been applied; however, a number of IFRS amendments are effective as of January 1, 2020 and have been explained in the Group's consolidated financial statements, but have no significant impact on the Group's interim condensed consolidated financial statements.

**5. Investment properties - net**

	<u>Lands</u>	<u>Buildings</u>	<u>Total</u>
<b><u>For the six-month period ended June 30, 2021</u></b>			
<b>Cost:</b>			
Balance at January 1, 2021	153,558,737	132,718,132	286,276,869
Additions during the period	161,053,777	-	161,053,777
Transferred from capital work in progress	-	91,864,693	91,864,693
<b>Balance at June 30, 2021</b>	<b>314,612,514</b>	<b>224,582,825</b>	<b>539,195,339</b>
<b>Accumulated depreciation:</b>			
Balance at January 1, 2021	-	12,646,612	12,646,612
Depreciation for the period	-	3,970,147	3,970,147
<b>Balance at June 30, 2021</b>	<b>-</b>	<b>16,616,759</b>	<b>16,616,759</b>
<b>Net book value at June 30, 2021</b>	<b>314,612,514</b>	<b>207,966,066</b>	<b>522,578,580</b>
<b><u>The year ended December 31, 2020</u></b>			
<b>Cost:</b>			
Balance at January 01, 2020	104,608,133	132,718,132	237,326,265
Additions during the year	30,769,912	-	30,769,912
Transferred from capital work in progress	19,248,200	-	19,248,200
Impairment (losses) of investment properties	(1,067,508)	-	(1,067,508)
<b>Balance at December 31, 2020</b>	<b>153,558,737</b>	<b>132,718,132</b>	<b>286,276,869</b>
<b>Accumulated depreciation:</b>			
Balance at January 01, 2020	-	8,665,068	8,665,068
Depreciation for the year	-	3,981,544	3,981,544
<b>Balance at December 31, 2020</b>	<b>-</b>	<b>12,646,612</b>	<b>12,646,612</b>
<b>Net value at December 31, 2020</b>	<b>153,558,737</b>	<b>120,071,520</b>	<b>273,630,257</b>



**LADUN INVESTMENT COMPANY**  
(SAUDI CLOSED JOINT-STOCK COMPANY - RIYADH)

**Notes to the interim condensed consolidated financial statements for the six-month period ended June 30, 2021 (unaudited)**

(All amounts in Saudi Riyals unless otherwise stated)

**5. Investment properties – net...(continued)**

- The additions during the period include an amount of SR128,788,223, being a property located in the Makkah City owned by the Lak Investment and Trade Company, which was acquired during the period. The valuation was performed by an accredited valuer: Emam Real Estate Valuation Company, membership number 1210000030, and commercial registration number 1010611939 (note 1.5.2).
- Investment properties include land amounting to SR21,087,000 and buildings amounting to SR112,070,134 riyals mortgaged against credit facilities (note 12) under an agreement in favor of the Company and transferred to the Company.
- Investment properties were valued, and the fair value as of December 31, 2020, amounted to SR362,580,162 riyals. The valuation was carried out by an accredited valuer: Emam Real Estate Valuation Company, membership number 1210000030, and commercial registration number 1010611939.

**6. Right-of-use assets and lease obligations**

	<b>30/06/2021</b>	<b>31/12/2020</b>
	<b>(unaudited)</b>	<b>(audited)</b>
<b>6.1 Right-of-use assets - net</b>		
<b>Cost:</b>		
Balance at beginning of period/year	179,424,206	94,222,545
Additions during the period/year	338,086	85,201,661
Disposals related to sale of subsidiary	(20,560,611)	-
<b>Balance at end of the period/year</b>	<b>159,201,681</b>	<b>179,424,206</b>
<b>Accumulated depreciation:</b>		
Balance at beginning of period/year	66,147,353	35,057,278
Depreciation charged during the period/year	9,815,469	31,090,075
Disposals related to sale of subsidiary	(7,222,522)	-
<b>Balance at end of the period/year</b>	<b>68,740,300</b>	<b>66,147,353</b>
<b>Net carrying amount at end of the period/year</b>	<b>90,461,381</b>	<b>113,276,853</b>
	<b>30/06/2021</b>	<b>31/12/2020</b>
	<b>(unaudited)</b>	<b>(audited)</b>
<b>6.2 Lease obligations</b>		
Balance at beginning of period/year	258,133,313	218,120,097
Additions during the period/year	350,700	112,164,863
Paid during the period/year	(45,150,528)	(72,151,647)
Disposals related to sale of subsidiary	(15,292,815)	-
<b>Balance at end of the period/year</b>	<b>198,040,670</b>	<b>258,133,313</b>
<b>(Less) lease obligations interests:</b>		
Balance at beginning of period/year	32,000,373	12,773,806
Additions during the period/year	12,614	26,878,968
(Less) charged to expenses during the period/year	(3,128,010)	(6,836,697)
(Less) capitalized to capital works in progress during the period/year	(373,515)	(815,704)
Disposals related to sale of subsidiary	(1,024,216)	-
	<b>27,487,246</b>	<b>32,000,373</b>
<b>Net lease obligations at end of the period/year</b>	<b>170,553,424</b>	<b>226,132,940</b>
Current portion	62,197,360	96,455,954
Non-current portion	108,356,064	129,676,986
	<b>170,553,424</b>	<b>226,132,940</b>



**LADUN INVESTMENT COMPANY**  
(SAUDI CLOSED JOINT-STOCK COMPANY - RIYADH)

**Notes to the interim condensed consolidated financial statements for the six-month period ended June 30, 2021 (unaudited)**

(All amounts in Saudi Riyals unless otherwise stated)

**7. Financial assets at fair value through other comprehensive income**

	<b>30/06/2021</b> <b>(unaudited)</b>	<b>31/12/2020</b> <b>(audited)</b>
<b>Musharaka REIT Fund Stock</b>		
Balance at beginning of the year	209,870,500	202,611,500
Gains from revaluation of investments at fair value through other comprehensive income	31,811,500	7,259,000
	<b>241,682,000</b>	<b>209,870,500</b>

**8. Investments in associates**

	<b>Shareholding</b> <b>percentage</b>	<b>30/06/2021</b> <b>(unaudited)</b>	<b>31/12/2020</b> <b>(audited)</b>
Ladun Logistics Company	60%	23,091	60,000
Less : Company's share in results		-	(36,909)
		<b>23,091</b>	<b>23,091</b>

The Company has invested in Ladun Logistics Company 60% of its share capital amounting to SR100,000. The investment was paid for by related parties. The Company is fully managed by the other shareholder. Accordingly, the investment was accounted for using the equity method and considered as investments in associates.

**9. Trade receivables and other debit balances - net**

	<b>30/06/2021</b> <b>(unaudited)</b>	<b>31/12/2020</b> <b>(audited)</b>
Customers	79,495,259	88,471,964
Less : Provision for expected credit loss	(6,103,323)	(6,103,323)
Trade receivables - net	<b>73,391,936</b>	<b>82,368,641</b>
Accrued revenue against performed work	177,623,501	135,085,536
Good performance guarantees - construction works	7,072,803	4,530,160
Staff advances	1,870,736	1,418,704
Advances to contractors and suppliers	78,542,083	73,364,200
Margin on letters of guarantee	36,212,932	50,239,626
Dividends receivable	6,405,000	6,405,000
Value Added Tax - Ministry of Housing	5,950,066	5,950,066
Value added tax	34,504,855	16,349,191
Prepaid expenses	6,425,789	4,415,489
Other	10,091,099	2,817,535
	<b>438,090,800</b>	<b>382,944,148</b>

**LADUN INVESTMENT COMPANY**  
(SAUDI CLOSED JOINT-STOCK COMPANY - RIYADH)

**Notes to the interim condensed consolidated financial statements for the six-month period ended June 30, 2021 (unaudited)**

(All amounts in Saudi Riyals unless otherwise stated)

**10. Related parties**

**10.1 Due from related parties**

	<b>Nature of relationship</b>	<b>30/06/2021 (unaudited)</b>	<b>31/12/2020 (audited)</b>
Ayar Real Estate Company	Affiliate	-	-
Saba International Factory Company	Affiliate	6,196,824	6,196,824
Sulaiman Abdulaziz Albatli	Shareholder	51,840	22,850
Opal Aljazirah Security Guards Establishment	Affiliate	4,484,697	4,303,389
Omar Saad Al-Oraifi	Shareholder	150,000	-
Khalid Saad Al-Oraifi	Shareholder	200,000	-
Saud Abdulaziz Al-Oraifi	Relative	7,500,000	7,500,000
Ladun Logistics Company	Affiliate	130,939	-
		<b>18,714,300</b>	<b>18,023,063</b>

**10.2 Due to related parties**

	<b>Nature of relationship</b>	<b>30/06/2021 (unaudited)</b>	<b>31/12/2020 (audited)</b>
Three Bees Company	Affiliate	733	-
Ladun Logistics Company	Affiliate	-	5,791
		<b>733</b>	<b>5,791</b>

**10.3 Transactions with related parties**

<b>Company</b>	<b>Nature of transaction</b>	<b>2021</b>	<b>2020</b>
Ayar Real Estate Company	Settlement of outstanding balance with Ayar Company against securing other contracts	-	(5,000,000)
Opal Aljazirah Security Guards Company	Expense on behalf	182,308	911,725
Ladun Logistics Company	Expense on behalf	-	5,791
Innovation Company	Settlement of balance due to shutdown	-	(49,224)
Saud Abdulaziz Al-Oraifi	Recovered finance	-	7,500,000
Omar Saad Al-Oraifi	Expense on behalf	150,000	-
Khalid Saad Al-Oraifi	Expense on behalf	200,000	-
Shareholders	Shareholders' debit and credit balances were settled among the Shareholders in exchange for transfer, sale and purchase transactions. The Shareholders' capital shares were adjusted based on these transactions.	-	(41,967,829)

**10.4 Salaries, allowances and remunerations of senior executives**

	<b>2021</b>	<b>2020</b>
Salaries, benefits and remunerations	2,806,863	2,806,858
Board of Directors remunerations	-	350,000

**LADUN INVESTMENT COMPANY**  
(SAUDI CLOSED JOINT-STOCK COMPANY - RIYADH)

**Notes to the interim condensed consolidated financial statements for the six-month period ended June 30, 2021 (unaudited)**

(All amounts in Saudi Riyals unless otherwise stated)

**11. Share capital**

The paid share capital amounted to SR 368,114,200 divided into 36,811,420 shares at a nominal value of SR 10 each.

**12. Statutory reserve**

In accordance with the Saudi Companies Law, the Company has to establish a statutory reserve by the appropriation of 10% of net income until the reserve equals 30% of the share capital. The reserve is not available for distribution as dividends to Shareholders.

**13. Banks - Credit Facilities**

**13.1 Long-term loans**

	<u>30/06/2021</u> (unaudited)	<u>31/12/2020</u> (audited)
Balance at beginning of period/year	247,768,250	178,097,952
Utilized during the period/year	306,437,136	74,022,059
Paid during the period/year	(3,971,501)	(4,351,761)
<b>Balance at end of the period/year</b>	<b><u>550,233,885</u></b>	<b><u>247,768,250</u></b>
Long term loans - current portion	153,446,961	151,968,139
Long term loans - non-current portion	396,786,924	95,800,111
	<b><u>550,233,885</u></b>	<b><u>247,768,250</u></b>

**13.2 Short-term loans**

	<u>30/06/2021</u> (unaudited)	<u>31/12/2020</u> (audited)
Balance at beginning of period/year	77,142,960	58,685,722
Utilized during the period/year	49,933,144	20,634,254
Paid during the period/year	(37,670,267)	(2,177,016)
<b>Balance at end of the period/year</b>	<b><u>89,405,837</u></b>	<b><u>77,142,960</u></b>

The Parent Company secured a long-term loan from a local bank for three years. The first installment is due on 08/03/2022 at SR300 million to finance the infrastructure of Al-Usaylah Plot Project in Makkah City. It also secured bank facilities from local banks amounting to SR639,887,000 over the past years as per the prevailing market rates and the following guarantees:

1. A performance and payment bond and a personal guarantee from Shareholders
  2. Mortgage of real estate
  3. Signing the promissory notes
  4. Mortgaging an investment portfolio with a 132% coverage
  5. Transferring ownership of real estate to the bank with a coverage of no less than 150% of the total facilities
  6. Transferring Venan-Jeddah Project and Al-Usaylah Plot Project revenues as well as rental income to the bank amounting to SR150,000,000.
  7. Others as per the agreement of bank facilities
- One of the subsidiaries secured credit facilities from local banks against other guarantees. The balance is SR11,606,360 and payable over 12 months.



**LADUN INVESTMENT COMPANY**  
(SAUDI CLOSED JOINT-STOCK COMPANY - RIYADH)

**Notes to the interim condensed consolidated financial statements for the six-month period ended June 30, 2021 (unaudited)**

(All amounts in Saudi Riyals unless otherwise stated)

**14. Zakat provision**

**14.1 Zakat provision is as follows:**

	<b>30/06/2021</b> <b>(unaudited)</b>	<b>31/12/2020</b> <b>(audited)</b>
Balance at beginning of period/year	8,399,677	5,612,497
Provided during the period/year	2,492,635	4,985,271
Adjustment related to disposals of subsidiary	(262,439)	-
Paid during the period/year	(6,706,173)	(2,198,091)
<b>Balance at end of the period/year</b>	<b>3,923,700</b>	<b>8,399,677</b>

**14.2 Zakat status**

The Company has received a zakat certificate for the year ended December 31, 2020, valid up to April 30, 2022. The Company received zakat assessments from GAZT for the years 2015 and 2016, which resulted in differences of SR161,362 and were settled.

Each of the subsidiaries (Built Contracting Company, Three Bees Company, Painite Operations and Maintenance Company) obtained a zakat certificate for the year ended December 31, 2020, which is valid until April 30, 2022.

There are no final zakat assessments for the previous years.

**15. Revenue**

	<b>30/06/2021</b> <b>(unaudited)</b>	<b>31/12/2020</b> <b>(audited)</b>
Rental income from complexes	19,447,765	22,804,832
Revenue from sale of residential units - on the map	207,245,581	91,440,798
Revenue from construction	34,601,833	6,189,341
Maintenance and operating revenue	476,693	1,307,923
Revenue from restaurant sales	-	36,586,380
Revenue of sale of investment properties	117,175,863	-
Revenue from elevator and air-conditioner sales	23,452,467	17,691,922
	<b>402,400,202</b>	<b>176,021,196</b>

**16. Earnings/(loss) per share**

Basic and diluted earnings (loss) per share is calculated by dividing the annual profit attributable to the Company's Shareholders by the weighted average number of shares issued as follows:

	<b>For the six-month period ended on</b>	
	<b>30/06/2021</b> <b>(unaudited)</b>	<b>31/12/2020</b> <b>(audited)</b>
Net profit for the period	73,486,487	(3,023,466)
Weighted average number of shares issued	36,811,420	36,811,420
<b>Basic and diluted earnings (loss) per share (SR)</b>	<b>2.00</b>	<b>(0.08)</b>

**LADUN INVESTMENT COMPANY**  
(SAUDI CLOSED JOINT-STOCK COMPANY - RIYADH)

**Notes to the interim condensed consolidated financial statements for the six-month period ended June 30, 2021 (unaudited)**

(All amounts in Saudi Riyals unless otherwise stated)

**17. Segment reporting**

**For the six-month period ended June 30, 2021**

	<b>Real Estate Segment</b>	<b>Construction Segment</b>	<b>Service Segment</b>	<b>Restaurant Segment</b>	<b>Total</b>
Revenue	347,614,662	54,308,847	476,693	-	402,400,202
Gross profit	18,714,497	20,849,965	(3,700,865)	-	35,863,597
Net profit / loss	71,982,395	6,490,055	(4,985,963)	-	73,486,487
<b>TOTAL ASSETS</b>	<b>1,526,562,516</b>	<b>518,484,271</b>	<b>6,849,473</b>	<b>-</b>	<b>2,051,896,260</b>
<b>Total liabilities</b>	<b>1,194,054,023</b>	<b>314,597,777</b>	<b>3,860,747</b>	<b>-</b>	<b>1,512,512,547</b>

**For the six-month period ended June 30, 2020**

	<b>Real Estate Segment</b>	<b>Construction Segment</b>	<b>Service Segment</b>	<b>Restaurant Segment</b>	<b>Total</b>
Revenue	114,245,630	23,881,263	1,307,923	36,586,380	176,021,196
Gross profit	11,604,001	5,813,787	977,368	9,824,248	28,219,404
Net profit / loss	2,213,688	(5,057,941)	(546,587)	744,342	(2,646,498)
<b>TOTAL ASSETS</b>	<b>1,146,303,801</b>	<b>445,211,066</b>	<b>6,082,412</b>	<b>95,671,625</b>	<b>1,693,268,904</b>
<b>Total liabilities</b>	<b>914,359,266</b>	<b>299,202,187</b>	<b>4,446,721</b>	<b>29,219,836</b>	<b>1,247,228,010</b>

**18. Financial Instruments**

**Share capital management**

The Company's objectives when managing the share capital are to safeguard its ability to continue as a going concern, so that it can continue to provide returns for the Shareholders and benefits for other stakeholders, as well as maintaining an optimal capital structure that reduces the cost of share capital. The company, like other companies operating in the same field, monitors the share capital on the basis of the debt ratio.

This ratio is calculated by dividing the net debt by the total share capital. The net debt is calculated on the basis of total loans, as shown in the statement of financial position, less cash and cash equivalents. The debt ratio was as follows:

**Financial instruments and risk management**

The Group's activities are exposed to various financial risks including: Liquidity risk, credit risk, and market risk (include currency risk, fair value risk, cash flow of commission rate and price risk). The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

Group's financial instruments comprise financial assets (cash and cash equivalents, trade receivables, investments at fair value through profit or loss, and other receivables) and financial liabilities (banks - credit facilities, trade payables and other payables) and include the following risks:



**Notes to the interim condensed consolidated financial statements for the six-month period ended June 30, 2021 (unaudited)**

(All amounts in Saudi Riyals unless otherwise stated)

**18. Financial Instruments...(continued)**

**Liquidity risks**

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from the inability to sell a financial asset quickly at an amount close to its fair value. The Group manages and monitors liquidity risks on a regular basis to ensure that sufficient funds are available through bank facilities to meet any future commitments.

The Group's terms of sales stipulate that payments are made in cash upon delivery of the goods or on a credit sale basis according to credit terms whose payment term usually ranges between 30 to 180 days.

All current liabilities are expected to be settled within 12 months as of the date of the financial statements. Trade payables are usually settled within 30-60 days as of the purchase date.

**Credit risks**

A credit risk refers to the risk that a customer or a counter party in a financial instrument will default on its contractual obligations resulting in financial loss to the Group and arises principally from the cash at banks and receivables. The Group minimizes credit risks associated with receivables by establishing procedures for credit limits for each customer and monitoring outstanding receivables in line with a set of procedures and policies. Cash is deposited with high credit rated banks.

**Market risk**

Market risk is the risk of fluctuations in a financial instrument due to changes in prevailing market prices such as foreign exchange rates, interest rates, and equity rates, which affect the Group's income or the value of its financial instruments. Market risk management aims to manage and control market risk exposure within acceptable parameters while maximizing returns.

The Group is exposed to the following market risks:

**Currency risk**

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates affecting foreign currency payments and receipts along with assessment of assets and liabilities in foreign currencies.

The Group is subject to fluctuations in foreign exchange rates in the normal course of its business. The Management regularly monitors changes in foreign exchange rates and manages the impact on the financial statements.

**Fair value risk**

Fair value is the amount for which an asset could be exchanged, or a liability settled between knowledgeable, willing parties in an arm's length transaction. Since the Group's financial statements are prepared under the historical cost principle, differences may arise between the carrying amount and the fair value estimates. The Group's Management believes that the fair value of the Group's financial assets and liabilities approximates their balances carried forward.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

When measuring fair value, the Group uses observable market information whenever possible. Fair values are categorized into different levels in the fair value hierarchy based on the inputs used in the valuation methods as follows:



**Notes to the interim condensed consolidated financial statements for the six-month period ended June 30, 2021 (unaudited)**

(All amounts in Saudi Riyals unless otherwise stated)

**18. Financial Instruments...(continued)**

**Fair value risk...(continued)**

**Level 1:** Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

**Level 2:** Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);

**Level 3:** Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

If multiple inputs used to measure fair value are categorized into different levels of the fair value hierarchy, the fair value measurement is categorized in its entirety in the level of the lowest level input that is significant to the entire measurement.

The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period in which the change occurred. During the period there were no transfers between the fair value levels of Level 1 and Level 2.

Where the Group's financial instruments are grouped according to the historical cost principle, except for investments and derivative financial instruments charged at the fair value, differences may arise between the carrying amount and the fair value estimates. The management believes that the fair value of the Group's financial assets and liabilities are not materially different from their carrying amount.

**The financial assets measured at fair value are as follows:**

**June 30, 2021**

<b>ASSETS</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Musharaka REIT Fund Stock	241,682,000	-	-	241,682,000

**December 31, 2020**

<b>ASSETS</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Musharaka REIT Fund Stock	209,870,500	-	-	209,870,500
Albilad Bank portfolio	13,542,443	-	-	13,542,443

**19. Events subsequent to interim condensed consolidated financial statements date**

Management believes that there are no significant subsequent events since the date of the interim condensed consolidated statement of financial position at June 30, 2021 until the date of approval of the financial statements that may have a material impact on the interim condensed consolidated financial statements.

**20. Approval of interim condensed consolidated financial statements**

The interim condensed consolidated financial statements for the six-month period ended June 30, 2021 were approved by the Board of Directors on 19/08/2021.