

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

Al-Baha Investment and Development Company
(A Saudi Joint Stock Company)

FINANCIAL STATEMENTS

As At March 31, 2023

TOGETHER WITH INDEPENDENT AUDITOR'S REPORT

Al-Baha Investment and Development Company
(A Saudi Joint Stock Company)

The Condensed Interim Financial Statements And Review Report
As At March 31, 2023
Together With Independent Auditor's Report

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

The Shareholders

Al-Baha Investment and Development Company
(A Saudi Joint Stock Company)

Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of **Al-Baha Investment and Development Company (the "Company") and its subsidiaries (the "Group")** as at 31 March 2023, and the related condensed consolidated interim statements of profit or loss and other comprehensive income, changes in equity and cash flows for the three-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 condensed consolidated interim financial statements in accordance with International Accounting Standard (34) "Interim Financial Reporting" that is 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" that is endorsed in the Kingdom of Saudi Arabia.

Emphasis of Matter

We draw attention to Note (6) to the accompanying condensed consolidated interim financial statements, which describes the legal case on exchanging assets with Al-Sata'ah Modern Contracting Company. As detailed in the note, the Company created an allowance to compensate for losses resulting from the asset exchange contract with Al-Sata'ah Modern Company amounting to SAR 81,003,717, since the previously issued ruling instructing Al-Baha Investment and Development Company to implement the terms of the contract with Al-Sata'ah Modern Company was upheld. Our Conclusion is not modified in respect of this matter.



Al Azem, Al Sudairy, Al Shaikh & Partners
Certified Public Accountants



Abdullah M. Al Azem
License No. 335

2 Dhu al-Qidah 1444H (Corresponding to May 22, 2023)
Riyadh, Kingdom of Saudi Arabia

Al-Baha Investment and Development Company
(A Saudi Joint Stock Company)
Condensed consolidated interim statement of financial position
As At March 31, 2023

		31 March 2023	31 December 2022
		(Unaudited)	(Audited)
	Note	SR	SR
ASSETS			
Current assets			
Cash and cash equivalents		2,163,845	50,950,741
Accounts receivable		19,561,488	18,014,005
Prepayments and debit balances		5,049,868	4,727,231
TOTAL CURRENT ASSETS		26,775,201	73,691,977
Non-current assets			
Long term investments		17,136,823	17,136,823
Payments for purchasing of investment properties		9,000,000	9,000,000
Goodwill		22,159,064	22,159,064
Property, plant and equipment		39,584,885	39,527,589
Intangible assets		9,572	12,463
Investment Properties	5	222,226,445	222,673,156
Right of use assets		11,649,873	12,076,088
TOTAL NON-CURRENT ASSETS		321,766,662	322,585,183
TOTAL ASSETS		348,541,863	396,277,160
LIABILITIES AND EQUITY			
Current liabilities			
Accounts payables		937,461	937,461
Securities auction shares under settlement		11,266,886	11,283,284
Accrued expenses and other credit balances		4,396,378	4,365,082
Unearned revenues		4,263,426	2,860,703
Current portion of lease liability		2,422,740	2,598,039
Potential claims provision	6	81,003,717	81,003,717
Short term loans	7	-	50,000,000
Zakat provision		3,507,558	2,832,558
TOTAL CURRENT LIABILITIES		107,798,166	155,880,844
Non-current liabilities			
Non-current portion of lease liability		10,797,319	10,797,319
Employees' benefits obligations		283,301	262,858
TOTAL NON-CURRENT LIABILITIES		11,080,620	11,060,177
TOTAL LIABILITIES		118,878,786	166,941,021
Equity			
Share capital	9	297,000,000	297,000,000
Accumulated losses		(85,460,217)	(85,619,149)
Shareholders' Equity		211,539,783	211,380,851
Non-Controlling interests		18,123,294	17,955,288
TOTAL EQUITY		229,663,077	229,336,139
TOTAL LIABILITIES AND EQUITY		348,541,863	396,277,160

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

Al-Baha Investment and Development Company

(A Saudi Joint Stock Company)

**Condensed Consolidated Interim Statement Of Profit Or Loss And Other Comprehensive Income
For The Three Month Period Ended March 31, 2023**

	Note	31 March 2023 (Unaudited) SR	31 March 2022 (Unaudited) SR
Revenues		3,448,137	2,553,622
Cost of revenues		(1,104,339)	(1,471,671)
Gross profit		2,343,798	1,081,951
Administrative and general expenses		(776,139)	(575,620)
Expected credit losses		(221,060)	(105,654)
IPO fees		-	(3,995,600)
Other income		22,040	365,594
Profit /(loss) from operations		1,368,639	(3,229,329)
Financing cost		(366,701)	(481,736)
Net profit /(loss) before zakat		1,001,938	(3,711,065)
Zakat		(675,000)	(345,000)
Net profit /(loss) for the period		326,938	(4,056,065)
Other comprehensive income items:			
Other comprehensive income for the period		-	-
Total comprehensive income /(comprehensive loss) for the period		326,938	(4,056,065)
Net profit /(loss) for the period attributable to			
Company's Shareholders		158,932	(4,097,338)
Non-controlling interests		168,006	41,273
		326,938	(4,056,065)
Net profit /(loss) per share for the period	10	0.01	(0.22)




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

Al-Baha Investment and Development Company
(A Saudi Joint Stock Company)
Condensed Consolidated Interim Statement of Changes in Equity
For The Three Month Period Ended March 31, 2023

	Shareholders' Equity			Non-controlling interests SR	Total equity SR
	Share capital SR	Accumulated losses SR	Total SR		
Balance at January 1, 2022 (Audited)	177,000,000	(77,644,049)	99,355,951	18,075,058	117,431,009
Net(loss)/ profit for the period	-	(4,097,338)	(4,097,338)	41,273	(4,056,065)
Other comprehensive income	-	-	-	-	-
Total comprehensive loss for the period	-	(4,097,338)	(4,097,338)	41,273	(4,056,065)
Share Capital increase	120,000,000	-	120,000,000	-	120,000,000
Balance at March 31, 2022 (Unaudited)	297,000,000	(81,741,387)	215,258,613	18,116,331	233,374,944
Balance at January 1, 2023 (Audited)	297,000,000	(85,619,149)	211,380,851	17,955,288	229,336,139
Net profit for the period	-	158,932	158,932	168,006	326,938
Other comprehensive income	-	-	-	-	-
Total comprehensive loss for the period	-	158,932	158,932	168,006	326,938
Balance at March 31, 2023 (Unaudited)	297,000,000	(85,460,217)	211,539,783	18,123,294	229,663,077




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

Al-Baha Investment and Development Company
(A Saudi Joint Stock Company)
Condensed Consolidated Interim Statement of Cash Flows
For The Three Month Period Ended March 31, 2023

	31 March 2023 (Unaudited) SR	31 March 2022 (Unaudited) SR
OPERATING ACTIVITIES:		
Net loss before zakat	1,001,938	(3,711,065)
Adjustments for:		
Depreciation and amortization	466,754	262,602
Depreciation of right of use assets	426,215	1,035,765
Provided of employees' benefit obligations	20,443	12,601
Finance cost	124,701	481,736
Provided of expected credit losses provision	221,060	105,654
Settlement of lease liability against other income	-	(365,594)
	<u>2,261,111</u>	<u>(2,178,301)</u>
Changes in working capital:		
Accounts receivable	(1,768,543)	(279,050)
Prepayments and other debit balances	(322,637)	(837,899)
Trade payables	-	60,725
Accrued expenses and credit balances	31,296	1,167,484
Securities auction shares under settlement	(16,398)	(22,180)
Unearned revenue	1,402,723	488,200
Net cash provided by / (used in) operating activities	<u>1,587,552</u>	<u>(1,601,021)</u>
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(74,448)	(94,699)
Cash used in investing activities	<u>(74,448)</u>	<u>(94,699)</u>
FINANCING ACTIVITIES		
Payment from lease liability	(300,000)	(781,751)
Payment from short term loans	(50,000,000)	-
Due to related party	-	(150,000)
Share capital increase	-	120,000,000
Net cash (used in) / provided by financing activities	<u>(50,300,000)</u>	<u>119,068,249</u>
Net change in cash and cash equivalents	<u>(48,786,896)</u>	<u>117,372,529</u>
Cash and cash equivalents at the beginning of the period	50,950,741	981,981
Cash and cash equivalents at the end of the period	<u>2,163,845</u>	<u>118,354,510</u>
Additional information about Non-Cash items:		
Transfer from property, plant and equipment to investment property	-	122,724
Settlement of lease liability against other income	-	(365,594)

 

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

Al-Baha Investment and Development Company
(A Saudi Joint Stock Company)
Notes to the Condensed Consolidated Interim Financial Statement
For The Three Month Period Ended March 31, 2023

1. ACTIVITIES

Al-Baha Investment and Development Company ("the Company") is a Saudi Joint Stock Company registered in Kingdom of Saudi Arabia under commercial registration number 5800005960 dated 19 Rajab 1413H (corresponding to 12 January 1993) and according to Ministerial Resolution No 600 dated 5 Jumada Al-Akhar 1413H (corresponding to November 30, 1992).

The Company's activities and its subsidiaries (collectively referred to as the "group") are engaged in establishing , managing , operating and maintaining the central markets, commercial and residential complexes, hotels, furnished apartments, building construction, specialized construction activities, wholesale and retail trade, accommodation, food and beverage services activities, and financial services activities except for insurance financing and pension funds, real estate activities, leasing activities, uses activities, creative activities, arts and entertainment activities. The group may also, according to the aforementioned, carry out any necessary or complementary work to achieve these purposes, and the group exercises its activities in accordance with the applicable regulations and after obtaining the necessary licenses from the competent authorities, if any.

The company's head office address: Al-Baha City - King Fahd Road - P.O. Box: 448, Postal Code: 2288, Baljurashi – Kingdom of Saudi Arabia .

The company has the following subsidiaries

Subsidiary Companies	Legal status	Ownership %		Country of Incorporation
		2023	2022	
Elegant Centers Company	Limited liability	86,96%	86,96%	Saudi Arabia
Ishraqa Regional Real Estate Development & Investment Company	Limited liability	86,96%	86,96%	Saudi Arabia

The financial statements of these subsidiaries have been consolidated in these condensed consolidated interim financial statements.

2. BASIS OF PREPARATION

2.1 Statement of commitment

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 of Chartered and Professional Accountants (SOCPA) and should be read in conjunction with the Group's last annual consolidated financial statements as at and for the year ended 31 December 2021 ("last annual consolidated financial statements"). They do not include all of the information required for a complete set of consolidated 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 Group's financial position and performance since the last annual consolidated financial statements.

Going concern

The group's current liabilities exceeded its current assets as of March 31, 2023 by SAR 81,022,965, and accumulated losses amounted by SAR 85,460,217, which constitute 28.8% of the share capital, which is considered a deficit in working capital and the company's ability to fulfill its obligations in the normal course of business. These financial statements have been prepared on a going concern basis, Since the group has realized a positive cash flows amounted by SAR 1,587,552 and also based on the future management plan, whereby the Group will be able to manage liquidity to ensure sufficient level of its obligations when due, in normal and extraordinary circumstances.

2. BASIS OF PREPARATION (Continued)

2.2 Condensed Consolidated Interim Financial Statement preparation

The condensed consolidated interim financial statements have been prepared on the historical cost basis except defined employee benefit obligations that have been valued at present value of future liabilities using the projected unit credit method.

2.3 Functional and presentation currency

The condensed consolidated interim financial statements are presented in Saudi Riyals, which is the functional and presentation currency of the Group, and all values are rounded to the nearest Saudi Riyal, except where otherwise indicated.

2.4 Use of Judgments and Estimates

In preparing these Condensed Consolidated Interim Financial Statements, management has made judgments and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. The significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual Consolidated Financial Statements. However, as explained in Note (1) above, the Group has reviewed the significant sources of uncertainties disclosed in the recent annual consolidated financial statements against the backdrop of the COVID-19 pandemic. Management believes that other than expected credit losses arising from financial assets, all other sources of uncertainties are still similar to those shown in the last annual consolidated financial statements. Management will continue to monitor the situation and any required changes will be reflected in future reporting periods.

3. Basis for consolidating financial statements

These condensed consolidated interim financial statements comprising the condensed consolidated interim Statement of financial position, consolidated statement of profit or loss and comprehensive income, consolidated Statement of Changes in Equity, Consolidated Statement of Cash Flows and notes to the Consolidated Financial Statements of the Group include assets, liabilities and the results of the operations of the Company and its subsidiaries, as set out in note (1). The Company and its subsidiaries are collectively referred to as the "Group". Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control commences until the date on which control ceases. The Group accounts for the business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identified net assets acquired and fair value of pre-existing equity interest in the subsidiary. The excess of the cost of acquisition and amount of Non – controlling interest ("NCI") over the fair value of the identifiable net assets acquired is recorded as goodwill in the consolidated Statement of Financial Position. NCI is measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition. If the business combination is achieved in stages, the acquisition date carrying value of the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in the consolidated statement of profit or loss. Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Accounting policies of subsidiaries are aligned, where necessary, to ensure consistency with the policies adopted by the Group. The Company and its subsidiaries have the same reporting periods.

Al-Baha Investment and Development Company

(A Saudi Joint Stock Company)

Notes to the Condensed Consolidated Interim Financial Statement (Continued)**For The Three Month Period Ended March 31, 2023****4. SIGNIFICANT ACCOUNTING POLICIES**

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

New Standards, Amendment to Standards and Interpretations

There are no new standards issued, however, there are number of amendments to standards which are effective from 1 January 2022 and has been explained in Group annual Consolidated Financial Statements, but they do not have a material effect on the Group's Condensed Consolidated Interim Financial Statements.

5. Investment Properties:

	Lands SR	Buildings & constructions SR	Total SR
<u>Cost:</u>			
January 01, 2022	110,217,738	32,777,281	142,995,019
Additions	69,702,000	27,720,740	97,422,740
Transfers from property and equipment	-	122,724	122,724
December 31, 2022	179,919,738	60,620,745	240,540,483
March 31, 2023	179,919,738	60,620,745	240,540,483
<u>Accumulated depreciation and impairment losses:</u>			
January 01, 2022	11,560,426	1,814,593	13,375,019
Depreciation during year	-	1,066,150	1,066,150
Impairment losses	3,426,158	-	3,426,158
December 31, 2022	14,986,584	2,880,743	17,867,327
Depreciation during year	-	446,711	446,711
March 31, 2023	14,986,584	3,327,454	18,314,038
<u>Net Book Value</u>			
March 31, 2023	164,933,154	57,293,291	222,226,445
December 31, 2022	164,933,154	57,740,002	222,673,156

The group's investment properties are as follows:

Al-Hazm Complex: Its cost amounted to SAR 20,095,736, and the accumulated depreciation amounted to SAR 969,234, and the impairment loss amounted to SAR 1,772,138, and its net book value amounted to SAR 17,354,364 as of March 31, 2023 (as at December 31, 2022: SAR 17,466,042).

Al-Malaz Complex: its cost amounted to SAR 123,069,747, and the accumulated depreciation amounted to SAR 2,451,383, and the impairment loss amounted to SAR 12,830,042, and its net book value amounted to SAR 107,788,322 as of March 31, 2023 (as at December 31, 2022: SAR 107,900,000).

Al-Baha Investment and Development Company
(A Saudi Joint Stock Company)
Notes to the Condensed Consolidated Interim Financial Statement (Continued)
For The Three Month Period Ended March 31, 2023

5. Investment Properties (Continued):

The Saudi modern factory: its cost amounted to SAR 27,500,000, accumulated depreciation SAR 145,264 and impairment losses Nil, and its net book value amounted to SAR 27,354,736 as of March 31, 2023 (as at December 31, 2022: SAR 27,466,414).

Al-Ezdhar complex: its cost amounted to SAR 69,875,000, the accumulated depreciation amounted to SAR 145,977, the impairment loss Nil, and its net book value amounted to SAR 69,729,023 as of March 31, 2023 (as at December 31, 2022: SAR 69,840,700).

The lands and buildings classified as investment properties were evaluated by an external valuer to determine their fair value as of December 31, 2022. The external valuation was performed by an external valuer approved by the Saudi Authority for Accredited Valuers (Taqeem).

The following are the measurement data for fair value in accordance with IFRS 13 as at December 31, 2022:

PROPERTIES	Valuation method	Purpose	Value Basis	Fair Value SAR
Al-Hazm Complex	Cost method and market method	Lease revenues and capital development	Market Fair Value	17,500,000
Al-Malaz Complex	Cost method and market method	Lease revenues and capital development	Market Fair Value	112,061,000
The Saudi modern factory	Cost method and market method	Lease revenues and capital development	Market Fair Value	35,000,000
Al-Ezdhar complex	Cost method and market method	Lease revenues and capital development	Market Fair Value	70,100,000

The company uses valuation reports from the independent valuers (Al-Namaa Valuation Office - Abdulaziz Saleh Al-Ghamdi) and (Taqdeer Company - Hamad bin Abdullah Nasser Al-Hamad) who were appointed by the management to evaluate the fair value of investment properties on the date of the report.

Al-Baha Investment and Development Company
(A Saudi Joint Stock Company)
Notes to the Condensed Consolidated Interim Financial Statement (Continued)
For The Three Month Period Ended March 31, 2023

6. POTENTIAL CLAIMS PROVISIONS

	March 31, 2023 (Unaudited) SR	31 December 2022 (Audited) SR
Balance at beginning of the period / year	81,003,717	84,003,717
Charged during the period / year	-	(3,000,000)
Balance at ending of the period / year	81,003,717	81,003,717

*On February 3, 2011, the company signed a contract with Al-Sata'ah Modern General Contracting Company, according to which the company purchased the following:

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

This is in return for assets with a book value of SAR 74,003,717 in addition to a payment of SAR 10 million in four installments certified checks.

The company has done the following:

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

6. POTENTIAL CLAIMS PROVISIONS (Continued)

- 5- During the year 2017, the company refunded the increase in the provision for replacing previously formed assets with a value of SAR 1,996,283, so that the balance of the provision for replacement of assets after returning the increase amounted to SAR 66,703,158.
- 6- On March 6, 2018, the interpretative decision was issued by the Jeddah Commercial Court, Second Circuit, specifying the items to be implemented as follows:
- First: To oblige Al-Baha Investment and Development Company to pay to Al-Sata'ah Modern Company for General Contracting an amount of SAR 3 million.
- Second: To oblige Al-Baha Investment and Development Company to effectively waive the entire 134 plots of land with the notary, which Al-Baha Company owns 50% of the entire land in the Al-Morouj Scheme located in Al-Sail Al-Saghir in Al-Taif Governorate, to Al-Sata'ah Modern General Contracting Company.
- Third: To oblige Al-Baha Investment and Development Company to waive to the Al-Sata'a Modern Company for General Contracting the entire contents of the poultry project and the land on which the project is based, which is owned by the Al-Baha Investment and Development Company.
- 7- On April 19, 2018, the company filed an appeal with the Jeddah Commercial Court. On November 5, 2018, the company received a report from a lawyer stating that the appealed judgment was overturned. On November 8, 2018, the company submitted the list objecting to the department's interpretation of the ruling, and on January 09, 2019 AD, the Second Commercial Department of the Jeddah Commercial Court decided to issue its preliminary ruling to adhere to its previous decision dated 06/19/1439 AH and the judge that the term intended to oblige the parties to the lawsuit to complete the implementation of the contract concluded between them. The subject of this case, dated 03/03/1432 AH, and on February 24, 2019 AD, the company filed its appeal against the judgment received on January 27, 2019 AD. On 05/07/1442 AH, corresponding to February 17, 2021 AD, the department decided to accept the objection in form, reject it in substance, and support the judgment of the Second Circuit (in the Jeddah Commercial Court in the case) and the judge decided to implement the items referred to in Clause No. 6, and accordingly the company decided to increase the allowance for potential claims by the amount of SAR 17,300,559. It was recorded in the statement of profit or loss and other comprehensive income for the year ended December 31, 2020.
- 8- During the year 2022, a final judgment was issued against Al-Baha Investment and Development Company, and the company had to implement what was stated in item No. 6 above, and accordingly, during the year, the company paid an amount of SAR 3 million, and the rest of the aforementioned items are being implemented.

Al-Baha Investment and Development Company

(A Saudi Joint Stock Company)

Notes to the Condensed Consolidated Interim Financial Statement (Continued)**For The Three Month Period Ended March 31, 2023****7- Short term loans**

A) On June 2, 2022 AD, corresponding to Dhu al-Qi`dah 3, 1443 AH, an agreement was signed between Elegant Centers Company and Arab National Bank to obtain a loan of SAR 65 million, and on July 3, 2022 AD, corresponding to Dhu al-Hijjah 4, 1443 AH, the company paid the full value of the loan.

b) On October 26, 2022 AD, corresponding to Rabi' al-Thani 1, 1444 AH, an agreement was signed between Elegant Centers Company and Arab National Bank to obtain a loan of SAR 50 million, which represents the outstanding balance as on December 31, 2022, and on January 22, 2023 AD, corresponding to Jumada II 29, 1444 AH. The company paid the full value of the loan. Noting that the group mortgaged the investment properties of Al-Malaz Complex and Al-Hazm Complex as a guarantee for repaying the loans.

The movement of short-term loans is summarized as follows:

	March 31, 2023 SR	December 31, 2022 SR
Balance at beginning of the period / year	50,000,000	-
Used during the period / year	-	115,000,000
Paid during the period / year	(50,000,000)	(65,000,000)
Balance at end of the period / year	-	50,000,000

8. RELATED PARTY TRANSACTIONS AND THEIR BALANCES

During the period, the group entered into the following trading transactions with related party:

	March 31, 2023 (Unaudited) SR	March 31, 2023 (Unaudited) SR
Settlement of a payment to Mr. Mishaal Mohammad Hassan Mufti from his balance	-	(150,000)

The following balance was due to related party as at the reporting date:

	March 31, 2023 SR	December 31, 2022 SR
Mr. Mishaal Mohammad Hassan Mufti	-	-
	-	-

The benefits and remunerations of senior employees and the Board of Directors during the year are as follows:

	March 31, 2023 (Unaudited) SR	March 31, 2022 (Unaudited) SR
Short benefits and rewards	162,000	122,000
long benefits	175,957	137,160
Total	337,957	259,160

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For The Three Month Period Ended March 31, 2023

9. SHARE CAPITAL

On February 21, 2023, corresponding to Rajab 20, 1443 AH, the extraordinary general assembly approved the capital increase by offering 12 million rights shares to shareholders with a total value of SAR 120 million, so the capital after the increase became SAR 297 million divided into 29.7 million ordinary shares, the value of each share is SAR 10 (December 31, 2022: SAR 297 million, divided into 29.7 million shares, the value of each share is SAR 10).

10. EARNING PER SHARE

Earning per share is calculated on the basis of the net loss for the year attributable to the shareholders of the company divided by the weighted average number of shares issued. Diluted earnings per share is the same as basic earnings per share because the group does not have diluted instruments issued.

	March 31, 2023 (Unaudited) SR	March 31, 2022 (Unaudited) SR
Net profit / (loss) for period attributable to the Shareholders	158,932	(4,097,338)
Weighted Average Number Of Shares (*)	29,700,000	18,900,000
Earning / (loss) per share	0.01	(0.22)
(*) Weighted average number of shares:		
Issued shares at the beginning of the period	29,700,000	17,700,000
Effect of shares issued on March 23, 2022 (12 million shares)	-	1,200,000
weighted average number of shares	29,700,000	18,900,000

11. SEGMENT INFORMATION

The Group consists of the following business segments:

1- Head Quarter 2- Poultry Farms 3- Leather Factory 4- Cable Car Project 5- Rentals

The assets, liabilities, revenues, activity costs and business results of these segments consist of the following:

	Head Quarter (SR)	Poultry Farms (SR)	Leather Factory (SR)	Cable Car Project (SR)	Rentals (SR)	Intersegment elimination (SR)	Total (SR)
March 31, 2023							
Revenues	-	-	-	-	3,448,137	-	3,448,137
Depreciation and amortization	(2,891)	-	-	-	(17,152)	-	(20,043)
Total comprehensive loss for the period	326,938	-	-	-	(1,288,048)	1,288,048	326,938
Net loss for the period attributable to Company's Shareholders	158,932	-	-	-	-	-	158,932
Total assets	272,652,930	39,323,988	-	-	336,690,971	(300,126,026)	348,541,863
Total liabilities	60,610,482	39,826,653	-	-	187,047,581	(168,605,930)	118,878,786
December 31, 2022							
Total assets	271,729,701	39,323,988	-	-	374,992,047	(289,768,576)	396,277,160
Total liabilities	59,846,185	39,826,653	-	-	227,146,539	(159,878,356)	166,941,021

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	Head Quarter (SR)	Poultry Farms (SR)	Leather Factory (SR)	Cable Car Project (SR)	Rentals (SR)	Intersegment elimination (SR)	Total (SR)
<u>March 31, 2022</u>							
Revenues	-	-	-	-	2,553,622	-	2,553,622
Depreciation and amortization	(2,890)	-	-	-	(16,460)	-	(19,350)
Total comprehensive loss for the period	(4,056,065)	-	-	-	(316,428)	316,428	(4,056,065)
Net loss for the period attributable to Company's Shareholders	(4,097,338)	-	-	-	-	-	(4,097,338)
Total assets	296,240,408	39,323,988	-	-	219,729,876	(150,811,477)	404,482,795
Total liabilities	80,479,130	39,826,653	-	-	72,723,756	(21,921,688)	171,107,851
<u>December 31, 2022</u>							
Total assets	179,151,382	39,323,988	-	-	219,300,951	(150,473,682)	287,302,639
Total liabilities	79,292,766	39,826,653	-	-	72,658,949	(21,906,738)	169,871,630

12. SUBSEQUENT EVENTS

In the opinion of the management, there have been no significant subsequent events since the period-end that require disclosure or adjustment in these Condensed Consolidated Interim Financial Statement.

13. APPROVAL OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENT

These Condensed Consolidated Interim Financial Statement were approved by the board of Directors on 2 Dhu al-Qidah 1444H (Corresponding to May 22, 2023).