

Arriyadh Development Company
(A Saudi Joint Stock Company)

INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIODS ENDED 31 MARCH 2023
AND INDEPENDENT AUDITOR'S REVIEW REPORT (UNAUDITED)

Arriyadh development Company
(A Saudi Joint Stock Company)
INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE -MONTH PERIOD ENDED 31 MARCH 2023
AND INDEPENDENT AUDITOR’S REVIEW REPORT (UNAUDITED)

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

Independent Auditor's review report on the interim condensed financial statements
To the shareholders
Arriyadh Development Company
(A Saudi Joint Stock Company)

Introduction

We have reviewed the accompanying interim condensed statement of financial position of Arriyadh Development Company – Saudi Joint Stock Company – (the “Company”) as at 31 March 2023 and the related interim condensed statements of profit or loss and other comprehensive income for the three-month periods ended 31 March 2023, and condensed interim financial statements of 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 interim condensed financial statements in accordance with International Accounting Standard 34, “Interim Financial Reporting” endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed 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 interim financial statements consists of making inquiries, primarily to persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial statements are not prepared, in all material respects, in accordance with IAS 34 endorsed in the Kingdom of Saudi Arabia.

Other Matters

The company's condensed interim financial statements for the three-month period ending on 31 March, 2022 were examined by the other auditor, who showed an unmodified examination result on those condensed interim financial statements on 18 Ramadan, 1443 H (corresponding to 19 April, 2022).

for Ernst & Young Professional Services

Fahad M. Al-Toaimi
Certified Public Accountant
License No. (354)

Riyadh: 18 Shawwal 1444H
(8 May 2023)



ARRIYADH DEVELOPMENT COMPANY
(SAUDI JOINT STOCK COMPANY)
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2023
(In Saudi Riyals, unless otherwise indicated)

	Note	31 March 2023 (Unaudited)	31 December 2022 (Audited)
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment		6,924,231	5,911,186
Investment properties	3	1,519,088,553	1,527,752,437
Right-of-use assets	4	48,481,265	49,603,946
Projects under constructions		4,997,012	5,067,761
Investments designated at FVOCI	5	986,929	986,929
Investment in an associate	6	230,775,849	231,347,588
Murabaha investment deposits – long term	8	-	185,000,000
TOTAL NON-CURRENT ASSETS		1,811,253,839	2,005,669,847
CURRENT ASSETS			
Accounts receivable, prepayments and other receivable		107,581,740	97,518,588
Murabaha investment deposits – short term	8	700,000,000	460,000,000
Cash at banks		37,085,320	34,555,510
TOTAL CURRENT ASSETS		844,667,060	592,074,098
TOTAL ASSETS		2,655,920,899	2,597,743,945
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Share capital	9	1,777,777,770	1,777,777,770
Statutory reserve	10	127,927,485	127,927,485
Retained earnings		327,131,250	294,744,421
Revaluation reserve of Investments designated at FVOCI	5	(2,813,070)	(2,813,070)
TOTAL SHAREHOLDERS' EQUITY		2,230,023,435	2,197,636,606
NON-CURRENT LIABILITIES			
Lease obligations	4	46,185,380	45,579,655
Employee benefit obligations		11,206,446	10,659,905
TOTAL NON-CURRENT LIABILITIES		57,391,826	56,239,560
CURRENT LIABILITIES			
Accounts payable, accrued expenses and other payables	12	263,425,611	242,916,728
Lease obligations - current portion	4	6,079,322	5,999,592
Accrued dividends payable	11	73,817,643	73,917,517
Zakat provision	13	25,183,062	21,033,942
TOTAL CURRENT LIABILITIES		368,505,638	343,867,779
TOTAL LIABILITIES		425,897,464	400,107,339
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		2,655,920,899	2,597,743,945



Chief Financial Officer
Mr. Mohammed bin Ahmed
Alkulaib



Member of the Board of Directors
And Chairman of the Audit Committee
Mr. Suleiman bin Nasser Al-Hattlan



Chief Executive Officer
Mr. Jihad Abdul Rahman Al-Kadi

The attached notes 1 to 21 form an integral part of these interim condensed financial statements.

ARRIYADH DEVELOPMENT COMPANY

(SAUDI JOINT STOCK COMPANY)

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023

(In Saudi Riyals, unless otherwise indicated)

		<i>For the three-month period ended</i>	
		<i>31 March 2023</i>	<i>31 March 2022</i>
		<i>(Unaudited)</i>	<i>(Unaudited)</i>
	<i>Note</i>		
Revenue		69,314,527	61,106,616
Cost of revenue		(25,020,149)	(21,017,207)
Gross profit		44,294,378	40,089,409
General and administration expenses	14	(14,339,555)	(7,881,515)
profit for the period from main operations		29,954,823	32,207,894
Finance cost	4	(685,455)	(729,323)
Murabaha Income	8	7,735,638	3,223,760
The company's share in (losses) profits of the associate's company	6	(571,739)	106,454,653
Dividends received on Investments designated at FVOCI		-	20,835
Other income		102,682	56,482
Net profit for the period before zakat		36,535,949	141,234,301
Zakat	13	(4,149,120)	(2,325,000)
Net profit for the period		32,386,829	138,909,301
Other comprehensive income:			
Items will not be reclassified to profit or loss			
Change in fair value of Investments designated at FVOCI	5	-	8,499,011
Total other comprehensive income for the period		-	8,499,011
Total comprehensive income for the period		32,386,829	147,408,312
Earnings per share			
Basic earnings per share from net profit for the period from main operations	15	0,17	0,18
Basic earnings per share from net profit for the period	15	0,18	0,78



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ARRIYADH DEVELOPMENT COMPANY
(SAUDI JOINT STOCK COMPANY)
CONDENSED INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE THREE -MONTH PERIOD ENDED 31 MARCH 2023
(In Saudi Riyals, unless otherwise indicated)

	Share capital	Statutory reserve	Retained earnings	Revaluation reserve of Investments designated at FVOCI	Total shareholders' equity
Balance as at 31 December 2021 (Audited)	1,777,777,770	97,891,859	129,094,523	16,478,192	2,021,242,344
Net profit for the period	-	-	138,909,301	-	138,909,301
Other comprehensive income for the period	-	-	-	8,499,011	8,499,011
Transfer reserve Revaluation of investments designated at FVOCI of retained earnings	-	-	25,447,703	(25,447,703)	-
Balance as at 31 March 2022 (Unaudited)	1,777,777,770	97,891,859	293,451,527	(470,500)	2,168,650,656
Balance as at 31 December 2022 (Audited)	1,777,777,770	127,927,485	294,744,421	(2,813,070)	2,197,636,606
Net profit for the period	-	-	32,386,829	-	32,386,829
Other comprehensive income for the period	-	-	-	-	-
Balance as at 31 March 2023 (Unaudited)	1,777,777,770	127,927,485	327,131,250	(2,813,070)	2,230,023,435



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ARRIYADH DEVELOPMENT COMPANY
(SAUDI JOINT STOCK COMPANY)
CONDENSED INTERIM STATEMENT OF CASH FLOWS
FOR THE THREE -MONTH PERIOD ENDED 31 MARCH 2023
(In Saudi Riyals, unless otherwise indicated)

	31 March 2023 (Unaudited)	31 March 2022 (Unaudited)
OPERATING ACTIVITIES		
Net profit for the period	32,386,829	138,909,301
Adjustment:		
Depreciation of property, equipment and Plant, real estate investment and right of use	10,568,544	9,270,735
Finance cost	685,455	729,323
Murabaha Income	(7,735,638)	(3,223,760)
Provision for expected credit loss	2,569,946	146,679
Write off during the period	(3,817,839)	-
The company's share in the losses (profits) of the associate company	571,739	(106,454,653)
Zakat provision	4,149,120	2,325,000
Employee benefit obligations	546,541	305,147
	<u>39,924,697</u>	<u>42,007,772</u>
Increase/decrease in working capital:		
Accounts receivable, prepayments and other receivable	(1,079,621)	(12,611,400)
Accounts payable, accrued expenses and other payables	20,508,883	(12,752,008)
Employee benefit obligations paid	-	(478,102)
Zakat paid	-	(9,306,256)
Net cash from operating activities	<u>59,353,959</u>	<u>6,860,006</u>
INVESTING ACTIVITIES		
Murabaha investment deposits	(55,000,000)	(210,000,000)
Purchase of property, plant and equipment	(388,031)	(866,518)
Purchase Investment Properties	(257,775)	-
Projects under construction	(1,078,469)	(372,725)
Investments designated at FVOCI	-	(20,835)
Proceed on liquidation and sale of Investments designated at FVOCI	-	62,955,905
Net cash used in investing activities	<u>(56,724,275)</u>	<u>(148,304,173)</u>
FINANCING ACTIVITIES		
Dividends	(99,874)	(380,579)
Recovered from the reduction of the associate's additional capital	-	126,924,315
Net cash flows from (used in) financing activities	<u>(99,874)</u>	<u>126,543,736</u>
		(14,900,431)
Increase (decrease) in cash at banks	2,529,810	
Cash at banks at beginning of the period	34,555,510	55,843,107
Cash at banks at end of the period	<u>37,085,320</u>	<u>40,942,676</u>
Non-cash transactions		
Change of fair value for Investments designated at FVOCI	-	8,499,011
Transfer from Projects under constructions to property, plant and equipment	1,149,218	-


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The attached notes 1 to 21 form an integral part of these interim condensed financial statements.

**ARRIYADH DEVELOPMENT COMPANY
(SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE THREE -MONTH PERIOD ENDED 31 MARCH 2023
(In Saudi Riyals, unless otherwise indicated)**

1- CORPORATE INFORMATION

Riyadh Development Company (a Saudi joint stock company) (hereinafter referred to as the “Company”) was established by Royal Decree No. M/2 dated 9 Safar 1414 H (corresponding to 28 July 1993). The company is registered in the Kingdom of Saudi Arabia with Commercial Registration No. 1010124500 issued in the city of Riyadh on 29 Dhu al-Qi`dah 1414 H (corresponding to 10 May 1994). The company is listed on the Saudi Stock Exchange (Tadawul).

The Company’s Head Office is located at King Fahad Road, Aldera District, P.O. Box 94542, Riyadh 11614, Kingdom of Saudi Arabia.

The principal activities of the company is general construction of residential buildings, general construction of non-residential buildings and includes (schools, hospitals, hotels, etc.), general construction of government buildings, construction of prefabricated buildings in locations, and renovations of residential and non-residential buildings.

2- SIGNIFICANT ACCOUNTING POLICIES

2-1 BASIS OF PREPARATION

These condensed interim financial statements have been prepared in accordance with IAS 34 “Interim Financial Reporting” that is endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by Saudi Organization for Chartered and Professional Accountants (SOCPA).

These condensed interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company annual financial statements as at 31 December 2022.

The interim financial results for the period may not be an accurate indication of the financial results for the full year.

The interim condensed financial statements have been prepared on a historical cost basis, except for Investments designated at FVOCI.

The interim condensed financial statements are presented in Saudi Riyals which is also the functional currency of the Company.

2-2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the Company’s annual financial statements for the year ended 31 December 2022. The Company has not early adopted any new standard, interpretation or amendment that has been issued but which are not yet effective.

2-3 New standards, interpretations and amendments adopted by the company

Several amendments apply for the first time in 2023, but do not have an impact on the interim condensed financial statements of the Company.

Definition of Accounting Estimates - Amendments to IAS 8

The amendments to IAS 8 clarify the difference between changes in accounting estimates and changes in accounting policies, and correct errors. It also describes how entities use measurement techniques and inputs to develop accounting estimates.

The amendments did not have any impact on the Company's interim condensed financial statements.

ARRIYADH DEVELOPMENT COMPANY
(SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE THREE -MONTH PERIOD ENDED 31 MARCH 2023
(In Saudi Riyals, unless otherwise indicated)

2- SIGNIFICANT ACCOUNTING POLICIES (Continued)

2-3 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED BY THE Company (Continued)

Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2

Amendments on IAS 1 and IFRS Practice Statement 2 on Comparative Judgment provide guidance and examples.

Help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures. The amendments had no impact on the Company interim condensed financial statements, but are expected to affect the accounting policy disclosures in the Company annual financial statements.

3- INVESTMENT PROPERTIES

	Lands	Lands on which buildings are constructed	Buildings	Total
Cost				
As at 31 December 2022 (Audited)	241,751,732	439,689,861	1,280,678,263	1,962,119,856
Additions	-	-	257,775	257,775
As at 31 March 2023 (Unaudited)	241,751,732	439,689,861	1,280,936,038	1,962,377,631
Accumulated Depreciation				
As at 31 December 2022 (Audited)	-	-	434,367,419	434,367,419
Depreciation for the period	-	-	8,921,659	8,921,659
As at 31 March 2023 (Unaudited)	-	-	443,289,078	443,289,078
Net book value				
As at 31 March 2023 (Unaudited)	241,751,732	439,689,861	837,646,960	1,519,088,553
As at 31 December 2022 (Audited)	241,751,732	439,689,861	846,310,844	1,527,752,437

As explained in the significant accounting policies, investment properties are stated at cost less accumulated depreciation. The fair value of real estate investments amounted to SR 4,193,387,000 as of 31 December 2022 (31 December 2021: SR 4,190,097,000), according to the evaluation process carried out by several real estate evaluators, namely Esnad and its partner for real estate appraisal, holder of license No. 1210000448, and Bassma Company and its partner for real estate appraisal. Holder of License No. 1210001217 (an independent resident accredited by the Saudi Authority for Accredited Residents).

ARRIYADH DEVELOPMENT COMPANY
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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE THREE -MONTH PERIOD ENDED 31 MARCH 2023
(In Saudi Riyals, unless otherwise indicated)

3- INVESTMENT PROPERTIES (Continued)

Real estate investments include buildings built on land leased from the Riyadh Municipality (meat market) under a lease contract for a period of 25 Hijri years starting from 18 September 1996 and ending on 20 December 2020, provided that the ownership of these buildings is transferred to the Municipality at the end of the contract period.

The company's management is currently negotiating to extend the contract for further periods. Until the date of preparing these financial statements, no final agreement has been reached in this regard, noting that all the buildings built on the leased land are fully depreciated and the net book value is zero.

Also, Investment properties include buildings constructed on land leased from the Riyadh Municipality (Otaqa market) under 23-year lease from 30 March 2011, which are transferred to the Municipality at the end of the contract. The net book value as at 31 March 2023 is SR 173,6 million (31 December 2022: SR 177,4 million).

Real estate investments include lands amounting to 28,872,546 Saudi riyals that were expropriated in favor of the company under Royal Order No. 4/B/2732 dated Rabi' al-Awwal 8, 1412 AH, and the owners did not apply to receive their dues and transfer ownership of the land to the company until 31 March 2023 (note 12).

All investment properties are located in the Kingdom of Saudi Arabia.

4- RIGHT OF USE ASSETS AND LEASE OBLIGATIONS

The following table shows the balance of the right to use (leased lands) in addition to the charged depreciation movement as follows:

	31 March 2022 (Unaudited)	31 December 2022 (Audited)
Cost		
At the beginning of the period / year	49,603,946	54,094,668
Accumulated depreciation:		
At the beginning of the period / year	17,820,052	13,329,330
Charge for the period / year	1,122,681	4,490,722
At the end of the period / year	18,942,733	17,820,052
Net book value:	48,481,265	49,603,946

There are no additions to the right to use the assets during the period ended 31 March 2023 and for the year ended 31 December 2022.

Below is a statement of the lease obligations:

	31 March 2023 (Unaudited)	31 December 2022 (Audited)
Non-current lease obligations	46,185,380	45,579,655
Current lease obligations	6,079,322	5,999,592
Total lease obligations	52,264,702	51,579,247

The finance costs from the recognized lease obligations during the period ended 31 March 2023 amounted to SR 685,455 (31 March 2022: SR 729,323).

ARRIYADH DEVELOPMENT COMPANY
(SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE THREE -MONTH PERIOD ENDED 31 MARCH 2023
(In Saudi Riyals, unless otherwise indicated)

5- INVESTMENT DESIGNATED AT FVOCI

Investments designated at fair value through other comprehensive income are:

	31 March 2023 (Unaudited)	31 December 2022 (Audited)
Investments in equity instruments of companies listed on the Saudi Stock Exchange (A)	-	-
Investments in equity instruments of companies not listed on the Saudi Stock Exchange (B)	986,929	986,929
	986,929	986,929

The movement in the revaluation reserve of Investments designated at FVOCI was as follows:

	31 March 2023 (Unaudited)	31 December 2022 (Audited)
Beginning balance for the period / year	(2,813,070)	16,478,192
The change in the fair value of investments at fair value through other comprehensive income	-	8,242,217
Transfer of revaluation reserve of Investments designated at FVOCI to retained earnings	-	(27,533,479)
	(2,813,070)	(2,813,070)

A) Investments in equity instruments of companies listed on the Saudi Stock Exchange

	31 March 2023 (Unaudited)	31 December 2022 (Audited)
Beginning balance for the period / year	-	59,437,107
Addition during the period / year	-	-
The change in fair value	-	8,242,217
Proceeds from disposals during the year *	-	(67,679,324)
	-	-

* During the last year ending on 31 December 2022 investment portfolio of Al-inma Investment Company was liquidated and disposed, along with an investment in another company, which resulted profits from the sale of investments with an approximate amount of SR 27 million, this amount were transferred from Revaluation reserve for investments designated at FCOVI to retained earnings in accordance with the International Financial Reporting Standard number (9) "Financial Instruments".

B) Investments in equity instruments of companies not listed on the Saudi Stock Exchange

The board of directors decided at its meeting held on 15 January 2015 to enter as a partner in Saudi Heritage Hospitality Company ("Nuzul") (Closed Saudi Joint Stock Company) located in Riyadh, with 2,000,000 shares at total value SR 20 million and 8% of the company's capital. The company paid SR 5,000,000 as a payment for its investment share.

During the year ending on 31 December 2022, the shareholders of Nuzul decided to liquidate the company, and the company received during the period an amount of SR 1,200,000 until the completion of the liquidation procedures.

As of 31 March 2023 the Revaluation reserve of Investments designated at FVOCI in Saudi Hospitality Heritage company ("Nuzul") is (SR 2,813,070). The company's management does not believe that any additional losses will result from the liquidation process.

The movement of the Investments as follows:

	31 March 2023 (Unaudited)	31 December 2022 (Audited)
Beginning balance for the period / year	986,929	2,186,929
The change in fair value	-	-
Proceeds from liquidation process	-	(1,200,000)
	986,929	986,929

ARRIYADH DEVELOPMENT COMPANY
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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE THREE -MONTH PERIOD ENDED 31 MARCH 2023
(In Saudi Riyals, unless otherwise indicated)

6- INVESTMENT IN AN ASSOCIATE COMPANY

During 2018, the company agreed with Sumou Holding Company about the establishment of Tanal Investment and Real Estate Development Company ("Tanal") (a limited liability company) with a capital of SR 100,000, 69.38% for Riyadh Development Company and 30.62% for Sumou Holding Company- which is the same percentages of ownership by both of them in the first Riyadh Real Estate Development - for the purpose of transferring the assets and obligations of the first Riyadh Real Estate Development Fund, which was liquidated and assets transferred during 2019 to the Tanal Investment and Real Estate Development Company and its subsidiary (Ruba Real Estate Buildings Company), which is 100% owned by In order to complete the implementation of the remaining infrastructure works for the land of Al Thumama, which has an area of 3 million square meters, which was completed by Sumou Real Estate Company.

The financial statements of Tanal Investment and Real Estate Development Company have not been consolidated due to the lack of control by the company, as the company does not currently have the majority rights to vote on operational and administrative decisions, as the articles of association state that board of directors consists of (5) managers who represents the partners and form among themselves the board of directors of the Tanal Company, whereby the partner (Smou Holding Company) appoints (3) managers and the partner (Riyadh Development Company) appoint (2) managers, also article of association cannot be modified or amended without consent and approval of all members. Accordingly, a significant influence exists for Arriyadh Development Company on Tanal Company and to account the investment under equity method accounting.

During the second quarter of 2021, it was agreed between the partners of Tanal company to transfer part of the share of Sumou Holding Company to Sumou Real Estate Company (a Saudi Joint Stock Company) and the company's article of association was amended accordingly. Accordingly, the percentage of ownership in the Tanal Investment and Real Estate Development Company became 69.38% for the Riyadh Development Company, 20.62% for the Sumou Holding Company and 10% for the Sumou Real Estate Company. The method of processing the investment in the Tanal Investment and Real Estate Development Company was not affected due to the non-change of the voting rights referred to above and contained in the article of association.

The address of the head office of the company is in Riyadh. The company is engaged in managing and leasing residential and non-residential properties that are owned or leased. The company's current operation is to selling lands.

ARRIYADH DEVELOPMENT COMPANY
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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE THREE -MONTH PERIOD ENDED 31 MARCH 2023
(In Saudi Riyals, unless otherwise indicated)

6- INVESTMENT IN AN ASSOCIATE (Continued)

Summary of financial information for Tanal Investment and Real Estate Development Company and its subsidiary that's wholly owned (Ruby Buildings Real Estate Company)

The financial statements of this company and its subsidiary are prepared in accordance with International Financial Reporting Standards that is endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by Saudi Organization for Chartered and Professional Accountants (SOCPA). The accounting policies used in preparing the financial statements of the associate are consistent with those of Arriyadh Development Company.

6-1 Summary of the statement of profit or loss and other comprehensive income

	31 March 2023 (Unaudited)	31 March 2022 (Unaudited)
Revenue	3,421,308	320,300,898
Profit from the main business	2,050,950	155,437,090
Total (loss) comprehensive income for the period	(824,067)	153,437,090
The company's share of the total (loss) comprehensive income	(571,739)	106,454,653

Calculating the share in the net (loss) profit and the share in other comprehensive income (loss) based on the interim financial statements of Tanal Company, which are available on the date of issuance of the summary interim financial statements.

6-2 Summary of the statement of financial position

	31 March 2023 (Unaudited)	31 December 2022 (Audited)
Assets		
Inventory	347,647,783	349,018,140
Cash at banks	9,528,175	6,815,304
Total assets	357,175,958	355,833,444
Liabilities and shareholders' equity		
Zakat provision and other liabilities	24,549,457	22,382,876
Total equity	332,626,501	333,450,568
Total liabilities and equity	357,175,958	355,833,444

6-3 The investment movement

	31 March 2023 (Unaudited)	31 December 2022 (Audited)
Beginning for the period / year	231,347,588	451,136,194
Share of (losses) profits for the period / year	(571,739)	190,465,838
Decrease in additional capital	-	(137,473,752)
Dividends received during the period / year	-	(272,780,692)
At the end of the period / year	230,775,849	231,347,588

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FOR THE THREE -MONTH PERIOD ENDED 31 MARCH 2023
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7- RELATED PARTY TRANSACTIONS

The related parties are represented in the dealings with the associate company (Tanal Investment and Real Estate Development Company) board of directors, and senior management employees of the company, where the employees of the higher management are the persons who exercise authority and responsibility in planning, managing and monitoring the company's activities, directly or indirectly, including the managers.

During the normal course of its business, the company had the following important transactions with major related parties during the period ended on 31 March 2023 and 2022, as follows:

Description	Nature of the transaction	31 March 2023 (Unaudited)	31 March 2022 (Unaudited)
- Members of the Board of Directors (Note 14)	Committee attendance allowances and bonuses	900,000	951,000
- Senior management personnel	Salaries, allowances and incentives	2,181,591	2,741,393
- Tanal Investment and Real Estate Development Company	Additional paid in capital reduction/ Recovering permanent financing against the investment in the associate.	-	126,924,315

8- Murabaha investment deposits

As at 31 March 2023 Total investment Murabaha deposit contracts amounting to SR 700 million (31 December 2022: SR 645 million), which were placed with many of the local financial institutions. Murabaha rate range from 4,5% to 5,6%.

9- SHARE CAPITAL

The Company's share capital amounting to SR 1,777,777,770 as at 31 March 2023 is divided into 177,777,777 shares of SR 10 each.

10- STATUORY RESERVE

The company's articles of association require that 10% of the annual net profit be transferred to the statutory reserve until this reserve reaches 30% of the capital. This reserve is not available for distribution.

ARRIYADH DEVELOPMENT COMPANY
(SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE THREE -MONTH PERIOD ENDED 31 MARCH 2023
(In Saudi Riyals, unless otherwise indicated)

11- DIVIDENDS DISTRIBUTION

The balance shown in the financial statements represents the remaining of the amounts approved by the Company's Ordinary General Assembly for previous years, and the shareholders still didn't come to receive it as on 31 March 2023, in the amount of SR 73,817,643 (31 December 2022: SR 73,917,517).

The Board of Directors of Riyadh Development Company, in its meeting held on Tuesday 29 Shaaban 1444 H corresponding to 21 March 2023, recommended the distribution of cash dividends amounting to 25 halalas per share to the company's shareholders for the second half of 2022.

Based on the approval of the General Assembly issued on 11 Shawwal 1443 H (corresponding to 12 May 2022) to authorize the Board of Directors to distribute interim profits on a semi/quarterly basis, the Board of Directors of the company decided during its meeting held on 2 Rabi' al-Awwal 1444 H (corresponding to 28 September 2022) to distribute Cash dividends for the first half of 2022 amounting to SR 44,444,444, at 25 halalas per share.

On 12 May 2022, the company's general assembly approved the board of directors' decision to distribute dividends for the first half of 2021 at 1 Saudi riyals per share, with a total amount of SR 177,777,777. As well as the recommendation of the Board of Directors to distribute dividends for the second half of 2021 at 50 halalas per share, with a total amount of SR 88,888,888.

12- ACCOUNTS PAYBLE, ACCRUED EXPENSES AND OTHER PAYABLES

	31 March 2023	31 December 2022
	(Unaudited)	(Audited)
Payables of Al-Shorouk land contribution (A)	87,664,963	87,664,963
Deferred revenue	62,049,099	39,552,182
Payable from obtain real estate (B)	28,872,546	28,872,546
Accrued expenses	20,834,057	19,172,705
Insurance for others	18,164,584	17,764,084
Provisions (C)	14,142,172	14,142,172
Accrued wages and other benefits	6,178,722	13,683,434
Legal provision	11,678,542	11,602,077
Securing reservation of rental units	6,123,085	3,514,102
Bonuses and allowances for board members	4,335,000	3,450,000
VAT payable	1,789,741	2,529,918
Contractors retention	510,721	526,304
Others	1,082,379	442,241
	263,425,611	242,916,728

- A) The balance of the creditors of Al-Shorouk land contribution represents the value of the sales of the lands of the Al-Shorouk contribution, which were collected by the company. Work is underway to liquidate the contribution after deducting all the remaining costs on the shareholders of Al-Shorouk land in favor of the Company.
- B) The amount represents the payable amounts to the owners of the properties that were expropriated under Royal Decree No. 4 / B / 2732 dated 8 Rabi' al-Awwal 1412 H. The owners did not submit their contributions until 31 March 2023 (Note 3).
- C) The amount of the provisions represents commitments for construction works for the implementation of a canal for draining flood and rain in Al-Shorouk lands in Al-Remal district, according to the request of the regulatory authorities in the region.

ARRIYADH DEVELOPMENT COMPANY
(SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE THREE -MONTH PERIOD ENDED 31 MARCH 2023
(In Saudi Riyals, unless otherwise indicated)

13- Zakat provision

The movement in the Zakat provision was as follows:

	31 March 2023 (Unaudited)	31 December 2022 (Audited)
At the beginning of the period / year	21,033,942	17,652,286
Charge of the period / year	4,149,120	12,687,913
Paid during the period / year	-	(9,306,257)
At the end of the period / year	25,183,062	21,033,942

The Company has submitted zakat returns till 2021 and finalized its zakat position for the years 2019 and 2020 by paying zakat differences of SR 999 thousand, during the years 2020 and 2021 the company received zakat assessment for the previous years from 2015 to 2018, which states zakat differences amounting to SR 109 million. The company have submitted an objection against these differences and the objection was escalated to the General Secretariat of Zakat, Tax and Customs Committees. In addition to that, the case was submitted to the Committee for the Settlement of Zakat and Tax Disputes at Zakat, Tax and Customs Committees to reach for settlement by paying an amount in order to ends the dispute, by offering an amount of SR 59 million, but this was rejected by the company's management and decided to continue with the objection submitted to the Secretariat General tax commissions. The decision of the Committee for Settlement of Tax and Income Violations and Disputes was issued, which resulted in a reduction in the amount of zakat in dispute to SR 39 million. The company is still awaiting a response from the Appeals Division.

14- General and administration expenses

For the period ending March 31

	2023	2022
Employee salaries, wages, and other benefits	8,039,851	4,446,815
Provision for expected credit losses	2,569,946	146,679
Professional and advisory fees	2,357,954	537,972
Committee attendance allowances and bonuses (Note 7)	900,000	951,000
Maintenance and operation	234,901	448,400
Accrued legal fees	5,500	1,084,003
Others	231,403	266,646
	14,339,555	7,881,515

15- EARNINGS PER SHARE

Basic earnings per share was calculated by dividing the net profit from main operations and net profit for the period by the weighted average number of shares outstanding during the period amounting to 177,777,777 shares.

ARRIYADH DEVELOPMENT COMPANY
(SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE THREE -MONTH PERIOD ENDED 31 MARCH 2023
(In Saudi Riyals, unless otherwise indicated)

16- SEGMENT INFORMATION

Segmental information relates to the company's business and activities, which the company's management relied on as a basis for preparing its financial information, in line with the internal reporting methods.

The assets, liabilities and operating activities of the segments include items directly related to a particular segment and items that can be allocated to different segments on a reasonable basis. Items that cannot be allocated between segments are classified under joint assets and liabilities.

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

	Commercial Centers	Public benefit	Sale of land	Joint assets and liabilities	Total
As at 31 March 2023 (Unaudited):					
Total assets	1,550,873,627	113,651,843	31,588,735	959,806,694	2,655,920,899
Total liabilities	141,411,917	26,657,958	110,038,427	147,789,162	425,897,464
As at 31 December 2022 (Audited):					
Total assets	1,549,032,566	106,827,614	31,588,735	910,295,030	2,597,743,945
Total liabilities	117,487,006	22,650,178	110,038,427	149,931,728	400,107,339
For the Three months ending 31 March 2023 (Unaudited):					
Revenue	38,191,333	31,123,194	-	-	69,314,527
Cost of revenue	(20,167,040)	(4,853,109)	-	-	(25,020,149)
Finance Cost	(685,455)	-	-	-	(685,455)
Other income	58,986	43,696	-	-	102,682
Operating results	17,397,824	26,313,781	-	-	43,711,605
General and administration expenses	-	-	-	(14,339,555)	(14,339,555)
Murabaha Income	-	-	-	7,735,638	7,735,638
Share of loss of an associate company	-	-	-	(571,739)	(571,739)
Net profit for the period before zakat	17,397,824	26,313,781	-	(7175,656)	36,535,949
Zakat	-	-	-	(4,149,120)	(4,149,120)
Net profit for the period	17,397,824	26,313,781	-	(11,324,776)	32,386,829
For the Three months ending 31 March 2022 (Unaudited):					
Revenue	31,984,361	29,122,255	-	-	61,106,616
Cost of revenue	(17,251,425)	(3,765,782)	-	-	(21,017,207)
Finance Cost	(729,323)	-	-	-	(729,323)
Dividends received	-	-	-	20,835	20,835
Other income	29,563	26,919	-	-	56,482
Operating results	14,033,176	25,383,392	-	20,835	39,437,403
General and administration expenses	-	-	-	(7,881,515)	(7,881,515)
Murabaha Income	-	-	-	3,223,760	3,223,760
Share of profit of an associate	-	-	-	106,454,653	106,454,653
Net profit for the period before zakat	14,033,176	25,383,392	-	101,817,733	141,234,301
Zakat	-	-	-	(2,325,000)	(2,325,000)
Net profit for the period	14,033,176	25,383,392	-	99,492,733	138,909,301

ARRIYADH DEVELOPMENT COMPANY
(SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE THREE -MONTH PERIOD ENDED 31 MARCH 2023
(In Saudi Riyals, unless otherwise indicated)

17- FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair Value

The following table shows the fair value measurement hierarchy of the Company's financial assets and financial liabilities as of 31 March 2023 and 31 December 2022.

As of 31 March 2023 (Unaudited)	Book value	First level	Second level	Third level	fair value
Investments designated at FVOCI	986,929	-	-	986,929	986,929
	986,929	-	-	986,929	986,929
As of 31 December 2022 (Audited)					
Investments designated at FVOCI	986,929	-	-	986,929	986,929
	986,929	-	-	986,929	986,929

The management found that the fair value of cash and cash equivalents, trade receivables, trade payables and other current liabilities is close to their book value due to the short maturity of these instruments.

Capital risk management

The company manages its capital to ensure that the company have ability to continue as a going concern, while achieving higher returns through optimizing debt and equity balances.

The capital structure of the Company includes the equity attributable to shareholders of the Company comprising capital, reserves, fair value reserve and retained earnings as included in the statement of changes in shareholders' equity.

Financial risk management

The Company's activities may be exposed to financial risks arising from the following:

Currency risk

The Company is not exposed to significant risks associated with foreign currency exchange and therefore no effective management of such exposure is required.

Interest rate risk

The financial instruments in the Interim condensed statement of financial position are not subject to interest rate risk.

ARRIYADH DEVELOPMENT COMPANY
(SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE THREE -MONTH PERIOD ENDED 31 MARCH 2023
(In Saudi Riyals, unless otherwise indicated)

17- FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

Credit risk

Credit risk represents the risk arising from the failure of the counterparty to fulfill its obligations in relation to a financial instrument or a customer contract, which leads to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and its financing activities, including deposits with banks and financial institutions and other financial instruments.

To reduce exposure to credit risk, the Company has approval procedures through which credit limits are applied to its customers. The management also constantly monitors exposure to credit risks related to customers and sets aside a provision for expected credit losses, based on the customer's status and payment history. Outstanding customer receivables are also monitored on a regular basis.

The carrying amount of financial assets represents the maximum exposure to credit risk. The maximum exposure to credit risk at the date of preparing the financial statements was as follows:

	31 March 2023 (Unaudited)	31 December 2022 (Audited)
Cash at banks	37,085,320	34,555,510
Murabaha investment Deposits*	700,000,000	645,000,000
Accounts receivable, net	88,447,651	73,584,542
	825,532,971	753,140,052

* Concentration in Murabaha investment deposits amounting to SR 700 million, with many local financial institutions which represents more than 26%% of the value of the company's assets as of 31 March 2023.

Liquidity risk

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

Liquidity risk is managed by monitoring it on a regular basis to ensure that the necessary funds are available to meet the future commitments of the Company.

18- Undertakings and Contingent Commitments

The Company has potential obligations from time to time relating to certain disputed matters, including claims from and against contractors, and judicial and arbitration proceedings involving various issues. These contingent liabilities arise during the normal business cycle. No further significant liabilities are expected to be incurred from these potential claims.

ARRIYADH DEVELOPMENT COMPANY
(SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE THREE -MONTH PERIOD ENDED 31 MARCH 2023
(In Saudi Riyals, unless otherwise indicated)

19- IMPORTANT EVENTS

With reference to note No. (6), lands in the associate company were sold during the 2023, with a total value of SR 3,421,308 (31 March 2022: SR 320,300,898), legal formalities related to issuance of sukuk have been completed for the buyers, This resulted in a net loss for the period ended 31 March 2023 amounting to SR 824,067((31 March, 2022 net profits SR 153,437,090), Share of Arriyadh Development Company from the losses of the associate company - Tanal for Investment and Real Estate Development Company for the period ended 31 March 2023, amounted to SR 571,739 (31 March 2022: profit share SR106,454,653).

20- SUBSEQUENT EVENT

In the opinion of the management, there were no significant subsequent events after 31 March 2023 and until the date of approval of the interim condensed financial statements by the Board of Directors that might have a material impact on the interim condensed financial statements as at 31 March 2023.

21- APPROVAL OF CONDENSED INTERIM FINANCIAL STATEMENTS

The approval of the condensed interim financial statements was approved by the Board of Directors on 18 Shawwal 1444 H (8 May 2023).