

BANAN REAL ESTATE COMPANY
(A Saudi Joint Stock Company)

Interim Condensed Consolidated Financial Statements
(Unaudited)
and Independent Auditor's Review Report
For The Six-Month Period Ended 30 June 2023

BANAN REAL ESTATE COMPANY
(A Saudi Joint Stock Company)

Interim Condensed Consolidated Financial Statements (Unaudited)
For the six-month period ended 30 June 2023

INDEX	PAGE
Independent auditor's review report on the interim condensed consolidated financial statements	1
Interim condensed consolidated statement of financial position	2
Interim condensed consolidated statement of profit or loss and other comprehensive income	3
Interim condensed consolidated statement of changes in equity	4
Interim condensed consolidated statement of cash flows	5
Notes to interim condensed consolidated financial statements	6 - 18

**INDEPENDENT AUDITOR'S REVIEW REPORT ON THE INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS
TO THE SHAREHOLDERS OF BANAN REAL ESTATE COMPANY
(A Saudi joint stock company)**

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Banan Real Estate Company (the "Company") and its subsidiary, collectively referred to as the ("Group") as at 30 June 2023, and the related interim condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34 – "Interim Financial Reporting" ("IAS 34") that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' that is endorsed in the Kingdom of Saudi Arabia. A review of interim 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 interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 that is endorsed in the Kingdom of Saudi Arabia.

For Alluhaid and Alyahya Chartered Accountants



Turki A. Alluhaid
Certified Public Accountant
License No. (438)

Riyadh: 22 Muharram 1445H
(9 August 2023)



BANAN REAL ESTATE COMPANY
(A Saudi Joint Stock Company)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	30 June 2023 SR (Unaudited)	1 December 2022 SR (Restated note 25)	1 January 2022 SR (Restated note 25)
ASSETS				
NON-CURRENT ASSETS				
Property and equipment	9	1,877,198	1,333,269	1,192,960
Investment properties	10	565,280,895	567,804,626	579,361,772
Intangible asset		88,218	93,468	12,880
Investments in joint ventures	11	30,799,043	29,765,012	23,912,919
Financial assets at fair value through other comprehensive income	12	-	-	714,290
Investments in an associate	13	9,068,759	9,236,783	9,755,803
Right-of-use assets	15	820,598	-	-
TOTAL NON-CURRENT ASSETS		607,934,711	608,233,158	614,950,624
CURRENT ASSETS				
Trade receivables, net	14	3,921,205	3,292,669	2,308,231
Prepayments and other financial assets		1,329,632	1,185,332	1,468,119
Financial assets at fair value through profit or loss (FVPL)		-	-	22,871,058
Cash and cash equivalents		10,902,768	3,454,414	14,115,848
Amounts due from related parties	16	2,270,198	743,283	146,248
TOTAL CURRENT ASSETS		18,423,803	8,675,698	40,909,504
TOTAL ASSETS		626,358,514	616,908,856	655,860,128
EQUITY AND LIABILITIES				
EQUITY				
Share capital	21	200,000,000	200,000,000	200,000,000
Statutory reserves		7,662,474	7,662,474	5,011,208
Other reserves		39,643,295	39,485,755	39,413,762
Retained earnings		119,367,918	105,557,626	92,720,179
TOTAL EQUITY ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT COMPANY		366,673,687	352,705,855	337,145,149
Non-controlling interests		160,098,596	155,545,252	149,433,539
TOTAL EQUITY		526,772,283	508,251,107	486,578,688
LIABILITIES				
NON-CURRENT LIABILITIES				
Long-term loans	18	52,619,620	64,286,132	104,600,460
Employees' benefit obligations		1,564,870	1,402,971	1,246,811
Lease liabilities – non-current portion	15	597,688	-	-
TOTAL NON-CURRENT LIABILITIES		54,782,178	65,689,103	105,847,271
CURRENT LIABILITIES				
Long term loans – current portion	18	16,725,009	13,036,754	18,072,357
Short-term loans	18	-	5,000,000	16,013,438
Lease liabilities - current portion	16	343,597	-	-
Amounts due to related parties	16	7,010,914	7,528,494	11,553,608
Trade and other credit balances	17	20,519,163	16,254,337	16,282,880
Zakat payable	19	205,370	1,149,061	1,511,886
TOTAL CURRENT LIABILITIES		44,804,053	42,968,646	63,434,169
TOTAL LIABILITIES		99,586,231	108,657,749	169,281,440
TOTAL EQUITY AND LIABILITIES		626,358,514	616,908,856	655,860,128

Chairman

DocuSigned by:

Chief Executive Officer

Chief Finance Officer

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

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BANAN REAL ESTATE COMPANY
(A Saudi Joint Stock Company)

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
 COMPREHENSIVE INCOME**

For the six-month period ended 30 June 2023

	Notes	2023 SR (Unaudited)	2022 SR (Unaudited)
Revenues	20	32,414,736	31,070,250
Cost of revenue		(6,623,405)	(6,813,782)
GROSS PROFIT		25,791,331	24,256,468
General and administrative expense		(4,053,530)	(3,657,967)
PROFIT FROM MAIN OPERATIONS		21,737,801	20,598,501
Share in profit of joint ventures	11	1,034,031	165,615
Share of profit of an associate	13	206,975	1,121,895
Dividends income from financial assets at fair value through profit or loss		-	193,461
Gain on sale of financial assets at fair value through profit or loss		-	2,060,314
Changes in fair value of financial assets at fair value through profit or loss		-	(410,366)
Finance costs		(2,960,901)	(1,786,688)
Other income, net		303,101	195,264
Reversal of impairment in investment properties	10	1,466,093	-
INCOME BEFORE ZAKAT		21,787,100	22,137,996
Zakat	19	(201,082)	(561,653)
NET INCOME FOR THE PERIOD		21,586,018	21,576,343
NET INCOME FOR THE PERIOD ATTRIBUTABLE TO:			
Shareholders of the Parent		13,810,292	14,977,556
Non-controlling interests		7,775,726	6,598,787
		21,586,018	21,576,343
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified to profit or loss in subsequent periods:			
Remeasurement of employees' benefit obligations		172,663	81,616
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		21,758,681	21,657,959
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO:			
Shareholders of the Parent		13,967,832	15,008,971
Non-controlling interests		7,790,849	6,648,988
		21,758,681	21,657,959
Earnings per share from net income attributable to shareholders (in SR)			
Basic and diluted earnings per share	7	0.07	0.07

Chairman

Chief Executive Officer

Chief Finance Officer

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The attached notes 1 to 26 form an integral part of these interim condensed financial statements.

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BANAN REAL ESTATE COMPANY
(A Saudi Joint Stock Company)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the six-month period ended 30 June 2023

	Share capital SR	Statutory reserve SR	Other reserves SR	Retained earnings SR	Total shareholders' equity SR	Non- controlling interests SR	Total SR
Balance as at 1 January 2023	200,000,000	7,662,474	39,485,755	105,557,626	352,705,855	155,545,252	508,251,107
COMPREHENSIVE INCOME:							
Net income for the period	-	-	-	13,810,292	13,810,292	7,775,726	21,586,018
(Other comprehensive income for the period	-	-	157,540	-	157,540	15,123	172,663
Total comprehensive income for the period	-	-	157,540	13,810,292	13,967,832	7,790,849	21,758,681
Dividends	-	-	-	-	-	(3,237,505)	(3,237,505)
Balance as at 30 June 2023 (unaudited)	200,000,000	7,662,474	39,643,295	119,367,918	366,673,687	160,098,596	526,772,283
Balance as at 1 January 2022, as previously presented (audited)	200,000,000	5,011,208	39,413,762	94,410,520	338,835,490	151,414,533	490,250,023
Restatement (note 25)	-	-	-	(1,690,341)	(1,690,341)	(1,980,994)	(3,671,335)
Balance as at 1 January 2022, (restated)	200,000,000	5,011,208	39,413,762	92,720,179	337,145,149	149,433,539	486,578,688
COMPREHENSIVE INCOME:							
Net income for the period	-	-	-	15,539,209	15,539,209	6,598,787	22,137,996
(Other comprehensive income for the period	-	-	31,415	-	31,415	50,201	81,616
Total comprehensive income for the period	-	-	31,415	15,539,209	15,570,624	6,648,988	22,219,612
Dividends (note 22)	-	-	-	(5,999,998)	(5,999,998)	(3,237,502)	(9,237,500)
Balance as at 30 June 2022 (unaudited)	200,000,000	5,011,208	39,445,177	102,259,390	346,715,775	152,845,025	499,560,800

Chairman

DocuSigned by:



Chief Executive Officer



Chief Finance Officer



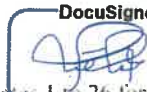
The attached notes 1 to 16 form an integral part of these interim condensed financial statements.

BANAN REAL ESTATE COMPANY**(A Saudi Joint Stock Company)****INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS****For the period ended 30 June 2023**

	Notes	2023 SR (Unaudited)	2022 SR (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income for the period before zakat		21,787,100	22,137,996
Adjustments to reconcile income before zakat to net cash flows:			
Depreciation on property and equipment	9	157,945	143,275
Depreciation of investment properties	10	3,258,972	3,269,581
Depreciation of right-of-use-assets		94,588	-
Amortisation of intangible assets		5,250	11,654
Reversal of impairment on investment property		(1,466,093)	-
Gains on disposal of investment properties		(297,293)	(1,272,525)
Share in profit of joint ventures	11	(1,034,031)	(165,615)
Share in profit of an associate	13	(206,975)	(1,121,895)
Gains on sale of financial assets at fair value through profit or loss		-	(2,060,314)
Losses on revaluation of financial assets at fair value through profit or loss		-	410,366
Provision for expected credit losses	14	483,534	-
Provision for employees' benefit obligations		309,927	83,372
Finance costs on employees' benefit obligations		35,636	-
Finance costs on loans	19	2,899,166	1,786,688
Finance costs on lease liabilities	16	26,099	-
		26,053,825	23,222,583
Changes in operating assets and liabilities:			
Trade receivables		(1,112,070)	(1,106,635)
Prepayments and other financial assets		(144,300)	(1,700,297)
Trade and other credit balances		4,264,826	(754,956)
Amounts due from / to related parties		(2,044,495)	(2,732,731)
Cash from operating activities		27,017,786	16,927,964
Zakat paid		(1,144,773)	(1,507,598)
Employees' benefit obligations paid		(11,000)	-
Finance costs paid		(2,899,166)	-
Net cash from operating activities		22,962,847	15,420,366
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment	9	(701,874)	(170,561)
Purchase of investment properties	10	(1,771,856)	(4,708,442)
Purchase of intangible assets		-	(2,990)
Payments for joint ventures	11	-	(3,869,028)
Purchase of financial assets at fair value through profit or loss		-	(27,186,032)
Proceeds from sale of financial assets at fair value through profit or loss		-	25,218,121
Proceeds from disposal of investment properties		2,800,000	4,164,999
Dividends received from investments in an associate	13	374,999	300,000
Net cash from / (used in) investing activities		701,269	(6,253,933)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from loans	18	36,201,200	15,070,000
Repayment of loans	18	(49,179,457)	(15,984,764)
Dividends to shareholders	22	(3,237,505)	(9,237,502)
Net cash used in from financing activities		(16,215,762)	(10,152,266)
Net increase / (decrease) in cash and cash equivalents		7,448,354	(985,833)
Cash and cash equivalents at the beginning of the period		3,454,414	14,115,848
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD		10,902,768	13,130,015
NON-CASH TRANSACTIONS			
Additions to right-of-use assets and lease liabilities	15	915,186	-

Chairman

DocuSigned by:

**Chief Executive Officer****Chief Finance Officer**

The attached notes 1 to 26 form an integral part of these interim condensed financial statements.

BANAN REAL ESTATE COMPANY
(A Saudi Joint Stock Company)

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

For the six-month period ended 30 June 2023

1 GENERAL INFORMATION

Banan Real Estate Company (the "Company") is a Saudi Joint Stock Company registered in Riyadh, Kingdom of Saudi Arabia under commercial registration number 1010207597 dated 24 Safar 1426H (corresponding to 4 April 2005).

The Company is engaged in leasing of owned or leased properties (residential and non-residential), managing and operating hotel apartments, managing real estate for a commission and providing real estate registration services.

The registered address of the Company is prince Mohammed Bin Abdulaziz Road, North Mathar District, Riyadh, P.O. Box:, Riyadh 12314, Kingdom of Saudi Arabia.

The accompanying consolidated financial statements incorporate the financial statements of Banan Real Estate Company (the "Company" or the "Parent") and its subsidiary (Al-Aziza Real Estate Development and Investment Company), collectively referred to as the ("Group").

On 23 December 2021, The Company has increased its ownership interest in Al-Aziza Real Estate Development and Investment Company from 42.5% to 46.042%. This resulted in some changes in the board of directors of the investee, and then the control over Al-Aziza Real Estate Development and Investment Company has been achieved by the Company. Therefore, the Company has a presence giving it power to direct relevant activities of the investee.

The following is the subsidiary of the Company:

<u>Name of the Company</u>	<u>Percentage of ownership</u>	
	30 June 2023	31 December 2022
Al-Aziza Real Estate Development and Investme Company	46,042%	46,042%

Al-Aziza Real Estate Development and Investment Company (the "Subsidiary") is a closed joint stock company operating under commercial registration numbered 1010288389 dated 5 Jumada Al-Thani 1431H (corresponding to 19 May 2010).

The Subsidiary is engaged in general constructions of residential buildings, and general constructions of non-residential buildings such as schools, hospitals and hotels. The Subsidiary operates through the following branch:

<u>Branch Name</u>	<u>CR Number</u>	<u>Place of issue</u>
Branch of Al-Aziza Real Estate Development and Investment Company	1010630719	Riyadh

The Subsidiary's branch is engaged in buying and selling lands and real estate and dividing them, off-plan sale activities, management and leasing of owned or leased properties (residential), leasing of owned or leased properties (non-residential).

2 BASIS OF PREPARATION

These interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 – Interim Financial Reporting ("IAS 34") as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by Saudi Organization for Chartered and Professional Accountants ("SOCPA"). The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements and should therefore be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2022.

3 BASIS OF CONSOLIDATION

The interim condensed consolidated financial statements comprise the financial statements of the Company and its Subsidiary as at 30 June 2023. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee).
- Exposure, or rights, to variable returns from its involvement with the investee.
- The ability to use its power over the investee to affect its return.

BANAN REAL ESTATE COMPANY

(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED) (CONTINUED)

For the six-month period ended 30 June 2023

3 BASIS OF CONSOLIDATION- continued

Generally, there is a presumption that having majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee.
- Rights arising from other contractual arrangements.
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee, if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-Group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

4 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the Group's interim condensed consolidated 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.

5 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS

Standards and amendments to existing standards effective 1 January 2023

There are no standards, amendments to standards or interpretations that are effective for annual periods beginning on 1 January 2023 that have a material effect on the interim condensed consolidated financial statements of the Group.

New standards, amendments, and interpretations effective after 1 January 2023 and have not been early adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2023, and have not been early adopted in preparing these interim condensed consolidated financial statements. None of these are expected to have a material effect on the interim condensed consolidated financial statements of the Group.

6 Presentation and functional currency

The interim condensed consolidated financial statements are presented in Saudi Riyals (SR), which is the Group's functional currency. All financial information has been rounded off to the nearest currency unit, unless otherwise indicated.

7 EARNINGS PER SHARE

The extraordinary general assembly in their meeting, held on 25 Dhu al-Qa'dah 1444H (corresponding to: 14 June 2023), approved dividing the Company's shares from 20 million ordinary share to 200 million ordinary shares at a nominal value of SR 10 for each to SR 1 for each share, this has not resulted in a change in the value of Company's share capital.

Basic and diluted earnings per share are calculated by dividing the net income for the six-month period ended 30 June 2023 and 2022 by 200 million ordinary shares.

8 SEGMENT INFORMATION

Operating business segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The management considers the Group is organised into one operating segment. Accordingly, the presentation of the different segment information is not applicable. Furthermore, the Group operates its activities within the Kingdom of Saudi Arabia.

BANAN REAL ESTATE COMPANY
(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)
For the six-month period ended 30 June 2023

9 PROPERTY AND EQUIPMENT

<i>Cost</i>	Electrical appliances and air conditioners	Vehicles	Computers	Furniture and fixtures	Tools	Capital work-in- progress	Total
At 1 January 2023 (audited)	1,292,556	337,982	701,567	4,301,065	192,841	338,274	7,164,285
Additions	-	-	-	701,874	-	-	701,874
Disposals during the period	-	(49,482)	-	-	-	-	(49,482)
At 30 June 2023 (unaudited)	1,292,556	288,500	701,567	5,002,939	192,841	338,274	7,816,677
<i>Accumulated depreciation</i>							
At 1 January 2023 (audited)	1,143,649	215,815	648,207	3,637,910	185,435	-	5,831,016
Charge during the period	30,263	22,000	10,464	92,608	2,610	-	157,945
Disposals during the period	-	(49,482)	-	-	-	-	(49,482)
At 30 June 2023 (unaudited)	1,173,912	188,333	658,671	3,730,518	188,045	-	5,939,479
<i>Net carrying amount</i>							
At 30 June 2023 (unaudited)	118,644	100,167	42,896	1,272,421	4,796	338,274	1,877,198
At 31 December 2022 (audited)	148,907	122,167	53,360	663,155	7,406	338,274	1,333,269

BANAN REAL ESTATE COMPANY
(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED) (CONTINUED)
For the six-month period ended 30 June 2023

10 INVESTMENT PROPERTIES

	Land	Buildings	Capital work-in-progress	Total
Cost:				
At 1 January 2023 (restated, note 25)	341,509,652	273,229,723	3,666,377	618,405,752
Additions during the period	-	-	1,771,856	1,771,856
Disposals during the period	(1,354,799)	(1,147,909)	-	(2,502,708)
At 30 June 2023 (unaudited)	340,154,853	272,081,814	5,438,233	617,674,900
Accumulated depreciation:				
At 1 January 2023 (restated, note 25)	-	46,911,966	-	46,911,966
Depreciation for the period	-	3,342,761	-	3,342,761
Disposals during the period	-	(83,789)	-	(83,789)
At 30 June 2023 (unaudited)	-	50,170,938	-	50,170,938
Impairment:				
At 1 January 2023 (restated, note 25)	-	3,689,160	-	3,689,160
Impairment during the period	-	(1,466,093)	-	(1,466,093)
At 30 June 2023	-	2,223,067	-	2,223,067
Net book amount:				
At 30 June 2023 (unaudited)	340,154,853	219,687,809	5,438,233	565,280,895
At 31 December 2022 (restated note 24)	341,509,652	222,628,597	3,666,377	567,804,626

BANAN REAL ESTATE COMPANY
(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED) (CONTINUED)

For the six-month period ended 30 June 2023

10 INVESTMENT PROPERTIES - continued

	Land	Buildings	Capital work-in-progress	Total
Cost:				
At 1 January 2022 (restated, note 25)	350,111,298	266,401,566	10,606,683	627,119,547
Additions during the period	-	1,200,000	3,508,442	4,708,442
Disposals during the period	-	(2,892,474)	-	(2,892,474)
Transfers	-	9,097,282	(9,097,282)	-
At 30 June 2022 (unaudited)	350,111,298	273,806,374	5,017,843	628,935,515
Accumulated depreciation:				
At 1 January 2022 (restated, note 25)	-	43,000,189	-	43,000,189
Depreciation for the period	-	3,269,581	-	3,269,581
Disposal during the period	-	(60,041)	-	(60,041)
At 30 June 2022 (unaudited)	-	46,209,729	-	46,209,729
Impairment:				
At 1 January 2022 (restated, note 25)	66,613	4,690,973	-	4,757,586
Impairment during the period	-	-	-	-
At 30 June 2022 (unaudited)	66,613	4,690,973	-	4,757,586
Net book amount:				
At 30 June 2022 (unaudited)	350,044,685	222,905,672	5,017,843	577,968,200
At 31 December 2021 (restated note 25)	350,044,685	218,710,404	10,606,683	579,361,772

The capital work-in-progress represents the renovations to investment properties, which are being renovated by the Group's management.

Investment properties include properties mortgaged to local banks against the facilities obtained by the Company.

Investment properties include properties registered in the name of certain shareholders of the Subsidiary (non-controlling interests), and its carrying value amounted to SR 1.4 million as at 30 June 2023, and its fair value amounted to SR 1.6 million as of that date. The ownership is being transferred in the name of the Subsidiary.

The fair value of the investment properties was determined by Itqan Real Estate Company and its partner (Nasser Khaled Al-Takhim, Abdullah Muhammad Al-Ajmi), accredited valuers by the Saudi Authority for Accredited Valuers ("Taqeem"), holding membership numbers 1210001816, and 1210001245, respectively. Itqan Real Estate Company and its partner are independent valuers, not related to the Group, who hold recognised and relevant professional qualifications and have recent experience in the location and category of the investment properties being valued.

BANAN REAL ESTATE COMPANY
(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED) (CONTINUED)

For the six-month period ended 30 June 2023

10 INVESTMENT PROPERTIES - continued

The fair value of the Group's land and buildings valued amounted to SR 666 million (31 December 2022: SR 661 million).

The fair values are categorized into a hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2: inputs other than quoted prices that are included within Level 1 and that are observable for the asset or liability, either directly (such as prices) or indirectly (derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The table below shows the fair value of investment properties disclosed:

	<i>Level 1</i> <i>SR</i>	<i>Level 2</i> <i>SR</i>	<i>Level 3</i> <i>SR</i>	<i>Total</i> <i>SR</i>
30 June 2023				
Investment properties	-	-	666,939,462	666,939,462
31 December 2022				
Investment properties	-	-	661,435,630	661,435,630

11 INVESTMENTS IN JOINT VENTURES

	<i>Tahlia Mall</i> <i>Project (11-1)</i> <i>SR</i>	<i>Al Badiyah</i> <i>Building Project</i> <i>(11-2)</i> <i>SR</i>	<i>Total</i> <i>SR</i>
1 January 2023 (audited)	20,099,685	9,665,327	29,765,012
Share in profit of a joint venture	795,983	238,048	1,034,031
30 June 2023 (unaudited)	20,895,668	9,903,375	30,799,043
	<i>Tahlia Mall</i> <i>Project (11-1)</i> <i>SR</i>	<i>Al Badiyah</i> <i>Building Project</i> <i>(11-2)</i> <i>SR</i>	<i>Total</i> <i>SR</i>
1 January 2022 (audited)	14,559,904	9,353,015	23,912,919
Additions during the year	5,346,961	-	5,346,961
Share in profit of a joint venture	192,820	312,312	505,132
31 December 2022 (Audited)	20,099,685	9,665,327	29,765,012

11.1 On 1 November 2019, the Group invested in a joint venture with an investor, which is a commercial center under construction in North Maathar District in Riyadh.

11.2 On 21 January 2018, the Group invested in a joint venture with one of the shareholders, which is a construction of building on the land equally owned by both parties.

BANAN REAL ESTATE COMPANY
(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED) (CONTINUED)
For the six-month period ended 30 June 2023

12 FINANCIAL ASSETS AT FAIR VALUE THROUGH OCI ("FVOCI")

	Percentage of holding		Balance as at	
	30 June 2023	31 December 2022	30 June 2023 SR (Unaudited)	31 December 2022 SR (Audited)
United Financial House Company	9.51%	9.51%	5,500,000	5,500,000
Less: Impairment			(5,500,000)	(5,500,000)
			-	-

13 INVESTMENTS IN AN ASSOCIATE

During 2021, the Subsidiary acquired 15% ownership of Etihad Hittin Real Estate company (an "associate"), a limited liability company registered in Riyadh, Kingdom of Saudi Arabia under commercial registration number 1010708513 dated 17 Ramadan 1442H (corresponding to 29 April 2021). The associate is engaged in buying and selling lands and real estate and dividing them, off-plan sale activities, management and leasing of owned or leased properties (residential and non-residential), management and leasing of self-storage stores, and the activities of broker agents.

The movement in the carrying amount of the investment is as follows:

	30 June 2023 SR (Unaudited)	31 December 2022 SR (Audited)
At the beginning of the period/year	9,236,783	9,755,803
Dividends received during the period / year	(374,999)	(300,000)
Company's share in results of an associate	206,975	(219,020)
At the end of the period/year	9,068,759	9,236,783

14 TRADE RECEIVABLES

	30 June 2023 SR (Unaudited)	31 December 2022 SR (Audited)
Trade receivables	5,112,274	4,000,204
Less: Provision for expected credit losses	(1,191,069)	(707,535)
Trade receivables, net	3,921,205	3,292,669

Movement in the provision for expected credit loss during the period is as follows:

	For the period ended 30 June 2023 SR (Unaudited)	For the period ended 30 June 2022 SR (Unaudited)
Balance at the beginning of the period	707,535	479,744
Provision during the period	483,534	-
Balance at the end of the period	1,191,069	479,744

BANAN REAL ESTATE COMPANY
(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED) (CONTINUED)

For the six-month period ended 30 June 2023

15 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

Right-of-use assets

	30 June 2023 SR Contract of head office (Unaudited)	31 December 2022 SR (Audited)
<i>Cost:</i>		
At beginning of the period	-	-
Additions during the period	915,186	-
At the end of the period	915,186	-
<i>Accumulated depreciation:</i>		
At the beginning of the period	-	-
Additions during the period	94,588	-
At the end of the period	94,588	-
<i>Net carrying amount</i>	820,598	-

Lease liabilities

Following is the details of movements in lease liabilities.

	30 June 2023 SR (Unaudited)	31 December 2022 SR (Audited)
As at 1 January	-	-
Additions during the period	915,186	-
Interest expense during the period	26,099	-
As at 30 June 2023	941,285	-
Current portion of lease liabilities	343,597	-
Non-current portion of lease liabilities	597,688	-

BANAN REAL ESTATE COMPANY
(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED) (CONTINUED)

For the six-month period ended 30 June 2023

16 RELATED PARTY TRANSACTIONS AND BALANCES

16.1 Related party transactions

Related parties represent major shareholders, directors and key management personnel of the Company, and entities controlled or significantly influenced by such parties. The Group is controlled by its shareholders. No single shareholder can direct the activities of the Group without cooperation of the other shareholders.

The following transactions were carried out with the related parties during the six-month period ended 30 June:

Related Party	Nature of relationship	Nature of transactions	2023	2022
			SR (Unaudited)	SR (Unaudited)
International Hotels Company	Sister Company	Leasing revenue	2,750,000	4,625,000
Saleh Suliman Al-Haqbani	Shareholder of the subsidiary	Payments for an additional share in investment in a subsidiary from the Shareholder	-	4,300,000
Mohammad Abdul Aziz Saleh Al-Haqbani	Partner in a joint venture	Revenue collected from the Company on behalf of the Partner	-	257,718
				-
Al-Haqbani Commercial Group Company	Sister Company	Purchases	53,374	-
		Leasing revenue	1,126,881	979,506
Al-Haqbani for Information Technology Company	Sister Company	Leasing revenue	46,000	61,841
Bader Suliman Al-Haqbani	Shareholder of the subsidiary	Purchase of investment property	-	1,200,000
Etihad Hittin Real Estate company	Associate	Leasing revenue	-	159,681
Hawar International Company	Shareholder of the subsidiary	Dividends payable	-	106,248
Arabian Company for Fans	Associate	Leasing revenue	831,852	606,700
AD Company For Mechanical & Electrical Equipment Ltd.	Associate	Leasing revenue	102,637	69,402
Al Badiyah Building Project	Joint venture	Collections on behalf	612,898	646,179
		Reimbursement of revenues collected on behalf	245,704	-
		Amounts paid on behalf of the joint venture	59,877	75,194
Tahlia Mall Project	Joint venture	Collections on behalf	1,614,667	-
		Amounts paid on behalf of the Partner	1,096,645	3,731,114
Sanad Holding Co.	Sister Company	Leasing revenue	55,775	-

BANAN REAL ESTATE COMPANY
(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED) (CONTINUED)
For the six-month period ended 30 June 2023

16 RELATED PARTY TRANSACTIONS AND BALANCES - continued

16.2 Related party balances

The following are the details of related party balances at the year-end:

Amounts due from related parties

	30 June 2023 SR (Unaudited)	31 December 2022 SR (Audited)
Al-Haqbani Commercial Group	1,166,966	-
Arabian Company for Fans	769,753	-
Etihad Hittin Real Estate company	175,066	161,633
AD Company For Mechanical & Electrical Equipment Ltd.	102,638	-
Sanad Holding Co.	55,775	-
Al-Jawhara Muhammad Al-Shuwaier	-	581,650
	2,270,198	743,283

Amounts due to related parties

	30 June 2023 SR (Unaudited)	31 December 2022 SR (Audited)
Saleh Al-Haqbani	4,554,000	4,554,000
Al Badiyah Building Project	1,338,017	819,338
Tahlia Mall Project	1,118,897	1,402,547
Muhammed Bin Abdulaziz Al-Haqbani	-	87,215
Al-Haqbani for Information Technology Company	-	51,750
Hawar International Company	-	613,644
	7,010,914	7,528,494

16.3 Key management compensation

The compensation paid or payable to key management for employee services during the six month period ended 30 June is as follows:

	2023 SR (Unaudited)	2022 SR (Unaudited)
Short-term key management personnel compensation	356,064	845,458
Long-term key management personnel compensation	29,672	16,500
	385,736	861,958

BANAN REAL ESTATE COMPANY
(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED) (CONTINUED)
For the six-month period ended 30 June 2023

17 TRADE PAYABLES AND OTHER CREDIT BALANCES

	2023	2022
	SR (Unaudited)	SR (Audited)
Advance rental income	14,921,658	12,766,121
Accrued expenses	2,468,781	1,095,358
Value-added tax payable	1,465,831	776,534
Trade payables	904,861	713,376
Deposits with others	756,587	756,112
Others	1,445	146,836
	<u>20,519,163</u>	<u>16,254,337</u>

18 LOANS

The movement in loans as follows:

	2023 SR (Unaudited)	2022 SR (Audited)
At the beginning of the period/year	82,322,886	138,686,255
Proceeds from loans	36,201,200	66,478,826
Repayment of loans	(49,179,457)	(122,842,195)
At the end of the period/year	<u>69,344,629</u>	<u>82,322,886</u>
Short-term loans	-	5,000,000
Long term loans – current portion	16,725,009	13,036,754
Long term loans – non-current portion	<u>52,619,620</u>	<u>64,286,132</u>

The Group has obtained Sharia compliant loan facilities from local banks for the purpose of expanding in real estate investment, and the facilities bear a commission based on Saudi Inter Bank Offer Rate ("SIBOR") plus an agreed markup.

These loans are secured by promissory notes from the Group and properties mortgaged to local banks against the facilities obtained by the Company.

Finance charges for the period amounted to SR 2,899,166 which have been recognised in statement of profit or loss for the period ended 30 June 2023 (30 June 2022: SR 1,786,688).

19 ZAKAT

	30 June 2023 SR (Unaudited)	31 December 2022 SR (Audited)
At the beginning of the period/year	1,149,061	1,511,886
Provided during the period / year	201,082	1,144,773
Adjustments	-	764,615
Paid during the period/ year	<u>(1,144,773)</u>	<u>(2,272,213)</u>
	<u>205,370</u>	<u>1,149,061</u>

BANAN REAL ESTATE COMPANY
(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED) (CONTINUED)

For the six-month period ended 30 June 2023

20 REVENUE

	For the six-month period ended 30 June 2023	For the six-month period ended 30 June 2022
	SR	SR
	(Unaudited)	(Unaudited)
<i>Type of service</i>		
Leasing revenue	29,614,736	26,905,250
Revenue on sale of investment properties	2,800,000	4,165,000
	<u>32,414,736</u>	<u>31,070,250</u>
<i>Timing of revenue recognition</i>		
Over time	29,614,736	26,905,250
At a point in time	2,800,000	4,165,000
	<u>32,414,736</u>	<u>31,070,250</u>
<i>Type of customers</i>		
Private sector	29,664,736	28,320,250
Related parties	2,750,000	2,750,000
	<u>32,414,736</u>	<u>31,070,250</u>
<i>Geographical region</i>		
Kingdom of Saudi Arabia	<u>32,414,736</u>	<u>31,070,250</u>

21 SHARE CAPITAL

The Company's share capital of SR 200 million, as at 30 June 2023, consists of 200 million ordinary share of SR 1 each (31 December 2022: amounting to SR 200 million consists of 20 million ordinary share of SR 10 each).

The extraordinary general assembly in its meeting, held on 25 Dhu al-Qa'dah 1444H (corresponding to: 14 June 2023), approved dividing the Company's shares from 20 million ordinary share to 200 million ordinary shares at a nominal value of SR 10 for each to SR 1 for each share, this has not resulted in a change in the value of Company's share capital.

22 DIVIDEND DISTRIBUTION

During the six-months period ended 30 June 2022, the Group's Board of Directors recommended, during its meeting held on 21 March 2022, to distribute cash dividends of SR 0.3 per share totaling to SR 6 million and were approved by the General Assembly.

23 EVENTS AFTER THE END OF REPORTING PERIOD

The Group's Board of Directors has approved the transition of the Group from the parallel equity market "Nomu" to the principal market; however, this transition is subject to the approval of the Capital Market Authority of Saudi Arabia. In the opinion of management, there have been no other significant subsequent events since the period ended 30 June 2023, which would have a material impact on the interim condensed consolidated financial position of the Group as reflected in these interim condensed consolidated financial statements.

BANAN REAL ESTATE COMPANY
(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED) (CONTINUED)

For the six-month period ended 30 June 2023

24 RECLASSIFICATIONS OF COMPARATIVE FIGURES

During the year, the Group has reclassified certain comparative figures of 2022 to conform to the presentation of the period ended 30 June 2023.

25 RESTATEMENT

During the year end 31 December 2021, the Group's management has not recorded a disposal of certain investment properties of the Subsidiary upon commencing the consolidation process of the Group when the control over the Subsidiary is obtained, which has resulted in an increase in the Group's investment properties cost, accordingly this has led the cost to be recorded as impairment of investment properties during 2022. Therefore, the Group's management has restated the comparative financial information to reflect the effect of reclassification on investment properties and related retained earnings, which are summarized below:

	As previously reported SR	Restatement SR	Restated SR
Consolidated statement of financial position			
<u>As at 31 December 2021</u>			
Investment properties	583,033,107	(3,671,335)	579,361,772
Retained earnings	94,410,520	(1,690,341)	92,720,179
Non-controlling interests	151,414,533	(1,980,994)	149,433,539
	As previously reported SR	Restatement SR	Restated SR
Consolidated statement of profit or loss and comprehensive income			
<u>For the year ended 31 December 2022</u>			
Cost of revenue	(11,324,591)	11,106	(11,313,485)
(Losses)/reversal of impairment of investment properties	(2,658,416)	3,660,229	1,001,813
Net income for the year (*)	37,073,439	3,671,335	40,744,774
Basic and diluted earnings per share attributable to ordinary shareholders of the Parent	1.33	0.08	1.41

(*) the balance of investment properties, retained earnings and non- controlling interests during 2022 has been adjusted by a reversal of impairment and depreciation of the investment properties of SR 3,671,335 and the balance of investment properties for the year 2021 amounting to SR 3,671,335 was adjusted ; thus, the net effect of adjustment was stated at SR nil in 2022.

26 APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The accompanying interim condensed consolidated financial statements were approved by the Board of Directors on 22 Muharram 1445H (corresponding to 9 August 2023).