# Al-Baha Investment and Development Company <br> A Saudi Joint Stock Company <br> Al Baha- Kingdom of Saudi Arabia 

The Unaudited Interim
Condensed Consolidated Financial Statements and Independent Auditor's Review Report
For the Three and Nine Months Periods Ended September 30, 2023

# Al-Baha Investment and Development Company A Saudi Joint Stock Company Al Baha- Kingdom of Saudi Arabia 

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# Independent Auditor's Review Report of The Interim Condensed Consolidated Financial Statements 

To the Shareholders of<br>Al-Baha Investment and Development Company<br>A Saudi joint stock company<br>Al Baha - Kingdom of Saudi Arabia

## Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Al-Baha Investment and Development Company - A Saudi joint stock company (the "company") and its subsidiaries (the "Group") as of September 30, 2023, and the interim condensed consolidated statement of comprehensive income for the three and nine months periods ended September 30, 2023 , and interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the nine-months period then ended and a summary of significant accounting policies and other explanatory notes for interim condensed consolidated financial statements. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard No. (34) "Interim Financial Reporting" as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

## Scope of Review

We conducted our review in accordance with International Standard on Review Engagements (2410) "Review of interim financial information performed by the independent auditor of the entity" endorsed in the Kingdom of Saudi Arabia. A review of the interim condensed consolidated 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 might be identified in an audit. Accordingly, we do not express an audit opinion.

## Basis for Qualified Conclusion

As stated in note (4) to the accompanying interim condensed consolidated financial statements, book value of goodwill amounted to SR $22,159,064$. However, we were unable to obtain sufficient and appropriate evidence about the recoverable amount of goodwill, accordingly, we were unable to determine whether any adjustment was necessary on the consolidated financial statements as of December 31, 2022 and September 30,2023 , and we were unable to verify that by applying appropriate review procedures.

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

## Qualified Conclusion

Based on our review, expect for the possible effects of the matter described in Basis for Qualified Conclusion paragraph, nothing has come to our attention that causes us to believe that the interim condensed consolidated financial statements of Al-Baha Investment and Development Company - A Saudi joint stock company for the nine months period ended September 30, 2023 are not prepared, in all material respects, in accordance with IAS 34 "Interim Financial Reporting" that is endorsed in the Kingdom of Saudi Arabia.

## Emphasis of a Matter

We draw attention to note (8) to the accompanying interim condensed consolidated financial statements, which describes the legal case of bartering assets with Al - Sata'ah Modern General Contracting Company. The Company has provided a provision for expected losses that resulted from barter assets contract with Al- Sata'ah Modern General Contracting Company for an amount of SR 74,003,717, where the Group's management believes that the assets that are supposed to be received in the barter transaction are not material and there is a significant impairment on them as a result of their obsolescence, accordingly a provision has been recognized against them for the amount of the performance obligations that the company is obliged to transfer to the other party. In addition, the previously issued court judgment obligating Al-Baha Investment and Development Company to execute the terms of the contract with AlSata'ah Modern General Contracting Company was upheld. Our conclusion is not modified in respect of this matter.

## Other matter

The financial statements of Al-Baha Investment and Development Company for the year ended December 31, 2022 were audited by another auditor who expressed an unqualified opinion with emphasis of matter paragraph about potential claims provision on Ramadan 9, $1444(\mathrm{H})$ corresponding to March 31, 2023 (G) In addition, the interim condensed consolidated financial statements for the three and nine month periods ended September 30, 2022 have been reviewed by another auditor who expressed an unqualified conclusion with emphasis of matter paragraph about potential claims provision on Rabi II 14, $1444(\mathrm{H})$ corresponding to November 8, 2022.

Talal Abu-Ghazaleh \& Co.


Certified Public Accountant - Licence No. 408
Rabi al-Thani 11, 1445(H) corresponding to October 26, 2023(G)
Jeddah - Kingdom of Saudi Arabia

The interim condensed consolidated statement of financial position as of September 30, 2023 (unaudited)

## ASSETS

## Current Assets

Cash and cash equivalents
Trade receivables - net
Other debit balances
Total Current Assets
September 30, December 31, January 1, 2022
20232022 (Audited, (Audited,

| Note | $\begin{gathered} \text { September 30, } \\ 2023 \\ \text { (Unaudited) } \\ \hline \end{gathered}$ | December 31, 2022 (Audited, Adjusted) | January 1, 2022 <br> (Audited, <br> Adjusted) |
| :---: | :---: | :---: | :---: |
|  | (SR) | (SR) |  |
|  | 5,530,567 | 50,950,741 | 981,981 |
|  | 3,584,435 | 2,471,099 | 1,419,996 |
|  | 3,942,382 | 4,727,231 | 1,508,218 |
|  | 13,057,384 | 58,149,071 | 3,910,195 |
| 4 | 22,159,064 | 22,159,064 | 23,110,413 |
|  | 3,696 | 12,463 | 24,183 |
|  | 10,797,443 | 12,076,088 | 49,338,057 |
| 5 | 221,479,737 | 222,673,156 | 129,620,000 |
|  | 221,705 | 203,601 | 296,074 |
|  | 254,661,645 | 257,124,372 | 202,388,727 |
| 8 \& 15 | - | - | - |
|  | 267,719,029 | 315,273,443 | 206,298,922 |

Non - Current Assets
Goodwill- net
Intangible assets - net
Right of use assets - net
Investment properties- net
Property and equipment- net
Total Non Current Assets
Non-current assets held for sale- net

## Total Assets

## LIABILITIES AND SHAREHOLDERS' EQUITY

## Current Liabilities

| Loan | 6 | - | 50,000,000 | - |
| :---: | :---: | :---: | :---: | :---: |
| Accounts payable |  | 937,461 | 937,461 | 1,043,434 |
| Other credit balances |  | 3,307,996 | 4,365,082 | 4,321,810 |
| Auction shares deposits under settlement | 7 | 11,241,316 | 11,283,284 | 10,672,455 |
| Unearned revenue |  | 4,343,846 | 2,860,703 | 1,749,280 |
| Lease liability - current portion |  | 1,355,005 | 2,598,039 | 8,474,409 |
| Provision for potential claims | 8 \& 15 | - | - | 3,000,000 |
| Zakat provision | 9 | 3,658,823 | 2,832,558 | 16,271,195 |
| Total Current Liabilities |  | 24,844,447 | 74,877,127 | 45,532,583 |
| Non-Current Liabilities |  |  |  |  |
| Lease liability - non current portion |  | 10,797,319 | 10,797,319 | 42,487,728 |
| Employees' defined benefit obligation |  | 313,704 | 262,858 | 197,602 |
| Due to related party |  | - | - | 650,000 |
| Total Non-Current Liabilities |  | 11,111,023 | 11,060,177 | 43,335,330 |
| Total Liabilities |  | 35,955,470 | 85,937,304 | 88,867,913 |

Equity
Shareholders' Equity

Capital
Accumulated losses
Net shareholders' Equity
Non - Controlling interests
Total Equity
TOTAL LIABILITIES AND EQUITY
$10 \quad 297,000,000 \quad 297,000,000 \quad 177,000,000$
1

| $(83,911,580)$ | $(85,619,149)$ | $(77,644,049)$ |
| ---: | ---: | ---: | ---: |
| $213,088,420$ | $211,380,851$ | $99,355,951$ |
| $18,675,139$ | $17,955,288$ | $18,075,058$ |
| $231,763,559$ | $229,336,139$ | $117,431,009$ |
| $267,719,029$ | $315,273,443$ |  |

The accompanying notes from (1) to (18) constitute an integral part of these interim condensed consolidated financial statements

## Al-Baha Investment and Development Company <br> A Saudi Joint Stock Company <br> Al Baha- Kingdom of Saudi Arabia

The interim condensed consolidated statement of comprehensive income (unaudited) for the three and nine months period ended September 30, 2023

|  | Note | For the three months ended September 30 |  | For the nine months ended September 30 |  |
| :---: | :---: | :---: | :---: | :---: | :---: |
|  |  | 2023 | 2022 | 2023 | 2022 |
|  |  | (SR) | (SR) | (SR) | (SR) |
| Revenues |  | 4,628,541 | 2,802,005 | 11,697,406 | 7,974,746 |
| Cost of revenues |  | $(1,134,885)$ | $(1,504,368)$ | $(3,314,387)$ | $(4,428,340)$ |
| Gross profit |  | 3,493,656 | 1,297,637 | 8,383,019 | 3,546,406 |
| General and administrative expenses |  | $(887,316)$ | $(1,040,779)$ | $(2,415,041)$ | $(2,614,423)$ |
| Expected credit loss |  | $(254,895)$ | $(55,917)$ | $(637,091)$ | 76,458 |
| IPO fees |  | - | - |  | $(3,995,600)$ |
| Net profit (loss) from operations |  | 2,351,445 | 200,941 | 5,330,887 | $(2,987,159)$ |
| Finance costs |  | $(126,088)$ | $(465,907)$ | (621,591) | $(1,684,208)$ |
| Other revenue |  | 1,000.00 | - | 23,040 | 912,724 |
| Net profit (loss) before Zakat |  | 2,226,357 | $(264,966)$ | 4,732,336 | $(3,758,643)$ |
| Zakat | 9 | $(535,263)$ | $(340,000)$ | $(2,304,916)$ | $(1,055,000)$ |
| Net comprehensive income (comprehensive loss) |  | 1,691,094 | $(604,966)$ | 2,427,420 | $(4,813,643)$ |
| Comprehensive income (comprehensive loss) for the period attributable to: |  |  |  |  |  |
| Shareholders' equity |  | 1,359,679 | $(601,549)$ | 1,707,569 | $(4,894,155)$ |
| Non-Controlling interests |  | 331,415 | (3,417) | 719,851 | 80,512 |
| Total |  | 1,691,094 | $(604,966)$ | 2,427,420 | $(4,813,643)$ |
| basic and duluted earnungs / (loss) per share tor the shareholders of the parent company | 12 | 0.000458 | (0.000230) | 0.000575 | (0.001875) |

The accompanying notes from (1) to (18) constitute an integral part of these interim condensed consolidated financial statements


The interim condensed consolidated statement of changes in equity (unaudited) for the nine months period ended September 30, 2023

| Note | Capital | Accumalated Losses | Net Shareholders' Equity | Net NonControlling interests | Total Equity |
| :---: | :---: | :---: | :---: | :---: | :---: |
| For the period ended September 30,2023 | (SR) | (SR) | (SR) | (SR) | (SR) |
| Balance at the beginning of the period- audited and adjusted | 297,000,000 | $(85,619,149)$ | 211,380,851 | 17,955,288 | 229,336,139 |
| Total comprehensive income | - | 1,707,569 | 1,707,569 | 719,851 | 2,427,420 |
| Balance at the end of the period- unaudited | 297,000,000 | $(83,911,580)$ | 213,088,420 | 18,675,139 | 231,763,559 |
| For the period ended September 30, 2022 |  |  |  |  |  |
| Balance at the beginning of the period- audited | 177,000,000 | $(77,644,049)$ | 99,355,951 | 18,075,058 | 117,431,009 |
| Total comprehensive loss | - | $(4,894,155)$ | $(4,894,155)$ | 80,512 | $(4,813,643)$ |
| Share capital increase 10 | 120,000,000 | - | 120,000,000 | - | 120,000,000 |
| Balance at the end of the period- unaudited | 297,000,000 | $(82,538,204)$ | 214,461,796 | 18,075,058 | 232,617,366 |

The accompanying notes from (1) to (18) constitute an integral part of these interim condensed consolidated financial statements


## Al-Baha Investment and Development Company A Saudi Joint Stock Company Al Baha- Kingdom of Saudi Arabia

The interim condensed consolidated statement of cash flows (unaudited) for the nine months period ended September 30, 2023

## CASH FLOWS FROM OPERATING ACTIVITIES

Profit (loss) for the period before Zakat
For the nine months ended at
September 30

| $\mathbf{2 0 2 3}$ |  |  |
| :--- | :--- | :--- |
| $\mathbf{S R})$ |  | $\mathbf{2 0 2 2}$ |
| $4,732,336$ | $(3,758,643)$ |  |

Adjustments to reconcile profit (loss) for the period before Zakat to net cash from (used in) operating activities
Depreciations of Property and equipment, investment property and amortization of intangible assets

Depreciations of right of used assets
Employees' defined benefit obligation - charged
Finance cost
Lease liability settlement against other income
Provided/reversal of expected credit loss provision

| $1,455,626$ | 800,553 |
| ---: | ---: |
| $1,278,645$ | $3,107,296$ |
| 69,603 | 53,761 |
| 621,591 | $1,684,208$ |
| - | $(365,594)$ |
| 637,091 | $(76,458)$ |

Changes in Operating Assets and Liabilities
Trade receivables
Other debit balances
$(1,750,427)$
$(2,188,456)$
784,849
$(981,078)$
Accounts payable
Other credit balances
Auction shares deposits under settlement
Unearned revenue
Cash flows from operations
Zakat - Paid
Employees' defined benefit obligation - Paid
Net Cash flows from (used in) Operating Activities

| $784,849$ | $\begin{array}{r} 2,180,400) \\ (981,078) \end{array}$ |
| :---: | :---: |
| - | 317,129 |
| $(1,057,086)$ | 251,813 |
| $(41,968)$ | 615,245 |
| 1,483,143 | 1,327,077 |
| 8,213,403 | 786,853 |
| $(1,478,651)$ | $(16,160,019)$ |
| $(18,757)$ | - |
| 6,715,995 | $(15,373,166)$ |
| $(74,448)$ | $(94,700)$ |
| $(197,097)$ | $(47,742)$ |
| $(271,545)$ | $(142,442)$ |

CASH FLOWS FROM INVESTING ACTIVITIES
Additions of property and equipment
Additions of investment property
Net cash flows used in investing activities

| $(1,622,624)$ | $(2,739,813)$ |
| :---: | :---: |
| - | $(650,000)$ |
| $(50,242,000)$ | 65,000,000 |
|  | (65,000,000) |
|  | 120,000,000 |
| $(51,864,624)$ | 116,610,187 |
| $(45,420,174)$ | 101,094,579 |
| 50,950,741 | 981,981 |
| 5,530,567 | 102,076,560 |

CASH FLOWS FROM FINANCING ACTIVITIES
Lease liability-Paid
$(650,000)$
Due to related party
Loan
Paid from loan
Share capital increase
Net Cash flows (used in) from Financing Activities Net (decrease) increase in cash and cash equivalents
Cash and cash equivalents at beginning of the period
Cash and cash equivalents at end of the period


The accompanying notes from (1) to (18) constitute an integral part of these interim condensed consolidated
 financial statements


# Al-Baha Investment and Development Company A Saudi Joint Stock Company Al Baha- Kingdom of Saudi Arabia <br> Notes to the interim condensed consolidated financial statements (unaudited) for the nine months period ended September 30, 2023 

## 1. Company Information

- Al-Baha Investment and Development Company ("the company") is a Saudi joint stock company in Kingdom of Saudi Arabia under the commercial registration No. 5800005960 on Rajab 19, 1413(H) corresponding to January 11, 1993(G) and according to Ministerial Resolution No. 600 on Jumada AlThani 5, 1413(H) corresponding to November 30, 1992(G).
- The head office of the company is located at the following address:

Al Baha City - King Fahd Road - PO Box: 448, Postal Code: 2288, Baljurashi- Kingdom of Saudi Arabia.

- The Company 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, restaurants, cafes, buffets, bakeries, sweets, cooked and uncooked subsistence services, fuel stations, wholesale and retail trade of foodstuffs, wholesale and retail trade of building materials and iron, general contracting of buildings, electrical, electronic and mechanical works, management, maintenance and development of real estate, maintenance contracting, operation, cleaning and purchase And renting lands for constructing buildings on them and investing them by sale or rent for the benefit of the company And the establishment of various industrial projects and the ownership and reclamation of agricultural lands to be used in the establishment of agricultural and livestock production projects, the establishment of recreational and tourism facilities and projects, their investment, management, operation and maintenance, wholesale and retail trade of what falls within the scope of the company's industrial, agricultural and tourism business, and the establishment of cold stores, repair and maintenance workshops related to that, and commercial agencies. The group may also, according to the aforementioned, carry out any necessary or complementary actions to achieve these purposes, and the group shall carry out its activities in accordance with the concerned regulations and after obtaining the necessary licenses from the competent authorities, if any.


# Al-Baha Investment and Development Company A Saudi Joint Stock Company Al Baha- Kingdom of Saudi Arabia 

Notes to the interim condensed consolidated financial statements (unaudited)
for the nine months period ended September 30, 2023 - (Continued)

## Basis for consolidating financial statements

These interim condensed consolidated financial statements comprising the interim condensed consolidated statement of financial position, interim condensed consolidated statement of comprehensive income, interim condensed consolidated statement of changes in equity, interim condensed consolidated statement of cash flows and notes to the interim condensed consolidated Financial Statements of the company include assets, liabilities and the results of the operations of the Company and its subsidiaries, as shown below.

Subsidiaries are entities controlled by the company. The Company 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 interests (" 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 acquirer's identifiable net assets at the date of acquisition. If the business combination is achieved in stages, the acquisition date carrying value of the Company'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 recognized in the consolidated statement of profit or loss. Intra-group balances and transactions, and any unrealized 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.

- The interim condensed consolidated financial statements include the accounts of the following subsidiaries:

| Subsidiaries | Legal status | The main activity | Country of Incorporation | Ownership percentage |  |
| :---: | :---: | :---: | :---: | :---: | :---: |
|  |  |  |  | $\begin{gathered} \text { September 30, } \\ 2023 \end{gathered}$ | $\begin{gathered} \text { December 31, } \\ 2022 \end{gathered}$ |
| Elegant Centers Company Ltd | Limited Liability | Real estate investment and development | Kingdom Of Saudi Arabia | 86.96\% | 86.96\% |
| Ishraqa Regional Development and Real Estate Investment Company | Limited Liability | Real estate investment and development | Kingdom Of <br> Saudi Arabia | 86.96\% | 86.96\% |

- Al-Baha Investment and Development Company owns $86.96 \%$ of the capital in the Elegant Centers Company Limited, while the Elegant Centers Company owns $100 \%$ of the capital in Ishraqa Regional Development and Real Estate Investment Company.


## Al-Baha Investment and Development Company

A Saudi Joint Stock Company
Al Baha- Kingdom of Saudi Arabia
Notes to the interim condensed consolidated financial statements (unaudited)
for the nine months period ended September 30, 2023 - (Continued)
The following are the most important financial information of the subsidiaries:

| As of September 30, 2023 |  | For the period ended September 30, 2023 |
| :---: | :---: | :---: |
| Assets | Liabilities | Comprehensive profit (loss) |
| (SR) | (SR) | (SR) |
| 252,381,922 | 107,722,042 | 5,518,849 |
| 87,195,634 | 76,528,381 | 1,962,786 |
| As of Decem | 31,2022 | For the period ended <br> September 30, 2022 |
| Assets | Liabilities | Comprehensive profit (loss) |
| (SR) | (SR) | (SR) |
| 290,232,882 | 151,091,851 | 617,260 |
| 84,769,356 | 76,064,879 | $(37,320)$ |

## Going concern and accumulated losses

The accumulated losses of the group amounted to SR 83.911 .580 , representing $28 \%$ of the company's capital, and the deficit in working capital amounted to SR 11.787 .063 as of September 30, 2023. These matters indicate difficulties for the company to continue as a going concern and may affect the company's ability to meet current liabilities. The interim condensed consolidated financial statements were prepared on a going concern basis due to fact the company achieved positive operating cash flows by an amount of SR 6.715 .995 as at that date. The group's management believes that it has the ability to manage liquidity to meet its obligations when due in normal and extraordinary circumstances.

## 2. Basis of preparation

## a) Applicable accounting standards

- These interim condensed consolidated financial statements for the nine month ended as of September 30, 2023 have been prepared in accordance with International Accounting Standard No. (34) "Interim Financial Reporting" that is endorsed in the Kingdom of Saudi Arabia and other pronouncements and other standards endorsed by Saudi Organization for Chartered and Professional Accountants (SOCPA).
- The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements prepared in accordance with international financial reporting standards that are endorsed in the Kingdom of Saudi Arabia and other pronouncements and other standards endorsed by Saudi Organization for Chartered and Professional Accountants (SOCPA).


# Al-Baha Investment and Development Company A Saudi Joint Stock Company Al Baha- Kingdom of Saudi Arabia 

Notes to the interim condensed consolidated financial statements (unaudited)
for the nine months period ended September 30, 2023 - (Continued)

## b) Basis of measurement

These interim condensed consolidated financial statements have been prepared on historical cost basis using the accrual basis and going concern assumption.
c) Functional and presentation currency

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

## d) Estimates

Preparing the interim condensed consolidated financial statements requires management to make some judgments, estimates and assumptions that affect the application of the company's accounting policies and the amounts presented for assets, liabilities, revenues and expenses. Actual results may differ from these estimates.
The preparation of the interim condensed consolidated financial statements also requires significant judgments from the company's management when applying accounting policies and significant sources of estimates and uncertainties that have a material impact, which are the same as shown in the consolidated financial statements for the previous year ending on December 31, 2022.

## 3. Summary of significant accounting policies

- The accounting policies used in the interim condensed consolidated financial statements are consistent with those followed in the preparation of the financial statements for the year ended December 31, 2022, except for applying of new standards and amendments to standards and interpretations described in Note (16) and the following:


## - Non-current assets held for sale

- Non-current assets (or disposal groups) are classified as assets held for sale if the value at which these assets appear in the statement of financial position is recovered through sales rather than through continuing use. This condition is only met when the possibility of sale is great and the asset (or disposal group) is available for direct sale in its current condition. The management is committed to the sale, which is expected to meet the requirement to be recognized as a completed sale within one year from the date of its classification.
- Non-current assets (or disposal groups) that are held for sale are measured at the lower of its book value as stated in the statement of financial position or at fair value less selling costs.


# Al-Baha Investment and Development Company A Saudi Joint Stock Company <br> Al Baha- Kingdom of Saudi Arabia 

Notes to the interim condensed consolidated financial statements (unaudited)
for the nine months period ended September 30, 2023 - (Continued)

- Events or circumstances may cause the sale completion period to be extended by more than one year. An extension of the period required to complete the sale does not preclude the asset (or disposal group) from being classified as held for sale if the delay is due to events or circumstances beyond the control of the entity and there is sufficient evidence that the entity remains committed to its plan to sell the asset (or disposal group) and this is the case when the following criteria are met:
- The entity can reasonably expect, on the date it commits to the plan to sell the non-current asset (or disposal group), that others, other than the purchaser, will impose conditions on the transfer of the asset (or disposal group) that extend the period required to complete the sale and that:
- Initiate the procedures necessary to respond to these circumstances can only after obtaining a confirmed purchase undertaking.
- A firm commitment to purchase is highly likely within one year.
- The entity obtains a firm commitment to purchase and, as a result, the buyer or others unexpectedly impose on the transfer of the non-current asset (or disposal group) previously classified as held for sale conditions that extend the period required to complete the sale:
- the necessary actions have been taken to respond to the conditions in a timely manner,
- It is expected that a favorable solution to the delay factors will be reached.
- Circumstances previously considered unlikely have arisen during the initial one-year period and, as a result, the non-current asset (or disposal group) previously classified as held for sale is not sold at the end of that period:
- During the initial one-year period, the facility takes the necessary action to respond to the change in circumstances.
- The trading asset (or disposal group) is actively and reasonably priced, given the change in circumstances.


# Al-Baha Investment and Development Company A Saudi Joint Stock Company Al Baha- Kingdom of Saudi Arabia <br> Notes to the interim condensed consolidated financial statements (unaudited) for the nine months period ended September 30, 2023 - (Continued) 

## 4. Goodwill-net

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

|  | $\begin{gathered} \text { September } 30, \\ 2023 \end{gathered}$ | $\begin{gathered} \text { December 31, } \\ 2022 \end{gathered}$ |
| :---: | :---: | :---: |
| Cost | (SR) | (SR) |
| Balance at beginning the of the period/year | 28,389,288 | 28,389,288 |
| Balance at end the of the period/year | 28,389,288 | 28,389,288 |
| Accumulated impairment |  |  |
| Balance at beginning the of the period / year | 6,230,224 | 5,278,875 |
| Addition during period / year | - | 951,349 |
| Balance at end the of the period/year | 6,230,224 | 6,230,224 |
| Net book value | 22,159,064 | 22,159,064 |

## Impairment test:

- The recoverable amount of Ishraqa Regional Development and Real Estate Investment Company has been determined at value in use which has been re-measured using future cash flow projections.
- The group management measures the recoverable amount of the goodwill item on an annual basis when preparing the annual financial statements of each year, and its last measurement was on December 31, 2022, as the fair value of the investee company amounted to SR 30,863,541, and the net assets of Ishraqa Regional Development and Real Estate Investment Company amounted to SR 8,704,477.
- The main assumptions used in estimating the recoverable amount are based on management's assessment of future trends in real estate activity and are based on historical data from external and internal sources, which are as follows:

|  | December 31, <br> $\mathbf{2 0 2 2}$ |
| :--- | :---: |
| Discount Rate | $13.19 \%$ |
| EBITDA growth rate | $2.50 \%$ |

- The discount rate was estimated based on the weighted average cost of capital (WACC) assuming no leverage. The projections of future cash flows included specific estimates for 10 years of expected rental proceeds from 2023 to 2032, with an occupancy rate of $70 \%-80 \%$.
- Azm Consulting Office - valuator Ali Al-Hudhaif - membership number 220000027 evaluated Ishraqa Regional Real Estate Development and Investment Company on December 31, 2022.


# Al-Baha Investment and Development Company A Saudi Joint Stock Company <br> <br> Al Baha- Kingdom of Saudi Arabia 

 <br> <br> Al Baha- Kingdom of Saudi Arabia}

Notes to the interim condensed consolidated financial statements (unaudited)
for the nine months period ended September 30, 2023 - (Continued)
5. Investment properties-net

This item consists of the following:

September 30,2023

## Cost

Balance at beginning of the period
Addition for the period
Balance at end of the period
Accumulated Depreciation
Balance at beginning of the period
Addition for the period
Balance at end of the period
Accumulated impairment
Balance at beginning of the period
Balance at end of the period
Net book value
December 31, 2022
Cost
Balance at beginning of the year
Additions for the year
Transferred from Property and Equipment
Balance at end of the year
Accumulated Depreciation
Balance at beginning of the year
Depreciation for the year
Balance at end of the year
Accumulated impairment
Balance at beginning of the year
Addition for the year
Balance at end of the year
Net book value

| Lands | Buildings \& Constructions | Total |
| :---: | :---: | :---: |
| (SR) | (SR) | (SR) |
| 179,919,738 | 60,620,745 | 240,540,483 |
| - | 197,097 | 197,097 |
| 179,919,738 | 60,817,842 | 240,737,580 |
| - | 2,880,743 | 2,880,743 |
| - | 1,390,516 | 1,390,516 |
| - | 4,271,259 | 4,271,259 |
| 14,986,584 | - | 14,986,584 |
| 14,986,584 | - | 14,986,584 |
| 164,933,154 | 56,546,583 | 221,479,737 |


| 110,217,738 | 32,777,281 | 142,995,019 |
| :---: | :---: | :---: |
| 69,702,000 | 27,720,740 | 97,422,740 |
| - | 122,724 | 122,724 |
| 179,919,738 | 60,620,745 | 240,540,483 |
| - | 1,814,593 | 1,814,593 |
| - | 1,066,150 | 1,066,150 |
| - | 2,880,743 | 2,880,743 |
| 11,560,426 | - | 11,560,426 |
| 3,426,158 | - | 3,426,158 |
| 14,986,584 | - | 14,986,584 |
| 164,933,154 | 57,740,002 | 222,673,156 |

- The group measures the fair value of investment properties on an annual basis when preparing the annual financial statements through an independent valuation expert who has a recognized and relevant professional qualification and has recent experience in the location and description of the investment property, and its last measurement was on December 31, 2022.


## Al-Baha Investment and Development Company A Saudi Joint Stock Company Al Baha- Kingdom of Saudi Arabia

## Notes to the interim condensed consolidated financial statements (unaudited)

 for the nine months period ended September 30, 2023 - (Continued)- The following is a summary of the fair value measurement of investment properties as at December 31, 2022:

| $\underline{\text { Property description }}$ | Valuation method | December 31,2022 |  |  | Evaluator information |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  | Book Value | Fair Value | Value increase (Value decrease) |  |  |  |
|  |  | (SR) | (SR) | (SR) | Evaluation entity | Evaluator name | license number |
| AlHazm Complex | Cost method and market method | 17,466,042 | 17,500,000 | 33,958 | Namaa <br> valuation office | Abdulaziz Al- <br> Ghamdi | 1210000930 |
|  | Cost method and market |  |  |  |  | Hamad bin Abdullah Nasser |  |
| AlMalaz Complex | method | 107,900,000 | 107,900,000 | - | Taqdeer | Al-Hamad | 1210000414 |
| The Saudi modern factory | Cost method and market method | 27,466,414 | 35,000,000 | 7,533,586 | Namaa <br> valuation office | Abdulaziz AlGhamdi | 1210000930 |
|  | Cost method and market |  |  |  | Namaa | Abdulaziz Al- |  |
| Al-Ezdihar Complex |  | 69,840,700 | 70,100,00 | 259,300 | valuation office | Ghamdi | 1210000930 |
| Total |  | 222,673,156 | 230,500,000 | 7,826,844 |  |  |  |

6. Loan

On October 26, 2022, corresponding to Rabi` al-Thani $1,1444 \mathrm{H}$, an agreement was signed between Elegant Centers Company Ltd (a subsidiary) with the Arab National Bank to obtain a loan of SR 50 million, which represents the outstanding balance on December 31, 2022. On January 22, 2023, corresponding to Jumada II $29,1444 \mathrm{H}$, the company paid the full value of the aforementioned loan. The company had mortgaged the investment properties of Al-Malaz Complex and Al-Hazm Complex as a guarantee for repayment of the loan.

# Al-Baha Investment and Development Company A Saudi Joint Stock Company Al Baha- Kingdom of Saudi Arabia 

Notes to the interim condensed consolidated financial statements (unaudited) for the nine months period ended September 30, 2023 - (Continued)
7. Auction shares deposits under settlement

The company obtained the approval of the Capital Market Authority on Rabi' al-Awwal 25, 1430 H , corresponding to March 22, 2009, to sell the unpaid shares to collect the value of the last installment of (SR 2.5) per share. The company started the sale process on June 28, 2009 until December 31, 2009, $(984,032$ shares) were sold for an amount of (SR $14,325,234$ ) according to the offers submitted in the auction, The amount was fully collected, the amount is (SR 2.5), which represents value of $25 \%$ of the remaining share value, thus the amount of SR $2,113,074$ was used to complete the capital to become $\operatorname{SR} 150,000,000$ million fully paid, while the remaining amount of $S R 12,212,160$, will be returned as a surplus to the shareholders who are late in paying the last installment, and whose shares were sold in auction. The remaining outstanding amount is SR 10.568 .665 as of September 30, 2023 (December 31, 2022: SR 10,600,785).
On Rajab 20, 1443 H, corresponding to February 21, 2022, the company's shareholders approved in the Extraordinary General Assembly to increase the company's capital from SR 177,000,000 to SR 297,000,000, $12,000,000$ shares were subscribed, $10,735,702$ shares were sold to priority rights holders, and the number of unsubscribed shares reached $1,264,298$ shares were sold at a value of $S R 23,837,933$, this resulted in an amount of SR 11,194,953 that will be refunded to the unsubscribed shareholders, and the remaining value amounted to SR 672,651 as of September 30, 2023 (December 31, 2022: SR 682,499).
8. Net non-current assets held for sale and provision for potential claims

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

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

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

The company has done the following:

1) According to the minutes of the Ordinary General Assembly of the company, which was held on April 26, 2011, in which the vote on the bartering assets agreement with the Sata'ah Modern General Contracting Company was postponed to another meeting of the Assembly, after the completion of the required reports and studies.
2) The company contracted with a specialized office to carry out the due diligence examination of the assets of the Al-Sata'ah Modern General Contracting Company, subject of the agreement, and the office issued the due diligence report on September 17, 2011, and those assets were only valued at SR 17,300,559.

# Al-Baha Investment and Development Company A Saudi Joint Stock Company Al Baha- Kingdom of Saudi Arabia 

Notes to the interim condensed consolidated financial statements (unaudited) for the nine months period ended September 30, 2023 - (Continued)
3) The company announced on the Tadawul website on September 18, 2011 the issuance of the results of the due diligence report on evaluating the assets of the Al- Sata'ah Modern general Contracting Company, and in view of the large difference between the evaluation result of the assets of the AlSata'ah Modern general Contracting Company and the value of the assets of Al-Baha Company offered for barter with the assets of the Al-Sata'ah Modern General Contracting Company, the management of Al-Baha Investment and Development Company discussed the evaluation results with the management of the Al-Sata'ah Modern General Contracting Company.
4) The company announced on the Tadawul website on October 1, 2011 the results of its negotiations with the Al-Sata'ah Modern General Contracting Company, which resulted in the Al-Sata'ah Modern general Contracting Company not accepting the results of the due diligence report and also refused to return the amount of 7 million Saudi riyals, that the company had paid in advance as part of the contract. As a result of that, the company canceled the contract with Al- Sata'ah Modern general Contracting Company and a lawsuit was filed in the Judicial Council demanding that Al- Sata'ah Modern general Contracting Company to return the amount paid, A final judgment was issued in the case from the Judicial Council in Jeddah on $24 / 6 / 1434(\mathrm{H})$ that includes approval of the initial judgment issued by Administrative Court in Jeddah to complete the implementation of the contract. On February 9, 2017, the company received a copy of the judgment of the Execution Department of the General Court in Baljurashi, which states that by looking at the ruling issued by the Judicial Council, it was found that the items to be implemented were not specified, and the ruling of Execution Department ended with stopping the implementation until the the judgment issued by the Judicial Council is corrected so it determines the clauses to be executed clearly and precisely for each clause. Also, the ruling the Execution Department stipulated the right to object by the two parties to the execution within a period of thirty days starting from the next day from the date of receiving the verdict copy, and the case is still pending with the concerned courts. The company has decided to provide a provision that covers all losses resulting from that operation in the amount of SR 68,699,441.
5) During the year 2017, the company reversed the increase in the previously formed asset exchange provision, amounting to SR $1,996,283$, so that the balance of the asset exchange provision after reversing the increase amounted to SR $66,703,158$.

# Al-Baha Investment and Development Company <br> A Saudi Joint Stock Company <br> Al Baha- Kingdom of Saudi Arabia 

Notes to the interim condensed consolidated financial statements (unaudited)
for the nine months period ended September 30, 2023 - (Continued)
6) On March 6, 2018, the explanatory decision was issued by the Commercial Court in Jeddah, Second Circuit, specifying the items to be implemented as follows:
First: oblige Al-Baha Investment and Development Company to pay 3 million Saudi riyals to the Al- Sata'ah Modern general Contracting Company.

Second: oblige Al-Baha Investment and Development Company to effectively waive the entire 134 plots of land with the notary, which it owns by $50 \%$ of the entire land in the Al-Mrouj scheme located in Al-Sail Al-Saghir in Al-Taif Governorate, in favor of the Al- Sata'ah Modern General Contracting Company.

Third: oblige Al-Baha Investment and Development Company to waive to the Al- Sata'ah Modern General Contracting Company the entire contents of the poultry project and the land on which the project is based, which is owned by Al-Baha Investment and Development Company.
7) On April 19, 2018, the company filed an appeal with the Commercial Court in Jeddah. On November 5,2018 , the company received a report from a lawyer stating that the appealed judgment was overturned. On November 8, 2018, the company submitted the list objecting to the department's interpretation of the ruling, and on January 9, 2019, the Second Commercial Circuit of the Commercial Court in Jeddah decided to issue its preliminary ruling to adhere to its previous decision dated 19/6/1439 (H) which ruled that the term intended to oblige the parties to the lawsuits to complete the implementation of the contract concluded between them the subject of this case dated 03/03/1432 (H) and on February $24,2019(\mathrm{G})$, the company filed its appeal against the judgment received on January 27, 2019 (G). On 5/7/1442 (H) corresponding to February 17, 2021, the department decided to accept the objection in form and reject it in substance, and support the judgment of the Second Circuit (in the Commercial Court in Jeddah in the case) and the judge decided to implement the items referred to in Clause No. 6. Accordingly, the company decided to increase the provision for potential claims by an amount of SR 17,300,559, which was recorded in the statement of comprehensive income for the year ended on December 31, 2020.
8) During the year 2022, a final judgment was issued against Al-Baha Investment and Development Company, and the company had to implement what was stated in item No. 6 above, accordingly, during the year 2022, the company paid an amount of 3 million Saudi riyals, and the rest of the aforementioned items are being implemented.

## Al-Baha Investment and Development Company <br> A Saudi Joint Stock Company Al Baha- Kingdom of Saudi Arabia

## Notes to the interim condensed consolidated financial statements (unaudited)

for the nine months period ended September 30, 2023 - (Continued)
9) The group provide a provision for the loss resulting from the bartering asset contract with the Al Sata'ah Modern General Contracting Company, as the group's management believes that the assets that are supposed to be receives in barter transaction are not material and there is a significant decrease on them as a result of their obsolescence, and accordingly a provision was provided against them at the book value of performance obligations that the company is committed to providing to the other management The value of losses according to the information available to the group's assets exchange agreement with the Al-Sata' assets exchange agreement with the Al- Sata'ah Modern General Contracting Company.

| Description | The transferable book value of the performance obligation according to the barter agreement /September 30, 2023 (unaudited) | The transferable book value of the performance obligation according to the barter agreement /December 31, 2022 (Audited and adjusted) | The transferable book value of the performance obligation according to the barter agreement /January 1, 2022 (Audited and adjusted) |
| :---: | :---: | :---: | :---: |
| Account receivable aginst cash payment | (SR) | (SR) | (SR) |
| Real estate - Taif lands |  | - | 7,000,000 |
| Poultry project land and its contents - Al-Aqiq | 9,000,000 | 9,000,000 | 9,000,000 |
| Investment in Al-Baha national College | 47,866,894 | 47,866,894 | 47,866,894 |
| Total | 17,136,823 | 17,136,823 | 17,136,823 |
|  | 74,003,717 | 74,003,717 | 81,003,717 |

Provision for potential losses against non-current assets held for sale

$\left.{ }^{*}\right)$ The movement on the provision for potential claims was as follows:

|  | $\begin{gathered} \text { September } 30, \\ 2023 \end{gathered}$ | $\begin{gathered} \text { December 31, } \\ 2022 \\ \hline \end{gathered}$ | January 1, 2022 |
| :---: | :---: | :---: | :---: |
| Balance at beginning of period / ye | (SR) | (SR) | (SR) |
| Paid during the period / year |  | 3,000,000 | 84,003,717 |
| Prior year's presentation adjustment (Note 15) |  | $(3,000,000)$ |  |
| Balance at end of period/year |  |  | $(81,003,717)$ |
|  |  |  | 3,000,000 |

## Al-Baha Investment and Development Company <br> A Saudi Joint Stock Company <br> Al Baha- Kingdom of Saudi Arabia

Notes to the interim condensed consolidated financial statements (unaudited)
for the nine months period ended September 30, 2023 - (Continued)
9. Zakat

The movement on the Zakat provision during the period ended September 30, 2023/ year ended 31 December was as follows:

Balance at beginning the of the period / year
Charged during the period / year
Paid during the period / year
Balance at end the of the period/year

| September 30, 2023 | $\begin{gathered} \text { December 31, } \\ 2022 \end{gathered}$ |
| :---: | :---: |
| (SR) | (SR) |
| 2,832,558 | 16,271,195 |
| 2,304,916 | 2,721,382 |
| $(1,478,651)$ | $(16,160,019)$ |
| 3,658,823 | 2,832,558 |

## The Zakat status of the parent company:

All zakat and tax returns were submitted until the fiscal year ended on December 31, 2022, and the company obtained an installment plan for the zakat dues for the year 2022 by an amount of SR 2,661,573. The final assessment was made by the Authority for the years from 2014 to 2018, and the company ended its zakat status with the Authority and paid all its zakat obligations pursuant to it.
During the fiscal year ending on December 31, 2021, the company received letters from the Authority requesting additional documents to examine the zakat and tax returns for the years 2019 and 2020. The Authority was provided with the required data, and no evaluation was issued against the company regarding it.
During the quarterly period ending on June 30, 2023, the company received letters from the Authority requesting additional documents to examine the zakat and tax returns for the years 2021 and 2022. The Authority was provided with the required data, and no evaluation was issued against the company regarding it.

## The Zakat status of the subsidiaries:

## - Elegant Centers Company Ltd

The company submitted all zakat and tax returns until the year 2022, and paid the zakat due based on the returns submitted to the Zakat, Tax and Customs Authority ("the Authority") and obtained a final certificate valid until 21/05/1445 (H) corresponding to 30/04/2024 (G).
As of January 1, 2019, consolidated financial statements are prepared for the company and its subsidiary, which are submitted to the Authority as a single zakat group.
During the fiscal year ending on December 31, 2022, the final assessment was made by the Authority for the year 2020 with a zakat claim in the amount of SR 53,012. The company ended its zakat status with the Authority and paid all its zakat obligations accordingly. No assessments were issued against the company for the years 2021 and 2022.

## - Ishraqa Regional Development and Real Estate Investment Company

The company has submitted all zakat and tax returns to the Authority until the fiscal year ended on December 31, 2022, and no assessments have been issued against the company by the Authority to date. Note that zakat is calculated on the basis of the consolidated zakat base within the zakat base of the Elegant Centers Company Ltd.

# Al-Baha Investment and Development Company A Saudi Joint Stock Company <br> <br> Al Baha- Kingdom of Saudi Arabia 

 <br> <br> Al Baha- Kingdom of Saudi Arabia}

## Notes to the interim condensed consolidated financial statements (unaudited) for the nine months period ended September 30, 2023-(Continued)

## 10. Share capital

On February 21, 2022, corresponding to Rajab 20, 1443 (H) the Extraordinary General Assembly approved the capital increase through priority rights shares for shareholders, with 12 million shares, for a total value of 120 million Saudi riyals, so that the capital after the increase became 297 million Saudi riyals, divided into 29.7 million ordinary shares at a nominal value of 10 riyals per share.
On Shawwal 21, 1443 (H) corresponding to May 22, 2022 (G), the Board of Directors recommended reducing the company's capital by $25 \%$ of the company's capital, which was SR 297,000,000, and after the reduction it became SR $222,750,000$, a $25 \%$ reduction, so that the number of shares before the reduction: $29,700,000$ shares, and the number of shares becomes After reduction: 22,275,000 shares.
The purpose of reducing the capital is to extinguish the company's accumulated losses in the amount of SR $74,250,000$ by reducing the capital by amortizing $90.83 \%$ of the company's total losses amounting to $81,741,387$ riyals as of March 31, 2022 and canceling 7,425,000 shares.

The members of the Board of Directors, in its meeting held via modern technology on Dhu al-Qi'dah 10. 1444 H corresponding to May 30,2023 (G), unanimously agreed to split the nominal value of the shares of Al-Baha Investment and Development Company from ten riyals per share to SR 0.1 per share, while keeping the company's capital unchanged, and thus The number of shares of the company after the split will be $2,970,000,000$ shares instead of $29,700,000$ shares.
The company announced to the shareholders the Board of Directors' decision dated Dhul Hijiah 19, 1444 H corresponding to July 6, 2023 (G) to amend the Board's recommendation to the Extraordinary General Assembly related to a 30\% capital reduction, which was SR 297,000,000, to become, after the reduction SR 207,900,000 .

The method of reducing the capital is by amortizing all the accumulated losses of the company amounting to SR $85,460,217$ as of March 31, 2023, by reducing the nominal value of the share from ( SR 0.10 ) SR ten halalas to ( $S R 0.07$ ) SR seven halalas by deleting an amount of SR $89,100,000$ from the company's current capital to extinguish all the company's accumulated losses without reducing the number of the company's current shares.

Number of shares before reduction: 2,970,000,000 ordinary shares (two billion nine hundred and seventy million ordinary shares with a nominal value of (SR0.10)).

The number of shares after the reduction: 2,970,000,000 ordinary shares (without change in the number of shares: two billion, nine hundred and seventy million ordinary shares, with a nominal value of (SR 0.07)). The method of reducing the capital will be through reducing the nominal value of the share from (SR 0.10 ) to a new nominal value of (SR 0.07 ), after the approval of the extraordinary general assembly to reduce the company's capital. The regulatory procedures for this were not completed up to the date of issuance of these interim condensed consolidated financial statements.

## Al-Baha Investment and Development Company A Saudi Joint Stock Company Al Baha- Kingdom of Saudi Arabia

Notes to the interim condensed consolidated financial statements (unaudited) for the nine months period ended September 30, 2023 - (Continued)
11. Transaction with related party

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

|  | September 30, <br>  <br>  <br>  <br> 2023 | September 30, <br> 2022 |  |
| :--- | ---: | :---: | :---: |
| Short term benefits and rewards | (SR) |  | (SR) |
| Long term benefits | 564,594 | 504,421 |  |
| Total | 212,501 | 147,547 |  |
|  | 777,095 | 651,968 |  |

- Other debit balances include an amount of SR 54,498 due from the related party Mr. , Ibrahim Abdullah bin Kulaib (CEO and Vice Chairman of the Board of Directors) as of September 30, 2023.
- The prices and terms of transactions with related parties have been approved by the management.


## Al-Baha Investment and Development Company <br> A Saudi Joint Stock Company <br> Al Baha- Kingdom of Saudi Arabia

## Notes to the interim condensed consolidated financial statements (unaudited) for the nine months period ended Seprer

rehoiders of the parent company
weighted average number of issued shares. Diluted issued during the period. to ten halalas per share, while the company's capital uriod the nominal value of the company's shares was divided from ten riyals per share No. (33), the Weighted average for number of shares has beed, and in accordance with the requirements of International Accounting Standard -

|  | For the three months ended September 30 |  | For the nine months ended Septemper 30 |  |
| :---: | :---: | :---: | :---: | :---: |
|  | 2023 | 2022 |  |  |
| Net profit (loss) for the year attributable to the shareholders of the parent company | (SR) | (SR) | 2023 | 2022 |
|  |  | (SR) | (SR) | (SR) |
|  | 1,359,679 | $(601,549)$ | 1,707,569 | (4,894,155) |
| Weighted average number of share |  |  |  |  |
| Shares issued at the beginning of the period | Share | Share | Share |  |
| Impact of shares issued on March 23, 2022 (12 million shares) | 2,970,000,000 | 1,770,000,000 | 2,970,000,000 | $\frac{\text { Share }}{1,770,000,000}$ |
| Weighted average number of shares- after adjusted | 2,970,000, | 2,970,000,000 |  |  |
|  | 2,970,000,000 | 2,610,000,000 | 2,970,000,000 | 2,970,000,000 |
| Basic and diluted earnings / (loss) per share for the shareholders of the parent company | Share/Riyal | Share/Riyal | 2,970,000,000 | 2,610,000,000 |
|  |  |  | Share/Riyal | Share/Riyal |
|  | 0.000458 | (0.000230) | 0.000575 | (0.001875) |

Al-Baha Investment and Development Company
A Saudi Joint Stock Company
Al Baha- Kingdom of Saudi Arabia
Notes to the interim condensed consolidated financial statements (unaudited)
for the nine months period ended September 30, 2023 - (Continued)
13. Segments Information

The following is the significant segment information that the Group has at the date of the interim condensed consolidated financial statements:

| Description | September 30, 2023 |  |  | December 31, 2022 |  | September 30,2022 |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  |  | Total |  |  |  |
|  | Assets | Liabilities | comprehensive income | Assets | Liabilities | Total comprehensive |
| Head quarters | (SR) | (SR) | (SR) |  | Liablities | Loss |
|  | 31,857,414 |  |  | (SR) | (SR) | (SR) |
| Rentals |  | 59,300 | $(5,576,008)$ | 78,053,100 | 69,681,243 | $(6,643,239)$ |
| Total | 235,861,615 | 16,496,170 | 8,003,428 | 237,220,343 | 16,256,061 | 1.829596 |
|  | 267,719,029 | 35,955,470 | 2,427,420 | 315,273,443 |  | 1,829,596 |
|  |  |  |  |  | 8,937,304 | $(4,813,643)$ |

14. Lawsuits

A case filed between Al Baha Company for Investment and Development and Al- Sata'ah Modern General Contracting Company. The details of the case have been clarified in note (8).

Case filed by Elegant Centers Co. Ltd. regarding rents and related items, with a claim value of SR 301,375 . The Group has made a provision for related receivables

Cases filed by Ishraqa Regional Company for Real Estate Development and Investment regarding rents and related items, with a claim value of SR 596,879. The value of adjudicated financial value of the adjudicated cases, which are still under implementation, amounted to SR 1.568 .420 . The Group has made a provision for related receivables.

## Al-Baha Investment and Development Company A Saudi Joint Stock Company Al Baha- Kingdom of Saudi Arabia

## Notes to the interim condensed consolidated financial statements (unaudited)

for the nine months period ended September 30, 2023 - (Continued)
15. Prior year's presentation adjustment

- The group applied IFRS No. (5) "Non-current Assets Held for Sale and Discontinued Operations", as book amount or fair value less selling costs, criteria for classification as held for sale be measured at be stopped, and that the assets that meet the chever is less and that the depreciation of those assets separately in the statement of financial position and for classification as held for sale be presented presented separately in the statement of comprehensive results of non-continuing operations be management has reclassified these assets (note 8) to a separive income, and accordingly the group's a separate item under the name of non-current
- In addition, the group's management excluded an amount of SR 7,000,000 from receivables against cash payment paid at the beginning of the agreement, whose presentation was modified to be under the item implement the items mentioned in note (8) during the 2022 due to the issuance of the final decision to related provision. . The following is a summary of the year, the same amount was deducted from the



# Al-Baha Investment and Development Company 

## A Saudi Joint Stock Company

Al Baha- Kingdom of Saudi Arabia

## Notes to the interim condensed consolidated financial statements (unaudited)

for the nine months period ended September 30, 2023 - (Continued)
16. New and Revised International Financial Reporting Standards and Interpretations

a) New and revised IFRSs and interpretations issued that became effective The following amended IFRSs, that became effective, were adopted for the financial periods starting on or after 1 Januen 2023 in the preparation of the Group financial statements. The adoption of the mentioned amendments did not materially affect the amounts and disclosures included in the financial | statements of the current |
| :--- |
| IFRS or Interpretation |
| IFRS 17, | IFRS 17,

insurance contracts

| year |
| :--- |
| IF |
| in |
| The |
| Then |

IFRS 17 was issued in May 2017 insurance contracts.
The existent measuring model requires the Effective Date remeasurement of estimates, where they exist, in each reporting period.

Contracts should be measured using the following
bases:

- Weighted average discounted cashflows;
- Explicit adjustment to risks; and
- The contractual service margin that represents the unrealized profit from the contract that will be recognized as revenues during the coverage period. IFRS 17 requires the entity to measure the insurance assets at the present value of fulfillment, and provides a specific unified measuring and presentation approach for all insurance contracts. These requirements were designed to achieve the objective of consistent principlebased accounting for insurance contracts.
Disclosure of accounting policies
Amendments to IAS 1, and practice statement 2

The amendments to IAS 1 require entities to disclose material instead of significant accounting policies and provide additional amendments that explain how an entity determines the material accounting policies. Examples are added to explain the cases where potential material accounting policies exist. To support the amendment, the IASB has developed guidance and examples to explain and demonstrate the application of "the four-step materiality process" included in IFRS practice statement 2. Once the entity applies the amendments to IAS 1, it is permitted to apply the amendments to IFRS practice statement 2. Entities should apply the amendments prospectively.

1 January 2023
Deferred from
1 January 2021

1 January 2023



## Al-Baha Investment and Development Company A Saudi Joint Stock Company Al Baha- Kingdom of Saudi Arabia

Notes to the interim condensed consolidated financial statements (unaudited)
for the nine months period ended September 30, 2023 - (Continued) IFRS or Interpretation
Definition of accounting
estimates
Amendments to IAS 8,
accounting estimates with the definition of accounting estimates. According to the new definition, the accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty." Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information income taxes The deferred tax related to assets and liabilities arising from a single transaction.

Initial Application of IFRS 17 and IFRS 9Comparative Information (amendment to IFRS 17)
or new developments is not a correction of an error. The amendments require the entity to recognize the deferred taxes on the transactions that give rise, at the initial measurement, to equal amounts of taxable and deductible temporary differences. The amendments typically apply to transactions such as leases of lessees and end of service obligations, and will require the affected entities to recognize additional deferred taxes, assets and liabilities.
This means that the initial recognition exemption will not apply to the transactions that give rise to to equal amounts of taxable and deductible temporary differences at initial recognition. The amendment permits entities that apply IFRS 17 and IFRS 9 simultaneously for the first time to present comparative information about the financial assets as if the classification requirements in IFRS 9 have been applied previously on these financial assets.

# Al-Baha Investment and Development Company A Saudi Joint Stock Company Al Baha- Kingdom of Saudi Arabia 

Notes to the interim condensed consolidated financial statements (unaudited) for the nine months period ended September 30, 2023 - (Continued)
b) New and revised IFRSs and interpretations issued that are not effective yet

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

| IFRS or Interpretation | Statement | Effective Date <br> Amendments to IFRS 10 <br> and IAS 28 - Sales or <br> contributions of assets <br> between an investor <br> and its associate or joint <br> ventureThe amendments address the inconsistencies <br> between IFRS 10 and IAS 28 in dealing with loss of <br> control over a subsidiary that was sold, or <br> contributions in an associate or joint venture. |
| :--- | :--- | :--- |
| Postponing the <br> effective date <br> indefinitely; <br> early application <br> is permitted |  |  |
| Amendments to IAS (1) <br> Presentation of the <br> financial statements, <br> when classifying <br> liabilities as current and <br> non-current, and non- <br> current liabilities with <br> commitments | The amendments to the presentation of financial <br> statements show that the liabilities are classified as <br> current or noncurrent based on the rights at the <br> end of the reporting period and non-current <br> liabilities with commitments. | 1 January 2024 |
| Amendments to IFRS <br> 16, leases Lease liability <br> in a sale and leaseback | The amendments require the seller-tenant to <br> subsequently measure the lease liabilities arising <br> from the leaseback in a manner that does not <br> recognize any amount of profit or loss related to <br> the right-of-use that you retain. | 1 January 2024 |
| Amendments to IAS 7 <br> and IFRS 7 | Enhancing disclosures of supplier financing <br> procedures regarding the company's obligations. | 1 January 2024 |

The management of the group does not expect that these standards will have a material impact on the Financial statements when applied in future financial periods.
17. Approval of the interim condensed consolidated financial statements

These interim condensed consolidated financial statements were approved for issuance by the Board of Directors on Rabi al-Thani 11, 1445(H) corresponding to October 26, 2023(G).
18. General

The figures in the interim condensed consolidated financial statements are rounded to the nearest Saudi Riyal

