

RETAL URBAN DEVELOPMENT COMPANY
(A SAUDI JOINT STOCK COMPANY – Note 1)

**CONDENSED CONSOLIDATED INTERIM FINANCIAL
STATEMENTS (UNAUDITED)
FOR THE THREE AND SIX MONTHS PERIODS ENDED
JUNE 30, 2022
WITH INDEPENDENT AUDITOR'S REVIEW REPORT**

RETAL URBAN DEVELOPMENT COMPANY
(A SAUDI JOINT STOCK COMPANY – Note 1)
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTHS PERIODS ENDED JUNE 30, 2022

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INDEPENDENT AUDITOR'S REVIEW REPORT ON CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

The Shareholders

Retal Urban Development Company

(A Saudi Joint Stock Company – Note 1)

Al-Khobar, Kingdom of Saudi Arabia

Introduction:

We have reviewed the accompanying condensed consolidated interim statement of financial position of Retal Urban Development Company (the “Company”), a Saudi Joint Stock Company - note 1, and its subsidiaries (collectively referred to as the “Group”) as of June 30, 2022 and the related condensed consolidated interim statement of profit or loss and other comprehensive income for the three and six months periods then ended, and the condensed consolidated interim statements of changes in equity and cash flows for the six months period then ended and other explanatory notes. Management is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with International Accounting Standard No. 34, “Interim Financial Reporting” (“IAS 34”) as 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” as endorsed in the Kingdom of Saudi Arabia. A review of 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 (“ISAs”), as 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 IAS 34, as endorsed in the Kingdom of Saudi Arabia.

Other matter:

The condensed consolidated interim financial statements of the Group for the three and six months periods ended June 30, 2021 and the consolidated financial statements for the year ended December 31, 2021 were reviewed and audited by another independent auditor respectively, whose review report dated August 10, 2021 and audit report dated March 28, 2021 expressed an unmodified conclusion and opinion respectively.

Al-Bassam and Co.

P.O. Box 4636

Al Khobar 31952

Kingdom of Saudi Arabia

Ibrahim Ahmed Al Bassam

License No. 337

Riyadh,

Muharram 10, 1444H

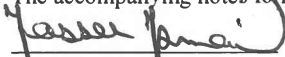
August 8, 2022





RETAL URBAN DEVELOPMENT COMPANY
(A SAUDI JOINT STOCK COMPANY – Note 1)
CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2022

		June 30, 2022	December 31, 2021
	Note	(Unaudited)	(Audited)
ASSETS			
Current assets			
Cash and cash equivalents	5	592,139,183	407,977,218
Accounts receivable	6	119,758,156	269,446,079
Contract assets	11	72,931,569	69,843,779
Development properties, current	7	477,961,443	245,367,910
Prepayments and other receivables, current		106,095,978	162,926,648
Inventories		13,141,530	12,509,301
Investments at fair value through profit or loss		171,485	655,842
		<u>1,382,199,344</u>	<u>1,168,726,777</u>
Non-current assets			
Development properties, non-current	7	19,250,328	63,438,078
Investment properties	8	166,322,187	201,583,028
Investment in associates and joint ventures		309,016,796	301,382,824
Prepayments and other receivables, non-current		2,100,029	2,201,521
Right of use assets		2,731,589	6,659,330
Intangible assets		4,000,480	4,165,681
Property and equipment		98,131,910	90,792,601
		<u>601,553,319</u>	<u>670,223,063</u>
TOTAL ASSETS		<u>1,983,752,663</u>	<u>1,838,949,840</u>
LIABILITIES AND EQUITY			
Current liabilities			
Accounts payable		40,204,368	65,309,892
Payable to National Housing Company - NHC		271,559,741	272,520,618
Contract liabilities	11	113,853,376	109,674,870
Accrued expenses and other payables		63,237,332	83,168,883
Current portion of lease liabilities		539,497	2,994,801
Short term loan	9	100,046,465	100,351,792
Current portion of term loans	9	570,365,188	389,516,747
Zakat payable		9,844,893	10,447,484
		<u>1,169,650,860</u>	<u>1,033,985,087</u>
Non-current liabilities			
Non-current portion of accounts payable		17,185,934	13,658,005
Non-current portion of term loans	9	123,288,778	211,458,597
End of service provision		11,420,007	11,077,716
		<u>151,894,719</u>	<u>236,194,318</u>
Total liabilities		<u>1,321,545,579</u>	<u>1,270,179,405</u>
Equity			
Share capital	10	400,000,000	400,000,000
Statutory reserve		47,551,996	38,204,514
Actuarial reserve		(3,358,414)	(3,358,414)
Retained earnings		218,187,055	134,059,718
Equity attributable to the shareholders of the Group		<u>662,380,637</u>	<u>568,905,818</u>
Non-controlling interests		(173,553)	(135,383)
Total equity		<u>662,207,084</u>	<u>568,770,435</u>
TOTAL EQUITY AND LIABILITIES		<u>1,983,752,663</u>	<u>1,838,949,840</u>

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


Yasser Ismail
Chief Financial Officer

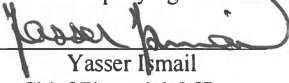

Abdullah Bin Faisal Bin Abdul Aziz
Al Braikan
Chief Executive Officer


Abdullah Bin Abdul Latif Bin
Ahmed Al Fozan
Chairman Board of Directors

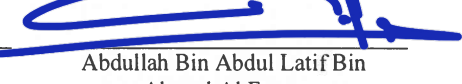
RETAL URBAN DEVELOPMENT COMPANY
(A SAUDI JOINT STOCK COMPANY – Note 1)
CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME (UNAUDITED)
FOR THE THREE AND SIX MONTHS PERIODS ENDED JUNE 30, 2022

	Note	For the three months period ended June 30,		For the six months period ended June 30,	
		2022	2021	2022	2021
Revenue	11	134,152,336	159,312,851	409,310,719	375,338,016
Cost of revenue		(95,192,008)	(119,374,810)	(294,853,383)	(284,358,621)
Gross profit		38,960,328	39,938,041	114,457,336	90,979,395
General and administrative expenses		(13,511,898)	(7,503,991)	(24,611,048)	(15,439,741)
Selling and marketing expenses		(2,174,315)	(4,027,480)	(8,508,014)	(6,869,705)
Operating profit		23,274,115	28,406,570	81,338,274	68,669,949
Finance costs		(3,132,874)	(526,411)	(5,757,770)	(881,710)
Shares of results of equity accounted investments		6,918,710	3,854,173	9,213,972	4,966,551
Gain on sale of investments at FVTPL		1,833,332	194,137	8,568,603	311,164
Other income, net		2,815,006	3,940,489	4,826,757	4,348,299
Profit before zakat		31,708,289	35,868,958	98,189,836	77,414,253
Zakat		(1,667,856)	(2,089,078)	(4,753,187)	(4,376,965)
Profit from continuing operations		30,040,433	33,779,880	93,436,649	73,037,288
Discontinued operations:					
Gain on sale of disposal of a subsidiary, net of zakat		-	11,651,349	-	11,651,349
Profit from discontinued operations		-	11,651,349	-	11,651,349
Profit for the period		30,040,433	45,431,229	93,436,649	84,688,637
Other comprehensive income for the period		-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		30,040,433	45,431,229	93,436,649	84,688,637
Profit for the period attributable to:					
Shareholders of the Group		30,032,922	45,431,229	93,474,819	84,688,637
Non-controlling interest		7,511	-	(38,170)	-
Profit for the period		30,040,433	45,431,229	93,436,649	84,688,637
Total comprehensive income for the period attributable to:					
Shareholders of the Group		30,032,922	45,431,229	93,474,819	84,688,637
Non-controlling interest		7,511	-	(38,170)	-
Total comprehensive income for the period		30,040,433	45,431,229	93,436,649	84,688,637
Earnings per share – Basic and diluted	13				
Earnings per share of profit for the period		0.75	1.19	2.34	2.21
Earnings per share of total comprehensive income for the period		0.75	1.19	2.34	2.21
Weighted average number of outstanding shares		40,000,000	38,333,333	40,000,000	38,333,333

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


Yasser Ismail
Chief Financial Officer

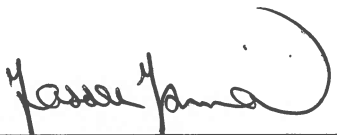

Abdullah Bin Faisal Bin Abdul Aziz
Al Braikan
Chief Executive Officer


Abdullah Bin Abdul Latif Bin
Ahmed Al Fozan
Chairman Board of Directors

RETAL URBAN DEVELOPMENT COMPANY
(A SAUDI JOINT STOCK COMPANY – Note 1)
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2022

	Share capital	Statutory reserve	Contribution from shareholders	Actuarial reserve	Retained earnings	Equity attributable to shareholders	Non-controlling interest	Total equity
	SR	SR	SR	SR	SR	SR	SR	SR
January 1, 2021 (Audited)	375,000,000	18,832,565	-	(2,508,550)	127,462,181	518,786,196	-	518,786,196
Profit from continuing operations	-	-	-	-	73,037,288	73,037,288	-	73,037,288
Profit from discontinuing operations	-	-	-	-	11,651,349	11,651,349	-	11,651,349
Profit for the period	-	-	-	-	84,688,637	84,688,637	-	84,688,637
Transfer to statutory reserve	-	8,468,864	-	-	(8,468,864)	-	-	-
Increase in contribution from shareholders	-	-	5,000,000	-	-	5,000,000	-	5,000,000
Increase in share capital (note 10)	25,000,000	-	(5,000,000)	-	(20,000,000)	-	-	-
Dividend (note 16)	-	-	-	-	(80,000,000)	(80,000,000)	-	(80,000,000)
June 30, 2021 (Unaudited)	400,000,000	27,301,429	-	(2,508,550)	103,681,954	528,474,833	-	528,474,833
January 1, 2022 (Audited)	400,000,000	38,204,514	-	(3,358,414)	134,059,718	568,905,818	(135,383)	568,770,435
Profit for the period	-	-	-	-	93,474,819	93,474,819	(38,170)	93,436,649
Transfer to statutory reserve	-	9,347,482	-	-	(9,347,482)	-	-	-
June 30, 2022 (Unaudited)	400,000,000	47,551,996	-	(3,358,414)	218,187,055	662,380,637	(173,553)	662,207,084

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


Yasser Ismail
Chief Financial Officer


Abdullah Bin Faisal Bin Abdul Aziz Al Braikan
Chief Executive Officer


Abdullah Bin Abdul Latif Bin Ahmed Al Fozan
Chairman Board of Directors

RETAL URBAN DEVELOPMENT COMPANY
(A SAUDI JOINT STOCK COMPANY – Note 1)
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2022

	For the six months period ended June, 30	
Note	2022	2021
	SR	SR
OPERATING ACTIVITIES		
Profit before zakat:	98,189,836	89,065,602
<i>Adjustments for non-cash items:</i>		
Depreciation and amortization	3,417,121	3,104,854
Depreciation on right of use assets	3,927,741	4,034,675
End of service provision	1,186,299	1,047,818
Gain on disposal of a subsidiary, net of zakat	-	(11,651,349)
Gain on disposal of property and equipment	(8,887)	-
Share of results of equity accounted investments	(9,213,972)	(4,966,551)
Gain on sale of instruments at FVTPL	(8,568,603)	(311,164)
Reversal of provision for accounts receivable	(2,574,137)	-
Gain on disposal of investment property	(35,677,270)	-
Finance costs	5,757,770	881,710
	56,435,898	81,205,595
<i>Changes in working capital:</i>		
Development properties	(188,405,783)	17,250,660
Inventories	(632,229)	386,877
Contract assets	(3,087,790)	85,235,914
Accounts receivable	171,677,660	43,927,685
Prepayments and other receivables	56,932,162	(33,463,732)
Accounts payable	(21,577,595)	(10,159,707)
Payable to National Housing Company - NHC	(960,877)	(115,018,686)
Accrued expenses and other payables	(19,931,551)	51,336,214
Contract liabilities	4,178,506	2,105,793
<i>Cash generated from operations</i>	54,628,401	122,806,613
End of service provision paid	(844,008)	(340,302)
Zakat paid	(5,355,778)	-
Finance cost paid	(5,023,207)	(623,838)
Net cash flows generated from operating activities	43,405,408	121,842,473
INVESTING ACTIVITIES		
Additions to investment properties	(19,939,724)	(114,494,960)
Purchases of property and equipment	(9,891,790)	(3,253,001)
Proceeds from disposal of property and equipment	17,985	-
Dividend received from an associate	1,580,000	1,580,000
Purchases of investments at fair value through profit or loss	(40,018,118)	(716,520)
Proceeds from sale of investments at fair value through profit or loss	49,071,078	1,027,684
Proceeds from disposal of investment properties	70,753,698	-
Investment in an associate	-	(54,000,000)
Net cash flows generated from / (used in) investing activities	51,573,129	(169,856,797)
FINANCING ACTIVITIES		
Proceeds from borrowings, net	91,638,732	279,956,521
Lease payments	(2,455,304)	(5,363,965)
Proceeds from contribution from shareholders	-	5,000,000
Net cash flows generated from financing activities	89,183,428	279,592,556
Net change in cash and cash equivalents	184,161,965	231,578,232
Cash and cash equivalents at the beginning of the period	32,414,227	9,975,407
Less: change in restricted bank balance (note 5)	(181,029,988)	(155,272,853)
Cash and cash equivalents at the end of the period	35,546,204	86,280,786

NON-CASH TRANSACTIONS

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

Yasser Ismail
Chief Financial Officer

Abdullah Bin Faisal Bin Abdul Aziz
Al Braikan
Chief Executive Officer

Abdullah Bin Abdul Latif Bin
Ahmed Al Fozan
Chairman Board of Directors

RETAL URBAN DEVELOPMENT COMPANY
(A SAUDI JOINT STOCK COMPANY – Note 1)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2022

1. GENERAL INFORMATION

Retal Urban Development Company ("the Company") or ("the Holding Company") is a Saudi Joint Stock Company (previously a limited liability company) registered in the Kingdom of Saudi Arabia under commercial registration No. 2051047761 issued in Khobar on Rabi'ul 12, 1433H (February 4, 2012). The registered address of the Company is P.O. Box 1448 Prince Faisal Bin Fahad Bin Abdulazizi Avenue, Al Khobar, 31952, Kingdom of Saudi Arabia.

During the year 2020, the shareholders decided to convert the Company from a limited liability Company to a Saudi Closed Joint Stock Company. The Company obtained ministerial approval for the official announcement of the conversion on Muharram 9, 1442 H, corresponding to August 28, 2020.

During 2021, the Holding Company commenced the process for Initial Public Offering ("IPO"). The Capital Market Authority ("CMA") Board issued its resolution approving the Holding Company's application for the offering of 12 million shares representing 30% of the Holding Company's share capital on 16 March 2022 (corresponding to 13 Sha'ban 1443H). On 27 June 2022 (corresponding to 28 Dhu'l-Qi'dah 1443H), the Company's shares were traded on the Saudi Stock Exchange (Tadawul) in the Kingdom of Saudi Arabia. The legal formalities of updating the Company's by-laws, articles of association and commercial registration from Saudi Closed Joint Stock Company to a Joint Stock Company are currently in process.

The Holding Company is principally engaged in:

- Purchase and sale of land and real estate, divide them, and sale on map activities;
- General construction of residential buildings;
- General construction of non-residential building, including (schools, hospitals, hotels ...etc).

The Holding Company's By-laws includes the activity of acquisition of shares or shares in existing companies or merger with them.

The condensed consolidated interim financial statements include the assets, liabilities, and the results of the Group and the following branches:

Branch	Date	Location	Registration certificate
Retal Urban Development Company branch	Dhu al-Qi'dah 21, 1441	Riyadh	1010642508
Retal Urban Development Company branch	Dhu'l Hijjah 18, 1442	Al Khobar	2051236513
Retal Urban Development Company branch	Dhu al-Qi'dah 15, 1443	Jeddah	4030475640

Also, these condensed consolidated interim financial statements include the financial information of the Holding Company and the following subsidiaries (collectively referred to as "the Group"):

	Effective ownership	
	June 30, 2022	December 31, 2021
	%	%
Tadbeir Limited Company ("Tadbeir")	95	95
Nesaj Urban Development Company ("Nesaj")	100	100
Building Construction Company Limited ("BCC")	100	100
Tadbeir Real Estate Company ("TRS")	100	100

Tadbeir

Tadbeir is a Limited Liability Company registered in the Kingdom of Saudi Arabia under commercial registration No. 2051059223 issued in Khobar on Muharram 11, 1436H (November 4, 2014). The registered address of the Company is P.O. Box 1448, Al Rawabi, Prince Faisal Bin Fahad Bin Abdulaziz Street, Al Khobar 31952, Kingdom of Saudi Arabia.

Tadbeir is principally engaged in general cleaning, maintenance and operating, buildings, gardens, parks and sports facilities.

During the year 2021, the shareholders of Tadbeir resolved to increase Tadbeir's share capital from SR 0.5 million to SR 5 million through cash contribution, the legal formalities associated with the increase were completed in the said year. Subsequent to increase in share capital, a new shareholder was introduced who contributed 5% of the revised share capital of the Company.

RETAL URBAN DEVELOPMENT COMPANY

(A SAUDI JOINT STOCK COMPANY – Note 1)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued) FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2022

1. GENERAL INFORMATION (Continued)

Nesaj

Nesaj is a Limited Liability Company registered in the Kingdom of Saudi Arabia under commercial registration number 2051049871 on Ramadan 17, 1433H (August 5, 2012). The registered address of Nesaj is P.O.Box 1448, Al Rawabi, Prince Faisal Bin Fahad Bin Abdulaziz Street, Al Khobar 31952, Kingdom of Saudi Arabia.

The principle activities of the Nesaj include buying lands and constructing buildings on them for sale or rental to third parties, management, maintenance and development of real estate, erection, management and maintenance of industrial, commercial and service projects, restaurants, central markets, residential compounds, commercial and industrial complexes and general contracting for residential, commercial, public, educational, recreational, medical, airport, and precast buildings.

BCC

BCC is a Limited Liability Company registered in the Kingdom of Saudi Arabia under commercial registration No. 2051023581 issued in Khobar dated Jumada II 15, 1420H (September 25, 1999). The registered address of BCC is P.O.Box 1448, Al Rawabi, Prince Faisal Bin Fahad Bin Abdulaziz Street, Al Khobar 31952, Kingdom of Saudi Arabia.

BCC is principally engaged in general contracting (building repairs, demolition and renovation), construction of roads, dams, tunnels, sewerage, air conditioning and refrigeration, in addition to electrical, mechanical, digging and renovating related works. In addition to management and operation of factories, industrial projects, shopping malls and infrastructure construction.

Other shareholder in BCC has waived off its right in favor of Retal Urban Development Company and the Group has obtained the approval and waiver letter.

TRS

TRS is a Limited Liability Company registered in the Kingdom of Saudi Arabia under commercial registration No. 2051063497 issued in Khobar dated Shawwal 10, 1442H (May 22, 2021). The registered address of TRS is P.O. Box 1448, Al Rawabi, Prince Faisal Bin Fahad Bin Abdulaziz Street, Al Khobar 31952, Kingdom of Saudi Arabia.

TRS is principally engaged in sale of fixed and movable assets, purchase and sale of land and real estate and its division and off-plan sales activities, management and rental of owned or leased (residential) real estate, management and rental of owned or leased (non-residential), activities of brokers' agents (brokers' offices), real estate management activities for a commission, money management and preservation of the property.

2. BASIS OF PREPARATION

Statement of compliance

These condensed consolidated interim financial statements for the three and six months periods ended June 30, 2022 have been prepared in accordance with International Accounting Standard ("IAS") 34, "Interim Financial Reporting" as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

The condensed consolidated interim financial statements do not include all information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the Group's annual consolidated financial statements for the year ended December 31, 2021. In addition, results for the three and six months periods ended June 30, 2022 are not necessarily indicative of the results that may be expected for the financial year ending December 31, 2022.

Basis of measurement

These condensed consolidated interim financial statements are prepared under the historical cost convention, except for certain financial instruments measured at fair value and the employee defined benefits liability which is stated at the present value of the related obligation using the projected unit credit method.

RETAL URBAN DEVELOPMENT COMPANY

(A SAUDI JOINT STOCK COMPANY – Note 1)

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2022****2. BASIS OF PREPARATION (Continued)****Basis of measurement (Continued)**

These condensed consolidated interim financial statements are presented in Saudi Riyals (SR), which is the Group's functional currency, and all values are rounded to the nearest Saudi Riyal, except where otherwise stated.

Historical cost is generally based on the fair value of the consideration given in exchange for the goods and services.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies used in the preparation of these condensed consolidated interim financial statements are consistent with those used in the preparation of the Group's annual consolidated financial statements as of and for the year ended December 31, 2021, and the notes attached thereto.

New Standards, Amendments to Standards and Interpretations effective from January 1, 2022

There is no new standard issued, however, there are number of amendments to standards which are effective from January 1, 2022 and have been explained in the Group's annual consolidated financial statements, but they do not have a material effect on the Group's condensed consolidated interim financial statements.

New IFRS standards, Amendments to Standards and Interpretations not yet effective

The Group has not applied the following new amendments that have been issued but are not yet effective.

Amendments to standard	Description	Effective for annual years beginning on or after
IFRS 17	Insurance Contracts	January 1, 2023
IAS 1	Classification of Liabilities as Current or Non-current	January 1, 2023
IAS 1 and IFRS Practice Statement 2	Disclosure of accounting policies	January 1, 2023
IAS 8	Amendment to definition of accounting estimate	January 1, 2023
IAS 12	Income taxes	January 1, 2023
Amendment to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	N/A

Management anticipates that these interpretations and amendments will be adopted as and when they are applicable and adoption of these interpretations and amendments may have no material impact on the condensed consolidated interim financial statements of the Group in the year of initial application.

4. CRITICAL JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the condensed consolidated interim financial statements 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 judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Group's annual consolidated financial statements as of and for the year ended December 31, 2021.

RETAL URBAN DEVELOPMENT COMPANY

(A SAUDI JOINT STOCK COMPANY – Note 1)

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2022****5. CASH AND CASH EQUIVALENTS**

	June 30, 2022 (Unaudited)	December 31, 2021 (Audited)
	SR	SR
Cash on hand	851,862	35,000
Cash at banks	591,287,321	407,942,218
	592,139,183	407,977,218

At reporting date, cash and cash equivalents for the purpose of cash flow were as following:

	June 30, 2022 (Unaudited)	December 31, 2021 (Audited)
	SR	SR
Cash at banks	591,287,321	407,942,218
Less: restricted bank balance	(556,592,979)	(375,562,991)
Cash on hand	851,862	35,000
Cash and cash equivalents	35,546,204	32,414,227

As at June 30, 2022, cash at banks include bank balances amounting to SR 556.6 million (December 31, 2021: SR 375.6 million) in local banks in restricted escrow accounts. Drawings from these escrow accounts is restricted for developing certain projects which are sold off-plan.

Cash at banks represent balances with local banks with a sound credit rating. Furthermore, these balances bear no interests. The carrying amount of these assets is approximately equal to their fair value.

NON-CASH TRANSACTIONS**For the six months period ended
June 30,**

	2022 (Unaudited)	2021 (Unaudited)
	SR	SR
Development properties transferred from investment properties, net	-	55,345,035
Property and equipment transferred from development properties	-	225,128
Receivable against disposal of a subsidiary	-	156,056,250
Increase share capital through transfer from retained earnings	-	20,000,000

6. ACCOUNTS RECEIVABLE

	June 30, 2022 (Unaudited)	December 31, 2021 (Audited)
	SR	SR
Accounts receivable - third parties	114,611,595	268,427,587
Accounts receivable - related parties (note 12)	5,231,792	3,677,860
	119,843,387	272,105,447
Less: allowance for expected credit losses	(85,231)	(2,659,368)
	119,758,156	269,446,079

Movement in allowance for expected credit losses is as follows;

	June 30, 2022 (Unaudited)	December 31, 2021 (Audited)
	SR	SR
Opening balance	2,659,368	-
Additions	-	2,659,368
Reversal of provision	(2,574,137)	-
Closing balance	85,231	2,659,368

RETAL URBAN DEVELOPMENT COMPANY

(A SAUDI JOINT STOCK COMPANY – Note 1)

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2022****6. ACCOUNTS RECEIVABLE (Continued)**

An aged analysis of accounts receivables - third parties is as follows:

	Neither past due nor impaired SR	Past due			Total SR
		91-180 days SR	181-365 days SR	366-730 days SR	
June 30, 2022					
(Unaudited)	63,527,055	34,527,672	15,185,357	1,371,511	114,611,595
December 31, 2021					
(Audited)	5,182,491	257,033,040	5,743,882	468,174	268,427,587

7. DEVELOPMENT PROPERTIES

	June 30, 2022 (Unaudited) SR	December 31, 2021 (Audited) SR
Lands	226,831,220	237,641,718
Development cost	47,606,071	26,976,520
Advances (note 7.1)	222,774,480	44,187,750
	497,211,771	308,805,988
Current portion (note 7.2)	(477,961,443)	(245,367,910)
Non-current portion	19,250,328	63,438,078

Development properties represent mainly the cost of land and developments incurred by the Group toward the development of projects for the purpose of sale in future. Certain properties amounted to SR 27.6 million are pledged against a term loan from a local commercial bank.

7.1 Advances represent amount paid in advance for the purchase of land for development under agreements entered by the Group. Ownership of the lands are expected to be transferred to the Group name upon final payment in 2023.

7.2 Management believes that these projects are expected to be sold within the next 12 months.

8. INVESTMENT PROPERTIES

	Lands SR	Buildings SR	Total SR
Cost:			
At January 1, 2021 (Audited)	298,856,577	38,084,546	336,941,123
Additions	114,224,555	17,291	114,241,846
Disposals	(32,587,999)	(2,018,048)	(34,606,047)
Deconsolidation	(135,581,004)	-	(135,581,004)
Transferred to development properties	(72,921,080)	(3,408,706)	(76,329,786)
At December 31, 2021 (Audited)	171,991,049	32,675,083	204,666,132
Additions	19,939,724	-	19,939,724
Disposals	(53,807,064)	(684,964)	(54,492,028)
At June 30, 2022 (Unaudited)	138,123,709	31,990,119	170,113,828
Accumulated depreciation:			
At January 1, 2021 (Audited)	-	2,095,460	2,095,460
Charge for the year	-	1,616,235	1,616,235
Disposals	-	(224,114)	(224,114)
Transferred to development properties	-	(404,477)	(404,477)
At December 31, 2021 (Audited)	-	3,083,104	3,083,104
Charge for the period	-	708,537	708,537
At June 30, 2022 (Unaudited)	-	3,791,641	3,791,641
Net book value:			
At June 30, 2022 (Unaudited)	138,123,709	28,198,478	166,322,187
At December 31, 2021 (Audited)	171,991,049	29,591,979	201,583,028

RETAL URBAN DEVELOPMENT COMPANY

(A SAUDI JOINT STOCK COMPANY – Note 1)

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2022****8. INVESTMENT PROPERTIES (Continued)**

Investment properties include participation/share in a large plot of land, located in Al Khobar, Kingdom of Saudi Arabia. The land was acquired at a cost of SR 80 million in the year 2021 from a shareholder, who has assigned his right to such land to the Group via a waiver letter. The whole plot of land was later auctioned and as a result of the auction, the Group received several plots of land in exchange for their investment. During the current period, the Group sold part of these lands to third parties at a consideration of SR 71.6 million resulting in a capital gain of SR 32.7 million. Title deeds of all these plots of land were received by the Group during the current period with the exception of land amounting to SR 1.3 million that is still in the process to be transferred to the Group.

The investment properties are valued annually on December 31, at fair value, determined by an independent, professionally qualified valuer "BAR CODE", who is licensed by Saudi Authority for Accredited Valuers (License number "1210000001"). As at December 31, 2021, the fair valuation of the investment properties amounted to SR 210.4 million. Management believe that there has not been any material change in fair value of these investment properties as of the reporting date.

Certain lands amounted to SR 89.7 million are mortgaged against a term loan from a local commercial bank.

9. LOANS**9.1 Classification of loans:**

	June 30, 2022 (Unaudited)	December 31, 2021 (Audited)
	SR	SR
Short term loan (A)	100,046,465	100,351,792
Term-loan (B)	31,108,251	65,007,822
Term-loan (C)	326,310,345	146,972,420
Term-loan (D)	128,339,230	90,434,457
Term-loan (E)	207,896,140	298,560,645
	793,700,431	701,327,136
Less: short term loan	(100,046,465)	(100,351,792)
Less: term loans - current portion	(570,365,188)	(389,516,747)
Term loans - non-current portion	123,288,778	211,458,597

The repayment schedule for term loans is as follows:

	June 30, 2022 (Unaudited)	December 31, 2021 (Audited)
	SR	SR
Within one year	570,365,188	389,516,747
Not later than five years	123,288,778	211,458,597
	693,653,966	600,975,344

9.2 As at reporting date, the Group engaged into the following short and long-term loan:

- A** During the year 2020, the Group obtained short term loan facility from a local commercial bank of SR 50 million. In 2021, it has been restructured and the loan facility is increased to SR 100 million bearing financial charges at Saudi Arabia Interbank Offered Rate ("SIBOR") plus a fixed margin. The loan is repayable in one installment on a revolving basis. The loan is guaranteed by one of the shareholder's personal guarantee.
- B** During the year 2020, the Group obtained term loan facility from a local commercial bank of SR 97 million, of which SR 31.1 million has been outstanding up to June 30, 2022, bearing financial charges at SIBOR plus a fixed margin. The loan is repayable in equal quarterly installments commencing from August 31, 2021. The loan is guaranteed by pledge of lands deeds amounted to SR 36 million from development properties (note 7), pledge of land deeds amounted to SR 9.3 million from investment properties (note 8), and pledge of land deeds amounted to SR 21.6 million from property and equipment, and guarantee from a shareholder.

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**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2022****9. LOANS (Continued)**

- C** During the year 2020, the Group obtained term loan facility from a local commercial bank of SR 186 million. In 2022, the loan facility has been restructured and is extended to SR 524 million, of which SR 326.3 million has been outstanding up to June 30, 2022, bearing financial charges at SIBOR plus a fixed margin. The loan is to be paid out from collections of certain projects over a maximum of three years' period. The loan is guaranteed by pledge of land deeds amounted to SR 47 million and SR 29.2 million against property and equipment and investment properties (note 8) respectively in addition to personal guarantee from a shareholder.
- D** During the year 2021, the Group has obtained term loan facility from a local commercial bank of SR 142 million. In 2022, the loan facility has been restructured and is extended to SR 262.9 million, of which SR 128.3 million has been utilized up to June 30, 2022, bearing financial charges at SIBOR plus a fixed margin. The outstanding balance at June 30, 2022 include additional amount of SR 37.9 million utilized by the Group during current period ended June 30, 2022 from the available facility. The loans are to be paid out from collections of certain projects. The loan is guaranteed by a shareholder's personal guarantee.
- E** During the year 2021, the Group has obtained term loan facility from a local commercial bank of SR 311.4 million, of which SR 207.9 million has been utilized up to June 30, 2022, bearing financial charges at SIBOR plus a fixed margin. The loans are to be paid out from collections of certain projects over a maximum of two years period. The loan is guaranteed by pledge of land deeds amounted to SR 18.3 million and SR 51.2 million against development properties (note 7) and investment properties (note 8) respectively; in addition to personal guarantee from a shareholder.

10. SHARE CAPITAL

As of June 30, 2022, authorized, issued and paid up capital comprise of 40,000,000 shares of Saudi Riyal 10 each (December 31, 2021: 40,000,000 shares of Saudi Riyal 10 each).

During the year 2021, the shareholders of the Group resolved to increase the share capital from SR 375 million to SR 400 million through transfer of SR 20 million from retained earnings and cash contribution from new shareholders of SR 5 million, the legal formalities in this regard were completed during the year 2021.

11. REVENUE FROM CONTRACTS WITH CUSTOMERS**11.1 Disaggregated revenue information**

Types of goods and services	For the three months period ended June 30,		For the six months period ended June 30,	
	2022	2021	2022	2021
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	SR	SR	SR	SR
Development contract revenues	74,155,439	149,818,567	279,591,067	339,805,687
Revenue from sales of real estate units / lands	45,735,353	700,000	105,374,440	17,673,225
Revenue from property and facility management	11,339,203	7,022,596	18,953,806	14,322,686
Rent contracts revenue	2,922,341	1,771,688	5,391,406	3,536,418
	134,152,336	159,312,851	409,310,719	375,338,016

11.2 Contract balances

	June 30, 2022 (Unaudited)	December 31, 2021 (Audited)
	SR	SR
Accounts receivable	119,758,156	269,446,079
Contract assets (see note (a) below)	72,931,569	69,843,779
Contract liabilities (see note (b) below)	113,853,376	109,674,870

RETAL URBAN DEVELOPMENT COMPANY

(A SAUDI JOINT STOCK COMPANY – Note 1)

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2022****11 REVENUE FROM CONTRACTS WITH CUSTOMERS (Continued)****11.2 Contract balances (Continued)****a) Contract assets:**

Contract assets are initially recognized for revenue earned over a period of time from development contracts as receipt of consideration is conditional on successful satisfaction of specific milestones. Upon completion of a milestone and acceptance by the customer, the amounts recognized as contract assets are reclassified to trade receivables.

b) Contract liabilities:

Contract liabilities include advances from customers towards unsatisfied performance obligations.

12. RELATED PARTIES TRANSACTIONS AND BALANCES

The Group entered into transactions with related parties based on terms and conditions approved by the management of the Group.

Due from related parties classified under accounts receivable includes the following:

	June 30, 2022 (Unaudited)	December 31, 2021 (Audited)
	SR	SR
Al Khobar Lake Real Estate Development Company	1,498,796	-
Alpha Saudi Equity Fund	1,150,526	1,656,675
Mimar Emirate and ARAC Engineering Consultancy Company	1,124,125	-
United Homeware Company – Nice	113,045	1,122,600
Others	1,345,300	898,585
	5,231,792	3,677,860

As of June 30, 2022 and December 31, 2021, the Group believes that due from related parties' balances are receivable upon request. As a result, these balances are classified as current assets. These balances bear no interest and there is no repayment schedule. All related parties have strong financial position and sufficient funds to repay the balances upon request.

Due to related parties classified under accounts payable includes the following:

	June 30, 2022 (Unaudited)	December 31, 2021 (Audited)
	SR	SR
Madar Building Materials Company	8,006,845	3,029,228
Bawan Metal Industries Company	1,115,956	1,939,061
Madar Electric Material Company	1,074,851	-
Bina for Ready-mix Products Company	92,600	1,238,104
Mimar Emirate and ARAC Engineering Consultancy Company	-	3,781,590
Others	936,466	1,096,666
	11,226,718	11,084,649

Compensation of key management personnel of the Group during the period is as follows:

	For the three months period ended June 30,		For the six months period ended June 30,	
	June 30, 2022 (Unaudited)	June 30, 2021 (Unaudited)	June 30, 2022 (Unaudited)	June 30, 2021 (Unaudited)
	SR	SR	SR	SR
Board of Directors compensation	105,381	-	526,906	-
Short term employee benefits	3,627,247	4,190,737	5,849,415	5,423,265

RETAL URBAN DEVELOPMENT COMPANY

(A SAUDI JOINT STOCK COMPANY – Note 1)

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2022****13. EARNINGS PER SHARE FOR THE PERIOD (BASIC AND DILUTED)**

	For the three months period ended June 30,		For the six months period ended June 30,	
	June 30, 2022 (Unaudited) SR	June 30, 2021 (Unaudited) SR	June 30, 2022 (Unaudited) SR	June 30, 2021 (Unaudited) SR
Profit for the period attributable to the shareholders of the Group	30,032,922	45,431,229	93,474,819	84,688,637
Total comprehensive income for the period attributable to shareholders of the Group	30,032,922	45,431,229	93,474,819	84,688,637
	Share	Share	Share	Share
Weighted average number of shares	40,000,000	38,333,333	40,000,000	38,333,333
	SR / Share	SR / Share	SR / Share	SR / Share
Earnings per share for the period (basic and diluted)	0.75	1.19	2.34	2.21

14. SEGMENT REPORTING

The main activities of the Group are categorized as, development and others based on factors including targeted customers and nature of operations.

The Board of Directors of the Group, being considered as Chief Operating Decision Maker, review the internal management reports of each segment at least quarterly for the purpose of resources allocation and assessment of performance. All other operating segments that are not reportable are combined under “others”.

The financial information is summarized in accordance with the main activities as follows:

	Development	Others	Eliminations	Total
<u>June 30, 2022 (unaudited)</u>	SR	SR	SR	SR
Total Assets	1,956,896,118	29,528,072	(2,671,527)	1,983,752,663
Total Liabilities	1,312,051,211	27,659,970	(18,165,602)	1,321,545,579
	Development	Others	Eliminations	Total
<u>December 31, 2021 (Audited)</u>	SR	SR	SR	SR
Total Assets	1,827,625,860	29,107,378	(17,783,398)	1,838,949,840
Total Liabilities	1,240,036,374	51,380,825	(21,237,794)	1,270,179,405

The following table summarizes the financial information disaggregated by business segments for the six months' periods ending June 30, 2022 and June 30, 2021:

	Development	Others	Eliminations	Total
<u>June 30, 2022 (unaudited)</u>	SR	SR	SR	SR
Revenue	390,786,384	20,089,549	(1,565,214)	409,310,719
Profit for the period	90,649,884	2,903,774	(117,009)	93,436,649
	Development	Others	Eliminations	Total
<u>June 30, 2021 (unaudited)</u>	SR	SR	SR	SR
Revenue	361,247,457	14,637,658	(547,099)	375,338,016
Profit for the period	85,316,027	(586,491)	(40,899)	84,688,637

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**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2022****14. SEGMENT REPORTING (Continued)**

The following table summarizes the financial information disaggregated by business segments for the three months' periods ending June 30, 2022 and June 30, 2021:

	Development	Others	Eliminations	Total
June 30, 2022 (unaudited)	SR	SR	SR	SR
Revenue	123,364,859	11,604,883	(817,406)	134,152,336
Profit for the period	29,268,866	832,878	(61,311)	30,040,433
	Development	Others	Eliminations	Total
June 30, 2021 (unaudited)	SR	SR	SR	SR
Revenue	152,522,382	6,925,380	(134,911)	159,312,851
Profit for the period	45,319,242	122,185	(10,198)	45,431,229

15. CONTINGENCIES AND COMMITMENTS**Guarantees:**

The Group is contingently liable for bank guarantees issued in the normal course of business amounting SR 25.9 million as at June 30, 2022 (December 31, 2021: SR 7.9 million).

Capital Commitments

The Group had the following capital commitments:

	June 30, 2022 (Unaudited)	December 31, 2021 (Audited)
	SR	SR
Capital commitments for construction contracts	297,975,159	448,888,195
Commitments for purchase of land from an associate	297,500,000	297,500,000
Commitment for the purchase of lands (note 7)	220,074,298	44,187,750
Capital commitments for property and equipment	13,935,460	4,872,745
Capital commitments for the purchase of software license	2,437,866	4,906,772

16. DIVIDEND DISTRIBUTION

During six months period ended June 30, 2021, the Board of Directors declared dividends amounting to SR 80 million.

17. SUBSEQUENT EVENTS

In the opinion of the management, there have been no significant subsequent events since the period end that would have a material impact on the financial position of the Group as reflected in these condensed consolidated interim financial statements.

18. COMPARATIVE FIGURES

Certain comparative figures have been reclassified, to confirm with the presentation in the current period.

19. DATE OF AUTHORIZATION

These condensed consolidated interim financial statements were authorized for issue by the Group's Board of Directors on Muharram 10, 1444H corresponding to August 8, 2022.