

**LADUN INVESTMENT COMPANY  
(SAUDI CLOSED JOINT-STOCK COMPANY)  
RIYADH – KINGDOM OF SAUDI ARABIA**

**INDEPENDENT AUDITOR'S REVIEW REPORT AND  
INTERIM CONDENSED CONSOLIDATED FINANCIAL  
STATEMENTS FOR THE SIX-MONTH PERIOD ENDED  
JUNE 30, 2022 (UNAUDITED)**

**LADUN INVESTMENT COMPANY**  
(SAUDI CLOSED JOINT-STOCK COMPANY - RIYADH)

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**Independent auditor's review report and the interim condensed consolidated financial statements for the six-month period ended June 30, 2022 (unaudited)**

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**INDEPENDENT AUDITOR'S REVIEW REPORT FOR THE  
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**TO THE SHAREHOLDERS  
LADUN INVESTMENT COMPANY  
SAUDI CLOSED JOINT-STOCK COMPANY  
RIYADH – KINGDOM OF SAUDI ARABIA**

**Introduction**

We have reviewed the accompanying interim condensed consolidated statement of financial position of Ladun Investment Company - a Saudi Closed Joint-Stock Company (the "Company") and its subsidiaries (collectively referred to as the "Group") as of June 30, 2022, the interim condensed consolidated statement of profit or loss and other comprehensive income, the interim condensed consolidated statements of changes in shareholders' equity and cash flows for the six-month period then ended, and a summary of significant accounting policies.

Management is responsible for the preparation and fair presentation of these interim condensed consolidated financial statements in accordance with the International Accounting Standard (IAS) 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 (ISRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", as endorsed in the Kingdom of Saudi Arabia. A review of interim 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 approved 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 the 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 consolidated financial statements are not prepared in all material respects, in accordance with IAS 34 as endorsed in the Kingdom of Saudi Arabia.

For EL SAYED EL AYOUTY & CO.

RIYADH: Safar 10, 1444 H  
September 06, 2022 G.



*A. Balamesh*

**Abdullah A. Balamesh**  
Certified Public Accountant  
License No. (345)

**LADUN INVESTMENT COMPANY**  
(SAUDI CLOSED JOINT-STOCK COMPANY - RIYADH)

**Interim condensed consolidated statement of financial position as at June 30, 2022 (unaudited)**

(All amounts in Saudi Riyals unless otherwise stated)

	Note	30/06/2022 (unaudited)	31/12/2021 (audited)
<b>Assets</b>			
<b>Non-current assets</b>			
Property and equipment - net		33,396,873	32,205,268
Intangible assets - net		2,585,109	2,549,292
Projects under construction		78,232,035	56,871,874
Investment properties - net	5	512,620,231	525,158,542
Right-of-use assets – net	6	83,769,009	94,001,540
Financial assets at fair value through other comprehensive income	7	91,390,000	94,240,000
Investments in associate	8	-	5,585
Investment properties under development	9	80,740,155	49,441,491
<b>Total non-current assets</b>		<b>882,733,412</b>	<b>854,473,592</b>
<b>Current assets</b>			
Property development		58,096,260	55,559,751
Inventory		65,369,432	59,366,284
Trade receivables and other debit balances - net	10	576,845,633	457,160,259
Due from related parties	11.1	1,241,364	23,890,671
Investments at fair value through profit or loss	12	37,835,000	45,352,218
Cash and cash equivalents		469,346,935	536,205,032
<b>Total current assets</b>		<b>1,208,734,624</b>	<b>1,177,534,215</b>
<b>Total assets</b>		<b>2,091,468,036</b>	<b>2,032,007,807</b>
<b>Shareholders' equity and liabilities</b>			
<b>Shareholders' equity</b>			
Share capital	13	500,000,000	500,000,000
Statutory reserve		7,155,243	7,155,243
Retained earnings		42,009,268	11,996,739
Unrealized (losses) from revaluation of finance investments at fair value		(3,603,946)	(753,946)
Actuarial (losses) of re-measurement of employee defined benefits		(1,398,713)	(1,707,916)
<b>Total Shareholders' equity</b>		<b>544,161,852</b>	<b>516,690,120</b>
<b>Non-current liabilities</b>			
Long term loans - non-current portion	15.2	390,337,983	405,632,493
Lease obligations - non-current portion	6.2.2	79,333,737	81,483,155
Employees' defined benefit obligations		12,820,665	12,013,529
<b>Total non-current liabilities</b>		<b>482,492,385</b>	<b>499,129,177</b>
<b>Current liabilities</b>			
Long term loans - current portion	15.1	138,996,686	122,285,003
Short-term loans	16	117,345,589	85,193,185
Lease obligations - current portion	6.2.1	37,763,233	82,011,984
Trade payables and other credit balances		448,703,616	411,195,371
Incentive recovered from Ministry of Housing		300,513,299	300,513,299
Due to related parties	11.2	8,258,402	734
Provision for zakat	17	13,232,974	14,988,934
<b>Total current liabilities</b>		<b>1,064,813,799</b>	<b>1,016,188,510</b>
<b>Total liabilities</b>		<b>1,547,306,184</b>	<b>1,515,317,687</b>
<b>Total Shareholders' Equity and Liabilities</b>		<b>2,091,468,036</b>	<b>2,032,007,807</b>

  
**Abdelaziz Almeshidi**

Chief Financial Officer

  
**د. حسن شوقي الحازمي**  
**Dr. Hassan Alhazmi**

Chief Executive Officer

  
**سليمان عبدالعزيز الباتلي**  
**Suliman A. Al-Battil**

Authorized BOD's Member


The accompanying notes from (1) to (27) form an integral part of these interim condensed consolidated financial statements (unaudited).

**LADUN INVESTMENT COMPANY**  
(SAUDI CLOSED JOINT-STOCK COMPANY - RIYADH)

**Interim condensed consolidated statement of profit or loss and other comprehensive income  
for the six-month period ended June 30, 2022 (unaudited)**

(All amounts in Saudi Riyals unless otherwise stated)

	Note	For the six-month period ended on	
		30/06/2022 (unaudited)	30/06/2021 (unaudited)
Revenue	18	513,890,710	402,400,202
Cost of revenue	19	(432,006,347)	(369,910,846)
<b>Gross profit</b>		<b>81,884,363</b>	<b>32,489,356</b>
General and administrative expenses		(38,723,884)	(22,500,233)
<b>Income from operating activities</b>		<b>43,160,479</b>	<b>9,989,123</b>
<b>Other revenue (expenses)</b>			
Company's share in investment profits in a subsidiary disposed off	1.4.1	-	4,299,492
Other income		565,230	2,107,484
Dividends from a Musharakah fund		2,850,000	6,405,000
Dividends from Investments in financial assets		1,025,000	190,058
Realized gains from sale of investments in financial assets	12.1	5,059,468	2,059,324
Unrealized (losses) from revaluation of investments in financial assets	12.1	(4,950,198)	-
Gain from disposal of invesnt in subsidiary	1.4.1	-	57,580,259
Finance costs		(13,593,050)	(6,651,618)
<b>Total other income / (expenses)</b>		<b>(9,043,550)</b>	<b>65,989,999</b>
<b>Net income for the period before zakat</b>		<b>34,116,929</b>	<b>75,979,122</b>
Zakat	17.1	(4,104,400)	(2,492,635)
<b>Net income for the period after zakat</b>		<b>30,012,529</b>	<b>73,486,487</b>
<b>Other comprehensive income items:</b>			
Unrealized (losses)/gains from revaluation of finance investments at fair value	7	(2,850,000)	31,811,500
Actuarial gains of re-measurement of employee defined benefits		309,203	192,850
<b>Total Other comprehensive (loss)/income items</b>		<b>(2,540,797)</b>	<b>32,004,350</b>
<b>Net income and other comprehensive income</b>		<b>27,471,732</b>	<b>105,490,837</b>
<b>Basic and diluted earnings per share</b>	20	<b>0.60</b>	<b>1.47</b>

  
Abdalaziz Almeshidi

Chief Financial Officer

  
د. حسن شوقي الحازمي  
Dr. Hassan Alhazmi  
Chief Executive Officer

  
سليمان عبدالعزيز الباتلي  
Suliman A. Al-Batli  
Authorized BOD's Member

The accompanying notes from (1) to (27) form an integral part of these interim condensed consolidated financial statements (unaudited).

**LADUN INVESTMENT COMPANY**  
(SAUDI CLOSED JOINT-STOCK COMPANY - RIYADH)

Interim condensed consolidated statement of changes in shareholders' equity for the six-month period ended June 30, 2022 (unaudited)  
(All amounts in Saudi Riyals unless otherwise stated)

	Share capital	Statutory reserve	Retained earnings	Unrealized gain/(losses) from revaluation of investments at fair value	Actuarial (losses) from re-measurement of employees' defined benefit obligations	Total Shareholders' equity
<b>For the period ended June 30, 2021</b>						
Balance at January 01, 2021 (audited)	368,114,200	12,447,488	71,034,813	(3,629,500)	(1,926,107)	446,040,894
Net income for the period	-	-	73,486,487	-	-	73,486,487
Other comprehensive income for the period	-	-	-	31,811,500	192,850	32,004,350
<b>Total comprehensive income for the period</b>	-	-	<b>73,486,487</b>	<b>31,811,500</b>	<b>192,850</b>	<b>105,490,837</b>
Dividends distributed during the period (note 21)	-	-	(12,148,018)	-	-	(12,148,018)
<b>Balance at June 30, 2021 (unaudited)</b>	<b>368,114,200</b>	<b>12,447,488</b>	<b>132,373,282</b>	<b>28,182,000</b>	<b>(1,733,257)</b>	<b>539,383,713</b>
<b>For the period ended June 30, 2022</b>						
Balance at January 01, 2022 (audited)	500,000,000	7,155,243	11,996,739	(753,946)	(1,707,916)	516,690,120
Net income for the period	-	-	30,012,529	-	-	30,012,529
Other comprehensive loss	-	-	-	(2,850,000)	309,203	(2,540,797)
<b>Comprehensive income for the period</b>	-	-	<b>30,012,529</b>	<b>(2,850,000)</b>	<b>309,203</b>	<b>27,471,732</b>
<b>Balance at June 30, 2022 (unaudited)</b>	<b>500,000,000</b>	<b>7,155,243</b>	<b>42,009,268</b>	<b>(3,603,946)</b>	<b>(1,398,713)</b>	<b>544,161,852</b>

  
**Abdalaziz Alreshidi**  
Chief Financial Officer

  
**د. حسن شوقي الحازمي**  
**Dr. Hassan Alhazmi**  
Chief Executive Officer

  
**سليمان عبدالعزيز الباتلي**  
**Suliman A. Al-Batli**  
Authorized BOD's Member

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**LADUN INVESTMENT COMPANY**  
(SAUDI CLOSED JOINT-STOCK COMPANY - RIYADH)

**Interim condensed consolidated statement of cash flows for the six-month period ended June 30, 2022 (unaudited)**

(All amounts in Saudi Riyals unless otherwise stated)

	<u>30/06/2022</u> <u>(unaudited)</u>	<u>30/06/2021</u> <u>(unaudited)</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net income for the period before zakat	34,116,929	75,979,122
<b>Net income adjusted to net cash flows from operating activities</b>		
Depreciation on property and equipment	3,735,422	2,844,942
Depreciation on investment properties	6,193,453	3,970,147
Amortization of intangible assets	219,159	198,184
Depreciation on right-of-use assets	10,232,531	9,815,469
Realized (gains) from sale of investments	(5,059,468)	(2,059,324)
Gains from disposal of investment in subsidiaries	-	(57,580,259)
Provision for employees' benefit obligations	2,374,588	1,227,373
Provision for expected credit loss - provided	945,390	-
Company's share in results of subsidiaries and associates	-	(4,299,492)
Dividends from a Musharakah fund	(2,850,000)	(6,405,000)
Finance costs	13,593,050	6,651,618
Unrealized (losses) from revaluation of investments in financial instruments	4,950,198	-
	<b>68,451,252</b>	<b>30,342,780</b>
<b>Change in assets and liabilities</b>		
Property development	(2,536,509)	44,318,909
Inventory	(6,003,148)	502,674
Trade receivables and other debit balances	(120,630,764)	(55,146,652)
Change in related parties	30,907,709	(67,604,767)
Trade payables and other credit balances	37,507,511	11,759,283
Employees' defined benefit obligations paid	(1,258,249)	(638,481)
Finance costs paid	(11,497,149)	(3,523,609)
Zakat paid	(5,860,360)	(6,706,173)
Disposal of balances for a sold subsidiary	-	(1,801,188)
<b>Net cash flows (used in) operating activities</b>	<b>(10,919,707)</b>	<b>(48,497,224)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
(Purchase of) property and equipment	(5,022,380)	(681,461)
Proceeds from sale property and equipment	95,353	-
Projects under construction	(30,271,559)	(33,267,836)
Cost of selling a land and buildings (disposals of projects under construction)	9,337,149	94,839,436
(Additions) Investment properties under development	(31,298,664)	-
(Additions) to intangible assets	(254,976)	-
(Additions) to investment property	-	(32,265,554)
Sale of investment properties	6,344,858	-
Net change in investments	10,482,073	22,006,767
Other financial assets	-	28,874,005
Disposal of balances for a sold subsidiary	-	24,733,588
<b>Net cash flows (used in) from investments activities</b>	<b>(40,588,146)</b>	<b>104,238,945</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Lease obligations paid	(48,919,821)	(31,869,689)
Disposal of lease liability balance for a disposal subsidiary	-	(14,211,349)
Change in loans	33,569,577	314,728,512
Dividends	-	(12,148,018)
<b>Net cash flows (used in) from finance activities</b>	<b>(15,350,244)</b>	<b>256,499,456</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>(66,858,097)</b>	<b>312,241,177</b>
Cash and cash equivalents at beginning of the period	536,205,032	207,128,224
<b>Cash and cash equivalents at end of the period</b>	<b>469,346,935</b>	<b>519,369,401</b>
<b>Supplemental information on non-cash transactions</b>		
Transferred from projects under construction to investment property	-	91,864,693
Addition of Investment properties through related parties	-	128,788,223
Disposal of Shareholders' current account from related parties balance resulting from sale of Three Bees Hotel Company	-	66,908,472

  
**Abdulaziz Alheshidi**  
Chief Financial Officer

  
**Dr. Hassan Alhazami**  
Chief Executive Officer

  
**Suliman A. Al-Batli**  
Authorized BOD's Member

The accompanying notes from (1) to (27) form an integral part of these interim condensed consolidated financial statements (unaudited).

**LADUN INVESTMENT COMPANY**  
(SAUDI CLOSED JOINT-STOCK COMPANY - RIYADH)

**Notes to the interim condensed consolidated financial statements for the six-month period ended June 30, 2022 (unaudited)**

(All amounts in Saudi Riyals unless otherwise stated)

**1. General**

1.1 Ladun Investment Company (the "Company"), a closed-joint stock company, (note 26) was incorporated as per the Saudi Companies Law on 12/07/1432 H and was registered in Riyadh under registration number 1010467355 on 18/04/1438 H (16/01/2017), valid until 18/04/1445 H.

On 28/03/2022 corresponding to 25/08/1443 H, the Board of Directors of the Capital Market Authority (CMA) approved the prospectus of Ladun Investment Company, a Saudi joint-stock company, and initial public offering of 5 million shares. The company's shares represent 10 % of the shares in a parallel market.

On 14/06/2022 corresponding to 15/11/1443 H, the Company's shares were listed and traded in the parallel market (Nomu).

1.2 The financial statements include the accounts of the head office and the following branch:

Al-Khobar branch registration number 2051030952 issued on 17/03/1426 H valid until 07/10/1442 H.

1.3 The activity of the Company is to manage and rent owned or leased residential properties and rent owned or leased non-residential properties as well as property development and investment.

1.4 The accompanying interim condensed consolidated financial statements as at June 30, 2022 include the accounts of the Company and its subsidiaries, referred to as the "Group" and they are as follows:

Subsidiaries	Place of incorporation	Shareholding Percentage	
		2022	2021
Built Contracting Company	Kingdom of Saudi Arabia	100%	100%
Painite Operations and Maintenance Company	Kingdom of Saudi Arabia	100%	100%
Three Bees Hotel Company (note 1.4.1)	Kingdom of Saudi Arabia	-	-
Lak Trade and Investment Company (note 1.4.2)	Kingdom of Saudi Arabia	100%	100%

1.4.1 On 15/08/1442 H (March 28, 2021), Ladun Investment Company (the Parent Company) transferred its entire shareholding of 500 shares at SR500,000 in the subsidiary company - Three Bees Hotel Company - to the shareholders amounting to SR 4,299,492 with its rights and obligations. The Company's share in the business of the subsidiary has been established until the date on which control ceased. The profit from the investment sale was recognized in the statement of income at SR 57,850,259.

1.4.2 During the period ended June 30, 2021, the Lak Trade and Investment Company, which owns a real estate in Makkah City, was acquired at a market value of SR 128,788,223, as per the approved valuation. The Lak Investment Company was consolidated on June 30, 2021 according to internal calculations prepared by the Management only, disposal including this property only under the Investment Properties (note 5).

1.5 The fiscal year for the Group begins January 1st and ends on December. The presented interim condensed consolidated financial statements represent the period ended June 30, 2022.

**2. Basis of preparation**

**2.1 Statement of compliance**

These interim condensed consolidated financial statements were prepared in accordance with International Accounting Standard - IAS 34 "Interim Financial Reporting as adopted in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by the Saudi Organization for Chartered and Professional Accountants - SOCPA."

These interim condensed consolidated financial statements do not include all the information and notes required in the annual consolidated financial statements, therefore, It should be read in conjunction with the Group's latest consolidated financial statements for the year ended December 31, 2021.



**LADUN INVESTMENT COMPANY**  
(SAUDI CLOSED JOINT-STOCK COMPANY - RIYADH)

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**Notes to the interim condensed consolidated financial statements for the six-month period ended June 30, 2022 (unaudited)**

(All amounts in Saudi Riyals unless otherwise stated)

**2.2 Basis for consolidating the financial statements**

The interim condensed consolidated financial statements include the financial statements of the Parent Company and all subsidiaries, collectively referred to as the "Group". The consolidated financial statements present financial information about the Group as a single economic entity at the same reporting date of the Parent Company, using consistent accounting policies. Subsidiaries are all entities over which the Company has the power to govern the financial and operating policies so as to obtain benefits from its activities. Control is presumed to exist over the subsidiary when the Company owns, directly or indirectly, more than half of the voting power of an investee unless, in exceptional circumstances, it can be clearly demonstrated that such ownership does not constitute control.

Control also exists when the Company owns half or less of the voting power of an investee but has other power to govern the financial and operating policies of the entity. The assets, liabilities and results of the subsidiaries are consolidated in full from the date of acquisition, being the date when control is transferred to the Group. Consolidation continues until the date of such control ceases.

The Group applies the acquisition method to account for business combination. Inter-company transactions, balances, income, expenses, unrealized gains and losses on transactions and dividends are eliminated in full.

**2.3 Basis of measurement**

The interim condensed consolidated financial statements have been prepared in accordance with the accrual basis of accounting and the going concern principle, and on the basis of the historical cost principle except for financial assets that are measured at fair value and financial liabilities that are measured at the present value of future liabilities projections using the projected unit credit method.

**2.4 Presentation currency**

These interim condensed consolidated financial statements are presented in Saudi Riyals ("SR") which is the functional and presentation currency. All amounts are presented in the interim condensed consolidated financial statements in Saudi riyals, unless otherwise stated.

**2.5 Use of judgments, estimates and assumptions**

The preparation of these interim condensed consolidated financial statements requires Management to make certain judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses, and disclosures of contingent liabilities at the reporting date. Although these estimates are based on the best current information and indicators available to Management, the final actual results may differ from these estimates.

These estimates and assumptions are reviewed on an ongoing basis, and the effects arising from adjustment of the accounting estimates are recognized in the period in which such adjustment is made and the subsequent periods.

The significant judgments made by Management in applying the Group's accounting policies and the significant sources of estimation uncertainties were the same as those applied to the consolidated financial statements for the year ended December 31, 2020.

**3. Summary of significant accounting policies**

The accounting policies applied to these interim condensed consolidated financial statements are the same as those applied to the consolidated financial statements for the year ended December 31, 2021.

**LADUN INVESTMENT COMPANY**  
(SAUDI CLOSED JOINT-STOCK COMPANY - RIYADH)

**Notes to the interim condensed consolidated financial statements for the six-month period ended June 30, 2022 (unaudited)**

(All amounts in Saudi Riyals unless otherwise stated)

**4. Changes in significant accounting policies and new standards**

**4.1 New and revised IFRS Standards that are applicable and have no significant impact on the interim condensed consolidated financial statements:**

No new IFRS standards have been applied; however, a number of IFRS amendments are effective as of January 1, 2021 but have no significant impact on the Company's financial The interim statements. The following is a summary of the amendments applied by the Company:

Standard - Interpretation	Description	Effective date
IFRS 9, IFRS 7, IFRS 4, IFRS 16 and IAS 39	Amendments to Interest Rate Benchmark Reform - Phase 2	January 01, 2021
IFRS 16	Amendments to covid-19-related rent concessions beyond 30 June 2021 (Relief is extended for one year ended June 2022)	April 01, 2021
IAS 16	Amendments relating to property, plant and equipment - proceeds before intended use	January 01, 2022
IFRS 3	Amendments relating to reference to the IFRS Conceptual Framework issued in March 2018	January 01, 2022
IAS 37	Amendments to "Provisions, Contingent Liabilities and Contingent Assets", specifically related to "Onerous contracts - Cost of Fulfilling a Contract"	January 01, 2022
Annual Improvements to IFRS Standards 2018–2020 Cycle	Annual improvements include amendments to three standards as follows: IFRS 1: First time Adoption of International Financial Reporting Standards IFRS 9: Financial Instruments IAS 41: Agriculture	January 01, 2022

**4.2 New and revised IFRS not yet effective and not applicable:**

The following are standards and interpretations issued and not yet effective and not applicable as of the date of the interim condensed consolidated financial statements:

Standard - Interpretation	Description	Effective date
IAS 1	Amendments to "Presentation of Financial Statements" to clarify classification of liabilities as current or non-current Disclosure initiative: Accounting policies (IFRS Practice Statement 2 "Making Materiality Judgments")	January 01, 2023
IAS 8	Amendments to "Accounting Policies" and changes in accounting estimates and errors related to definition of accounting estimates	January 01, 2023
IAS 12	Amendments to "Income Taxes" of deferred Tax related to Assets and Liabilities arising from a Single Transaction	January 01, 2023
IFRS 17	Amendments to initial application of insurance contracts	January 01, 2023
IFRS 10 and IAS 28	Amendments relating to (sale or contribution of assets between an investor and its associate or joint venture)	Application permitted Effective date deferred

**LADUN INVESTMENT COMPANY**  
(SAUDI CLOSED JOINT-STOCK COMPANY - RIYADH)

**Notes to the interim condensed consolidated financial statements for the six-month period ended June 30, 2022 (unaudited)**

(All amounts in Saudi Riyals unless otherwise stated)

**5. Investment properties - net**

	<u>Lands</u>	<u>Buildings</u>	<u>Total</u>
<b><u>For the six-month period ended June 30, 2022</u></b>			
<b>Cost:</b>			
Balance at January 01, 2022	315,022,076	232,412,629	547,434,705
Disposals during the period	(6,344,858)		(6,344,858)
<b>Balance at June 30, 2022</b>	<b>308,677,218</b>	<b>232,412,629</b>	<b>541,089,847</b>
<b>Accumulated depreciation:</b>			
Balance at January 01, 2022	-	22,276,163	22,276,163
Depreciation for the period	-	6,193,453	6,193,453
<b>Balance at June 30, 2022</b>	<b>-</b>	<b>28,469,616</b>	<b>28,469,616</b>
<b>Net book value at June 30, 2022</b>	<b>308,677,218</b>	<b>203,943,013</b>	<b>512,620,231</b>
<b><u>For the year ended December 31, 2021</u></b>			
<b>Cost:</b>			
Balance at January 01, 2021	153,558,737	132,718,132	286,276,869
Additions during the year	161,893,776	4,174,888	166,068,664
charged to expenses during the year	(430,437)	-	(430,437)
Transferred from projects under construction	-	95,519,609	95,519,609
<b>Balance at December 31, 2021</b>	<b>315,022,076</b>	<b>232,412,629</b>	<b>547,434,705</b>
<b>Accumulated depreciation:</b>			
Balance at January 01, 2021	-	12,646,612	12,646,612
Depreciation for the year	-	9,629,551	9,629,551
<b>Balance at December 31, 2021</b>	<b>-</b>	<b>22,276,163</b>	<b>22,276,163</b>
<b>Net book value at December 31, 2021</b>	<b>315,022,076</b>	<b>210,136,466</b>	<b>525,158,542</b>

- The additions during 2021 include an amount of SR128,788,223, being a property located in the Makkah Region owned by the Lak Investment and Trade Company, which was acquired during the period.
- Investment properties include land amounting to SR21,087,000 and buildings at a net book value of SR106,727,699 mortgaged against long-term loans (note 15) under an agreement in favor of the company, as well as land at a value of SR32,265,554 mortgaged against short-term loans (note 16).
- Investment properties were valuated, and the fair value as of December 31, 2021, amounted to SR698,961,952. The valuation was carried out by an accredited valuer: Emam Real Estate Valuation Company, membership number 1210000030, and commercial registration number 1010611939.

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6. Right-of-use assets and lease obligations	30/06/2022 (unaudited)	31/12/2021 (audited)
<b>6.1 Right-of-use assets - net</b>		
<b>Right-of-use lands</b>		
Balance at beginning of the period/year	145,386,553	179,424,206
Additions during the period/year	-	13,902,391
Disposals related to sale of subsidiary	-	(20,560,611)
Disposals during the period/year	-	(27,379,433)
<b>Balance at end of the period/year</b>	<b>145,386,553</b>	<b>145,386,553</b>
<b>Accumulated depreciation:</b>		
Balance at beginning of period/year	51,385,013	66,147,353
Depreciation charged during the period/year	10,232,531	19,839,615
Disposals related to sale of subsidiary	-	(7,222,522)
Disposals during the period/year	-	(27,379,433)
<b>Balance at end of the period/year</b>	<b>61,617,544</b>	<b>51,385,013</b>
<b>Net carrying amount at end of the period/year</b>	<b>83,769,009</b>	<b>94,001,540</b>
	<b>30/06/2022 (unaudited)</b>	<b>31/12/2021 (audited)</b>
<b>6.2 Leasing</b>		
Balance at beginning of period/year	193,521,847	258,133,313
Additions during the period/year	-	20,015,324
Paid during the period/year	(48,919,821)	(69,333,975)
Disposals related to sale of subsidiary	-	(15,292,815)
<b>Balance at end of the period/year</b>	<b>144,602,026</b>	<b>193,521,847</b>
<b>Less: Deferred interest</b>		
Balance at beginning of the period/year	30,026,708	32,000,373
Additions during the period/year	-	6,055,684
Charged to expenses	(2,095,901)	(6,444,860)
Capitalized to projects under construction	(425,751)	(560,272)
Disposals related to sale of subsidiary	-	(1,024,217)
<b>Balance at end of the period/year</b>	<b>27,505,056</b>	<b>30,026,708</b>
<b>Present value of obligation</b>		
<b>Balance at end of the period/year</b>	<b>117,096,970</b>	<b>163,495,139</b>

Lease obligations were presented in the statement of financial position based on the current portion - within the current liabilities (which represents the payable portion within a year) and the non-current portion - within the non-current liabilities (which represents the remaining liability less the current portion) as follows:-

	30/06/2022 (unaudited)	31/12/2021 (audited)
<b>6.2.1 Lease obligations - current portion</b>	<b>37,763,233</b>	<b>82,011,984</b>
<b>6.2.2 Lease obligations – non-current portion</b>	<b>79,333,737</b>	<b>81,483,155</b>
	<b>117,096,970</b>	<b>163,495,139</b>

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**7. Financial assets at fair value through other comprehensive income**

	<u>30/06/2022</u> (unaudited)	<u>31/12/2021</u> (audited)
<b>Musharaka REIT Fund Stock</b>		
Balance at beginning of the period/year	94,240,000	209,870,500
Purchase of shares in REIT Fund	-	1,993,946
Sale of Musharaka REIT Fund shares	-	(120,500,000)
Gain from sale of Musharaka REIT investment	-	(5,160,965)
(Losses)/gains from revaluation of investments at fair value through other comprehensive income	(2,850,000)	8,036,519
	<u>91,390,000</u>	<u>94,240,000</u>

During 2021, the Company sold 12,050,000 shares at a cost of SR 120,500,000, and this sale resulted in realized profits from selling these shares at a value of SR 7,209,465.

**8. Investments in associates**

	<u>Shareholding</u> <u>percentage</u>	<u>30/06/2022</u> (unaudited)	<u>31/12/2021</u> (audited)
Ladun Logistics Company	60%	5,585	23,091
Less : Company's share in results		-	(17,506)
Company liquidation		(5,585)	
		<u>-</u>	<u>5,585</u>

The Company has invested in Ladun Logistics Company 60% of its share capital amounting to SR100,000. The value of the investment was paid by related parties.

The Company is fully managed by the other Shareholder. Accordingly, the investment was accounted for using the equity method and considered as investments in associates.

On 26/02/1443 H corresponding to 03/10/2021, the Shareholders of Ladun Logistics Services Company met and resolved to dissolve and liquidate the company.

On 13/06/1443 H corresponding to 16/01/2022, the Company issued financial statements (under liquidation).

**9. Investment in properties under development**

	<u>30/06/2022</u> (unaudited)	<u>31/12/2021</u> (audited)
<b>Development of Dhahiyat Alasila land in Makkah</b>		
Balance at beginning of period/year	49,441,491	-
Additions during the period/year	31,298,664	49,441,491
	<u>80,740,155</u>	<u>49,441,491</u>

The investment properties under development represent the value of the accrued revenues (note 18), which is part of the agreement concluded between the Company and Mr. Hamad bin Muhammad Al-Mousa on 25/12/2019 and its appendix on 4/2/2021 in order to develop and market Alasilah suburb in Makkah on an area of land at 2,867,222,21 m<sup>2</sup> (the area of the developed land is 1,593,354 m<sup>2</sup>). The value of the works according to the agreement and the appendix is SR450 million. The company will obtain a plot of land developed in the project at an area of 409,375 m<sup>2</sup> in return for the value of the agreed-upon works.

In light of the concluded agreement, the Company received a long-term loan of SR300 million from Bank Albilad, secured against a mortgage of Alasilah land (note 15).

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**10. Trade receivables and other debit balances - net**

	<b>30/06/2022</b> <b>(unaudited)</b>	<b>31/12/2021</b> <b>(audited)</b>
Customers (note 10.1)	78,378,705	91,231,877
<b>Less</b> : Provision for expected credit loss (note 10.2)	<b>(7,048,713)</b>	<b>(6,103,323)</b>
<b>Trade receivables - net</b>	<b>71,329,992</b>	<b>85,128,554</b>
Accrued revenue against performed work	265,083,482	172,646,008
Advances to contractors and suppliers	91,014,939	83,107,627
Zakat, Tax and Customs Authority	74,113,375	54,444,007
Margin on letters of guarantee and letters of credit	43,262,079	42,419,218
Good performance guarantees - construction works	18,574,197	11,734,322
Prepayments	6,658,780	2,763,852
Dividends payable	2,850,000	2,850,000
Staff payables	2,545,896	1,698,991
Other	1,412,893	367,680
	<b>505,515,641</b>	<b>372,031,705</b>
	<b>576,845,633</b>	<b>457,160,259</b>

**10.1 Aging of customers' debts**

	<b>30/06/2022</b> <b>(unaudited)</b>	<b>31/12/2021</b> <b>(audited)</b>
Up to a month	13,023,185	27,882,947
1-2 months	11,243,795	2,157,723
2-3 months	4,668,748	926,129
Over 3 months	13,124,235	19,971,353
More than a year	36,318,742	40,293,725
	<b>78,378,705</b>	<b>91,231,877</b>

**10.2 Movement of provision for expected credit losses**

	<b>30/06/2022</b> <b>(unaudited)</b>	<b>31/12/2021</b> <b>(audited)</b>
Balance at beginning of period/year	6,103,323	6,103,323
Additions during the period/year	945,390	-
	<b>7,048,713</b>	<b>6,103,323</b>

**11. Transactions with related parties**

**11.1 Due from related parties**

<b>Related parties</b>	<b>Nature of relationship</b>	<b>30/06/2022</b> <b>(unaudited)</b>	<b>31/12/2021</b> <b>(audited)</b>
Saba International Factory Company	Affiliate	-	6,196,824
Opal Aljazirah Security Guards Establishment	Affiliate	1,224,757	10,177,302
Saud Abdulaziz Al-Oraifi	Relative	-	7,500,000
Ladun Logistics Company	Associate	16,607	16,545
		<b>1,241,364</b>	<b>23,890,671</b>

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**11. Transactions with related parties...(continued)**

**11.2 Due to related parties**

<u>Related parties</u>	<u>Nature of relationship</u>	<u>30/06/2022 (unaudited)</u>	<u>31/12/2021 (audited)</u>
Ashar Investments Company	Shareholder	8,258,402	-
Three Bees Company	Affiliate	-	734
		<u>8,258,402</u>	<u>734</u>

**11.3 Significant transactions with related parties**

<u>Company</u>	<u>Nature of transaction</u>	<u>30/06/2022 (unaudited)</u>	<u>31/12/2021 (audited)</u>
Opal Aljazirah Security Guards Establishment	Expenses on behalf	-	5,873,913
	Settlement of Opal Company's balance due to Painite Company from the amount of Ashaar Investment Company.	10,177,302	-
Ladun Logistics Company	Expenses on behalf	-	(22,336)
Saba International Factory Company	Settlement of the balance due from the amount of Ashaar Investment Company.	(6,196,824)	-
Saud Abdulaziz Al-Oraifi	Settlement of the balance due from the amount of Ashaar Investment Company.	(7,500,000)	-
Ashar Investments Company	Amounts transferred to Ladun Investment Company from sale of Ashaar Investment Company's shares	86,950,000	-
	Amounts transferred from Ladun Investment Company to Ashaar Investment Company from sale of shares	(28,567,472)	-
	Settlement of Opal Company's balance due to Painite Operation and Maintenance Company	(10,177,302)	-
	Settlement of the balance of Saud Abdulaziz Al-Oraifi	(7,500,000)	-
	Settlement of the balance of Saba International Factory Company	(6,196,824)	-
	Payment for purchasing Irqah land on behalf of Shareholder Khalid Al-Oraifi	(26,250,000)	-

**11.4 Salaries, allowances and remunerations of senior executives**

	<u>30/06/2022 (unaudited)</u>	<u>31/12/2021 (audited)</u>
Salaries, benefits and remunerations	10,699,613	2,806,863
Board of Directors remunerations	551,261	-

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**12. Investments at fair value through profit or loss**

	<u>30/06/2022</u> (unaudited)	<u>31/12/2021</u> (audited)
Albilad Bank shares (note 12.1)	37,835,000	45,352,218

**12.1 Albilad Bank shares**

	<u>30/06/2022</u> (unaudited)	<u>31/12/2021</u> (audited)
Balance at beginning of period/year	45,352,218	13,542,443
Additions during the period/year	20,213,060	70,415,003
Disposals during the period/year	(27,839,548)	(37,302,149)
Realized gains from sale	5,059,468	1,710,584
Unrealized (loss) from revaluation during the year	(4,950,198)	(3,013,663)
	<u>37,835,000</u>	<u>45,352,218</u>

**13. Share capital**

The paid share capital amounted to SR 500,000,000 divided into 50,000,000 shares at a nominal value of SR 10 each.

	<u>30/06/2022</u> (unaudited)	<u>31/12/2021</u> (audited)
Balance at beginning of period/year	500,000,000	368,114,200
Capital increase	-	131,885,800
	<u>500,000,000</u>	<u>500,000,000</u>

The Extraordinary General Assembly resolved in its second meeting No. (2) held on September 02, 2021 to increase the Company's share capital from SR368,114,200 to SR500,000,000, at an increase of SR131,885,800, by capitalizing part of the retained earnings at SR119,438,312 Saudi riyals and the statutory reserve at SR12,447,488.

**14. Statutory reserve**

	<u>30/06/2022</u> (unaudited)	<u>31/12/2021</u> (audited)
Balance at beginning of period/year	7,155,243	12,447,488
Transferred to share capital (note 13)	-	(12,447,488)
Transferred from income of the year	-	7,155,243
<b>Balance at end of the period/year</b>	<u>7,155,243</u>	<u>7,155,243</u>

In accordance with the Saudi Companies Law, the Company has to establish a statutory reserve by the appropriation of 10% of net income until the reserve equals 30% of the share capital. The reserve is not available for distribution as dividends to Shareholders.

Transfers are made to the statutory reserve within the annual statements.



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15. Long-term loans	30/06/2022 (unaudited)	31/12/2021 (audited)
Balance beginning of period/year	527,917,496	247,768,250
Collections during the period/year	33,146,463	391,066,688
Paid during the period/year	(38,612,319)	(120,693,771)
Accrued interests	6,883,029	9,776,329
<b>Balance at end of the period/year</b>	<b>529,334,669</b>	<b>527,917,496</b>
15.1 current portion	138,996,686	122,285,003
15.2 non-current portion	390,337,983	405,632,493

The Company obtained bank facilities from local banks totaling SR849 million, including general facilities, term sale financing, capital requirements financing, financing of existing projects and letters of guarantee. These facilities are compatible with the provisions of Islamic Shariah.

The Company obtained a long-term loan compatible with the provisions of Islamic Shariah on 24/03/2021 from a Al Bilad Bank for a period of 3 years. The first installment is due on 08/03/2022 amounting to SR300 million riyals for the purpose of financing the infrastructure of the Al-Usaylah Plot in Makkah. The Company also obtained other loans during the current period and previous years at a balance amounting to SR229 million on June 30, 2022.

**According to the prevailing interests in the market and the following guarantees:**

1. A performance and payment bond and a personal guarantee from Shareholders
2. Mortgage for Al-Usaylah land for a coverage at least 130% (note 9).
3. Signing the promissory notes
4. Mortgage of an investment portfolio or property with a percentage covering 125% of long-term financing.
5. Transfer of the Jeddah-Venan Project and Al-Usaylah Development project revenues in favor of the bank.
6. Others as per the agreement of bank facilities

16. Short-term loans	30/06/2022 (unaudited)	31/12/2021 (audited)
Balance beginning of period/year	85,193,185	77,142,960
Collections during the period/year	97,362,919	75,413,959
Paid during the period/year	(65,210,515)	(67,363,734)
<b>Balance at end of the period/year</b>	<b>117,345,589</b>	<b>85,193,185</b>

The Company obtained bank facilities from local banks totaling SR206 million, representing Tawarruq financing, direct credit alternatives secured letters of guarantee. These facilities are compatible with the provisions of Islamic Shariah.

**According to the prevailing interests in the market and the following guarantees:**

1. A performance and payment bond and a personal guarantee from Shareholders and the directors of the Board.
2. Mortgage of real estate (note 5).
3. Signing the promissory notes
4. Others as per the agreement of bank facilities

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**17. Zakat provision**

**17.1 Movement in Zakat provision is as follows:**

	<u>30/06/2022</u> <u>(unaudited)</u>	<u>31/12/2021</u> <u>(audited)</u>
Balance at beginning of period/year	14,988,934	8,399,677
Paid during the period/year	(5,860,360)	(7,761,912)
Settlements of a sold subsidiary	-	(262,439)
Provided for the previous years (note 17.2)	2,918,670	7,225,529
Provided for the period/year	1,185,730	7,388,079
<b>Balance at end of the period/year</b>	<b><u>13,232,974</u></b>	<b><u>14,988,934</u></b>

**17.2 Zakat status**

The Company received a zakat certificate for the year ended December 31, 2021, which is valid until April 30, 2023 from the Zakat, Tax and Customs Authority. The Company also received zakat assessments from ZATCA for 2015 and 2016, which resulted in differences of SR161,362 and were settled.

The Company obtained zakat assessments from the Zakat, Tax and Customs Authority for the year 2017 at SR5,134,353 and for the year 2018 at SR8,928,145. The Company objected to the zakat assessments and its objections were rejected. It is in the process of re-appealing the case. The Management created a provision for the entire amount for 2017 to cover the liability. As for the year 2018, a provision was created for potential liabilities amounting to SR2,091,176 and a zakat advisor was assigned to study the position of the Company.

Each of the subsidiaries (Built Contracting Company, Painite Operations and Maintenance Company) obtained a zakat certificate for the year ended December 31, 2021, which is valid until April 30, 2023.

Lak Investment and Trade Company is being registered with the Zakat, Tax and Customs Authority.

Built Contracting Company received zakat assessments for 2015, 2016, 2017 and 2018, which resulted in differences of SR2,918,670. The Company set aside a provision in the full amount.

**18. Revenues**

	<u>For the six-month period ended on</u>	
	<u>30/06/2022</u> <u>(unaudited)</u>	<u>30/06/2021</u> <u>(unaudited)</u>
Revenue from sale of residential units - on the map	249,660,907	207,245,581
Revenue from construction	134,990,087	34,601,833
Sales revenue from construction materials sector	48,457,550	23,452,467
Revenue of sale of investment properties	31,190,012	117,175,863
Income from developing Al-Usaylah land (note 9)	25,139,085	-
Maintenance and operating revenue	1,549,407	476,693
Rental income from complexes	22,903,662	19,447,765
	<b><u>513,890,710</u></b>	<b><u>402,400,202</u></b>

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**19. Cost of revenue**

	For the six-month period ended on	
	30/06/2022 (unaudited)	30/06/2021 (unaudited)
Subcontractors cost	173,489,655	66,980,927
Cost of construction materials	112,577,540	68,539,772
Salaries, wages and related expenses	46,823,293	24,775,950
Cost of developed residential units	25,504,475	65,906,384
Cost of income from developing Alasilah land	19,810,702	-
Cost of sale of investment properties	15,612,516	113,600,206
Depreciation on right-of-use assets	9,888,217	9,471,155
Depreciation on investment properties (note 5)	6,193,453	3,970,147
Subscriptions and government fees	5,065,408	2,586,481
Depreciation of property and equipment	3,064,609	2,085,181
Maintenance and operation expenses - complexes	2,984,558	2,066,528
Bank fees	2,595,221	977,826
Rent	2,092,250	994,324
Maintenance and repair	1,999,859	1,830,257
Travel and transportation	1,044,407	122,376
Electricity, water, phone and fax	599,442	516,025
Other costs	2,660,742	5,487,307
	<b>432,006,347</b>	<b>369,910,846</b>

**20. Earnings per share**

Basic and diluted earnings (loss) per share is calculated by dividing the annual profit attributable to the Company's Shareholders by the weighted average number of shares issued as follows:

	For the six-month period ended on	
	30/06/2022 (unaudited)	30/06/2021 (unaudited)
Net profit for the period	30,012,529	73,486,487
Weighted average number of shares issued	50,000,000	50,000,000
<b>Basic and diluted earnings per share (SR)</b>	<b>0.60</b>	<b>1.47</b>

**21. Dividends**

On 9/8/2021, the Ordinary General Assembly No. (1) for the year 2021 approved the recommendations of the Board of Directors meeting held on 14/1/2021 regarding the following matters:

- 1- Distribution of cash dividends for 2020 at 50 halalas / share of the Company's shares, which amounted to SR36,811,420 shares in the year ended 2020.
- 2- Interim distribution of dividends to shareholders on a quarterly, biannually, and annually basis.
- 3- Allow the Company to invest the Shareholders' retained earnings for the benefit of the Company.

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**22. Segment reporting**

For the six-month period ended June 30, 2022

	Real Estate segment	Construction segment	Industrial segment	Service segment	Total
Revenue	307,316,384	156,567,369	48,457,550	1,549,407	513,890,710
Gross profit	19,915,759	46,509,505	15,316,600	142,499	81,884,363
Net profit / loss	(7,594,872)	26,221,615	12,076,278	(690,492)	30,012,529
Total assets	1,459,898,440	524,191,188	102,787,580	4,590,828	2,091,468,036
Total liabilities	1,101,338,703	378,180,207	63,591,995	4,195,279	1,547,306,184

For the six-month period ended June 30, 2021

	Real Estate Segment	Construction Segment	Industrial segment	Service segment	Total
Revenue	343,869,209	30,856,380	23,452,467	4,222,146	402,400,202
Gross profit	39,659,255	(10,658,510)	3,421,424	67,187	32,489,356
Net profit / loss	94,073,860	(21,363,830)	1,994,370	(1,217,913)	73,486,487
Total assets	1,526,562,516	444,684,813	73,799,458	6,849,473	2,051,896,260
Total liabilities	1,194,054,023	278,349,497	36,248,280	3,860,747	1,512,512,547

**23. Financial Instruments**

**Share capital management**

The Company's objectives when managing the share capital are to safeguard its ability to continue as a going concern, so that it can continue to provide returns for the Shareholders and benefits for other stakeholders, as well as maintaining an optimal capital structure that reduces the cost of share capital. The company, like other companies operating in the same field, monitors the share capital on the basis of the debt ratio.

This ratio is calculated by dividing the net debt by the total share capital. The net debt is calculated on the basis of total loans, as shown in the statement of financial position, less cash and cash equivalents. The debt ratio was as follows:

**Financial instruments and risk management**

The Group's activities are exposed to various financial risks including: Liquidity risk, credit risk, and market risk (include currency risk, fair value risk, cash flow of commission rate and price risk). The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

Group's financial instruments comprise financial assets (cash and cash equivalents, trade receivables, investments at fair value through profit or loss, and other receivables) and financial liabilities (banks - credit facilities, trade payables and other payables) and include the following risks:

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**23. Financial Instruments...(continued)**

**Liquidity risks**

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from the inability to sell a financial asset quickly at an amount close to its fair value. The Group manages and monitors liquidity risks on a regular basis to ensure that sufficient funds are available through bank facilities to meet any future commitments.

The Group's terms of sales stipulate that payments are made in cash upon delivery of the goods or on a credit sale basis according to credit terms whose payment term usually ranges between 30 to 180 days.

All current liabilities are expected to be settled within 12 months as of the date of the financial statements. Trade payables are usually settled within 30-60 days as of the purchase date.

**Credit risks**

A credit risk refers to the risk that a customer or a counter party in a financial instrument will default on its contractual obligations resulting in financial loss to the Group and arises principally from the cash at banks and receivables. The Group minimizes credit risks associated with receivables by establishing procedures for credit limits for each customer and monitoring outstanding receivables in line with a set of procedures and policies. Cash is deposited with high credit rated banks.

**Market risk**

Market risk is the risk of fluctuations in a financial instrument due to changes in prevailing market prices such as foreign exchange rates, interest rates, and equity rates, which affect the Group's income or the value of its financial instruments. Market risk management aims to manage and control market risk exposure within acceptable parameters while maximizing returns.

The Group is exposed to the following market risks:

**Currency risk**

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates affecting foreign currency payments and receipts along with assessment of assets and liabilities in foreign currencies.

The Group is subject to fluctuations in foreign exchange rates in the normal course of its business. The Management regularly monitors changes in foreign exchange rates and manages the impact on the financial statements.

**Fair value risk**

Fair value is the amount for which an asset could be exchanged, or a liability settled between knowledgeable, willing parties in an arm's length transaction. Since the Group's financial statements are prepared under the historical cost principle, differences may arise between the carrying amount and the fair value estimates. The Group's Management believes that the fair value of the Group's financial assets and liabilities approximates their balances carried forward.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

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**23. Financial Instruments...(continued)**

**Fair value risk...(continued)**

When measuring fair value, the Group uses observable market information whenever possible. Fair values are categorized into different levels in the fair value hierarchy based on the inputs used in the valuation methods as follows:

**Level 1:** Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

**Level 2:** Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);

**Level 3:** Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

If multiple inputs used to measure fair value are categorized into different levels of the fair value hierarchy, the fair value measurement is categorized in its entirety in the level of the lowest level input that is significant to the entire measurement.

The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period in which the change occurred. During the period there were no transfers between the fair value levels of Level 1 and Level 2.

Where the Group's financial instruments are grouped according to the historical cost principle, except for investments and derivative financial instruments charged at the fair value, differences may arise between the carrying amount and the fair value estimates. The management believes that the fair value of the Group's financial assets and liabilities are not materially different from their carrying amount.

**The financial assets measured at fair value are as follows:**

**For the period ended June 30, 2022**

<b>Assets</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Financial assets at fair value through other comprehensive income	91,390,000	-	-	91,390,000
Investments at fair value through profit or loss	37,835,000	-	-	37,835,000

**For the year ended December 31, 2021**

<b>Assets</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Financial assets at fair value through other comprehensive income	94,240,000	-	-	94,240,000
Investments at fair value through profit or loss	45,352,218	-	-	45,352,218

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(All amounts in Saudi Riyals unless otherwise stated)

**24. Covid-19 updates**

The spread of the corona virus (covid-19) pandemic was confirmed at the beginning of 2021, causing disruption to business and economic activities around the world, including the Kingdom of Saudi Arabia, which took precautionary measures to encounter the adverse effects of the pandemic.

The extent of the impact of the covid-19 pandemic on the Company's business, operations and financial results is something which the Company's Management believes. However, the amounts are not specified and depend on myriad factors and future developments. This required the Group's Management to reassess the assumptions, estimates and primary sources applied to the financial statements for the year ended December 31 2021 and the Company's interim condensed special purpose separate financial statements for the period ended June 30, 2022.

During the period, and in the light of the discovery of vaccines for this pandemic and the reducing impact resulting from that pandemic, the Management assessed all the effects on the Company's operations and activities. Based on this assessment, there was no need to make any material adjustments to the interim condensed consolidated financial statements for the period ended June 30, 2022.

The Group continues to closely monitor the developments of this pandemic, although the Management at this time is not aware of any expected factors that may change the impact of the pandemic on the Group's operations during or after 2022.

**25. Comparative figures**

Certain figures for the previous year have been reclassified to conform to the presentation of the financial statements in the current year.

**26. Events subsequent to interim condensed consolidated financial statements date**

On 02/01/1444 H corresponding to 08/28/2022, the Extraordinary General Assembly (the first meeting) approved the amendment of Article (2) of the Company's Articles of Association related to (the name of the company) to become a public joint stock company. The amendment is being made to the commercial register and the Articles of Association.

Management believes that there are no significant subsequent events from the date of the interim condensed consolidated statement of financial position at June 30, 2022 until the date of approval of the financial statements that may have a material impact on the interim condensed consolidated financial statements.

**27. Approval of interim condensed consolidated financial statements**

The interim condensed consolidated financial statements for the six-month period ended June 30, 2022 were approved by the Board of Directors on September 6, 2022.