



Smart decision. Lasting value.

Al Azem, Al Sudairy, Al Shaikh & Partners
For Professional Consulting – Member Crowe Global

SUMOUL REAL ESTATE COMPANY
(A Saudi Joint Stock Company)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(UN-AUDITED)
AND REPORT ON REVIEW OF CONDENSED CONSOLIDATED INTERIM
FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2022

SUMOU REAL ESTATE COMPANY
(A Saudi Joint Stock Company)

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
AND REPORT ON REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL
STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2022**

INDEX	PAGE
Report on Review of Condensed Consolidated Interim Financial Statements	1
Condensed Consolidated Interim Statement of Financial Position (Unaudited)	2
Condensed Consolidated Interim Statement of Profit or Loss (Unaudited)	3
Condensed Consolidated Interim Statement of Comprehensive Income (Unaudited)	4
Condensed Consolidated Interim Statement of Changes in Shareholders' Equity (Unaudited)	5
Condensed Consolidated Interim Statement of Cash Flows (Unaudited)	6
Notes to the Condensed Consolidated Interim Financial Statements (Unaudited)	7 - 17



Al Azem, Al Sudairy, Al Shalkh & Partners
For Professional Consulting
Member Crowe Global
P.O.Box. 10504 Riyadh 11443
Kingdom of Saudi Arabia
Telephone: (011) 2175000
Facsimile: (011) 2176000
www.crowe.com/sa

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

**TO: THE SHAREHOLDERS OF
SUMOU REAL ESTATE COMPANY
(A Saudi Joint Stock Company)**

Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of Sumou Real Estate Company (the "Company") as at 30 June 2022, and the related condensed consolidated interim statement of profit or loss, comprehensive income, changes in shareholders' equity and cash flows for the six-months period then ended, and a summary of significant accounting policies and other explanatory note, Management is responsible for the preparation and presentation of these condensed consolidated 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 consolidated interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements (2410), "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" that is endorsed in the Kingdom of Saudi Arabia, A review of condensed consolidated interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures, A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit, Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard (34) "Interim Financial Reporting" endorsed in the Kingdom of Saudi Arabia.



Al Azem, Al Sudairy, Al Shalkh & Partners
For Professional Consulting

Abdullah M. AlAzem
License No. 335

Muharam 04, 1444H (August 02, 2022)
Khobar, Kingdom of Saudi Arabia.

SUMOU REAL ESTATE COMPANY
(SAUDI JOINT STOCK COMPANY)
CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION (Unaudited)
AS AT 30 JUNE 2022
(Saudi Riyals)

	Note	30 June 2022 (Unaudited)	31 December 2021 (Audited)
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment, net		1,698,395	946,940
Investment properties		60,220,776	60,220,776
Projects under development	7	54,683,812	67,297,279
Right of use Assets, net	8	21,091,466	21,443,629
Intangible assets, net	9	910,034	1,033,379
Investments in companies designated by equity method	10	316,372,010	341,327,173
TOTAL NON-CURRENT ASSETS		454,976,493	492,269,176
CURRENT ASSETS			
Real estate held for sale		12,390,644	12,390,644
Prepayments and other assets		61,944,162	42,355,057
accrued revenue		32,895,281	-
Accounts receivables		-	1,150,000
Cash and cash equivalents	6	76,214,242	71,854,674
TOTAL CURRENT ASSETS		183,444,329	127,750,375
TOTAL ASSETS		638,420,822	620,019,551
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Share capital	12	375,000,000	375,000,000
Statutory reserve		35,474,924	35,474,924
Retained earnings		94,650,069	67,226,608
Revaluation reserve for investments through OCI		(23,130,863)	(23,130,863)
TOTAL SHAREHOLDERS' EQUITY		481,994,130	454,570,669
Non-controlling interest		(437,247)	(334,698)
TOTAL SHAREHOLDERS' EQUITY		481,556,883	454,235,971
NON-CURRENT LIABILITIES			
Lease obligations - non-current portion	8	19,100,551	20,177,856
land obligations against project under development-non-current portion		39,619,874	43,693,645
Advance payments from customers		-	43,626,072
Employee benefit obligations		2,996,031	3,500,903
TOTAL NON-CURRENT LIABILITIES		61,716,456	110,998,476
CURRENT LIABILITIES			
Zakat provision		2,364,447	2,445,894
Due to related parties	11	611,357	2,268,171
Accrued expenses and other liabilities		12,080,490	10,134,285
Lease obligations - current portion	8	1,808,529	1,586,928
Account payables		44,630,762	8,771,699
land obligations against project under development - current portion		33,651,898	29,578,127
TOTAL CURRENT LIABILITIES		95,147,483	54,785,104
TOTAL LIABILITIES		156,863,939	165,783,580
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		638,420,822	620,019,551


Finance Manager


Chief Executive Officer


Chairman of the Board

The attached notes (1) to (23) form an integral part of these condensed consolidated interim financial statements.

**SUMOU REAL ESTATE COMPANY
(SAUDI JOINT STOCK COMPANY)**

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS (Unaudited)
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2022
(Saudi Riyals)**

	Note	For the six months period ended 30 June	
		2022 (Unaudited)	2021(Unaudited) (Unconsolidated)
Revenue	13	156,075,122	33,334,856
Cost of revenue	14	(123,426,263)	(4,672,825)
Gross operating profit for the period		32,648,859	28,662,031
General and administrative expenses	15	(5,650,476)	(4,579,070)
Net profit of period from main operations		26,998,383	24,082,961
Finance cost		(114,355)	(1,109,812)
The company's share of the results of the business of the associates	10-c	19,559,445	25,117,833
Other income		405,438	-
Net profit for the period before zakat		46,848,911	48,090,982
zakat		(1,500,000)	(594,731)
Net profit for the period		45,348,911	47,496,251
Net profit attributed to:			
Shareholders		45,451,460	47,496,251
Non-controlling interest		(102,549)	-
		45,348,911	47,496,251
Earnings per share:			
Basic and diluted earnings per share from net profit for the period	16	1,21	1,27


Finance Manager


Chief Executive Officer


Chairman of the Board

The attached notes (1) to (23) form an integral part of these condensed consolidated interim financial statements.

**SUMOU REAL ESTATE COMPANY
(SAUDI JOINT STOCK COMPANY)
CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME (Unaudited)
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2022
(Saudi Riyals)**

	Note	For the six months period ended	
		2022 (Unaudited)	2021 (Unaudited) (Unconsolidated)
Net profit for the period		<u>45,348,911</u>	<u>47,496,251</u>
Items that will not be subsequently reclassified into profit or loss:			
Net change of fair value for investments through OCI		-	(2,575,777)
Actuarial losses from re-measurement for employees' defined benefits		<u>722,001</u>	<u>(378,181)</u>
Other Comprehensive income for the period		<u>722,001</u>	<u>(2,953,958)</u>
Total comprehensive income for the period		<u>46,070,912</u>	<u>44,542,293</u>
Total comprehensive income for the year attributed to:			
Shareholders		46,173,461	44,542,293
Non-controlling interest		<u>(102,549)</u>	<u>-</u>
		<u>46,070,912</u>	<u>44,542,293</u>


Finance Manager


Chief Executive Officer


Chairman of the Board

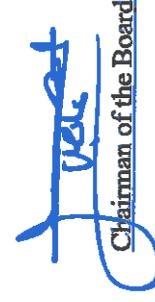
The attached notes (1) to (23) form an integral part of these condensed consolidated interim financial statements.

**SUMOU REAL ESTATE COMPANY
(SAUDI JOINT STOCK COMPANY)
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (Unaudited)
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2022
(Saudi Riyals)**

	Share capital	Statutory reserve	Retained earnings	Revaluation reserve investments through OCI	Total shareholders' equity	Non-controlling interest	Total shareholders' equity
Balance as at 1 January 2021 (Audited)	250,000,000	27,353,971	138,023,531	(14,261,087)	401,116,415	-	401,116,415
Net profit for the period	-	-	47,496,251	-	47,496,251	-	47,496,251
Other comprehensive loss for the period	-	-	(378,181)	(2,575,777)	(2,953,958)	-	(2,953,958)
Increase in Capital (note 12)	125,000,000	-	(125,000,000)	-	-	-	-
Balance as at 30 June 2021 (Unaudited - Unconsolidated)	375,000,000	27,353,971	60,141,601	(16,836,864)	445,658,708	-	445,658,708
Balance as at 1 January 2022 (Audited)	375,000,000	35,474,924	67,226,608	(23,130,863)	454,570,669	(334,698)	454,235,971
Net profit for the period	-	-	45,451,460	-	45,451,460	(102,549)	45,348,911
Other comprehensive loss for the period	-	-	722,001	-	722,001	-	722,001
Dividends distribution	-	-	(18,750,000)	-	(18,750,000)	-	(18,750,000)
Balance as at 30 June 2022 (Unaudited)	375,000,000	35,474,924	94,650,069	(23,130,863)	481,994,130	(437,247)	481,556,883


Finance Manager


Chief Executive Officer


Chairman of the Board

The attached notes (1) to (23) form an integral part of these condensed consolidated interim financial statements.

SUMOU REAL ESTATE COMPANY
(SAUDI JOINT STOCK COMPANY)
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS (Unaudited)
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2022
(Saudi Riyals)

	30 June 2022 (Unaudited)	2021(Unaudited) (Unconsolidated)
OPERATING ACTIVITIES		
Net profit for the period	45,348,911	47,496,251
Adjustments to reconcile net profit with net cash (used in) provided by operating activities:		
Depreciation and amortization	993,782	369,355
The company's share of the results of the business of the associates	(19,559,445)	(25,117,833)
(Gain) loss from disposal of property, plant and equipment	(75,000)	11
Finance cost	390,144	11,312
Employee benefit obligations	325,816	316,103
Zakat provision	1,500,000	594,731
	<u>28,924,208</u>	<u>23,669,930</u>
Operating assets and liabilities:		
Account receivables	1,150,000	4,737,834
Prepayments and other assets	(19,589,105)	(5,949,057)
Accrued expenses and other liabilities	1,946,205	(2,684,248)
Account payables	35,859,063	(11,000,000)
Due to related parties	(1,656,814)	-
Accrued revenue	(32,895,281)	-
Advance payments from customers	(43,626,072)	-
Employee benefit obligations paid	(108,687)	(36,804)
Zakat paid	(1,581,447)	(1,853,524)
Net cash (used in) provided by operating activities	<u>(31,577,930)</u>	<u>6,884,131</u>
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(981,507)	(33,173)
Purchase intangible assets	-	(922,681)
Proceeds from disposal of property, plant and equipment	75,000	-
Net change in investment in companies designated by equity method	44,514,608	-
Net change in projects under development	12,613,467	-
Net cash provided by (used in) investing activities	<u>56,221,568</u>	<u>(955,854)</u>
FINANCING ACTIVITIES		
lease obligations paid	(1,534,070)	(138,400)
Change in related parties and investments in real estate project	-	117,696,054
Payment of loans	-	(110,000,000)
Dividends distribution	(18,750,000)	-
Net cash (used in) provided by financing activities	<u>(20,284,070)</u>	<u>7,557,654</u>
Net change in cash and cash equivalents	4,359,568	13,485,931
Cash and cash equivalents at beginning of the period	71,854,674	7,635,012
Cash and cash equivalents at end of the period	<u>76,214,242</u>	<u>21,120,943</u>
Non-cash transactions		
Unrealized loss of fair value for investments through OCI	-	(2,575,777)
Increase in capital	-	125,000,000
Shares transferred from investments in real estate projects to investments in an associate company	-	68,055,778


Finance Manager


Chief Executive Officer


Chairman of the Board

The attached notes (1) to (23) form an integral part of these condensed consolidated interim financial statements.

SUMOUL REAL ESTATE COMPANY
(SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2022
(Saudi Riyals)

1. ACTIVITIES

Sumou Real Estate Company is a Saudi Joint Stock company operating under commercial registration number 2051034841 dated 3 Jumada Al Thani 1428H (corresponding to June 18, 2007) issued at Khobar, Kingdom of Saudi Arabia.

The address of the company's head office is in Al-Khobar, Prince Turki Street, Al-Yarmouk District, PO Box 250, Al-Khobar 31952, Kingdom of Saudi Arabia.

The main activity of the company represented general construction of residential buildings, general construction of non-residential buildings, including (schools, hospitals, hotels, etc.) construction of airports and their facilities, construction of prefabricated buildings on sites, renovations of residential and non-residential buildings, purchase and sale of land and real estate and its division and off plan sale activities..

These financial statements include assets, liabilities and the main activities of the above-mentioned commercial register and the following branches commercial registers:

Branches CR No, Location and registration

1010261561	Riyadh
4030189816	Jeddah

The condensed consolidated interim financial statements include the financial statements of the company and its subsidiary that were acquired on October 03, 2021, and the company consolidated its financial statements with it for the financial year ending on December 31, 2021, The assets, liabilities and results of operations of the above-mentioned subsidiary are included in the accompanying condensed consolidated interim financial statements as follows:

Company name	Legal entity	Country of Incorporation	Actual Ownership Percentage	
			2022	2021
Al Mahafel Trading and Contracting Co. Ltd.	Limited Liability Co	Kingdom of Saudi Arabia	80%	-

- Al Mahafel Trading and Contracting Co. Ltd. is a Saudi limited liability company registered under Commercial Registration No. 4030127728 in Jeddah, dated 4/15/1420H. The main activity of the company is represented in the general construction of government buildings, sales agents in food and beverages, construction of prefabricated buildings on sites, and general construction for residential & non-residential buildings.

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 IAS 34 Interim Financial Reporting that is endorsed in Kingdom of Saudi Arabia and other standards and pronouncements that are issued by Saudi Organization for Chartered and Professional Accountants ("SOCPA") and should be read in conjunction with the Company's last annual Financial Statements as at and for the year ended 31 December 2021. They do not include all of the information required for a complete set of IFRS Financial Statements however, accounting policies and selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company's financial position and performance since December 31, 2021.

The Capital Market Authority issued the decision of the Board of Commissioners on (15) Muharram 1438H (16 October 2016) to require listed companies to apply the cost model when measuring the assets of property and equipment, investment properties and intangible assets when adopting the IFRS for a period of 3 years begin from the date of adoption of the International Financial Reporting Standards, On December 31, 2019, it issued a decision including the following:

- Requiring listed companies to continue using the cost model option to measure real estate and investment properties for the financial periods of the fiscal year that begin before 2022.
- Allowing listed companies to use the fair value or revaluation model to measure real estate and investment properties for the financial periods of the fiscal year starting during or after 2022.
- Listed companies will continue to be required to use the cost model option to measure machinery, equipment, and intangible assets for a period of five years, starting from 1 January 2020, and the authority will study the appropriateness of continuing to decide to use this model at the end of this period or the appropriateness to allow the use of the fair value model option or re-evaluation.

**SUMOU REAL ESTATE COMPANY
(SAUDI JOINT STOCK COMPANY)**
NOTS TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2022
(Saudi Riyals)

2. BASIS OF PREPARATION CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

2-2 Basis of measurement

The condensed consolidated interim financial statements have been prepared on the historical cost basis and using the accrual basis of accounting except for the following.

- Investments at fair value through profit and loss measured at fair value.
- Employee benefits obligations that are recognized at the present value of future liabilities using the expected credit unit method.

2-3 Functional and presentation currency:

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

2-4 Use of estimates and judgments and assumptions:

The preparation of condensed consolidated interim financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The significant estimates made by the management when applying the company's accounting policies and the significant sources of uncertainties in the estimates were similar to those shown in the last annual financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in these condensed consolidated interim financial statements are in accordance with the International Financial Reporting Standards approved in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by Saudi Organization for Chartered and Professional Accountants ("SOCPA") and are the same policies applied in the company's annual financial statements for the year ended December 31, 2021.

The main accounting policies applied in preparing these condensed consolidated interim financial statements have been applied consistently to all periods presented.

New standards and amendments to standards and interpretations

No new standards have been issued, however, a number of amendments to the standards are in effect as of January 1, 2022, which have been explained in the company's annual financial statements, but have no material impact on the Company's condensed consolidated interim financial statements.

4. INTERIM RESULTS

The company's management to prepare all adjustments, which saw its importance so that the preliminary financial statements are fairly short show initial financial position short of the company as at 30 June 2022 and the preliminary results of its operations for the period then ended. The preliminary financial results for that period may not represent an accurate indication of the financial results for the whole year.

5. BASIS OF CONSOLIDATION

The condensed consolidated interim financial statements incorporate the financial statements of the Company and its subsidiaries detailed in note 1. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses 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 listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally.

The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Company, other vote holders or other parties;

SUMOOU REAL ESTATE COMPANY
(SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2022
(Saudi Riyals)

5. BASIS OF CONSOLIDATION (CONTINUED)

- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of the subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary. Consolidated profit or loss and each component of other comprehensive income are attributed to the shareholders of the Company and the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the shareholders of the Company. When necessary, adjustments are made to the consolidated financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

6. CASH AND CASH EQUIVALENTS

This item consists of the following:

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Cash on hand	13,199	40,359
Cash at banks	44,876,173	18,269,794
Restricted cash at banks (6-1)	<u>31,324,870</u>	<u>53,544,521</u>
Cash and Cash Equivalents	<u>76,214,242</u>	<u>71,854,674</u>

6-1 These balances are represented in the bank accounts registered for off-plan sale projects (Wafi). The use of this cash is limited to disbursement to those projects only and the cash collections related to them, and therefore they are considered cash and cash equivalents.

7. PROJECTS UNDER DEVELOPMENT

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Dar Sumou Project (7-a)	51,683,881	67,297,279
Souq Alnafa Alaam Project (7-b)	<u>2,999,931</u>	-
	<u>54,683,812</u>	<u>67,297,279</u>

A) A project item under development that belong to Dar Sumou Project represents the costs incurred in the Dar Sumou project to build and sell 412 villas in the city of Jeddah on the lands of the Ministry of Housing allocated to Sumou Real Estate Company, at an estimated cost of 357 million Saudi riyals, including the price of the land, Below are the project details:-

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Balance at the beginning of the period / year	67,297,279	-
Cost of the land of the Dar Sumou project	-	73,271,772
Development, implementation and construction costs incurred	60,770,436	23,165,280
Total	<u>128,067,715</u>	<u>96,437,052</u>
Work performed during the year (note 14)	<u>(76,383,834)</u>	<u>(29,139,773)</u>
Balance at the end of the period / year	<u>51,683,881</u>	<u>67,297,279</u>

B) A project item under development represents the costs incurred in the Souq Alnafa Alaam Project, which belongs to the subsidiary company (Al-Mahafeel Trading and Contracting Co. Ltd.)

SUMOU REAL ESTATE COMPANY
(SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2022
(Saudi Riyals)

8. RIGHT OF USE ASSETS AND LEASE OBLIGATIONS, NET

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

	<u>land</u>	<u>Building</u>	<u>Total</u>
<u>Cost</u>			
The balance as at January 01, 2022	21,784,442	795,847	22,580,289
Additions during the period	-	288,222	288,222
The balance as at June 30, 2022	21,784,442	1,084,069	22,868,511
<u>Accumulated depreciation</u>			
The balance as at January 01, 2022	(871,378)	(265,282)	(1,136,660)
Charge for the period	(435,689)	(204,696)	(640,385)
The balance as at June 30, 2022	(1,307,067)	(469,978)	(1,777,045)
<u>Net book value</u>			
As at 30 June 2022	20,477,375	614,091	21,091,466
As at 31 December 2021	20,913,064	530,565	21,443,629

The lease obligations as at the end of the period are as follows:

	<u>30 June 2022</u>	<u>31 December 2021</u>
	<u>(Unaudited)</u>	<u>(Audited)</u>
Non-current lease obligations	19,100,551	20,177,856
Current lease obligations	1,808,529	1,586,928
Total lease obligations	20,909,080	21,764,784

The finance cost recognized from lease obligations during the period ended 30 June 2022 is amounted to 390,144 SAR.

The financing costs of the lease obligations have been charged as follows:

	<u>30 June 2022</u>	<u>30 June 2021</u>
	<u>(Unaudited)</u>	<u>(Unaudited)</u>
General and administrative expenses	8,916	11,312
Cost of revenue	381,228	-
	390,144	11,312

The depreciation of right of used assets has been charged as follows:

	<u>30 June 2022</u>	<u>30 June 2021</u>
	<u>(Unaudited)</u>	<u>(Unaudited)</u>
General and administrative expenses	204,696	132,641
Cost of revenue	435,689	-
	640,385	132,641

SUMOU REAL ESTATE COMPANY
(SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2022
(Saudi Riyals)

9. INTANGIBLE ASSETS, NET

The following table shows the movement of intangible assets, which are represented in the value of accounting programs and real estate project management program as follows:

	<u>Software</u>	<u>Total</u>
<u>Cost</u>		
The balance as at January 01, 2022	1,233,454	1,233,454
Additions during the period	-	-
The balance as at June 30, 2022	1,233,454	1,233,454
<u>Accumulated amortization</u>		
The balance as at January 01, 2022	(200,075)	(200,075)
Charge for the period	(123,345)	(123,345)
The balance as at June 30, 2022	(323,420)	(323,420)
<u>Net book value</u>		
As at 30 June 2022	910,034	910,034
As at 31 December 2021	1,033,379	1,033,379

10. INVESTMENT IN COMPANIES DESIGNATED BY EQUITY METHOD

The investments in companies designated by equity method are as follows:

	<u>Actual Ownership Percentage</u>		<u>30 June 2022</u>	<u>31 December 2021</u>
	<u>2022</u>	<u>2021</u>	<u>(Unaudited)</u>	<u>(Audited)</u>
Investments in Western Dhahiat Company (10-a)	25%	25%	276,000,600	276,320,125
Investments in Tanal Company for Investment and Real Estate Development (10-b)	10%	10%	40,371,410	65,007,048
			316,372,010	341,327,173

a) Investments in western dhahiat company

- The company owns 25% of the net assets of the Western Dhahiat Company, which operates mainly in the Kingdom of Saudi Arabia and the investment was treated using the equity method.
- Western Dhahiat Company is a limited liability company with a capital of SR 100,000. The address of the company's head office is in Jeddah. The company's activity is in the general construction of residential buildings, and non-residential buildings, the purchase and sale of land and real estate, and its division, and off-plan sales activities.
- The return on investment in the associate was calculated based on the unaudited financial statement for the period ending on June 30, 2022 which is prepared by the company's management.

The financial information of the associate company is summarized as follows:

	<u>30 June 2022</u>	<u>31 December 2021</u>
	<u>(Unaudited)</u>	<u>(Audited)</u>
Total assets	1,104,193,700	1,105,446,801
Total liabilities	191,300	166,300
Equity	1,104,002,400	1,105,280,501
Revenue	-	-
Expenses	(1,278,101)	(3,791,269)
Net loss	(1,278,101)	(3,791,269)
Other comprehensive loss	-	(35,479,104)

SUMOU REAL ESTATE COMPANY
(SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2022
(Saudi Riyals)

10. INVESTMENT IN COMPANIES DESIGNATED BY EQUITY METHOD (CONTINUED)

The investment movement

	30 June 2022	31 December 2021
	(Unaudited)	(Audited)
Beginning balance for the period / year	276,320,125	286,137,718
Company's share of net loss for the period/year	(319,525)	(947,817)
Company's share of other comprehensive loss for the period/year	-	(8,869,776)
Balance at the end of the period / year	276,000,600	276,320,125

b) Investments in Tanal Company for Investment and Real Estate Development

Tanal Real Estate Development and Investment Company is a limited liability company with a capital of 100,000 Saudi riyals. The address of the company's head office is in Riyadh. The company's activity is the management and leasing of residential and non-residential properties owned or leased.

Sumou Real Estate Company owns 40% voting rights in Tanal Real Estate Investment and Development Company on operational and administrative decisions, and this was considered as a significant influence due to the Chairman of the Board of Directors of Tanal Investment and Real Estate Development Company is the Chairman of the Board of Directors for Sumou Real Estate and also the member of board of directors in Tanal company is the deputy chairman of the board for sumou real estate company, and thus the investment was treated using the equity method.

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

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

Summary of the consolidated statement of profit or loss and other comprehensive income

	For the six months period ended	
	30 June	
	2022	2021
	(Unaudited)	(Unaudited)
Revenue	421,602,579	619,290,291
Profit from main operations	202,789,703	261,222,907
Net profit for the period	198,789,703	253,593,368
Other comprehensive income for the period	198,789,703	253,593,368
Company's share of the profit for the period	19,878,970	25,359,337

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

Summary of the consolidated statement of financial position

	30 June 2022	31 December 2021
	(Unaudited)	(Audited)
<u>Assets</u>		
Non-current assets	187,579,291	187,579,291
Current assets	232,833,364	491,210,506
Total assets	420,412,655	678,789,797
<u>Liabilities and owner's equity</u>		
Non-current liability	-	-
Current liability	16,698,552	28,719,315
Total owner's equity	403,714,103	650,070,482
Total liabilities and owner's equity	420,412,655	678,789,797

SUMOUM REAL ESTATE COMPANY
(SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2022
(Saudi Riyals)

10. INVESTMENT IN COMPANIES DESIGNATED BY EQUITY METHOD (CONTINUED)

b) Investments in Tanal Company for Investment and Real Estate Development (continued)

The investment movement

	30 June 2022	31 December 2021
	(Unaudited)	(Audited)
Balance at the beginning of the period / year	65,007,048	68,055,778
Other equity component recovery	(19,814,608)	(35,697,240)
Dividend distribution	(24,700,000)	-
Total share in equity	20,492,440	32,358,538
Share of profit during the period / year	19,878,970	32,648,510
Balance at the end of the period / year	40,371,410	65,007,048

c) The company's share of the results from business of associates

	30 June 2022	30 June 2021
	(Unaudited)	(Unaudited)
Tanal for Investment and real-estate Development Company	19,878,970	25,359,337
Western Dhahyat Company	(319,525)	(241,504)
	19,559,445	25,117,833

11. RELATED PARTY TRANSACTIONS

The related parties are represented in the dealings with the associate company, non-executive members of the board of directors, and senior management employees of the company, where the employees of the higher management are the persons who exercise authority and responsibility in planning, managing and monitoring the company's activities, directly or indirectly, including the managers.

During the normal course of its business, the company had the following important transactions with major related parties during the period ended on 30 June 2022 and 31 December 2021. as follows:

<u>Name</u>	<u>Relationship</u>
Sumou Holding company	Shareholder
Adeer Real Estate Company	Associate company
Asmou Real Estate Development Company	Associate company
Riyadah Gulf Management Company	Associate company
Adeer Holding Company	Associate company
Mr. Mazen Mohamed Ibrahim Batterjee	Partner in the subsidiary
Dahyat Sumou Real estate Fund	Entity associated with senior management

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

<u>Description</u>	<u>Nature of the transaction</u>	30 June 2022	31 December 2021
		(Unaudited)	(Audited)
Sumou holding company	Swapping transaction	-	7,076,346
Sumou holding company	Revenues	48,834,856	9,669,712
Adeer Real Estate	Revenues	-	20,000,000
Adeer Holding Company	Revenue - brokerage commission	13,932,755	-
Adeer Real Estate Company	Marketing commission	-	8,352,632
Asmou Real Estate Development Company	Revenues	6,500,000	23,000,000
Riyadah Gulf Management Company	Consulting services	600,000	-
Dahyat Sumou Real estate Fund	Revenues	-	17,241,026
Members of the Board of Directors and other committees	Bonuses and allowances	486,684	1,872,000
Senior management personnel	Salaries, allowances and incentives	1,460,000	2,940,000
Mr. Mazen Mohamed Ibrahim Batterjee	Finance	-	11,357

**SUMO REAL ESTATE COMPANY
(SAUDI JOINT STOCK COMPANY)**
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2022
(Saudi Riyals)

11. RELATED PARTY TRANSACTIONS (CONTINUED)

- Due to related parties represent as of, the following:

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Riyadah Gulf Management Company	600,000	-
Mr, Mazen Mohamed Ibrahim Batterjee	11,357	11,357
Adeer Real Estate Company	-	2,256,814
	<u>611,357</u>	<u>2,268,171</u>

12. SHARE CAPITAL

The capital of the company, after approving its listing on the Parallel Market - Nomu on 11/5/2020, consists of 25 million shares with a nominal value of 10 Saudi riyals per share, with a value of 250,000,000 Saudi riyals.

On the date of Ramadan 23 1442 AH (corresponding to May 5, 2021), the shareholders approved an increase in the company's capital from SAR 250,000,000 to SAR 375,000,000, so that the number of shares before the increase amounted to 25 million shares, to rise after the increase to 37,5 million shares with an increase of 12,5 million shares by issuing one free share for every two shares owned, and the value of the capital increase was financed from the retained earnings of 125 million Saudi riyals.

13. REVENUE

	For the six months period ended 30 June	
	2022 (Unaudited)	2021 (Unaudited) (Unconsolidated)
Real estate project revenues	86,807,511	-
Contracting work revenue	44,000,000	1,000,000
Real estate brokerage revenue	13,932,755	-
Real estate project management fees revenue	11,334,856	32,334,856
	<u>156,075,122</u>	<u>33,334,856</u>

The total revenue from related parties amounted to SAR 69,267,611 for the period ended June 30, 2022 (June 30, 2021: SAR 33,334,856) Note 11.

14. COST OF REVENUE

	For the six months period ended 30 June	
	2022 (Unaudited)	2021 (Unaudited) (Unconsolidated)
Cost of real estate project revenue	76,383,834	-
Contracting work costs	40,000,000	742,058
Salaries and related benefits	6,043,013	3,930,767
Depreciation of the right to use assets	435,689	-
The costs of financing lease obligations	381,228	-
Other	182,499	-
	<u>123,426,263</u>	<u>4,672,825</u>

SUMOU REAL ESTATE COMPANY
(SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2022
(Saudi Riyals)

15. GENERAL AND ADMINISTRATIVE EXPENSES

	For the six months period ended 30 June	
	2022 (Unaudited)	2021 (Unaudited) (Unconsolidated)
Salaries and related benefits	2,118,854	1,978,274
Legal and professional fees	1,377,473	183,000
general provision	500,000	500,000
Remuneration of board members	486,684	990,000
Depreciation of property and equipment	230,052	144,446
Depreciation of the right to use assets	204,696	132,641
Subscription fees	195,505	303,685
amortization of intangible assets	123,345	92,268
Other	413,867	254,756
	5,650,476	4,579,070

16. EARNINGS PER SHARE

Earnings per share relating to net income has been calculated by dividing the net income for the period by the weighted average number of shares outstanding during the period, which amounted to 37,5 million shares as on June 30, 2022 (June 30, 2021: 37,5 million shares).

Diluted earnings per share was calculated by dividing the net profit for the period by the weighted average number of shares outstanding during the period adjusted for the potential reduction in ordinary shares, As there is no contingent liability for equity instruments, the diluted earnings per share are not different from basic earnings per share.

17. CONTINGENT LIABILITIES

As of June 30, 2022, the Company has contingent liabilities in the form of letters of guarantee amounting to SAR 15,935,072 (December 31, 2021: SAR 48,071,861).

18. SEGMENT INFORMATION

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

Segments' assets, liabilities and the operational activities comprise items that are directly attributable to certain segment and items that can reasonably be allocated between various business segments. Unallocated items are included under joint assets and liabilities. The company has developed the following reports and sectors which all operate in the Kingdom of Saudi Arabia.

Contracting and real estate projects: This section of business deals with real estate projects mostly accomplished by the company with the help of subcontractors.

Real Estate Project Management: This sector constitutes real estate project management. These project are owned by real estate developers and the company charges them only for management fees.

Investments: This represents the company's direct and indirect investments in real estate and project development, which can be sold before or after the completion of development work.

SUMOU REAL ESTATE COMPANY
(SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2022
(Saudi Riyals)

18. SEGMENT INFORMATION (CONTINUED)

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

	Contracting and real estate project	Real estate project management	Investments	Joint assets and liabilities	Total
As of 30 June 2022:					
Total assets	182,621,123	11,230,000	388,983,430	55,586,269	638,420,822
Total liabilities	141,596,626	4,800,000	-	10,467,313	156,863,939
Revenue	130,807,511	11,334,856	-	13,932,755	156,075,122
Gross profit	8,002,617	10,713,487	-	13,932,755	32,648,859
As of 31 December 2021:					
Total assets	157,931,900	21,900,000	413,938,593	26,249,058	620,019,551
Total liabilities	151,410,756	5,300,000	-	9,072,824	165,783,580
As of 30 June 2021:					
Revenue	1,000,000	32,334,856	-	-	33,334,856
Gross profit	257,942	28,404,089	-	-	28,662,031

19. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company's activities are exposed to various financial risks such as fair value measurement, credit risk, liquidity risk, foreign currency risk and capital management risk. Management reviews and approves policies to manage each of these risks, which are summarized as follows:

Fair value measurement of financial instruments

Fair value is the amount at which an asset is sold or a liability settled between willing parties in the arm's length transactions at the date there is a presumption that the Group is a going concern entity where there is no intention or requirement to materially reduce the volume of its operations or to conduct a transaction on adverse terms.

A financial instrument is considered to be listed in the active market if the quoted prices are readily and regularly available from an intermediary, industry group, pricing services or regulatory body, and these prices represent market transactions that have occurred on an active and regular basis on a commercial basis.

When measuring fair value, the company uses observable market information whenever possible to the inputs used in valuation methods as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that can be obtained on the measurement date.

Level 2: Inputs other than quoted prices included in Level 1 that are observable for assets or liabilities directly (eg prices) or indirectly derived from prices.

Level 3: inputs for assets or liabilities not based on observable market information (non-observable inputs).

Capital risk management

Management policy is to maintain an adequate capital base in order to maintain investor, creditor and market confidence and to maintain the future development of its business. Management monitors the return on the capital used and the level of dividends distributed to shareholders.

In managing capital, the company aims to:

- To protect the entity's ability to continue as a going concern so that it can continue to provide returns to shareholders and interest to other stakeholders.
- Provide sufficient returns for shareholders.

Market risk

Market risk is the risk that a financial instrument will fluctuate due to changes in prevailing market prices such as foreign exchange rates, interest rates and stocks prices affecting the Group's income or the value of its financial instruments. Market risk management aims to manage and control market risk exposure within acceptable limits while maximizing returns.

**SUMOU REAL ESTATE COMPANY
(SAUDI JOINT STOCK COMPANY)**
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2022
(Saudi Riyals)

19. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Foreign currency risk management

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognized assets and liabilities are denominated in currencies other than the company's currency. Most of the company's transactions are made in Saudi Riyals. The Company's management believes that its exposure to foreign currency risk is not significant.

Other Prices risk

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

Credit risk

Credit risk is the risk that one party will fail to discharge an obligation and will cause the other party to incur a financial loss. The Company is exposed to credit risk on its bank balances and accounts receivable as follows:

	30 June 2022	31 December 2021
	(Unaudited)	(Audited)
Cash at banks	<u>76,214,242</u>	<u>71,854,674</u>
Accounts receivable	<u>-</u>	<u>1,150,000</u>
	<u>76,214,242</u>	<u>73,004,674</u>

Liquidity risk

Liquidity risk is the risk that the company will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at an amount close to its fair value.

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

20. SUBSEQUENT EVENTS

In the opinion of management, there were no significant subsequent events after June 30, 2022 and up to the date of approval of the condensed consolidated interim financial statements by the Board of Directors that might have a material impact on the condensed consolidated interim financial statements as on June 30, 2022.

21. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the presentation in the current period.

22. GENERAL

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

23. APPROVAL OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

The condensed consolidated interim financial statements were approved by the board of directors on Muharam 04, 1444H corresponding to August 02, 2022.