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NATIONAL BUILDING AND MARKETING
(A Saudi Joint Stock Company)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2023
AND REPORT ON REVIEW OF CONDENSED INTERIM CONSOLIDATED
FINANCIAL STATEMENTS

NATIONAL BUILDING AND MARKETING
(A Saudi Joint Stock Company)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2023

AND REPORT ON REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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REPORT ON REVIEW OF
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

TO: THE SHAREHOLDERS OF
NATIONAL BUILDING AND MAKETING COMPANY
(A Saudi Joint Stock Company)

Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of **NATIONAL BUILDING AND MAKETING COMPANY (the "Company") AND ITS SUBSIDIARIES (the "Group")** as at 30 June 2023, and the related condensed consolidated interim statement of profit or loss and other comprehensive income, statements of changes in equity and cash flows for the six 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 consolidated 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 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 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 consolidated 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.



AlAzem, AlSudairy, AlShaikh & Partners
For Professional Consulting



Abdullah M. AlAzem
License No. 335

15 Rabi' al Awwal 1445H (30 September 2023)
Riyadh, Kingdom of Saudi Arabia


NATIONAL BUILDING AND MARKETING COMPANY
(A Saudi Joint Stock Company)
Condensed Consolidated Interim Statement Of Financial Position
As at June 30, 2023
(All amounts in Saudi Riyals)

	Note	30 June, 2023 (Unaudited)	31 December 2022 (Audited) (Restated)
Assets			
Non-current assets			
Property, plant and equipment, net	4	338,768,480	340,273,129
Right of use assets, net	5	192,352,042	1,653,772
Investment in associates	6	18,408,524	94,860,689
Investments Property, net	7	154,234,711	19,410,265
Total non-current assets		703,763,757	456,197,855
Current assets			
Investment at fair value through profit or loss	8	3,409,865	3,154,518
Inventory, net		74,046,685	57,804,129
Trade receivables and other debit balances, net		73,836,058	97,639,036
Due from related parties	9/1	87,612,613	22,372,547
Cash and cash equivalents		13,878,571	9,837,867
Total current assets		252,783,792	190,808,097
Total assets		956,547,549	647,005,952
Owners' Equity and liabilities			
Owners' Equity			
Share capital	11	120,000,000	120,000,000
Statutory reserve		18,166,706	18,166,706
Retained earnings		152,676,838	126,434,301
Earnings remeasure employee benefits		607,089	607,089
Equity attributable to equity holders of the Company		291,450,633	265,208,096
Non-controlling interests		11,812,141	55,791
Total owners' equity		303,262,774	265,263,887
Non-current liabilities			
Non-current portion of lease liabilities	5	113,197,803	878,633
Employees defined benefits liabilities		4,851,359	4,648,938
Total non-current liabilities		118,049,162	5,527,571
Current liabilities			
Loans - the current portion	10	354,032,722	258,902,292
Lease liabilities - the current part	5	86,475,430	1,007,455
Trade payables and other credit balances		67,128,327	47,173,808
Due to related parties	9/2	24,086,309	65,821,858
Estimated zakat provision	12	3,512,825	3,309,081
Total current liabilities		535,235,613	376,214,494
Total liabilities		653,284,775	381,742,065
Total owners' equity and liabilities		956,547,549	647,005,952




 Chief Financial Officer


 Chief Executive Officer


 Chairman Board of Directors

The accompanying notes are integral part of these condensed consolidated interim financial statements.

NATIONAL BUILDING AND MARKETING COMPANY

(A Saudi Joint Stock Company)

Condensed Consolidated Interim Statement Of Profit Or Loss And Other Comprehensive Income

For The Six Months Period Ended June 30, 2023

(All amounts in Saudi Riyals)

	Note	For the six months period ended	
		30 June, 2023 (Unaudited)	30 June, 2022 (Unaudited) (Restaed)
Revenues		316,458,273	320,744,643
Cost of revenues		(274,456,813)	(277,328,377)
Gross profit for the period		42,001,460	43,416,266
General and administration expenses		(9,505,926)	(8,928,248)
Operations profit for the period		32,495,534	34,488,018
Company's share in profit of investments in associate	6	922,737	1,264,078
Profit from disposal investement property	7	5,840,252	-
Profits from acquiring the fund		6,483,038	-
Realized gain from revaluation investment at FVTPL	8	234,907	485,036
Finance costs		(19,261,416)	(2,500,381)
Profit for the period before zakat		26,715,052	33,736,751
Estimated zakat expense	12	(500,000)	(1,153,650)
Net profit for the period		26,215,052	32,583,101
Attributable to:			
Shareholders of the Parent Company		26,242,537	32,647,614
Non-controlling interests		(27,485)	(64,513)
Net profit for the period		26,215,052	32,583,101
Other Comprehensive Income items:			
Remeasurement of employees defined benefits liabilities		-	-
Total comprehensive income for the period		26,215,052	32,583,101
Earnings per share attributable to equity holders of the parent Company:			
Basic and Diluted		2.18	2.72



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Chief Financial Officer

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Chief Executive Officer

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Chairman Board of Directors

The accompanying notes are integral part of these condensed consolidated interim financial statements.

NATIONAL BUILDING AND MARKETING COMPANY
(A Saudi Joint Stock Company)
Condensed Consolidated Interim Statement Of Changes In Equity
For the six months period ended June 30, 2023
(All amounts in Saudi Riyals)

	Attributable to the shareholders of National Building and Marketing							Total Equity
	Share capital	Statutory reserve	Retained Earnings	Earnings re-measurement of actuarial employee benefits	Net equity attributable to the shareholders of the parent company	Non-controlling interest		
Balance as at January 1, 2023 (audited)	120,000,000	18,976,366	133,721,238	607,089	273,304,693	55,791	273,360,484	
Adjustments (Note 17-A)	-	(809,660)	(7,286,937)	-	(8,096,597)	-	(8,096,597)	
Balance as at January 1, 2023 (audited) (Restated)	120,000,000	18,166,706	126,434,301	607,089	265,208,096	55,791	265,263,887	
Net profit for the period	-	-	26,242,537	-	26,242,537	(27,485)	26,215,052	
Other comprehensive income for the period	-	-	-	-	-	-	-	
Total comprehensive income for the period	-	-	26,242,537	-	26,242,537	(27,485)	26,215,052	
Acquisition of non-controlling interests	-	-	-	-	-	11,783,835	11,783,835	
Balance as at June 30, 2023 (unaudited)	120,000,000	18,166,706	152,676,838	607,089	291,450,633	11,812,141	303,262,774	
Balance as at January 1, 2022 (audited)	120,000,000	15,790,043	103,486,931	2,134,419	241,411,393	-	241,411,393	
Adjustments (Note 17-B)	-	(1,539,366)	(11,864,304)	-	(13,403,670)	-	(13,403,670)	
Balance as at January 1, 2022 (audited) (Restated)	120,000,000	14,250,677	91,622,627	2,134,419	228,007,723	-	228,007,723	
Reconsolidation from consolidated subsidiaries	-	-	(129,222)	-	(129,222)	41,351	(87,871)	
Net profit for the period	-	-	32,647,614	-	32,647,614	(64,513)	32,583,101	
Other comprehensive income for the period	-	-	-	-	-	-	-	
Total comprehensive income for the period	-	-	32,647,614	-	32,647,614	(64,513)	32,583,101	
Balance as at June 30, 2022 (Unaudited) (Restated)	120,000,000	14,250,677	124,141,019	2,134,419	260,526,115	(23,162)	260,502,953	



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Chief Financial Officer

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Chairman Board of Directors

The accompanying notes are integral part of these condensed consolidated interim financial statements.

NATIONAL BUILDING AND MARKETING COMPANY
(A Saudi Joint Stock Company)
Condensed Interim Consolidated Statement Of Cash Flows
For the six months period ended June 30, 2023
(All amounts in Saudi Riyals)

	30 June, 2023 (Unaudited)	30 June, 2022 (Unaudited) (Restaed)
Cash flow from operating activities		
Profit for the period before estimated zakat	26,715,052	33,736,751
Adjustments for:		
Depreciation property, plant and equipment	15,234,934	13,486,276
Depreciation for right of use assets	12,464,842	758,732
Depreciation for investement property	150,517	-
Finance cost	19,261,416	2,500,381
Company's share in profit of investments in associate	(922,737)	(1,264,078)
Gains realized on revaluation of investment at fair value through profit or loss	(234,907)	(485,036)
Expense of employee defined benefit	328,490	410,603
Provision of expected credit losses	175,729	-
Profit from disposal investement property	(5,840,252)	-
Profit from acquiring the fund	(6,483,038)	-
Working capital changes:		
Inventory	(16,242,556)	(42,127,633)
Receivables, Prepayments and other receivables	28,983,884	(38,004,479)
Payables, accrued expenses and other payables	12,155,441	9,021,091
Due from related parties	(65,240,066)	49,202,603
Due to related parties	(41,735,549)	87,867,810
Net cash flows (used in) provided from operations	(21,228,800)	115,103,021
Finance cost paid	(9,863,292)	(2,109,774)
Employees defined benefits paid	(126,069)	(88,481)
Estimated zakat paid	(296,256)	(149,094)
Net cash flows (used in) provided from operating activities	(31,514,417)	112,755,672
Cash flow from Investing activities		
Payments for the acquisition of a subsidiary, net of cash acquired	(44,355,998)	-
Addition to property, plant and equipment	(13,730,285)	(7,093,991)
Additions to real estate investments	(15,968,586)	-
Gain from sale the investement property	25,100,000	-
Advance payment for purchase an investment	-	(30,000,000)
Proceeds from the sale of investments at fair value through profit or loss	-	485,036
Additions to an investment at fair value through profit or loss	(20,440)	(1,108,888)
Net cash flow used in investing activities	(48,975,309)	(37,717,843)
Cash flow from Financing activities		
Paid of lease liabilities	(10,600,000)	-
Net change in long term loans and credit facilities	95,130,430	(70,042,555)
Net cash provided from (used in) financing activities	84,530,430	(70,042,555)
Net change in cash and cash equivalents during the period	4,040,704	4,995,274
Cash and cash equivalents at the beginning of the period	9,837,867	15,493,844
Cash and cash equivalents at the end of the period	13,878,571	20,489,118
Non-Cash transactions:		
Addition to right of use assets	203,163,112	-
Purchase investments in subsidiaries from Due to related parties	-	125,000
Transfer investments in associates to investments in subsidiaries	77,374,902	53,750
Payments for purchase an investment from Due to related parties	-	75,000
Change in non controlling interests	(27,485)	23,162
Reconsoliation from consolidated the subsidiaries from Due to related parties	-	87,872
Refer to note 1 for non-cash items related to the acquisition		



Chief Financial Officer

Chief Executive Officer

Chairman Board of Directors

The accompanying notes are integral part of these condensed consolidated interim financial statements.

NATIONAL BUILDING AND MARKETING COMPANY
(A Saudi Joint Stock Company)
Notes To The Condensed Consolidated Interim Financial Statements
For the six months period ended June 30, 2023
(All amounts in Saudi Riyals)

1 Activities

National Building And Marketing Company (“the Company” or “the Parent Company”) is a Saudi Joint Stock Company incorporated and operating in the Kingdom of Saudi Arabia under Ministerial Decision No. 70/S, dated 29/3/1435H, corresponding to 30/1/2014. And in accordance to the company by law and its last amendments dated on 22/5/2017, and the company was registered in the commercial registration in Riyadh with No. 1010153678 on 17/1/1420H.

The activities of the Company are building maintenance services activities, installation and extension of computer and communication networks, wholesale of chemical and laboratory equipment and supplies, retail sale of building materials, including cement, slate, gypsum, cement tiles, etc., management of maintenance and operation operations in buildings and their facilities, wholesale of segments Metal and iron drawings and blocks, general construction of residential buildings, electrical wiring.

The Condensed consolidated interim financial statements comprise the financial statements of the Company and its following branches that are operating under separate commercial registrations:

A- National Building and Marketing Branch Factory, Commercial Registration No. 1010371828, dated on 13/06/1434H.

B- Bardawni River Branch of the National Building and Marketing Company Commercial Registration No. 1010283864 dated on 27/03/1431H (Not working).

C- The National Building and Marketing Company Branch, Commercial Registration No. 1010612194, dated on 26/1/1439H.

The Condensed consolidated interim financial statements comprise the financial statements of the Company and its following subsidiaries (the “Group”) as at June 30, 2023 (December 31, 2022):

Subsidiaries	Country of incorporation	Paid up share capital	Effective ownership 2023	2022
Ajeej Steel Manufacturing Company (A)	Saudi Arabia	180,000,000	100%	100%
Flex Shield Company for Information Technology (B)	Saudi Arabia	125,000	60%	60%
Yuzmash Industry Company (C)	Saudi Arabia	55,000	55%	55%
Alma for Military Industries Company (D)	Saudi Arabia	75,000	60%	60%

A- On 15/3/2021, the company’s Article of Association was amended, with the exit of the partner / Fahad Al-Thunayan bin Fahd Al-Thunayan and his relinquishment of all his shares in the company, amounting to 180,000 shares, with a total value of 180,000,000 Saudi riyals, including its rights and obligations in favor of the National Building and Marketing Company with Keep the same name and commercial registration number.

B- On 25/11/2020, the Group contributed 43% to the capital of the Flex Shield Company for Information Technology - a closed joint stock company - in the amount of 500,000 Saudi riyals, and 25% of the value of our contribution to the capital amounting to 125,000 Saudi riyals was paid, The remaining value of the shares shall be paid on the dates specified by the Board of Directors. The commercial registration was issued on February 11, 2021 and the Article of association on October 26, 2021. The Group became controlled on 8/6/2022, where the ownership percentage was increased from 43% to 60%. Accordingly, its financial statements were consolidated with the National Building and Marketing Company.

C- On 17/10/1442H corresponding to 29/05/2021, Yuzmash Industry Company - Limited Liability was established with a capital of 100,000 Saudi riyals, shared by 55% of the capital with an amount of 55,000 Saudi riyals. The commercial registration was issued on 23/12/2021, and the first fiscal year ends on 31 December 2022, and the company has not started to practice activity since its inception to date.

D -On 08/12/2021, 60% of its capital of 500,000 Saudi riyals was contributed to the capital of Alma Military Industries - a closed joint stock company, and 25% of the value of our contribution to the capital amounting to 300,000 Saudi riyals was paid amounting to 75,000 Saudi riyal. The rest of the contribution is paid on the dates determined by the Board of Directors. The commercial registration and articles of association were issued, and the company has not started to practice activity since its inception to date.

In addition to the subsidiaries mentioned above, management has concluded that the Group has effective control over the fund mentioned below, and has therefore begun to consolidate the financial statements of that fund, effective from the effective date of exercising control over it.

Investment fund	Property ownership	Date of incorporation	Date of effective control	Purpose
Al-Ahsa Real Estate Growth Fund	91,62%	7 September 2021	11 May 2023	Achieving capital growth in the medium term for unitholders

NATIONAL BUILDING AND MARKETING COMPANY
(A Saudi Joint Stock Company)
Notes To The Condensed Consolidated Interim Financial Statements
For the six months period ended June 30, 2023
(All amounts in Saudi Riyals)

1 Activities (continued)

Acquisition during the year

On May 11, 2023, the company acquired 91.62% of the equity in the Al-Ahsa Real Estate Growth Fund “the Fund” for SAR 122.4 million.

The Company terminated this acquisition as a business under “International Financial Reporting Standard No. 3 - Business Combinations” and accordingly this transaction was accounted for using the acquisition method in accordance with International Financial Reporting Standard No. 3, with the Company being the acquirer and the Fund being the acquirer. Non-controlling interests were measured based on their proportionate share of net recognized assets of SAR 11.8 million.

The fair values of identifiable assets and liabilities are as follows:

Item name	The amount as on the date of acquisition
Asset acquired	
Cash and cash equivalents	620,778
Trade receivables and other debit balances, net	5,356,635
Investments Property, net	138,266,125
Total asset	144,243,538
Liabilities	
Trade payables and other credit balances	3,624,987
Total liabilities	3,624,987
Net identifiable assets	140,618,551
Non-controlling interests	11,783,835
Goodwill	6,483,038
Purchase amount	122,351,678

2 Basis of preparation condensed consolidated interim financial statements

2-1 Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard No. 34 - “Initial Financial Reporting” approved in the Kingdom of Saudi Arabia and other standards and issuances approved by the Saudi Organization for Chartered and Professional Accountants.

These condensed consolidated interim financial statements do not include all the statements and disclosures required in the annual consolidated financial statements and should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2022.

2-2 Basis for consolidating the condensed interim financial statements

The condensed consolidated interim financial statements of the Group include the financial statements of the Company and its subsidiaries (Note 1).

- Control over the investee (having rights that give the Group the current ability to direct the relevant activities of the investee).

- Exposure, or rights, to variable returns through its relationship with the investee.

- The ability to use its power over the investee company to affect its returns.

In general, there is an assumption that a majority of voting rights results in control. In support of this presumption, when the Group has less than a majority of voting or similar rights in an investee, the Group considers all relevant facts and circumstances when determining whether it controls an investee.

This includes:

- The contractual arrangement(s) with the other voting rights holders of the investee company.

- Rights resulting from other contractual arrangements.

- Group voting rights and potential voting rights.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the above elements of control.

Consolidation of a subsidiary begins when control of the subsidiary is transferred to the Group and ceases when the Group loses control of the subsidiary. The assets, liabilities, revenues and expenses of the subsidiary that were acquired (or disposed of) from the date of transfer of control over the company during the year are included in the consolidated financial statements of the Group until the exercise of such control ceases.

2 Basis of preparation condensed consolidated interim financial statements (continued)

2-3 Basis of measurement

The condensed consolidated interim financial statements have been prepared on a historical cost basis using the accrual basis of accounting and the going concern concept except for:

- Derivative financial instruments measured at fair value.
- Employees benefits obligations, using the actuarial present value calculations based on project unit credit method.
- Investments measured at fair value through Other Comprehensive Income (OCI).

In addition, results for the interim period ended June 30, 2023 are not necessarily indicative of the results that may be expected for the financial year ending December 31, 2023.

2-4 Functional and presentation currency

The condensed interim consolidated financial statements are presented in Saudi Riyals which is also the Group's functional currency and all values are rounded to the nearest thousand Saudi Riyals, except when otherwise indicated.

2.5 Using judgments and estimates

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

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

2-6 Going concern

The group's current liabilities exceeded its current assets by an amount of 282,451,821 Saudi riyals, In addition to the negative cash flows for the period ended June 30, 2023. The condensed interim consolidated financial statements have been prepared on the basis of the going concern basis, as the future cash flows of the condensed interim consolidated financial statements were studied and the management concluded that the Group have a strong financial position and operational performance that enables it to meet its obligations.

3 Significant accounting policies

The accounting policies adopted in the preparation of the condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2022, except new standards, amendment to standards and interpretations as described below:

New Standards, Amendment to Standards and Interpretations

There are a new standards issued, however, there are number of amendments to standards which are effective from 1 January 2023 and has been explained in Group annual consolidated financial statements, but they do not have a material effect on the Group's condensed interim consolidated financial statements.

4 Property, plant and equipment, net

During the six months period ended June 30, 2023, the Group have purchased property, plant and equipment for an amount of SAR 13,730,285 (June 30, 2022: SAR 7,093,991).

During the six months period ended June 30, 2023, the depreciation expense amounted to SAR 15,234,934 (June 30, 2022: SAR 13,486,276).

5 Right of use assets and lease liabilities

Right of use assets:

During the six months period ended June 30, 2023, The additions to the right of use assets amount of SAR 203,163,112 (June 30, 2022: SAR zero).

During the six months period ended June 30, 2023, the depreciation expense amounted to SAR 12,464,842 (June 30, 2022: SAR 758,732).

lease liabilities:

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Current portion	86,475,430	1,007,455
Non current portion	113,197,803	878,633

The finance costs from the recognized lease obligations during the period ended 30 June 2023 amounted to 5,224,033 SAR (30 June 2022: 390,607 SAR).

NATIONAL BUILDING AND MARKETING COMPANY
(A Saudi Joint Stock Company)
Notes To The Condensed Consolidated Interim Financial Statements
For the six months period ended June 30, 2023
(All amounts in Saudi Riyals)

6 Investments in associates

	Ownership Share Ratio		30 June 2023	31 December 2022
	2023	2022	(Unaudited)	(Audited)
German Saudi Industrial Company(A)	9.08%	9.08%	18,408,524	17,485,787
Al-Ahsa Real Estate Growth Fund (B)	91.62%	61.54%	-	77,374,902
			<u>18,408,524</u>	<u>94,860,689</u>

- A) German Saudi Industrial Company: is a closed Saudi joint stock company, established and operating in the Kingdom of Saudi Arabia. The purpose of the company's activity is the manufacture of basic organic chemicals, acetylene, except for fertilizers and nitrogenous compounds, under Commercial Registration No. 2050062639 dated Rajab 25, 1428 H, corresponding to August 8, 2007, issued by the city of Dammam. Under the license of the Ministry of Energy, Industry and Mineral Resources No. 293 dated Safar 6, 1440 H.
- B) Al-Ahsa Real Estate Growth Fund: This item represents an investment in a real estate investment fund - Al-Ahsa Real Estate Growth Fund, the purpose of which is to achieve capital growth in the medium term for unit owners. The fund aims to acquire plots of land for the purpose of initial and/or construction development and then sell them with the aim of achieving capital gains for unit owners in the fund. 13 million units were offered, with a total of 130 million riyals, at a value of 10 riyals per unit. The company invested in 8 million units for 10 riyals per unit, for a total of 80 million Saudi riyals, and its details are as follows:

- An amount of 30 million Saudi riyals was paid in cash during 2022.
- In-kind financing in the amount of 50 million Saudi riyals has been pledged, to be provided in the form of development work on plots of land owned by the Fund. The mortgage on the in-kind units will be released after commitment to the pledge, and the detailed amount of in-kind financing has been covered as follows:
- * Part of the development work was completed on the lands owned by the Fund (Al-Zahraa Project) at an amount of 16.6 million riyals as at the end of 2022 and an amount of 33.4 million riyals as at the end of the period of June 30, 2023.

The development work referred to above is the Al-Zahraa project, for which the National Construction and Marketing Company was appointed as the second contractor through Al-Fayzia Real Estate Development Company (a sister company) as the first contractor.

- On Shawwal 21, 1444 AH, corresponding to May 11, 2023 AD, the company increased its share in investment ownership in a real estate investment fund - Nomou Al-Ahsa Real Estate Fund, where an amount of 45 million Saudi riyals was paid to Nomou Financial Company, the fund manager, during the second quarter of 2023, bringing the company's total investment in the fund to As follows:

- * Previous ownership percentage: 61.54%, ownership percentage after the increase: 91.62%.
- * The value of the previous investment cost: 80 million Saudi riyals, the value of the investment cost after the increase: a value of 124,976,776 Saudi riyals.
- * The number of previous units: 8 million units, and the number of units after the increase is 11,911,024 units.

6/1- The movement in the investment of the associates

	30 June 2023	31 December 2022
	(Unaudited)	(Audited)
As at the beginning of the period / year	94,860,689	15,635,483
Additions during the period / year	-	80,000,000
Transfers during the period / year	(77,374,902)	(53,750)
Company's share of profit (loss) for the period / year	922,737	(721,044)
As at the ending of the period / year	<u>18,408,524</u>	<u>94,860,689</u>

6/2- Summary of the statement of profit or loss and other comprehensive income of the associate - German Saudi Industrial Company

	30 June 2023	30 June 2022
	(Unaudited)	(Unaudited)
Revenues	88,758,957	109,652,244
Profit from the main business	10,106,138	12,780,369
Net profit for the period / year	10,162,297	12,410,977
Total comprehensive income for the period / year	10,162,297	12,410,977
The company's share of profit for the period / year	922,737	1,264,078

NATIONAL BUILDING AND MARKETING COMPANY
(A Saudi Joint Stock Company)
Notes To The Condensed Consolidated Interim Financial Statements
For the six months period ended June 30, 2023
(All amounts in Saudi Riyals)

6 Investments in associates (continued)

6/3- Summary of the financial position statement

6/3/1- Summary of the statement of financial position of the associate company - German Saudi Industrial Company

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Non-current assets	223,596,133	216,762,704
Current assets	140,759,939	155,578,421
Total assets	364,356,072	372,341,125
Liabilities and equity		
Non-current liabilities	3,445,147	3,354,731
Current liabilities	159,737,498	177,975,264
Total equity	201,173,427	191,011,130
Total owners' equity and liabilities	364,356,072	372,341,125

6/3/2- Summary of the fund's financial position - Al-Ahsa Real Estate Growth Fund

	31 December 2022 (Audited)
Total assets	127,272,439
Total liabilities	1,538,116
Net assets (equity)	125,734,323

7 Investments property, net

	Building	Residential villas	Total
Cost			
Balance at January 1, 2023	19,485,523	-	19,485,523
Impact of the acquisition on the fund	-	138,266,125	138,266,125
Additions during the period	-	15,968,586	15,968,586
Disposal during the period	(19,485,523)	-	(19,485,523)
Balance at June 30, 2023	-	154,234,711	154,234,711
Depreciation			
Balance at January 1, 2023	75,258	-	75,258
Period depreciation	150,517	-	150,517
Disposal during the period	(225,775)	-	(225,775)
Balance at June 30, 2023	-	-	-
Net book value			
As on June 30, 2023	-	154,234,711	154,234,711
As on December 31, 2022	19,410,265	-	19,410,265

Building:

The fair value of investments property amounted to 22,351,433 Saudi riyals as of December 31, 2022, according to the evaluation process carried out by the real estate evaluator, Wahat Al-Rai Real Estate Appraisal Company, holder of license No. 1210000045 (an independent evaluator accredited by the Saudi Authority for Accredited Valuers). There is another valuation whose fair value amounted to 25,100,000 Saudi riyals as of December 31, 2022, according to the valuation process carried out by the real estate evaluator, Value Experts Company and its real estate appraisal partner, holder of License No. 1210000027 (an independent evaluator accredited by the Saudi Authority for Accredited Valuers).

Investments property are represented in a contract for renting an educational facility "schools" between Tatweer Building Company and the National Company for Building and Marketing for a period of 35 Hijri years from 23/8/1442H corresponding to (5/4/2021) until 23/8/1477H corresponding to (20/3/2055).

During the first quarter of 2023, a request was submitted to the Building Development Company to transfer an educational facility lease contract from the National Building and Marketing Company to transfer it to the new investor, Adwaa Al-Hidaya Schools Company (sister company). As it was approved on 27/3/2023 by the Tatweer Building Company.

During the subsequent period of the date of the financial statements, the contract was assigned in favor of the new investor, Adwaa Al-Hidaya Schools Company (sister company), with a value of 25,100,000 Saudi riyals, which resulted in profits on the disposal of real estate investments amounting to 5,840,252 Saudi riyals.

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7 Investments property, net (continued)

Residential villas:

-The fair value of the villas amounted to 149,843,300 Saudi riyals as of June 30, 2023, according to the evaluation process carried out by the real estate evaluator, Wahat Al Rai Real Estate Valuation Company, license holder No. 1210000045 (an independent evaluator accredited by the Saudi Authority for Accredited Valuers). There is another evaluation whose fair value amounted to 149,700,000 Saudi riyals as of June 30, 2023, according to the evaluation process carried out by the real estate evaluator, Ofoq Real Estate Valuation Company, license holder No. 1220000629 (an independent evaluator accredited by the Saudi Authority for Accredited Valuers). The fund's acquisition amount during the period represents the fair value of the investment property as of the acquisition date, corresponding to May 11, 2023.

8 Investment at fair value through profit or loss long term

Investments at fair value through short-term profit or loss are represented in investments in an investment portfolio of the following:

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Balance at the beginning of the period / year	3,154,518	483,336
additions during the period / year	20,440	2,210,165
Unrealized profit resulting from revaluation during the period / year	234,907	461,017
Balance at the end of the period / year	<u>3,409,865</u>	<u>3,154,518</u>

9 Related Party Transactions

During the period / year, the Group entered into transactions with the following related parties: (The terms of these transactions were approved by the Board of Directors). An independent report including all transactions that took place during the year is presented to the General Assembly of Shareholders at its annual meeting for approval.

9/1 Due from related parties		30 June 2023 (Unaudited)	31 December 2022 (Audited)
Related party	Nature of relationship		
Al-Fayziyah Real Estate Development Company	Sister company	68,705,021	21,199,379
Ethraa Holding Company	Shareholder	18,142,280	-
Al-Kharj Union Factory Company	Sister company	435,658	-
Shields Manufacture Company - Inks Materials Branch	Shareholder in a subsidiary company	180,650	-
Melogica Inc	Partner in a subsidiary company	66,504	-
Majed Ayed Al-Otaibi	Shareholder in a subsidiary company	37,500	37,500
Yugamesh International Ltd.	Partner in a subsidiary company	30,000	30,000
Southern Factory for Machinery Building in the name of Makrov	Partner in a subsidiary company	15,000	15,000
Masayef Trading and Contracting Company	Related party to a member of the Board of Directors	-	1,090,668
		<u>87,612,613</u>	<u>22,372,547</u>

9/2 Due to related parties:		30 June 2023 (Unaudited)	31 December 2022 (Audited)
Related party	Nature of relationship		
Al-Fayziyah Real Estate Development Company	Sister company	21,476,074	-
German Saudi Industrial Company	Associate company	1,948,918	23,951,440
Trolley Carriage and Iron Works Company	Sister company	661,317	887,647
Ethraa Holding Company	Shareholder	-	7,509,696
Al-Ahsa Real Estate Growth Fund	Fund unit owner	-	33,392,750
Melogica Inc	Partner in a subsidiary company	-	80,325
		<u>24,086,309</u>	<u>65,821,858</u>

9/3 The most important transactions with related parties:		30 June 2023 (Unaudited)	31 December 2022 (Audited)
Related party	Nature of the transaction		
Kaakat Food and Catering Company	Paying salaries	-	77,419
	Payment of fees on behalf	-	(6,343)
	Pay VAT on behalf	-	2,435,684
	Transfer of debts between companies**	-	(4,490,491)
	Finance	-	480,000
	Payment of suppliers on behalf	-	123,436

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9 Related Party Transactions (continued)

9/3 The most important transactions with related parties: (continued)

Related party	Nature of the transaction	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Trolley Carriage and Iron Works Company	Pay VAT on behalf	-	(834,374)
	Payment of suppliers / expenses on behalf	250,000	113,571
	Purchases	(23,670)	(490,978)
	Sales	-	1,027,041
	Finance	-	290,477
	Transfer of debts between companies**	-	(1,303,318)
Shields Manufacture Company - Inks Materials Branch	Pay VAT on behalf	-	562,384
	Payment of expenses on behalf	-	41,616
	Payment of suppliers	1,028,650	(1,909,944)
	Transfer of debts between companies**	-	(1,983,741)
	Finance	(530,000)	(947,619)
	Paying salaries	-	153,699
	Sales	(55,000)	3,839,904
Collection from clients	(263,000)	-	
Flex Shield Company for Security and Safety	Pay VAT on behalf	-	300,284
	Transfer of debts between companies**	-	(2,137,740)
	Finance	-	760,000
	Payment of expenses on behalf	-	(113,942)
	Payment of suppliers on behalf	-	(213,942)
	Paying salaries	-	(12,700)
Manazel AlAlamiyah Company for Operation and Maintenance	Transfer of debts between companies**	-	(926,597)
	Finance	-	176,000
	Paying salaries	-	185,900
	Pay a tax group	-	28,982
	Payment of expenses on behalf	22,217	71,341
Resin Factory for Industry	Pay VAT on behalf	-	1,606,389
	Finance	-	4,180,517
	Payment of expenses on behalf	-	452,267
	Transfer of debts between companies**	-	(15,253,970)
	Pay suppliers on behalf	-	5,427,429
	Purchases	-	(455,000)
Al-Kharj Union Factory Company	Transfer of debts between companies**	-	(13,090,654)
	Payment of expenses on behalf	-	2,914
	Finance	(2,682,605)	(3,142,979)
	Sales	2,939,043	9,885,574
	Paying salaries	-	(74,298)
	Payment of suppliers on behalf	209,220	6,480
	Purchases	-	(443,347)
Ethraa Holding Company	Payment of expenses on behalf	4,247,322	(3,008,414)
	Payment of suppliers on behalf	(10,483,144)	792,985
	Finance	22,340,055	(23,969,707)
	Paying salaries	579,320	2,400
	Transfer of debts between companies**	(33,754)	12,828,016
	Pay VAT on behalf	9,002,277	-
Adwaa Al-Hedaya Schools Company	Payment of expenses on behalf	-	17,739
	Transfer of debts between companies**	-	545,531
	Finance	-	(600,000)
	Gain from the investment property (note 7)	(25,100,000)	-

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9 Related Party Transactions (continued)

9/3 The most important transactions with related parties: (continued)

Related party	Nature of the transaction	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Al-Fayziyah Real Estate Development Company (Due from related party)	Income from Al Jawhara project	25,645,350	144,917,899
	Revenue collection	(16,474,300)	(163,275,245)
	Revenues from Al Zahraa Project	26,749,697	15,600,750
	Finance	15,072,575	(4,200,000)
	Payment of expenses on behalf	-	16,677
	Transfer of debt between companies**	-	(3,085,428)
	Payment of suppliers on behalf	12,507,518	21,135,755
	Paying salaries	166,000	441,000
	Transferring the balance due from Al-Fayeziya to the balance due to the Al-Ahsa Growth Fund to cover the in-kind financing (Note 6B)	(33,392,750)	(16,607,250)
	Al-Fayziyah Real Estate Development Company (Due to related party)	The value of the development work of the Al-Zahraa project of the Al-Ahsa Growth Fund	50,050,900
RAM Tech Trading Company	Pay expenses on behalf	-	1,825
	Transfer of debt between companies**	-	(121,985)
Jawdat Contracting Company	Finance	-	(8,707,591)
	Paying salaries	-	564,034
	Payment of suppliers / expenses on behalf	-	8,966,638
	Transfer of debts between companies**	-	(3,944,355)
	Purchases	-	(59,262)
German Saudi Industrial Company	Finance	30,115,000	(2,650,000)
	Payment of suppliers / expenses on behalf	103,693	2,274,011
	Pay VAT on behalf	(8,216,171)	(16,223,430)
Fahad bin Thunayan Fahad Al-Thunayan	Transfer of debt between companies **	-	6,161,915
Shields Industry Company - Scaffolding Rental Branch	Transfer of debts between companies**	-	(1,367,186)
	Finance	-	(334,719)
	Paying salaries	-	153,458
	Pay a proxy tax collection	-	219,501
	Payment of expenses on behalf	-	1,782,154
	Payment of suppliers on behalf	-	(453,209)
	Transfer of debts between companies**	-	943,000
Arabian Stones Company for Manufacture of Marble & Granite Ltd.	Finance	-	(1,193,915)
	Pay a proxy tax collection	-	(51,110)
	Payment of expenses on behalf	-	52,025
	Payment of suppliers on behalf	-	250,000
	Capital	-	30,000
Yuzmash Industry Company	Capital	-	15,000
Southern Factory for Machinery Building in the name of Makrov	Capital	-	15,000
Majed Ayed Al-Otaibi	Payment of expenses on behalf	-	37,500
Melogica Inc	Paying salaries	-	(16,229)
	Payment of suppliers on behalf	146,830	-
Al-Ahsa Real Estate Growth Fund	Investing shares in kind (note 8-A)	-	(50,000,000)
	Transferring the balance due from Al-Fayeziya to the balance due to the Al-Ahsa Growth Fund to cover the in-kind financing (Note 6B)	33,392,750	16,607,250
	Increase the share of investment in the fund	44,976,776	-
	Acting payments	-	2,482,148
Masayef Trading and Contracting Company	Acting collectors	-	(2,455,868)
	Payment of suppliers on behalf	(1,090,668)	-

** Debt transfer transactions between companies are represented by either settling and closing a balance due between related parties or paying part of the balance owed by a related party.

9 Related Party Transactions (continued)

9/4 Salaries, allowances and remunerations of senior executives and remunerations of members of the Board of Directors

The senior management of the company consists of the members of the Board of Directors and senior executives. They are the persons who exercise the authority and responsibility in planning, directing and controlling the company's activities, directly or indirectly. Starting from the year 2018 AD, the Board of Directors of the company decided to grant the members of the Board an annual bonus and salaries to senior executives.

The item of general and administrative expenses during the following ending years includes the following:

	30 June 2023 (Unaudited)	30 June 2022 (Unaudited)
Remuneration and allowances for board members	62,500	95,500
Salaries and its equivalent for senior executives	1,141,044	1,046,875

10 Loans

10-1 Saudi Industrial Development Fund

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Balance at the beginning of period/year	81,100,000	55,486,000
Addition during the period/year	-	32,614,000
Paid during the period/year	(14,000,000)	(7,000,000)
Balance at the end of the period / year	67,100,000	81,100,000

10-2 Alawwal Bank

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Balance at the beginning of period/year	-	28,083,801
Addition during the period/year	-	2,892,496
Paid during the period/year	-	(30,976,297)
Balance at the end of the period / year	-	-

10-3 Al Rajhi Bank

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Balance at the beginning of period/year	117,567,927	122,610,260
Addition during the period/year	115,196,936	173,898,870
Paid during the period/year	(120,455,175)	(178,941,203)
Balance at the end of the period / year	112,309,688	117,567,927

10-4 Alianama Bank

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Balance at the beginning of period/year	34,843,847	35,669,890
Addition during the period/year	45,948,612	45,224,235
Paid during the period/year	(35,427,727)	(46,050,278)
Balance at the end of the period / year	45,364,732	34,843,847

10-5 Al Riyad Bank

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Balance at the beginning of period/year	25,390,518	20,464,209
Addition during the period/year	131,223,799	79,583,961
Paid during the period/year	(27,356,015)	(74,657,652)
Balance at the end of the period / year	129,258,302	25,390,518

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Current portion	354,032,722	258,902,292
Non-current portion	-	-
Total longs	354,032,722	258,902,292

10 long term loans(continued)

10/1- The Saudi Industrial Development Fund

Loan agreements were signed between the group and the Saudi Industrial Development Fund to obtain loans in the amount of 91,100,000 Saudi riyals to finance the expansion and establishment of production facilities for the company, of which 91,100,000 Saudi riyals were utilized. Annual capital above certain limits and regulatory requirements that require a paid-up capital of 53 million Saudi riyals, with the industrial license amended to reflect the actual project location, products, proposed production capacity, and other specific matters.

The loan is secured by the following guarantees as of June 30, 2023:

- Mortgaging all the company's property, machinery and equipment.
- Personal guarantees from major shareholders of the parent company.

The total maturity of the loan depends on the repayment schedules agreed upon with the fund.. The Saudi Industrial Development Fund agreed on 03/19/1443 AH corresponding to 10/25/2021 to reschedule the balance of the loan granted to the subsidiary in four unequal semi-annual installments, starting from the 10/15/144H, corresponding to 5/16/2022, and ends on 04/15/1445H, corresponding to 10/30/2023, after implementing the conditions contained in the rescheduling approval memorandum. It is the payment of an amount of 3 million Saudi riyals from the value of the company's due. The company paid.

10/2- Facilities from Alawwal Bank

The Group entered into an agreement with Alawwal Bank to provide securitization facilities to finance the company's factory and equip its machinery and properties. These loans carry financial charges based on prevailing market rates.

Loan facility commitments require the company to maintain specified financial levels, limit dividend payments and annual capital expenditures above certain limits, and other specified matters. The book values of long-term loans are shown in Saudi Riyals.

The banking facilities - tawarruq are guaranteed by the following guarantees:

- A duly signed promissory note in the amount of 30,205,000 Saudi riyals, to be paid upon request.
 - Guarantees of integration and solidarity in the amount of 30,205,000 Saudi riyals duly signed by the main shareholders of the parent company.
 - Corporate guarantees in the amount of 30,205,000 Saudi riyals signed by Jawdat Contracting Company (a related party).
 - Confirmed waiver in favor of Alawwal Bank of the proceeds of financing the Saudi Industrial Development Fund.
- During the third quarter of 2022, the company repaid the Alawwal Bank loan through the Saudi Industrial Development Fund loan payments.

10/3- Facilities from Al-Rajhi Bank

The Group entered into a banking facilities agreement with Al Rajhi Bank to finance working capital through:

- General items with a credit limit of 120 million Saudi riyals.
- Letters of credit, joint financing and financing up to 360 million Saudi riyals
- Facilitate deferred sale and export, with a minimum amount of 120 million Saudi riyals.

The banking facilities are guaranteed by the following guarantees, pledges and conditions:

- Submitting a statement of guarantee of fine, instrument and commitment from the main shareholders of the parent company.
- Submitting a corporate guarantee declaration from the German Saudi Company for Industry.
- An undertaking from the company to provide the bank with a waiver of credit from Al-Rajhi Steel Company in the bank's account, covering 150% of the total facilities.
- An undertaking by the company to inform the bank of any changes in the ownership of the issued capital of the obligor.
- Submitting the company's quarterly and semi-annual financial reports and financial statements during agreed periods from the end of each financial period (or in the case of the guarantor of the group's financial statements) for that period, and he must ensure that the obligors do that.
- Financial and regulatory obligations and pledges, and other conditions related to the company's financial system.

10/4- Facilities from Alinma Bank

The group obtained credit facilities to finance participation credits and then Murabaha in the amount of 35 million Saudi riyals under fine and performance guarantees by a major shareholder and related party companies for each of the German Saudi Industry Company and Adwaa Al-Hidaya Schools Company for Boys and Girls, in addition to a real estate mortgage belonging to one of the main shareholders.

10 laons (continued)

10/5- Facilities from Riyadh Bank

- On 06/30/2021, the group signed a short-term bank murabaha facility agreement with Riyadh Bank, at a value of 45 million riyals, to finance working capital. By guaranteeing a promissory note signed by one of the main shareholders.
- On 12/04/2022, the group signed a short-term bank Murabaha facilities agreement with Riyadh Bank, at a value of 50 million riyals, to finance working capital. By guaranteeing a promissory note signed by one of the main shareholders and ensuring that the company waives its dues for the Al-Jawhara and Al-Zahraa projects.
- On 15/02/2023, the group signed a short-term bank Murabaha facilities agreement with Riyadh Bank, at a value of 91 million riyals, to finance working capital. By guaranteeing a promissory note signed by one of the main shareholders and ensuring that the company waives its dues for the Al-Jawhara and Al-Zahraa projects.

10/6- Interest rates

The interest rates for the facilities and loans described above range between 1% to 3.5% annually + SIBOR rate.

11- Capital

The capital consists of 120,000,000 Saudi riyals paid in full, distributed over 12,000,000 shares, each of 10 Saudi riyals.

- On Rabi' al-Awwal 23, 1444 AH, corresponding to October 19, 2022 AD, the company's board of directors decided to recommend to the extraordinary general assembly to increase the company's capital by 150 million Saudi riyals, to become 270 million Saudi riyals, by capitalizing 134,209,957 Saudi riyals from the retained earnings account and capitalizing 15,790,043. Saudi riyals from the statutory reserve account, provided that (1.25) shares are granted for every (1) share.
- On Jumada Al-Awwal 29, 1444 AH, corresponding to November 19, 2022 AD, the decision referred to above was amended, as the company's board of directors decided to recommend to the extraordinary general assembly to increase the company's capital by 120 million Saudi riyals, to become 240 million Saudi riyals, by capitalizing 103,486,931 Saudi riyals from Retained earnings account and capitalization of 14,378,650 Saudi riyals from the statutory reserve account and capitalization of 2,134,419 Saudi riyals from the employee benefits remeasurement account, provided that (1) share is granted for every (1) share, and until the date of issuance of the consolidated financial statements, the procedures have not been completed regularly.
- On 18 Shawwal 1444H, corresponding to 8 May 2023, the Board of Directors of the company decided to recommend to the Extraordinary General Assembly that the nominal value of the company's share be divided into 1 Saudi riyal, so that the number of shares after the split becomes 120 million shares instead of 12 million shares.
- On 2 Dhu al-Hijjah 1444H, corresponding to 20 June 2023, the Board of Directors of the company decided to amend the decision referred to above, recommending to the Extraordinary General Assembly that the nominal value of the company's shares be split into a quarter of Saudi riyals, so that the number of shares after the split becomes 480 million shares instead of 12 million shares.

12 Estimated Zakat Provision

Zakat bonds

The Group has submitted its zakat returns to the Zakat, Tax and Customs Authority in the Kingdom of Saudi Arabia for all years up to December 31, 2022. The Zakat, Tax and Customs Authority has made final assessments for all years up to December 31, 2021.

The assessment for the year ending on December 31, 2022 has not been made by the Zakat, Tax and Customs Authority yet.

13 Earnings per share

The basic and diluted earnings per share attributable to the equity holders of the parent company were calculated by dividing the net profit for the period attributable to the equity holders of the parent company by the weighted average number of shares outstanding during the period, amounting to 12 million shares as on June 30, 2023 (June 30, 2022: 12 million shares).

14 Fair value

14/1- Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in equity or, if it does not exist, the most advantageous market that the company has access to at that date. The fair value of the obligation reflects the risk of non-performance.

When measuring the fair value of an asset or liability, the Group uses observable market data to the maximum extent possible. Fair values are categorized into different levels in the fair value hierarchy on the basis of the inputs used in the valuation techniques as follows:

Level 1: financial assets and liabilities whose values are based on unadjusted quoted prices for similar assets or liabilities in an active market.

Level 2: financial assets and liabilities whose values are based on quoted prices in inactive markets or observable model inputs, either directly or indirectly, substantially for the entire period of the asset or liability.

Level 3: financial assets and liabilities whose values are based on prices or valuation techniques that require unobservable inputs that are significant to the overall fair value measurement. These inputs reflect management's assumptions about the assumptions that a market participant would use to price the asset or liability.

Period ended 30, June 2023	the value	Level (1)	Level (2)	Level (3)
Investment at fair value through profit or loss	3,409,865	3,409,865	-	-
Period ended 31 , December 2022	the value	Level (1)	Level (2)	Level (3)
Investment at fair value through profit or loss	3,154,518	3,154,518	-	-

14/2 Foreign Exchange Risk Management

The company has no assets or liabilities in foreign currencies as at the reporting date, and it was not exposed to the risks of foreign currency fluctuations, and accordingly, the foreign currency sensitivity analysis was not presented.

The Company's transactions are in Saudi Riyals, the management monitors the currency rate fluctuations and believes that the currency risk is not significant.

14/3 Commission and liquidity risk management

The responsibility for liquidity risk management rests with the Company's management, which has prepared an appropriate liquidity risk management framework to manage the Company's short-, medium- and long-term cash and liquidity requirements. The company manages liquidity risks by maintaining adequate reserves, banking facilities and credit facilities reserves, by continuously monitoring future cash flows, as well as by matching the maturity dates of cash assets and liabilities. This strategy of the company has not changed from the previous period.

14/4 Credit risk management

Credit risk is represented in the inability of other parties to pay their contractual obligations towards the company, which may result in a financial loss for the company. Potential credit risk concentrations mainly include commercial debtors and short-term cash investments. Short-term cash investments are deposited with banks with high credit ratings. The company's management believes that there are no concentrations of credit risk for which adequate provision has not been made as of the reporting date.

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15 Segments Reports

Segment reporting is a group of assets and operations that include revenue-producing activities, and the results of their operations are continuously analyzed by management in order to make decisions regarding resource allocation, performance evaluation and separately available financial information.

The Group Chairman and Board of Directors monitor the results of the Group's operations in order to make decisions regarding resource allocation and performance assessment. These parties are collectively responsible for making the Group's operational decisions (decision makers).

Decision makers are currently examining operations mainly in the following segments:

	<u>Iron plate and reinforcement industry</u>	<u>Construction projects</u>	<u>Commercial</u>	<u>Information technology</u>	<u>Use mash and Alma</u>	<u>Total</u>
30 June 2023						
Revenues	221,940,345	52,395,047	40,274,530	1,848,351	-	316,458,273
Cost of revenues	(203,237,733)	(32,954,354)	(36,673,480)	(1,591,246)	-	(274,456,813)
Finance costs	(6,689,052)	(12,572,364)	-	-	-	(19,261,416)
Net profit (loss) for the period	10,104,989	15,407,460	681,410	80,492	(59,299)	26,215,052
Property, plant and equipment - net	338,495,587	272,893	-	-	-	338,768,480
	<u>Iron plate and reinforcement industry</u>	<u>Construction projects</u>	<u>Commercial</u>	<u>Information technology</u>	<u>Use mash and Alma</u>	<u>Total</u>
30 June 2022						
Revenues	213,220,469	104,307,797	3,187,399	28,978	-	320,744,643
Cost of revenues	(204,826,930)	(69,587,456)	(2,886,944)	(27,047)	-	(277,328,377)
Finance costs	(1,362,434)	(1,137,947)	-	-	-	(2,500,381)
Net profit (loss) for the period	5,161,111	27,285,512	300,455	(137,958)	(26,019)	32,583,101
31 December 2022						
Property, plant and equipment - net	339,999,386	-	273,743	-	-	340,273,129

Revenues are summarized by geographic regions below:

For the period ended June 30, 2023

	<u>Iron plate and reinforcement industry</u>	<u>Construction projects</u>	<u>Commercial</u>	<u>Information technology</u>	<u>Use mash and Alma</u>	<u>Total</u>
Kingdom Saudi arabia	220,271,727	52,395,047	40,274,530	1,848,351	-	314,789,655
Kingdom Jordan	1,668,618	-	-	-	-	1,668,618

For the period ended June 30, 2022

	<u>Iron plate and reinforcement industry</u>	<u>Construction projects</u>	<u>Commercial</u>	<u>Information technology</u>	<u>Use mash and Alma</u>	<u>Total</u>
Kingdom Saudi arabia	206,997,696	104,307,797	3,187,399	28,978	-	314,521,870
Kingdom Jordan	6,222,773	-	-	-	-	6,222,773

16 Reclassification

The company has reclassified some balances according to the following details:

- Balance of labor rental expense of SAR 1,072,614 recorded in general and administrative expenses .
Therefore, the company's management has reclassified these balances, and the following is a summary of these amendments:

Impact of the amendment to the statement of profit or loss and other comprehensive income Initial condensed consolidated for the six-month period ended in 30 June 2022

	Reclassification effect		
	As reported	Reclassifications	Balances after Reclassifications
Cost of revenues	(295,147,091)	(1,072,614)	(296,219,705)
General and administrative expenses	(10,000,862)	1,072,614	(8,928,248)

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17. Adjustments

Management has re-evaluated the accounting treatment of certain transactions and balances recorded in the non-consolidated special purpose financial statements in prior years to determine whether these transactions and balances have been accurately accounted for under the International Financial Reporting Standards adopted in the Kingdom of Saudi Arabia. Adjustments to comparative figures have been made in accordance with International Accounting Standard No. 8 "Accounting Policies, Changes in Accounting Estimates and Errors" approved in the Kingdom of Saudi Arabia. As a result, management has adjusted some comparative figures to correct errors as follows:

A- During the six-month period ended on 30 June 2023, the accounting treatment for the investment at fair value through profit or loss in the Al-Ahsa Real Estate Growth Fund "the Fund" was modified to become the equity method due to the presence of the significant influence that the company did not take into account at the time by representing the company by a percentage 40% of the fund's board members and owning a percentage higher than 50% of the fund's units.

The impact of the above on the consolidated statement of financial position as of December 31, 2022 (Comparison numbers) is as follows:

	Balances before Reclassifications as at 31 December 2022	Effect of the adjustment	Balances after Reclassifications as at 31 December 2022
Investments at fair value through profit or loss	88,626,017	(85,471,499)	3,154,518
Investments in an associates	17,485,787	77,374,902	94,860,689
Retained earnings	133,721,238	(7,286,937)	126,434,301
Statutory reserve	18,976,366	(809,660)	18,166,706

B- As shown in the statement of changes in shareholders' equity for the period from 1 January 2022 until 30 June 2022, there is an amount for the adjustments amounting to SAR 13,403,670. The reasons for the adjustment were disclosed in the audited financial statements for the year ended on 31 December 2022, taking into account the necessary adjustments for the period.

18 Subsequent event

No events have arisen after June 30, 2023 and before the date of signing the auditor's report that have a material impact on the condensed interim financial statements.

19 Commitments and contingencies

The Group has contingent liabilities that may arise from unexecuted contractual commitments value of 240,683,036 SR as of 30 June 2023.

20 Approval of condensed interim consolidated financial statements

The condensed interim consolidated financial statements including was approved and authorized for issue by the Board of Directors on 15 Rabi' al Awwal 1445H (corresponding to 30 September 2023).