

Darb Saudi Investment Company
(Previously Al-Baha Investment and Development Company)
A Saudi Joint Stock Company
Riyadh - Kingdom of Saudi Arabia

The Interim
Condensed Financial Statements (Unaudited) and
Independent Auditor's Review Report
For the Three-Month and Six-Month Periods Ended June 30, 2025

Darb Saudi Investment Company
(Previously Al-Baha Investment and Development Company)
A Saudi Joint Stock Company
Riyadh - Kingdom of Saudi Arabia

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Independent Auditor's Review Report on The Interim Condensed Financial Statements

To the Shareholders of
Darb Saudi Investment Company (previously Al-Baha Investment and Development Company)
A Saudi joint stock company
Riyadh - Kingdom of Saudi Arabia

Introduction

We have reviewed the accompanying interim condensed statement of financial position of Darb Saudi Investment Company (previously Al-Baha Investment and Development Company) - A Saudi Joint Stock Company - as of June 30, 2025, and related interim condensed statements of comprehensive income for the three-month and six-month periods ended June 30, 2025, the interim condensed statement of changes in equity and the interim condensed statement of cash flows for the six-month period then ended, and a summary of material accounting policy information and other explanatory notes related to the condensed interim financial information. Management is responsible for the preparation and presentation of these interim condensed financial information in accordance with International Accounting Standard No. (34) "Interim Financial Reporting" as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed financial information 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 the interim condensed financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information for the three-month and six-month periods ended 30 June 2025 of Darb Saudi Investment Company (previously Al-Baha Investment and Development Company) - a Saudi Joint Stock Company - are not prepared, in all material respects, in accordance with International Accounting Standard (IAS) 34 "Interim Financial Reporting" that is endorsed in the Kingdom of Saudi Arabia.

Independent Auditor's Review Report on the Interim Condensed Financial Statements to the Shareholders of Darb Saudi Investment Company (previously Al-Baha Investment and Development Company) (Continued)

Emphasis of a Matter

We draw attention to notes 7 and 13 to the accompanying interim condensed financial statements, which describes the legal case on the assets exchange with Al - Sata'ah Modern General Contracting Company. The Company has created a provision for expected losses that resulted from the assets exchange contract with Al-Sata'ah Modern General Contracting Company for an amount of SR 26,136,823, where the Company's management believes that the assets that are supposed to be received in the barter transaction have low values and there is a significant impairment on them as a result of their obsolescence; accordingly a provision has been recognized against them for the amount of the performance obligations that the company is obliged to transfer to the other party. In addition, the previously issued court judgment obligating Darb Saudi Investment Company (previously Al-Baha Investment and Development Company) to execute the terms of the contract with Al- Sata'ah Modern General Contracting Company was upheld. Our conclusion is not modified in respect of this matter.

Talal Abu-Ghazaleh & Co.




Waleed Ahmed Bamarouf

Certified Public Accountant - Licence No. 408

Date: Muharram 29, 1447(H) corresponding July 24, 2025(G)

Jeddah - Kingdom of Saudi Arabia

Darb Saudi Investment Company
(Previously Al-Baha Investment and Development Company)
A Saudi Joint Stock Company
Riyadh – Kingdom of Saudi Arabia

The interim condensed statement of financial position (unaudited)
as of June 30, 2025

Exhibit "A"

		June 30, 2025	December 31,
	Notes	(Unaudited)	2024
<u>ASSETS</u>		(SR)	(Audited)
<u>Current Assets</u>			(SR)
Cash and cash equivalents		2,105,194	397,113
Trade receivables - net		4,840,851	3,061,853
Other debit balances - net		285,868	140,934
Due from related party	10	359,151	-
Total Current Assets		7,591,064	3,599,900
<u>Non - Current Assets</u>			
Goodwill- net	4	22,159,064	22,159,064
Intangible assets - net		1	1
Investment properties- net	5	232,381,584	234,084,003
Property and equipment- net		366,775	293,377
Total Non Current Assets		254,907,424	256,536,445
Non-current assets held for sale- net	7	-	-
Total Assets		262,498,488	260,136,345
<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>			
<u>Current Liabilities</u>			
Accounts payable		937,461	937,461
Other credit balances		8,243,926	5,639,926
Auction shares deposits under settlement	6	11,286,543	11,207,056
Due to related parties	10	5,280,000	6,280,718
Lease liability - current portion		2,051,995	1,959,964
Zakat provision	8	224,022	2,112,527
Total Current Liabilities		28,023,947	28,137,652
<u>Non-Current Liabilities</u>			
Lease liability - non current portion		8,036,130	8,509,687
Employees' defined benefit obligation		487,396	435,479
Total Non-Current Liabilities		8,523,526	8,945,166
Total Liabilities		36,547,473	37,082,818
<u>Equity</u>			
<u>Shareholders' Equity</u>			
Capital	9	218,295,000	218,295,000
Retained earnings		7,656,015	4,758,527
Total shareholders' Equity		225,951,015	223,053,527
Non - Controlling interests	1	-	-
Total Equity		225,951,015	223,053,527
TOTAL LIABILITIES AND EQUITY		262,498,488	260,136,345

The accompanying notes from (1) to (17) constitute an integral part of these interim condensed financial statements

Darb Saudi Investment Company
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The interim condensed statement of comprehensive income (unaudited)
for the three-month and six-month periods ended June 30, 2025

Exhibit "B"

	Notes	For the Three-Month Period Ended 30 June		For the Six-Month Period Ended 30 June	
		2025	2024	2025	2024
		(SR)	(SR)	(SR)	(SR)
Revenues		4,604,174	4,501,175	9,166,192	8,953,494
Cost of revenues		(1,129,378)	(1,096,539)	(2,185,360)	(2,227,892)
Gross profit		3,474,796	3,404,636	6,980,832	6,725,602
General and administrative expenses		(973,158)	(1,048,548)	(1,845,939)	(1,911,377)
Reversal (Provision) of expected credit loss		(848,356)	1,237,601	(2,071,046)	565,329
Net profit from operations		1,653,282	3,593,689	3,063,847	5,379,554
Finance costs		(100,582)	(114,890)	(201,661)	(232,624)
Other revenue		30,465	-	55,513	99,794
Income for the period before Zakat		1,583,165	3,478,799	2,917,699	5,246,724
Zakat	8	(11,587)	(497,415)	(20,211)	(2,327,416)
Total comprehensive income		1,571,578	2,981,384	2,897,488	2,919,308
Comprehensive income for the period attributable to:					
Shareholders of the company		1,571,578	2,470,779	2,897,488	2,153,533
Non - Controlling interests		-	510,605	-	765,775
Total		1,571,578	2,981,384	2,897,488	2,919,308
Basic and diluted earnings per share for the shareholders of the company / parent company	11	0.0072	0.0113	0.0133	0.0099

The accompanying notes from (1) to (17) constitute an integral part of these interim condensed financial statements





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The interim condensed statement of changes in equity (unaudited) for the six-month period ended June 30, 2025

Exhibit "C"

	Capital	Retained earnings (accumulated losses)	Net Shareholders' Equity	Net Non- Controlling interests	Total Equity
	(SR)	(SR)	(SR)	(SR)	(SR)
<u>For the period ended June 30, 2025</u>					
Balance at the beginning of the period - audited	218,295,000	4,758,527	223,053,527	-	223,053,527
Total comprehensive income	-	2,897,488	2,897,488	-	2,897,488
Balance at the end of the period - unaudited	218,295,000	7,656,015	225,951,015	-	225,951,015
<u>For the period ended June 30, 2024</u>					
Balance at the beginning of the period - audited	297,000,000	(82,123,073)	214,876,927	19,400,992	234,277,919
Total comprehensive income	-	2,153,533	2,153,533	765,775	2,919,308
Balance at the end of the period - unaudited	297,000,000	(79,969,540)	217,030,460	20,166,767	237,197,227

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The interim condensed statement of cash flows (unaudited)
for the Six-month period ended June 30, 2025

Exhibit "D"

	For the Six-Month Period Ended 30	
	June	
	2025	2024
	(SR)	(SR)
CASH FLOWS FROM OPERATING ACTIVITIES		
Income for the period before Zakat	2,917,699	5,246,724
Adjustments to reconcile profit for the period before Zakat to net cash flows from operating activities		
Depreciation of investment property and depreciation of PP&E	1,876,308	1,853,822
Employees' defined benefit obligation - charged	51,917	46,353
Finance cost	201,661	232,624
Charge/ (Reversal) of expected credit losses provision	2,071,046	(565,329)
Changes in Operating Assets and Liabilities		
Trade receivables	(3,850,044)	(2,152,327)
Other debit balances	(144,934)	(184,659)
Due from related party	(359,151)	(322,353)
Other credit balances	2,604,000	2,896,190
Auction shares deposits under settlement	79,487	(28,269)
Cash flows from operations	5,447,989	7,022,776
Zakat - Paid	(1,908,716)	(808,460)
Net Cash flows from Operating Activities	3,539,273	6,214,316
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions of investment property	(116,471)	-
Additions of property and equipment	(130,816)	-
Net cash flows used in investing activities	(247,287)	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Lease liability - Paid	(583,187)	(358,063)
Due to related parties	(1,000,718)	-
Net Cash flows used in Financing Activities	(1,583,905)	(358,063)
Net increase in cash and cash equivalents	1,708,081	5,856,253
Cash and cash equivalents at beginning of the period	397,113	7,229,551
Cash and cash equivalents at end of the period	2,105,194	13,085,804

The accompanying notes from (1) to (17) constitute an integral part of these interim condensed financial statements



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Notes to the interim condensed financial statements (unaudited)
for the six-month period ended June 30, 2025

1. Company's Information

- Darb Saudi Investment Company (previously Al-Baha Investment and Development Company) (“the company”) is a Saudi joint stock company registered in the Kingdom of Saudi Arabia under the commercial registration No. 5800005960 Uniform number 7001363386 on Rajab 19, 1413(H) corresponding to January 11, 1993(G) and according to Ministerial Resolution No. 600 on Jumada Al-Thani 5, 1413(H) corresponding to November 30, 1992(G).
- During the current period, on June 17, 2025, the company's name was changed to Darb Saudi Investment Company instead of Al-Baha Investment and Development Company, and all regulatory procedures in this regard have been completed.
- The Company's activities include managing and leasing the residential and non-residential real estates that are owned or leased by the Company, managing and leasing warehouses, brokerage of real estates, managing properties, general construction of residential and non-residential buildings; renovation of residential and non-residential buildings; finishing works for buildings, hotels, and hotel apartments; as well as the purchase, sale, and subdivision of land and real estate; off-plan sales activities; and the real estate development of residential and commercial buildings. The Company performs its activities in accordance with applicable regulations and after obtaining the required licenses from related bodies (if required).
- Darb Saudi Investment Company (previously Al-Baha Investment and Development Company) obtained a real estate developer qualification certificate from the Ministry of Municipal and Rural Affairs and Housing, Developers Services Center, after meeting the approved qualification standards on March 7, 2024.
- The head office of the company is located at the following address:
Riyadh - Al-Izdihar district, P.O. Box 12485, Kingdom of Saudi Arabia
- The financial statements include the activities of the following branches:
 - The Elegant Centers Limited, a branch of Darb Saudi Investment Company (previously branch of Al-Baha Investment and Development Company), Commercial Registration No. 1010428696 dated Safar 18, 1436H, corresponding to December 10, 2014.
 - Ishraqa Regional Real Estate Development and Investment, a branch of Darb Saudi Investment Company (previously branch of Al-Baha Investment and Development Company), Commercial Registration No. 1010714580 dated Shawwal 18, 1438H, corresponding to July 12, 2017.

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Notes to the interim condensed financial statements (unaudited)
For the six-month period ended June 30, 2025 – (Continued)

Purchase of Additional Share in a Subsidiary

On August 7, 2024, a Share Purchase and Sale Agreement was signed between Darb Saudi Investment Company (previously Al-Baha Investment and Development Company) (the buyer) and Mr. Mishal bin Mohammed bin Hassan Mufti (the seller and board member) and the owner of the non-controlling interests in The Elegant Centers Limited Company (a subsidiary). The seller owns 750,000 shares, representing 13.04% of the capital of The Elegant Centers Limited Company, and intends to sell them to Darb Saudi Investment Company (previously Al-Baha Investment and Development Company) (the buyer) for SAR 19,600,000, which will be paid as follows:

- The buyer will pay the purchase price within one year from the effective date. The buyer has the right to extend the payment period for one or more additional similar periods upon notification to the seller.
- The buyer will pay 20% of the purchase price, amounting to SAR 3,920,000, at the effective date.
- The remaining 80% of the purchase price, amounting to SAR 15,680,000, will be paid during the payment period or any extension thereof, with a maximum deadline by the end of the payment period or any extension.

The first part of the purchase amount, SAR 3,920,000, was paid on October 1, 2024, and the legal procedures were completed, and the ownership transferred on October 1, 2024.

After this date, Darb Saudi Investment Company (previously Al-Baha Investment and Development Company) paid SAR 10,400,00; accordingly, the outstanding balance due to the related party (Mr. Mishal bin Mohammed bin Hassan Mufti) amounted to SAR 5,280,000 (Note 10).

Conversion of Subsidiaries to Branches

After purchasing the non-controlling interests in The Elegant Centers Limited Company, Darb Saudi Investment Company (previously Al-Baha Investment and Development Company) now owns 100% of its subsidiaries, The Elegant Centers Limited Company and Ishraqa Regional Real Estate Development and Investment Company (a single-member company). Subsequently, Darb Saudi Investment Company (previously Al-Baha Investment and Development Company) converted its subsidiaries into branches of Darb Saudi Investment Company (previously Al-Baha Investment and Development Company). This was approved in the minutes of the Ordinary General Assembly meeting held on September 30, 2024. On October 31, 2024, The Elegant Centers Limited Company was converted into a branch of Darb Saudi Investment Company (previously Al-Baha Investment and Development Company) under the same commercial registration number and date (Commercial Registration No. 1010428696, dated Safar 18, 1436H, corresponding to December 10, 2014). Similarly, Ishraqa Regional Real Estate Development and Investment Company (a single-member company) was converted into a branch of Darb Saudi Investment Company (previously Al-Baha Investment and Development Company) on November 6, 2024, under the same commercial registration number and date (Commercial Registration No. 1010714580, dated Shawwal 18, 1438H, corresponding to July 12, 2017). All legal procedures for this conversion were completed.

Capital Reduction

According to the Extraordinary General Assembly meeting held on December 19, 2024, it was decided to absorb part of the accumulated losses amounting to SAR 78,705,000 by reducing the capital. A total of 787,050,000 shares were canceled at a nominal value of SAR 0.10 per share, with a reduction of one share for every 3.77 shares. On April 8, 2025, the Extraordinary General Assembly Meeting was held, and it was voted to amend the nominal value of the share to become One Saudi Riyal instead of ten halalas (0.10) per share; accordingly, the number of shares becomes 218,295,000 nominal shares instead of 2,182,950,000 nominal shares. All regulatory procedures were completed, including amending the company's articles of association and commercial registration.

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Notes to the interim condensed financial statements (unaudited)
For the six-month period ended June 30, 2025 – (Continued)

2. Basis of preparation

a) Statement of compliance with International Financial Reporting Standards

- These interim condensed financial statements for the six-month period ended as of June 30, 2025 have been prepared in accordance with International Accounting Standard No. (34) “Interim Financial Reporting” that is endorsed in the Kingdom of Saudi Arabia and other pronouncements and other standards endorsed by Saudi Organization for Chartered and Professional Accountants (SOCPA).
- The interim condensed financial statements do not include all the information and disclosures required in the annual financial statements prepared in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other pronouncements and other standards endorsed by Saudi Organization for Chartered and Professional Accountants (SOCPA), and should be read in conjunction with the financial statements for the Company for the year ended as of December 31, 2024. In addition, the business results for the six months period ended as of June 30, 2025 are not necessarily an indication for the expected results for the year ended December 31, 2025.

b) Basis of measurement

These interim condensed financial statements have been prepared on historical cost basis using the accrual basis and going concern assumption.

c) Functional and presentation currency

These interim condensed financial statements have been presented in Saudi Riyals, which represents the functional and presentation currency for the Company.

d) Key Judgments

The company's management assesses its ability to continue as a going concern, including an assessment of the going concern for the twelve months following the date of the financial report. They are confident that they have the resources to continue their activities in the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt on the company's ability to continue as a going concern.

e) Estimates

Preparing the interim condensed financial statements requires management to make some judgments, estimates and assumptions that affect the application of the company's accounting policies and the amounts presented for assets, liabilities, revenues and expenses. Actual results may differ from these estimates.

The preparation of the interim condensed financial statements also requires significant judgments from the company's management when applying accounting policies and significant sources of estimates and uncertainties that have a material impact, which are the same as shown in the financial statements for the previous year ending on December 31, 2024.

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Notes to the interim condensed financial statements (unaudited)
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3. Material accounting policy information

The accounting policies used in the interim condensed financial statements are consistent with those followed in the preparation of the financial statements for the year ended December 31, 2024, except for applying of new standards and amendments to standards and interpretations described in note (15).

4. Goodwill-net

The goodwill recognized in the interim condensed financial statements was recognized through the acquisition of Ishraqa Real Estate Development and Investment Company (Company's branch) during the year 2017, and the following is a breakdown of its movement:

	<u>June 30, 2025</u>	<u>December 31,</u> <u>2024</u>
<u>Cost</u>	<u>(SR)</u>	<u>(SR)</u>
Balance at the beginning of the period / year	28,389,288	28,389,288
Balance at the end of the period / year	28,389,288	28,389,288
<u>Accumulated impairment</u>		
Balance at beginning the of the period / year	6,230,224	6,230,224
Addition during the period/year	-	-
Balance at the end of the period / year	6,230,224	6,230,224
Net book value	22,159,064	22,159,064

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Notes to the interim condensed financial statements (unaudited)
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Impairment test:

- The Company tests the impairment of goodwill on an annual basis by using assistance of an external independent business valuer, this is with the aim of verifying whether there is an impairment on the value of goodwill by comparing the book value of the cash-generating unit with the recoverable value, which is determined by the cost method and the adjusted net asset value method which was assigned a weigh of 100%. However, when calculating the recoverable value using the income method and the discounted cash flow method, the evaluation result was negative, and therefore this method was ignored, with a weight of zero%.
- The cost method and the adjusted net assets method were relied upon to evaluate Ishraqa Real Estate Development and Investment (Company's branch), since it derives its value substantially from the investment property (Al-Izdihar Complex), whose book value is SR 69,390,742 as of December 31, 2024. The following is a summary of the calculation of the fair value of the net assets and the value of the goodwill as of June /December 31:

	June 30, 2025	December 31, 2024
	(SR)	(SR)
Net assets at book value	17,401,294	17,401,294
Less: Investment properties - at book value	(69,350,008)	(69,350,008)
Add: Investment properties - at fair value	109,212,000	109,212,000
Fair value of net assets	57,263,286	57,263,286
Less: Net assets - at book value	(17,401,294)	(17,401,294)
value of good will	39,861,992	39,861,992

- The fair value of investment properties was reached by relying on real estate valuation reports carried out by a valuation expert (Taqdeer Company, a member of the Saudi Authority for Accredited Valuers, Membership No. 1210000414, on December 31, 2024.
- Property and equipment recorded in the financial statements as of December 31, 2024 were ignored because they were not material, as their book value amounted to SR 188,333.
- The evaluation was carried out using the cost method that falls within international standards and is approved by the Saudi Authority for Accredited Valuers.
- The evaluation of the cash generation unit Eshraqa Real Estate Development and Investment (company branch) was carried out by Alpha Consulting Group – assessor Azzam Al-Mufadda – License Number (3912000019) for the year 2024.

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Notes to the interim condensed financial statements (unaudited)
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5. Investment properties-net

This item consists of the following:

			Advance payments for improvements of investment properties	Total
<u>June 30, 2025</u>	<u>Lands</u>	<u>Buildings</u>		
<u>Cost</u>	(SR)	(SR)	(SR)	(SR)
Balance at the beginning of the period	179,919,738	80,079,202	230,948	260,229,888
Addition during the period	-	34,225	82,246	116,471
Transferred from advance payments for investment property improvements	-	230,948	(230,948)	-
Balance at the end of the period	<u>179,919,738</u>	<u>80,344,375</u>	<u>82,246</u>	<u>260,346,359</u>
<u>Accumulated Depreciation</u>				
Balance at the beginning of the period	-	17,024,474	-	17,024,474
Addition during the period	-	1,818,890	-	1,818,890
Balance at the end of the period	-	<u>18,843,364</u>	-	<u>18,843,364</u>
<u>Accumulated impairment</u>				
Balance at the beginning of the period	9,121,411	-	-	9,121,411
Balance at the end of the period	<u>9,121,411</u>	-	-	<u>9,121,411</u>
Net book value	<u>170,798,327</u>	<u>61,501,011</u>	<u>82,246</u>	<u>232,381,584</u>
<u>December 31, 2024</u>				
<u>Cost</u>				
Balance at the beginning of the year	179,919,738	79,902,784	-	259,822,522
Addition during the year	-	176,418	230,948	407,366
Balance at the end of the year	<u>179,919,738</u>	<u>80,079,202</u>	<u>230,948</u>	<u>260,229,888</u>
<u>Accumulated Depreciation</u>				
Balance at the beginning of the year	-	13,453,834	-	13,453,834
Addition during the year	-	3,570,640	-	3,570,640
Balance at the end of the year	-	<u>17,024,474</u>	-	<u>17,024,474</u>
<u>Accumulated impairment</u>				
Balance at the beginning of the year	10,307,079	-	-	10,307,079
Reversal during the year	(1,185,668)	-	-	(1,185,668)
Balance at the end of the year	<u>9,121,411</u>	-	-	<u>9,121,411</u>
Net book value	<u>170,798,327</u>	<u>63,054,728</u>	<u>230,948</u>	<u>234,084,003</u>

- The Company measures the fair value of investment properties on an annual basis when preparing the annual financial statements through an independent valuation expert who has a recognized and relevant professional qualification and has recent experience in the location and description of the investment property, and the last measurement was on December 31, 2024.

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Notes to the interim condensed financial statements (unaudited)
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– The following is a summary of the fair value measurement of investment properties as at December 31, 2024:

<u>Property description</u>	December 31, 2024					<u>Evaluator name</u>	<u>License number</u>
	<u>Valuation method</u>	<u>Book Value</u>	<u>Fair Value</u>	<u>Value increase</u>	<u>Evaluation entity</u>		
		(SR)	(SR)	(SR)			
AlHazm Complex	Income method Discounted cash flow method	19,117,211	23,427,000	4,309,789	Taqdeer	Hamad bin Abdullah Al-Hamad	1210000414
AlMalaz Complex	Income method Discounted cash flow method	110,276,000	110,276,000	-	Taqdeer	Hamad bin Abdullah Al-Hamad	1210000414
The Saudi factory	Cost method (replacement cost)	26,674,417	38,434,000	11,759,583	Taqdeer	Hamad bin Abdullah Al-Hamad	1210000414
Al-Ezdihar Complex	Cost method (replacement cost)	69,350,008	109,212,000	39,861,992	Taqdeer	Hamad bin Abdullah Al-Hamad	1210000414
Al-Suwaidi Complex	Income method Discounted cash flow method	8,666,367	12,460,487	3,794,120	Taqdeer	Hamad bin Abdullah Al-Hamad	1210000414
Total		<u>234,084,003</u>	<u>293,809,487</u>	<u>59,725,484</u>			

6. Auction shares deposits under settlement

The company obtained the approval of the Capital Market Authority on Rabi' al-Awwal 25, 1430 H, corresponding to March 22, 2009, to sell the unpaid shares to collect the value of the last installment of (SR 2.5) per share. The company started the sale process on June 28, 2009 until December 31, 2009, (984,032 shares) were sold for an amount of (SR 14,325,234) according to the offers submitted in the auction. The amount was fully collected, the amount is (SR 2.5), which represents value of 25% of the remaining share value, thus the amount of SR 2,113,074 was used to complete the capital to become SR 150,000,000 fully paid, while the remaining amount of SR 12,212,160, will be returned as a surplus to the shareholders who are late in paying the last installment, and whose shares were sold in auction. The remaining outstanding amount is SR 10,492,391 as of June 30, 2025 (December 31, 2024: SR 10,512,801).

On Rajab 20, 1443 H, corresponding to February 21, 2022, the company's shareholders approved in the Extraordinary General Assembly to increase the company's capital from SR 177,000,000 to SR 297,000,000, and 12,000,000 shares were subscribed, 10,735,702 shares were sold to priority rights holders, and the number of unsubscribed shares reached 1,264,298 shares were sold at a value of SR 23,837,933, this resulted in an amount of SR 11,194,953 that will be refunded to the unsubscribed shareholders. On April 8, 2025, the Extraordinary General Assembly Meeting was held, and it was voted to amend the nominal value of the share to become One Saudi Riyal instead of ten halalas (0.10) per share; accordingly, the number of shares becomes 218,295,000 nominal shares instead of 2,182,950,000 nominal shares and the remaining value amounted to SR 794,152 as of June 30, 2025 (December 31, 2024: SR 694,255).

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7. Net non-current assets held for sale and provision for potential claims

On February 6, 2011, the company signed a contract with Al- Sata'ah Modern General Contracting Company according to which the company purchased:

- A crusher with all its equipment, its vehicles, and all movable and fixed assets without its financial liabilities.
- The ready-made concrete project and its movable and fixed assets without their financial receivables.
- The hydrochloric factory (under construction) in addition to its equipment without their financial liabilities.

This is in return for assets with a book value of SR 74,003,717, in addition to paying an amount of SR 10 million in four installments according to certified checks.

The company has done the following:

- 1) According to the minutes of the Ordinary General Assembly of the company, which was held on April 26, 2011, in which the vote on the bartering assets agreement with the Sata'ah Modern General Contracting Company was postponed to another meeting of the Assembly, after the completion of the required reports and studies.
- 2) The company contracted with a specialized office to carry out the due diligence examination of the assets of the Al- Sata'ah Modern General Contracting Company, subject of the agreement, and the office issued the due diligence report on September 17, 2011, and those assets were only valued at SR 17,300,559.
- 3) The company announced on the Tadawul website on September 18, 2011 the issuance of the results of the due diligence report on evaluating the assets of the Al- Sata'ah Modern general Contracting Company, and in view of the large difference between the evaluation result of the assets of the Al- Sata'ah Modern general Contracting Company and the value of the assets of Saudi Darb Investment Company (previously Al-Baha Investment and Development Company) offered for barter with the assets of the Al- Sata'ah Modern General Contracting Company, the management of Saudi Darb Investment Company (previously Al-Baha Investment and Development Company) discussed the evaluation results with the management of the Al- Sata'ah Modern General Contracting Company.
- 4) The company announced on the Tadawul website on October 1, 2011 the results of its negotiations with the Al- Sata'ah Modern General Contracting Company, which resulted in the Al- Sata'ah Modern general Contracting Company not accepting the results of the due diligence report and also refused to return the amount of 7 million Saudi riyals, that the company had paid in advance as part of the contract. As a result of that, the company canceled the contract with Al- Sata'ah Modern general Contracting Company and a lawsuit was filed in the Judicial Council demanding that Al- Sata'ah Modern general Contracting Company to return the amount paid, A final judgment was issued in the case from the Judicial Council in Jeddah on 24/6/1434 (H) that includes approval of the initial judgment issued by Administrative Court in Jeddah to complete the implementation of the contract. On February 9, 2017, the company received a copy of the judgment of the Execution Department of the General Court in Baljurashi, which states that by looking at the ruling issued by the Judicial Council, it was found that the items to be implemented were not specified, and the ruling of Execution Department ended with stopping the implementation until the judgment issued by the Judicial Council is corrected so it determines the clauses to be executed clearly and precisely for each clause. Also, the ruling the Execution Department stipulated the right to object by the two parties to the execution within a period of thirty days starting from the next day from the date of receiving the verdict copy, and the case is still pending with the concerned courts. The company has decided to provide a provision that covers all losses resulting from that operation in the amount of SR 68,699,441.

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- 5) During the year 2017, the company reversed the increase in the previously formed asset exchange provision, amounting to SR 1,996,283, so that the balance of the asset exchange provision after reversing the increase amounted to SR 66,703,158.
- 6) On March 6, 2018, the explanatory decision was issued by the Commercial Court in Jeddah, Second Circuit, specifying the items to be implemented as follows:
- First:** oblige Saudi Darb Investment Company (previously Al-Baha Investment and Development Company) to pay 3 million Saudi riyals to the Al- Sata'ah Modern general Contracting Company.
- Second:** oblige Saudi Darb Investment Company (previously Al-Baha Investment and Development Company) to effectively waive the entire 134 plots of land with the notary, which it owns by 50% of the entire land in the Al-Mrouj scheme located in Al-Sail Al-Saghir in Al-Taif Governorate, in favor of the Al- Sata'ah Modern General Contracting Company.
- Third:** Oblige Saudi Darb Investment Company (previously Al-Baha Investment and Development Company) to waive to the Al- Sata'ah Modern General Contracting Company the entire contents of the poultry project and the land on which the project is based, which is owned by Saudi Darb Investment Company (previously Al-Baha Investment and Development Company).
- 7) On April 19, 2018, the company filed an appeal with the Commercial Court in Jeddah. On November 5, 2018, the company received a report from a lawyer stating that the appealed judgment was overturned. On November 8, 2018, the company submitted the list objecting to the department's interpretation of the ruling, and on January 9, 2019, the Second Commercial Circuit of the Commercial Court in Jeddah decided to issue its preliminary ruling to adhere to its previous decision dated 19/6/1439 (H) which ruled that the term intended to oblige the parties to the lawsuits to complete the implementation of the contract concluded between them the subject of this case dated 03/03/1432 (H) and on February 24, 2019 (G), the company filed its appeal against the judgment received on January 27, 2019 (G). On 5/7/1442 (H) corresponding to February 17, 2021, the department decided to accept the objection in form and reject it in substance, and support the judgment of the Second Circuit (in the Commercial Court in Jeddah in the case) and the judge decided to implement the items referred to in Clause No. 6. Accordingly, the company decided to increase the provision for potential claims by an amount of SR 17,300,559, which was recorded in the statement of comprehensive income for the year ended on December 31, 2020.
- 8) During the year 2022, a final judgment was issued against Saudi Darb Investment Company (previously Al-Baha Investment and Development Company), and the company had to implement what was stated in item No. 6 above, accordingly, during the year 2022, the company paid an amount of 3 million Saudi riyals, and the rest of the aforementioned items are being implemented

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- 9) The Company provided a provision for the loss resulting from the bartering asset contract with the Al- Sata'ah Modern General Contracting Company, as the Company's management believes that the assets that are supposed to be receives in barter transaction are not material and there is a significant decrease on them as a result of their obsolescence, and accordingly a provision was provided against them at the book value of performance obligations that the company is committed to providing to the other party as the best estimate of the value of losses according to the information available to the Company's management..
- 10) In the year 2024, an amount of 47,866,894 Saudi Riyals was excluded, which represents the land of the poultry project and its components, and the allocated fund recorded for these non-current assets held for sale, as the ownership of this land and everything on it was transferred to the Bright Modern Contracting Company on October 9, 2024.
- 11) The following are the details of the net non-current assets held for sale as a result of the assets exchange agreement with the Al- Sata'ah Modern General Contracting Company.

<u>Description</u>	The transferable book value of the performance obligation according to the barter agreement June 30, 2025 (SR)	The transferable book value of the performance obligation according to the barter agreement December 31, 2024 (SR)
Real estate - Taif lands	9,000,000	9,000,000
Investment in Al-Baha national College	17,136,823	17,136,823
Total	26,136,823	26,136,823
Provision for potential losses against non-current assets held for sale (*)	(26,136,823)	(26,136,823)
Net	-	-

(*) The movement on the provision for potential losses was as follows:

	June 30, 2025 (SR)	December 31, 2024 (SR)
Balance at the beginning of the period / year	26,136,823	74,003,717
Used during the period/year	-	(47,866,894)
Balance at the end of the period / year	26,136,823	26,136,823

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8. Zakat

The movement on the Zakat provision during the period ended June 30, 2025/ year ended 31 December 2024 was as follows:

	June 30, 2025	December 31, 2024
	(SR)	(SR)
Balance at the beginning of the period / year	2,112,527	5,825,132
Charged during period / year	20,211	93,488
Paid during period / year	(1,908,716)	(3,635,108)
Zakat provision no longer needed	-	(170,985)
Balance at the end of the period / year	224,022	2,112,527

The Zakat status of Darb Saudi Investment Company (previously Al-Baha Investment and Development Company):

- All zakat and tax returns have submitted until the fiscal year ending on December 31, 2024, and the Company obtained final zakat certificate for the year 2024.
- The final Zakat assessment was made by the Authority for the years from 2014 to 2018 and paid all its Zakat obligations accordingly. For the years 2021, 2022 and 2023, the Authority issued its final assessment stating that no zakat differences were due.
- During the fiscal year ending on 31 December 2021, the company received letters from the Authority requesting additional documents to examine the Zakat and tax returns for the years 2019 and 2020, and the Authority was provided with the required data, and no evaluation was issued against the company in this regard.
- During the financial period ending on June 30, 2025, the company received a letter from the Authority requesting documents to examine the 2024 VAT returns, and the Authority was provided with the required documents and no evaluation was issued against the company in this regard.
- During the subsequent period ending on June 30, 2025, the company received a letter from the Authority requesting documents to examine the 2024 zakat returns, and the required documents are currently being provided to the Authority.

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9. Share capital

According to the Extraordinary General Assembly Meeting held on December 19, 2024, it was decided to absorb part of the accumulated losses amounting to SAR 78,705,000 by reducing the capital. A total of 787,050,000 shares were canceled at a nominal value of 0.10 per share, with a reduction of one share for every 3.77 shares. All regulatory procedures were completed, including amending the company's articles of association and commercial registration.

The company's capital amounting to SAR 218,295,000 is divided into 2,182,950,000 nominal shares of equal value, each with a nominal value of 0.10 halalas, all of which are ordinary shares. On April 8, 2025, the Extraordinary General Assembly Meeting was held, and it was voted to amend the nominal value of the share to become One Saudi Riyal instead of ten halalas (0.10) per share; accordingly, the number of shares becomes 218,295,000 nominal shares instead of 2,182,950,000 nominal shares. All regulatory procedures were completed, including amending the company's articles of association and commercial registration.

10. Transactions with related parties

The following are the benefits and rewards of the senior management and the Board of Directors of the company during the period ending on June 30 :

	<u>June 30, 2025</u>	<u>June 30, 2024</u>
	(SR)	(SR)
Short-term benefits and rewards	422,458	421,933
Long-term benefits	329,128	263,802
Total	<u><u>751,586</u></u>	<u><u>685,735</u></u>

- The debit balance of SR 359,151 as at June 30, 2025 represents a fund in custody due from the related party Ibrahim Abdullah bin Kulaib (CEO and Vice Chairman of the Board of Directors).
- The outstanding credit balance of SR 5,280,000 is due to the related party Mishal bin Mohammed bin Hassan Mufti (Board Member) (Note 1).
- The prices and terms of transactions with related parties have been approved by management.

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11. Basic and diluted earnings per share to the Company's shareholders

Earnings per share is calculated on the basis of the net results of the period attributable to the shareholders of the company divided by the weighted average number of shares issued. The diluted earnings per share is the same as the basic earnings per share since the company does not have dilutive instruments issued during the period.

On April 8, 2025, the Extraordinary General Assembly Meeting was held, and it was voted to amend the nominal value of the share to become One Saudi Riyal instead of ten halalas (0.10) per share; accordingly, the number of shares becomes 218,295,000 nominal shares instead of 2,182,950,000 nominal shares. As a result, the weighted average number of shares was adjusted to 218,295,000 shares. In accordance with the requirements of International Accounting Standard (IAS) 33 – Earnings per Share, the weighted average number of shares has been retrospectively adjusted for all periods presented, as follows:

	For the Three-Month Period Ended 30 June		For the Six-Month Period Ended 30 June	
	2025	2024	2025	2024
	(SR)	(SR)	(SR)	(SR)
Net income for shareholders of the Company	1,571,578	2,470,779	2,897,488	2,153,533
	share	share	share	share
Weighted average number of shares:				
Shares issued at the beginning of the period	218,295,000	218,295,000	218,295,000	218,295,000
Weighted average number of shares	218,295,000	218,295,000	218,295,000	218,295,000
	SR/Share	SR/Share	SR/Share	SR/Share
The basic and diluted earnings per share to shareholders of the Company / parent Company	0.0072	0.0113	0.0133	0.0099

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12. Segments Information

The following is the significant segment information for the company at the date of the interim condensed financial statements:

	June 30, 2025			December 31, 2024		
	Assets		Total	Assets		Total
	(SR)	Liabilities	comprehensive income (loss) (SR)	(SR)	Liabilities	comprehensive income (loss) (SR)
Head quarters	22,725,035	20,656,337	(858,359)	22,268,447	23,497,347	(2,953,200)
Rentals	239,773,453	15,891,136	3,755,847	237,867,898	13,585,471	5,872,508
Total	262,498,488	36,547,473	2,897,488	260,136,345	37,082,818	2,919,308

– The company offers all its services within a defined economic environment (geographical sector) inside the Kingdom of Saudi Arabia.

13. Lawsuits

A lawsuits filed between Darb Saudi Investment Company (previously Al-Baha Investment and Development Company) and the Al - Sata'ah Modern General Contracting Company, and the details of the case were explained in note (7). In addition, a legal case has been filed by Darb Saudi Investment Company (previously Al-Baha Investment and Development Company) against the former members of the Board of Directors for the term from 10 February 2010 to 9 February 2013, with the Capital Market Authority, demanding joint and several compensations in the amount of SR 100,000,000. The CMA has issued an approval to file the complaint with the Committee for the Resolution of Securities Disputes (CRSD).

Lawsuits filed by the company concerning the branch of the Elegant Centers Limited regarding rental agreements and related matters, with claims amounting to SR 5,074,595. The company has recognized a provision for related receivables.

Lawsuits filed by the company concerning the branch of Ishraqa Regional Real Estate Development and Investment regarding rents and related matters with claims amounting to SR 3,394,074. The company has recognized a provision for related receivables.

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14. Financial Risk Management

The Company's principal financial liabilities comprise of trade and other payables and due to related party's balance. The main purpose of these financial liabilities is to finance the Company's operations. The Company principal financial assets include cash and cash equivalents, trade and other receivables and due from related parties.

– **Liquidity Risk:**

- Liquidity risk, also referred to as funding risk, is the risk that the Company will encounter difficulties in raising funds to meet its commitments.
- The Company manages liquidity risk by maintaining adequate reserves and continuously monitoring forecast and actual cash flows.
- Below are the details of working capital:

	<u>June 30, 2025</u>	<u>December 31, 2024</u>
	(SR)	(SR)
Current assets	7,591,064	3,599,900
Current liabilities	<u>28,023,947</u>	<u>28,137,652</u>
Net	<u>(20,432,883)</u>	<u>(24,537,752)</u>

- The deficit in working capital amounted to SR 20,432,883 as of June 30, 2025 (SR 24,537,752: as of December 31, 2024). The company's management believes that there are no significant difficulties regarding liquidity to meet the future obligations.

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15. New and Revised International Financial Reporting Standards and Interpretations

a) New and revised IFRSs and interpretations issued that became effective:

The following new and amended IFRS, which became effective for the financial periods commencing on or after 1 January 2025, were followed in the preparation of the Company's financial statements and did not have a material impact on the amounts and disclosures contained in the financial statements in the current period as follows:

IFRS or Interpretation	Description	Effective Date
International Accounting Standard (21)	Lack of Exchangeability	January 1, 2025

b) New and revised IFRSs and interpretations that are not effective yet

The Company did not adopt any of the following new amended standards that were issued but not yet effective:

IFRS or Interpretation	Description	Effective Date
Amendments to IFRS 9 and IFRS 7	Classification and Measurement of Financial Instruments	January 1, 2026
Amendments to: IFRS 1 IFRS 7 IFRS 9 IFRS 10 IAS 7	Annual Improvements to IFRS Standards	January 1, 2026
IFRS 18	Presentation and Disclosure in Financial Statements	January 1, 2027
IFRS 19	Subsidiaries Without Public Accountability: Disclosures	January 1, 2027
IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)	Available for optional application / Effective date deferred indefinitely
International Financial Reporting Standard (S1)	General Requirements for Disclosure of Sustainability-related Financial Information.	1 January 2024 (Subject to endorsement by relevant regulatory authorities)
International Financial Reporting Standard (S2)	Climate-related disclosures.	

The standards, interpretations, and amendments effective as of January 1, 2025, have no material impact on the Company's financial statements. As for the other standards, interpretations, and amendments mentioned above, the Company is currently assessing their impact on the financial statements upon adoption.

16. Approval of the interim condensed financial statements

The interim condensed financial statements were approved by the Company's Board of Directors on Muharram 29, 1447(H) corresponding July 24, 2025(G).

17. General

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