

**FIRST AVENUE REAL FOR ESTATE DEVELOPMENT COMPANY  
(SAUDI CLOSED JOINT STOCK COMPANY)**

**FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S  
REPORT FOR THE YEAR ENDED 31 DECEMBER 2023**

**FIRST AVENUE FOR REAL ESTATE DEVELOPMENT COMPANY**  
(SAUDI CLOSED JOINT STOCK COMPANY)

**FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT FOR THE YEAR  
ENDED 31 DECEMBER 2023**

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## INDEPENDENT AUDITOR'S REPORT

**To: The Shareholders**  
**First Avenue For Real Estate Development Company**  
 (Saudi Closed Joint Stock Company)

### Report on the Audit of the Financial Statements

#### **Opinion**

We have audited the financial statements of **FIRET AVENUE FOR REAL ESTATE DEVELOPMENT COMPANY**, Saudi closed joint stock company, (“the Company”), which comprise the statement of financial position as at 31 December 2023, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes accompanying the financial statements and including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2023, its financial performance and its cash flows for the year ended at that date in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by Saudi Organization for Chartered and Professional Accountants (SOCPA).

#### **Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under these standards are further described in the “Auditor’s Responsibilities for the Audit of the Financial Statements” section of our report. We are independent of the company in accordance with the professional code of conduct and ethics that are endorsed in the Kingdom of Saudi Arabia that are relevant to our audit of the Company’s financial statements and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants and regulations the Regulations for Companies and Company’s By-laws and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company’s ability to continue as a going concern, and disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations or has no realistic alternative but to do so.

Those charged with governance i.e. Board of Directors of the company are responsible for overseeing the Company’s financial reporting process.

#### **Auditor’s Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken based on these financial statements.

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

To: The Shareholders

First Avenue For Real Estate Development Company

(Saudi Closed Joint Stock Company)

### Report on the Audit of the Financial Statements (Continued)

#### **Auditor's Responsibilities for the Audit of the Financial Statements (Continued)**

As part of an audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Company.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosure is inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

#### **RSM Allied Accountants Professional Services**



**Mohammed Bin Farhan Bin Nader**

License No. 435

Riyadh, Saudi Arabia

15 Shawwal 1445 H (Corresponding to April 24, 2024)



**FIRST AVENUE FOR REAL ESTATE DEVELOPMENT COMPANY**  
(SAUDI CLOSED JOINT STOCK COMPANY)

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2023**

	Notes	31 December 2023 SAR	31 December 2022 SAR
<b>Assets</b>			
<b>Non-current assets</b>			
Property and equipment, net	5	139,787	186,624
Investment properties under development	6	86,447,988	9,356,311
Right of use assets, net	7	431,460	288,803
Investments at fair value through other comprehensive income	8	229,446,715	184,437,066
Payment to purchase intangible assets	9	179,195	-
<b>Total non-current assets</b>		<b>316,645,145</b>	<b>194,268,804</b>
<b>Current assets</b>			
Properties held for sale and under development	10	111,523,774	168,855,993
Due from related party	11	19,835,048	15,870,000
Unbilled revenue	15	9,362,941	16,529,774
Accounts receivables, prepaid expenses and other receivables	12	27,185,153	26,016,965
Cash at banks		14,212,801	6,892,296
<b>Total current assets</b>		<b>182,119,717</b>	<b>234,165,028</b>
<b>Total assets</b>		<b>498,764,862</b>	<b>428,433,832</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital	1	188,576,047	113,627,080
Share premium	13	18,135,427	74,948,967
Treasury shares	14	(20,464,177)	(2,328,750)
Statutory reserve	16	10,832,325	10,832,325
Fair value reserve		42,980,765	35,742,075
Retained earnings		88,178,958	48,924,742
<b>Total Equity</b>		<b>328,239,345</b>	<b>281,746,439</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Long-term loans – non-current portion	18	73,076,100	38,126,869
Lease liabilities – non- current portion	7	238,278	6,694,597
Employees' benefits obligations	17	922,479	601,668
<b>Total non-current liabilities</b>		<b>74,236,857</b>	<b>45,423,134</b>
<b>Current liabilities</b>			
Long-term loans- current portion	18	45,000,000	50,000,000
Lease liabilities - current portion	7	246,867	393,876
Billing in excess of revenues	15	9,554,838	-
Due to a related parties	11	6,463,843	5,789,327
Accounts payables, accrued expenses and other payables	19	32,321,798	42,829,759
Zakat provision	20	2,701,314	2,251,297
<b>Total Current Liabilities</b>		<b>96,288,660</b>	<b>101,264,259</b>
<b>Total liabilities</b>		<b>170,525,517</b>	<b>146,687,393</b>
<b>Total Equity and Liabilities</b>		<b>498,764,862</b>	<b>428,433,832</b>

The accompanying notes from (1) to (32) form an integral part of these financial statements.

**FIRST AVENUE FOR REAL ESTATE DEVELOPMENT COMPANY**  
(SAUDI CLOSED JOINT STOCK COMPANY)

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2023**

<b>Profit or loss</b>	Notes	<b>2023</b> <b>SAR</b>	2022 SAR
Revenue	29	<b>237,845,342</b>	204,650,600
Cost of revenue	29	<b>(188,290,776)</b>	(153,578,307)
<b>Gross profit</b>		<b>49,554,566</b>	51,072,293
General and administrative expenses	21	<b>(14,839,052)</b>	(5,065,805)
<b>Net profit from main operations</b>		<b>34,715,514</b>	46,006,488
Unrealized profits from revaluation of investment properties under development	6	<b>9,670,588</b>	-
Gains on the sale of an investment at fair value through profit or loss		-	827,496
Gains on the sale of the company's share in the associate company		-	30,077
Finance costs	22	<b>(253,246)</b>	(1,929,458)
Other income		<b>520,223</b>	27,198
<b>Net profit for the year before zakat</b>		<b>44,653,079</b>	44,961,801
Zakat	20	<b>(2,701,314)</b>	(2,251,297)
<b>Net profit for the year</b>		<b>41,951,765</b>	42,710,504
<b><u>Other comprehensive income items</u></b>			
<b>Items that are not subsequently reclassified to profit or loss statement</b>			
Realized profits from investment sales at fair value through other comprehensive income	8	<b>7,614,278</b>	2,679,887
Unrealized revaluation gains on financial investments at fair value through other comprehensive income	8	<b>7,238,690</b>	28,713,024
Losses on remeasurement employees' benefits obligations	17	<b>(136,827)</b>	(91,684)
<b>Total other comprehensive income for the year</b>		<b>14,716,141</b>	31,301,227
<b>Total comprehensive income for the year</b>		<b>56,667,906</b>	74,011,731
<b>Earnings per share:</b>			
Basic and diluted share of net profit for the year	23	<b>0.25</b>	0.28
Weighted average number of shares		<b>170,440,620</b>	152,157,621

The accompanying notes from (1) to (32) form an integral part of these financial statements.

**FIRST AVENUE FOR REAL ESTATE DEVELOPMENT COMPANY**  
(SAUDI CLOSED JOINT STOCK COMPANY)

**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER 2023**

	Share capital SAR	Share premium SAR	Treasury shares SAR	Statutory reserve SAR	Fair value reserve SAR	Retained earnings SAR	Total Equity SAR
Balance as at 1 Jan 2022	100,000,000	-	-	6,561,275	7,029,051	7,897,085	121,487,411
Net profit for the year	-	-	-	-	-	42,710,504	42,710,504
Other comprehensive income for the year	-	-	-	-	28,713,024	31,301,227	31,301,227
Total comprehensive income for the year	-	-	-	-	28,713,024	45,298,707	74,011,731
Increase in share capital (note 1)	13,627,080	-	-	-	-	-	13,627,080
Share premium	-	74,948,967	-	-	-	-	74,948,967
Purchase of treasury shares	-	-	(2,328,750)	-	-	-	(2,328,750)
Transfer to statutory reserve	-	-	-	4,271,050	-	(4,271,050)	-
<b>Balance as at 31 December 2022</b>	<b>113,627,080</b>	<b>74,948,967</b>	<b>(2,328,750)</b>	<b>10,832,325</b>	<b>35,742,075</b>	<b>48,924,742</b>	<b>281,746,439</b>
<b>Balance as at 1 January 2023</b>	<b>113,627,080</b>	<b>74,948,967</b>	<b>(2,328,750)</b>	<b>10,832,325</b>	<b>35,742,075</b>	<b>48,924,742</b>	<b>281,746,439</b>
Net profit for the year	-	-	-	-	-	41,951,765	41,951,765
Other comprehensive income for the year	-	-	-	-	7,238,690	7,477,451	14,716,141
Total comprehensive income for the year	-	-	-	-	7,238,690	49,429,216	56,667,906
Share capital increase from share premium (note 13)	74,948,967	(56,813,540)	(18,135,427)	-	-	-	-
Dividend (note 25)	-	-	-	-	-	(10,175,000)	(10,175,000)
<b>Balance as at 31 December 2023</b>	<b>188,576,047</b>	<b>18,135,427</b>	<b>(20,464,177)</b>	<b>10,832,325</b>	<b>42,980,765</b>	<b>88,178,958</b>	<b>328,239,345</b>

The accompanying notes from (1) to (32) form an integral part of these financial statements.

**FIRST AVENUE FOR REAL ESTATE DEVELOPMENT COMPANY**  
(SAUDI CLOSED JOINT STOCK COMPANY)

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 DECEMBER 2023**

	2023 <u>SAR</u>	2022 <u>SAR</u>
<b>Operating activities</b>		
Net profit for the year before zakat	44,653,079	44,961,801
<b>Adjustments to reconcile net profit for the year before Zakat:</b>		
Depreciation of property and equipment	95,082	103,792
Amortization of right of use assets	430,921	507,241
Gain on termination of lease contract	(899,455)	-
Elimination leases contract	379,232	-
charge from impairment other debt	1,604,925	-
Gains on sales of investments at fair value through profit or loss	-	(827,496)
unrealized profits from revaluation investment properties under development	(9,670,588)	-
Gains on sale of the company's share in the associate company	-	(30,077)
Finance costs	253,246	1,929,458
Charge for employees' benefits obligations	180,956	144,508
Gains on sale of investment properties under development	(1,175,214)	-
	<u>35,852,184</u>	<u>46,789,227</u>
<b>Change in operating assets and liabilities</b>		
Real estate held for sale and under development	57,332,219	(54,173,389)
Unbilled revenue	7,166,833	(14,171,561)
Invoices issued in excess of revenues generated	9,554,838	-
Due from related party	2,034,952	(15,508,613)
Accounts receivable, prepaid expenses and other receivables	(2,773,113)	(20,418,106)
Accounts payable, accrued expenses and other payables	(10,507,961)	20,797,228
Due to related party	674,516	5,789,327
<b>Generated from /used in</b>	<u>99,334,468</u>	<u>(30,895,887)</u>
Paid of finance costs	(69,040)	(1,672,092)
Paid of zakat provision	(2,251,297)	(1,760,704)
Paid of employee benefit obligations	(26,338)	-
<b>Net cash Provided /(used)from operating activities</b>	<u>96,987,793</u>	<u>(34,328,683)</u>
<b>Investment Activities</b>		
Payment for addition of property, and equipment	(48,245)	(51,388)
Additions of investment at fair value through other comprehensive	(62,806,679)	(45,800,000)
Additions of investments at fair value from profit or loss	-	3,484,826
Additions of intangible assets	(179,195)	-
Proceeds from disposals of investment in an associate company	-	159,000
Additions to investment properties - under development	(78,793,298)	(2,808,888)
Proceeds of investment at fair value through other comprehensive	32,649,998	32,500,000
<b>Net cash (used in) investment activities</b>	<u>(109,177,419)</u>	<u>(12,516,450)</u>
<b>Financing activities</b>		
Treasury shares	-	(2,328,750)
Paid of lease liabilities	(264,100)	(629,000)
Dividends	(10,175,000)	-
Proceeds of long-term loans	79,949,231	118,576,101
Paid of long-term loans	(50,000,000)	(72,640,000)
<b>Net cash provided from financing activities</b>	<u>19,510,131</u>	<u>42,978,351</u>
Net change in cash at banks	7,320,505	(3,866,782)
Cash at banks at the beginning of the year	6,892,296	10,759,078
<b>Cash at banks at the end of the year</b>	<u>14,212,801</u>	<u>6,892,296</u>
<b>Non-cash transactions:</b>		
Increasing capital from the share premium	74,948,967	-
Revenues from the sale of investment properties under development in Against due from a related party	6,000,000	-
Additions of the right to use assets in exchange for the obligation of lease contracts	386,078	-
Increase in capital through contributions in investments at fair value through other comprehensive income	-	13,627,080
Share premium through contributions in investments at fair value through other comprehensive income	-	74,948,967

The accompanying notes from (1) to (32) form an integral part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2023**

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**1- ORGANIZATION AND ACTIVITIES**

**First Avenue for Real Estate Development Company “the Company”**, a Saudi closed joint stock company, registered in the Kingdom of Saudi Arabia under Commercial Registration No. 1010894153 issued in Riyadh at 2 Dhul Hijjah 1438H (corresponding to 24 August 2017).

The company's main activities in the general construction of non-residential buildings such as (schools, hospitals, hotels ... etc.), public construction of residential buildings, restorations of residential and non-residential buildings, demolition and removal of buildings, etc., management and rental of owned or rented (residential) real estate, and management and rental of owned or rented (non-residential) real estate

On Dhu al-Hijjah 19, 1441H (corresponding to August 9, 2020), the partners in First Avenue Real Estate Development Company (a limited liability company) decided to increase the company's capital from 500,000 SAR to 5,000,000 SAR, divided into 5,000 cash shares of equal value, each worth 1,000 SAR, the company obtained the necessary approvals from the Ministry of Commerce and Investment, and the commercial records and the company's articles of incorporation were amended.

On 12 Jumada III 1442 (corresponding to 26 January 2021), the legal entity of the company was amended from a limited liability company to a closed Saudi joint stock company with its rights and obligations with the company to keep the company's name and the number and date of the commercial register with the same capital of SAR 5,000,000 divided into 500,000 shares of equal value of SAR 10 each.

Based on the circular issued by the Saudi Organization for Auditors and Accountants related to the continuity of the financial year of companies as the company's activity is an extended activity Accordingly, the company continued to prepare its financial statements without modification, as the conversion of the legal entity did not lead to the emergence of a new accounting unit.

On 18 Dhu al-Qa'dah 1442 (corresponding to 28 June 2021), the Extraordinary General Assembly was held which recommended increasing the company's capital by SAR 40 million by transferring an amount of SAR 6 million of the outstanding balance to First Avenue Investment Company (shareholder), representing 600,000 shares and an amount of SAR 34 million of the outstanding balance to Mr. Nader Hassan Al-Omari by entering him as a shareholder in the company. It represented 3,400,000 shares, and during the year, the legal procedures were completed, the company's articles of association were amended, and the company's shareholders' register was updated to bring the company's capital to SAR 45 million divided into 4,500,000 shares of SAR 10 each.

On 6 Safar 1443 (corresponding to 13 September 2021), the Extraordinary General Assembly was held and decided to increase the company's capital from SAR 45 million to SAR 100 million by depositing a cash amount of SAR 55 million in the company's accounts, and during the year the legal procedures were completed, the company's articles of association were amended, and the company's shareholders' register was updated to become the company's capital of SAR 100 million, divided into 10,000,000 shares of SAR 10 each.

On 28 Rabi' Al-Thani 1444H (corresponding to 22 November 2022), the Extraordinary General Assembly was held and decided to increase the company's capital from SAR 100 million to SAR 113,627,080 million by accepting the in-kind contribution of units in Al-Shorfa Investment Fund, and the current shareholders waived the priority of subscribing to the shares of the in-kind increase. Legal procedures, amending the company's basic articles of association and updating the company's shareholders' register to reach the company's capital of SAR 113,627,080 million divided into 11,362,708 shares of SAR 10 each.

On Dhul-Qi'dah 18, 1444 AH (corresponding to June 7, 2023), the extraordinary general assembly was held and decided to reduce the nominal value of the share from 10 SAR per share to 1 SAR, so that the number of shares after the reduction became 113,627,080 shares.

On Dhul-Qi'dah 18, 1444 H (corresponding to June 7, 2023), the extraordinary general assembly was held and decided to increase the company's capital from 113,627,080 SAR to 188,576,047 SAR, by distributing one bonus share for every two shares owned by the shareholders registered in the company's records on the day of the meeting, by transferring The amount of 74,948,967 SAR from the issue premium account to the capital includes the allocation of an amount of 18,135,427 SAR for the issuance of 18,135,427 treasury shares. During the period, the legal procedures were completed, the company's articles of association were amended, and the company's shareholder register was updated, so that the company's capital became 188,576,047 SAR, divided into 188,576,047 shares, the value of each. Of which 1 Saudi riyal, the capital as of December 31, 2023 amounted to 188,576,047 SAR (2022: 113,627,080 SAR).

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2023**

**1- ORGANIZATION AND ACTIVITIES (CONTINUED)**

The address of the head office of the company is 6957 Riyadh 13512 - 32447, Kingdom of Saudi Arabia - Riyadh - Hittin District - Prince Turki bin Abdulaziz Al Awal Street - P.O. Box 2447 - Zip Code 13512

**2- BASIS FOR THE PREPARATION OF FINANCIAL STATEMENTS**

**2.1 STATEMENT OF COMPLIANCE**

The financial statements have been prepared in accordance with the International Financial Reporting Standard approved in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA).

**2.2 PREPARATION OF FINANCIAL STATEMENTS**

The financial statements have been prepared on a historical cost if IFRS don't require the use of another measurement base, as indicated in the applied accounting policies (Note 4), and in accordance with the accrual principle and going concern.

**2.3 FUNCTIONAL AND PRESENTATION CURRENCY**

The items in the financial statements appear in Saudi Riyals, which is the operating and disclosure currency.

**3- NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS**

The International Accounting Standard Board (IASB) has issued following accounting standards, amendments, which were effective from periods on or after January 1, 2023. The management has assessed that the amendments have no significant impact on the Fund's interim condensed financial statements.

IFRS 17, 'Insurance contracts' This standard replaces IFRS 4, which permits a wide variety of practices in accounting for insurance contracts.

Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8. The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.

Amendment to IAS 12 – deferred tax related to assets and liabilities arising from a single transaction - requires companies to recognize deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences.

**Standards and amendments issued but not yet effective**

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the company financial statements are disclosed below. The company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

<b>Effective for annual financial periods beginning on or after</b>	<b>Standard, amendment or interpretation</b>	<b>Summary of requirements</b>
1 January 2024	Amendments to IAS 1, Presentation of financial statements', on classification of liabilities	These narrow-scope amendments to IAS 1, 'Presentation of financial statements', clarify that liabilities are classified as either current or noncurrent, depending on the rights that exist at the end of the reporting period and non-current liabilities with covenants
1 January 2024	Amendments to IFRS 16 - Lease Liability in a Sale and Leaseback	The amendments require seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognize any amount of the gain or loss that relates to the right of use it retains.
1 January 2024	Amendments to IAS 7 and IFRS 7	Disclosures enhancement for supplier finance arrangements on the entity's liabilities.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2023**

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**1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The following is a summary of the most important accounting policies followed by the company:

**Use of judgments and estimates**

The preparation of financial statements in accordance with International Financial Reporting Standards in force in the Kingdom of Saudi Arabia requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the declared amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on past experience and many other factors believed to be reasonable under current circumstances, the results of which form the basis for making provisions regarding the carrying value of assets and liabilities that are not readily apparent from their sources. Actual results may differ from those estimates.

Estimates and associated assumptions are reviewed on an ongoing basis. Adjustments to accounting estimates are recognized with future effect.

The following is information on assumptions and estimates that have a material impact on the amounts included in the financial statements:

**- Impairment of non-financial assets**

Impairment exists when the carrying value of an asset or Cash Generating Unit ("CGU") exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation are based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a Discounted Cash Flow ("DCF") model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future net cash-inflows and the growth rate used for extrapolation purposes.

**-Fair value measurements of financial instruments including derivative financial instruments**

When the fair value of the financial assets and liabilities in the statement of financial position cannot be measured based on Quoted prices in an active market, IFRS require those assets or liabilities to be measured based on fair value, their fair value is determined using valuation techniques including using the present value of expected cash flows or any other techniques as stated in IFRS 13. The inputs to these techniques are taken from active markets, where possible. However, if this is not possible, a degree of judgment is required to determine the fair value and such estimates take liquidity risk, credit risk and volatility into account. Changes in the assumptions relating to these factors can affect the reported fair value of the financial instruments.

**- Employees' benefits obligations**

Post-employment defined benefits and the current value of those benefits are determined using actuarial valuations. The actuarial valuation includes further assumptions regarding variables that are required such as discount rates, rate of salary increase and returns on assets, mortality rates, increase in future pensions. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit liability is highly sensitive to changes in these assumptions. All actuarial assumptions are reviewed at the date of every statement of financial position.

**- Derecognition**

Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2023**

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**4- 1-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**- Fair Value**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value definition includes the assumption that the Company will continue its operations where there is no intention or condition to physically limit the volume of its operations or conduct a transaction with negative terms.

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: Quoted market prices in active markets for identical assets.

Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

**Classification of assets and liabilities from "current" to "non-current"**

• The Company presents assets and liabilities in the statement of financial position on a current / non-current basis. The assets are current as follows:

- When it is expected to be realized or is intended to be sold or consumed during the normal cycle of operations.
- If it is acquired primarily for the purpose of trading.
- When it is expected to be realized within twelve months after the fiscal year, or
- When they are cash and cash equivalents unless there are restrictions on their replacement or use to pay any liabilities for a period of not less than twelve months after the financial year.
- All other assets are classified as "non-current".

• All liabilities are currently as follows:

- When it is expected to be paid during the normal business cycle
- If it is acquired primarily for the purpose of trading.
- When it matures within twelve months after the fiscal year, or
- When there is no unconditional right to defer the payment of liabilities for a period of not less than twelve months after the financial year.
- All other liabilities are classified as "non-current"

**Property, and equipment**

Property, and equipment are stated at cost less accumulated depreciation, except for lands. Expenditures on maintenance and repairs are expensed, while expenditures for improvements are capitalized. Depreciation is computed using the straight-line method based on the estimated useful lives of the assets. Lands are not depreciated. Leasehold improvements are being amortized on a straight-line basis over the shorter of useful life or lease period. Sold or disposed of assets and their accumulated depreciation are written-off at the date of sale or disposal.

The annual estimated rates of depreciation of the principal classes of assets are as follows:

<u>Statement</u>	<u>Depreciation %</u>
Computer	25%
Furniture and fixture	20%
Electrical devices	20%

The useful life and depreciation method are reviewed periodically to ensure that the method and period of depreciation are commensurate with the expected economic benefits from property, and equipment.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2023**

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**4 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Investment properties**

Real estate investments include (lands, buildings, part of buildings, lands, or both) held by the Group for lease or capital appreciation, or both. Investment properties are measured at cost, net of accumulated depreciation and any impairment losses, if any. Depreciation is calculated based on the amount subject to depreciable, which is the cost of the asset or any other amount less residual amount. Leased assets are depreciated over the shorter of the lease term and their useful lives, unless it is reasonably certain that the Group will acquire the property at the end of the lease term. Cost is depreciated by the straight-line method over the estimated useful lives of the assets. When parts of a real estate investment have different useful lives, they are accounted for as separate items. The cost of replacing a part of an item of investment property is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group, and its cost can be measured reliably. The carrying amount of that part is derecognized. The daily service cost of investment property is recognized in the statement of profit or loss.

Capital work-in-progress are stated at cost which represent construction works at the Group's project, including consultancy, demolition, site development, rocks removal, construction works and other costs related to assets that are ready to be transferred to the location and to get ready for their intended use. Gains or losses on the disposal of an investment property (which represent the difference between sales proceeds and carrying amounts of disposed investment property) are recognized in the statement of profit or loss.

**Properties held for sale and under development**

All properties for sale and under development are initially measured at acquisition cost and subsequently measured at cost or net realizable value, whichever is lower. This item mainly consists of projects in progress and lands under development in order to sell them in the normal course of business, rather than keeping them for the purpose of leasing or waiting for an increase in their capital value. Cost includes all costs directly attributable to Properties held for sale and under development including direct cost of materials, direct labor costs, borrowing costs and indirect expenses incurred in bringing the development properties to their present location and condition. Impairment is tested by comparing net realizable value, which is the estimated selling price less all estimated costs of completion and selling costs to be incurred.

**Impairment**

An impairment loss, if any, is recognized in the statement of profit or loss for the amount in excess of the asset's carrying amount over its net realizable value. If the impairment loss is subsequently reversed, then the carrying amount of the asset (or the cash-generating unit) is increased to the revised recoverable amount of that asset, provided that the carrying amount after the increase does not exceed the carrying amount that would have been determined had it not been done. Proof of impairment loss for that asset (or cash-generating unit) in previous years. The reversal of the impairment loss is recognized as revenue immediately in the statement of profit or loss.

**Impairment of Assets**

At the end of each reporting period, the Company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in the statement of comprehensive income.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in the statement of comprehensive income.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2023**

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**4-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Financial Instruments**

Financial assets and financial liabilities are recognized when the company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that relate directly to the purchase or issue of financial assets and liabilities (other than financial assets and financial liabilities at fair value through the statement of comprehensive income) are added to the fair value of financial assets and financial liabilities or deducted from them, as appropriate, upon initial recognition. Transaction costs that are directly related to the purchase of financial assets and liabilities and are measured at fair value through the statement of profit or loss are recognized directly in the statement of comprehensive income.

**First: Financial assets**

Financial assets are classified into the following specified categories: Financial assets 'at fair value through comprehensive income, financial assets measured at fair value through other comprehensive income, and financial assets measured at amortized cost. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. A regular way purchase or sale of financial assets is recognized using trade date. A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned

**A) Financial assets at fair value through profit or loss**

Financial assets are classified at fair value through comprehensive income if they are held for trading or voluntarily chosen to be classified so. Financial assets are classified as held for sale if:

- If they were acquired mainly to be sold in the near future.
- If they represent a known portfolio of financial instruments managed by the Company and include the actual pattern of a financial instrument that generates profits in the short term.
- If they represent a derivative but are not classified or effective as a hedging instrument.

Financial assets measured at fair value through the statement of comprehensive income are stated at their fair value, and any gains or loss resulting from the revaluation is recognized in profit or loss.

Net profit includes any dividends or interest due from the financial asset and is included in the statement of comprehensive income.

**B) Financial assets measured at fair value through other comprehensive income**

Investments in stocks portfolios are classified at fair value through other comprehensive income. Gains and losses arising from changes in fair value are included in the statement of other comprehensive income and are added to the statement of accumulated changes in fair value of investments within equity other than impairment losses which are included in the statement of comprehensive income. If the investment is disposed off or suffered an impairment, profits and losses resulting from the previous evaluation which was recognized in the investment revaluation reserve are included in the statement of other comprehensive income.

Dividend income from investments is recognized in equity instruments at fair value through other comprehensive income when the Company's right to receive payment has been established and is shown as income in the statement of comprehensive income unless dividends clearly represent a recovery of part of the investment cost. Other profits and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

**C) Financial assets measured at amortized cost**

Accounts receivable, including trade and other receivables, bank balances and cash are measured at amortized cost using the effective interest method less any impairment loss and charged to the profit or loss.

Interest income is determined using the effective interest rate, except for short-term receivables when the discount effect is insignificant.

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2023**

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**4-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Second: Financial liabilities:**

Financial liabilities (including loans and accounts payable) are measured subsequently at amortized cost using the effective interest method.

The Company derecognizes financial liabilities when, the Company's obligations are discharged, canceled, or have expired. The difference between the carrying amount of disposed financial liabilities and the amount paid is charged to the statement of comprehensive income.

**Effective interest rate method**

The effective interest method is an accounting practice used for calculating the amortized cost of a debt instrument and for distributing interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received, which form an integral part of the effective interest rate, transaction costs, installments, or other discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

**Receivables**

Accounts receivable are stated at the original invoice amount less the expected credit loss allowance. The provision for expected credit losses is established when there is objective evidence that the company will not be able to collect the amounts due according to the original terms of the receivables. Bad debts are written off when identified against the related provisions. The provisions are charged to the statement of profit or loss. Any subsequent recoveries of accounts receivable amounts that were previously written off shall be added to other income.

**Related party**

A related party is a person or entity associated with the company that prepares its financial statements.

A) If the person or a member of his family is closely related to the company whose financial statements are prepared:

- Has joint control or control over the company preparing its financial statements;
- It has a material impact on the company preparing its financial statements. or
- He is a member of the top management of the company whose financial statements are prepared or the parent company of the company that prepares its financial statements.

B) If the facility is related to the company that prepares its financial statements if any of the following conditions are fulfilled:

- The establishment and the company that prepares its financial statements are members of the same company (which means that both the parent company, subsidiaries and associates have a relationship with the other).
- One of the two companies is an associate or a joint venture of the other company (or an associate or a joint venture of a member of the company of which the other company is a member).
- Both companies are joint ventures of the same third party.  
One of the two companies is a joint venture of a third company and the other company is an associate of the third company.
- A company is a post-employment benefit plan for the employees of any company that prepares its financial reports or a company related to the company that prepares its financial statements. If the company preparing its financial statements is the same as preparing those plans, the sponsoring work sponsors are also related to the company that prepares its financial statements.
- The company is jointly controlled or controlled by a person specified in Paragraph (a).
- The person identified in paragraph (a) (1) has a material influence on the company or is a member of the top management in the company (or the parent company).
- The company or any member of the group provides part of the services of senior management employees of the company that prepares its financial statements or to the parent company of the company that prepares its financial statements.

**Cash and cash equivalents**

Cash represents cash in hand and bank balances, time deposits and other highly liquid short-term investments with original maturities of three months or less.

**Share premium**

The share premium is represented by the amounts accumulated in this account in the amounts received resulting from the difference between the issue price and the market value of the share as a result of the company's capital increase.

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
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**4-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Treasury Shares**

Treasury shares appear in a separate item subtracted from equity, treasury shares do not have the right to profits distributed to shareholders and do not have the right to vote in the general assembly meetings of the company, treasury shares appear at cost

**Leases**

**Company as a lessee**

The company recognizes an asset (right of use) and a lease liability on the start date of the lease. The asset (right of use) is initially measured at cost consisting of the initial amount of the lease liability adjusted for any lease payments made on or before the start date. (right of use) or the end of the lease term, whichever is earlier. The estimated useful lives of (right-of-use) assets are determined on the same basis as that of property, plant and equipment. In addition, the (right-of-use) asset is periodically reduced by impairment losses, if any.

The lease liability is initially measured at the present value of the lease payments that have not been made at the commencement date of the lease and discounted using the interest rate implicit in the lease or, if that rate is difficult to determine reliably, the Company uses the incremental borrowing rate.

**Short-term and low-value leases**

The Company has chosen not to recognize the assets (right of use) and lease liabilities for short-term leases of 12 months or less and low-value lease contracts, the Company recognizes the lease payments associated with these contracts as expenses in the statement of comprehensive income on a straight-line basis over a period lease.

**Leases (continued)**

**Company as lessor**

The company recognizes lease payments received under the lease contracts as income in the statement of comprehensive income on a straight-line basis over the term of the lease.

**Employee defined benefits liabilities**

**- End of service indemnities**

The end-of-service indemnity provision is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurements, comprising actuarial gains and losses, are reflected immediately in the statement of financial position with a charge or credit recognized in other comprehensive income in the period in which they occur and are not charged to the comprehensive income.

**- Retirement benefits**

The Company makes contributions for a defined contribution retirement benefit plan to the General Organization for Social Insurance in respect of its Saudi employees. These payments are expensed when incurred.

**- Short-term employee benefits**

Liabilities recognized in respect of short-term employee benefits related to wages and salaries are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

**Accounts payables, accrued expenses and other payables**

Liabilities are recognized for amounts to be paid in the future for services received, whether billed or not by suppliers.

**Value-added tax**

Expenses and assets are recognized net of the amount of value-added tax, except:

- When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- When receivables and payables are stated with the amount of sales tax included.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2023**

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**4-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Provisions**

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, the Company will probably be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured as per the best estimate of the consideration required to settle the present obligation at the date of the statement of financial position, considering the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, the receivable is recognized as an asset if the receipt and replacement of the amount are confirmed and the amount can be measured reliably.

**Dividends**

Dividends to stockholders are recognized as a liability in the statement of financial position at the time of their approval by the shareholders.

**Short-term loans**

Loans are recognized initially at fair value (being the proceeds received) less transaction costs, if any. After initial recognition, long-term loans are measured at amortized cost, using the effective interest rate method. Any difference between the proceeds (less transaction costs) and the amount recovered is recognized in the statement of comprehensive income over the term of loans, using the effective interest method. Loans are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for a period of not less than 12 months, after the reporting period.

**Zakat provision**

Zakat is a liability on the Company and included in the accompanying financial statements in. Zakat is charged to the statement of profit or loss on an accrual's basis, in accordance with the Zakat standard issued by the Saudi Organization for Chartered and Professional Accountants.

The zakat charge is computed at year-end on Zakat base or adjusted net income whichever is higher, in accordance with the regulations of the Zakat, Tax and Customs Authority in Saudi Arabia.

Additional amounts that may become due on the finalization of an assessment are accounted for in the year in which the assessment is finalized.

**Offset**

Financial assets and financial liabilities are offset and the net amount presented in the consolidated statement of financial position when the Company has a legally enforceable right to set off the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

**Revenue**

Revenue on long-term contracts, where the outcome can be estimated reliably, is recognized under the percentage of completion method by reference to the stage of completion of the contracting activity. The stage of completion is measured by calculating the proportion costs incurred to date bear to the estimated total costs of a contract. Revenue on contracts where the outcome cannot be estimated reliably is recognized on the completed contract method. When the current estimate of total contract costs and revenues indicates a loss, provision is made for the entire loss on the contract irrespective of the amount of work done. The standard provides a five-step model for revenue recognition:

Step 1: Identify the contract with the customer.

Step 2: Identify the performance obligations in the contract.

Step 3: Determine the transaction price.

Step 4: Allocate the transaction price to the performance obligations in the contract.

Step 5: Recognize revenue when or as the entity satisfies a performance obligation.

- Revenue is recognized when the contractual obligations are performed, i.e. when control over goods or services related to the performance of a specified obligation is transferred to the customer and the customer can use goods without restrictions or benefit from services provided under the contract.
- Revenue from the sale of any by-products from industrial waste is recorded as other income in the comprehensive income.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2023**

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**4-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Real estate sale**

Real estate is developed and sold on completion and revenue is recognized to the extent that it is probable and the significant risks and ownership rights have been transferred to the buyer, which is assessed at the time the legal aspects of the unconditional sale or exchange are completed. Revenue is measured at the fair value of the consideration received

**The company fulfills the performance obligation and recognizes revenues over a period of time, if one of the controls is met:**

- The customer obtains the benefits resulting from the performance of the rakah and consumes those benefits at the same time, or
- The Company's performance leads to the creation or improvement of an asset controlled by the Client when the Asset is created or improved, or
- The company's performance does not lead to the establishment of an alternative use asset with the company, and the company has an enforceable right to receive the value of the performance completed to date.

For performance obligations, in the event that any of the above conditions are not met, revenue is recognized at a point in time at which the performance obligation is fulfilled. When the Company fulfills the obligation to perform by delivering the goods or providing the promised services, the Company creates a contractual asset based on the value of the price or compensation earned from the performance. Where the amount invoiced to the customer is higher than the amount of revenue recognized, this increases the value of the contract obligations.

**Revenue recognition**

Revenue from the sale of real estate for development is recognized when control of the property is transferred to the client and in some circumstances based on the passage of time, when the conditions are met in accordance with IFRS 15 paragraph 35 and in other circumstances the revenue is recognized at a certain point in time, when control is transferred to the client and he is able to directly use the property, this is usually when the customer has acquired the property.

**Contracts over time**

However, for its model contracts for the multi-unit property, the Company determined that its performance did not result in an alternative use for the Company, and concluded that at all times, it had an enforceable right to pay for performance performed to date. Control is therefore transferred over time for these contracts. For contracts that meet revenue recognition standards over time, a company's performance is measured using the input method, referring to the costs incurred to meet the performance obligation (e.g., resources consumed, hours worked, costs incurred, time spent or hours of machinery used) relative to the total expected inputs for the completion of real estate.

The Company excludes the impact of any costs incurred that do not contribute to the Company's performance in transferring control of goods or services to the Client (such as unforeseen amounts of wasted materials, labor or other resources) and adjusts the method of introduction for any costs incurred that are not commensurate with the pace of the Company's performance in fulfilling the performance obligation (such as unfixed materials).

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2023**

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**4-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Other income**

Other income is recognized when realized and recorded in the books.

**Expenses**

All direct expenses related to the realization of activity revenues charged to the cost of revenues are comprised, and the rest of the expenses are classified within the general and administrative expenses, and the common expenses are distributed between the cost of revenues and general and administrative expenses, according to fixed bases.

**Finance costs**

Finance costs directly attributable to construction or production of qualifying assets, which are assets that necessarily take a substantial period to get ready for their intended use are charged to the statement of comprehensive income.

**Board of Directors remunerations**

The remuneration of the members of the Board of Directors is recorded through the statement of comprehensive income.

**Contingent Liabilities**

Contingent liabilities are not recognized in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognized in the financial statements but disclosed when an inflow of economic benefits is probable.

**Foreign currency translation**

Foreign currency transactions are translated into Saudi Riyals at the rates of exchange prevailing at the time of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated at the exchange rates prevailing at that date. Gains and losses from settlement and translation of foreign currency transactions are included in the statement of profit or loss.

**Segment reporting**

The operational sector is one of the components of the company that:

- carries out activities that can generate income and incur expenses,
- The results of its operations are constantly analyzed by management in order to make decisions regarding the allocation of resources and evaluate performance, and
- Financial information is available.

The company's operational business is organized and managed independently according to the nature of the services provided, and each segment represents a strategic unit that offers different products to its own market. For administrative purposes, the company has been divided into two segments, as shown below:

- The company is engaged in the purchase and sale of land and real estate, which are part of the resulting revenue.
- Similarly, the company carries out contracting works represented in the general construction of residential and non-residential buildings, which form part of the resulting revenues.

A geographical sector is a group of assets, operations, or enterprises that engage in revenue-generating activities in a given economic environment and are exposed to risks and returns different from those operating in other economic environments. The company's operations are conducted in the Kingdom of Saudi Arabia.

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**5 - PROPERTY AND EQUIPMENT, NET**

	Computer SAR	Furniture and fixture SAR	Electrical devices SAR	Total SAR
<b>Cost</b>				
Balance as at 1 January 2023	273,658	202,708	15,662	492,028
Additions during the year	<b>38,815</b>	<b>9,430</b>	-	<b>48,245</b>
Balance as at 31 December 2023	<b>312,473</b>	<b>212,138</b>	<b>15,662</b>	<b>540,273</b>
<b>Accumulated depreciation</b>				
Balance as at 1 January 2023	121,260	173,888	10,256	305,404
Charged to the year (Note 21)	<b>67,845</b>	<b>24,104</b>	<b>3,133</b>	<b>95,082</b>
Balance as at 31 December 2023	<b>189,105</b>	<b>197,992</b>	<b>13,389</b>	<b>400,486</b>
<b>Net book value</b>				
As of 31 December, 2023	<b>123,368</b>	<b>14,146</b>	<b>2,273</b>	<b>139,787</b>

	Computer SAR	Furniture SAR	Electrical Appliances SAR	Total SAR
<b>Cost</b>				
Balance as at 1 January 2022	222,270	202,708	15,662	440,640
Additions during the year	51,388	-	-	51,388
Balance as at 31 December 2022	273,658	202,708	15,662	492,028
<b>Accumulated depreciation</b>				
Balance as at 1 January 2022	61,142	133,346	7,124	201,612
Charged to the year (Note 21)	60,118	40,542	3,132	103,792
Balance as at 31 December 2022	121,260	173,888	10,256	305,404
<b>Net book value</b>				
As of 31 December, 2022	152,398	28,820	5,406	186,624

**6 - INVESTMENT PROPERTIES UNDER DEVELOPMENT**

Investment properties under development represent properties owned by the company for the purposes of generating rental income or increasing capital value, or for both purposes. These projects are as follows:

<u>Project</u>	<u>Purpose</u>	<u>Number of units</u>	<u>Address</u>
Muhammadiyah Avenue	Establishment of a commercial/residential complex	(6) commercial shops, (9) offices, (52) residential apartments	Al-Muhammadiyah district in Riyadh.
La Perle Residential	Establishment of a residential complex	(120) apartment	Al-Shati neighbourhood in Jeddah.

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**6- INVESTMENT PROPERTIES UNDER DEVELOPMENT (CONTINUED)**

**The movement on investment properties under development as at 31 December 2023 as follows:**

	Land SAR	Projects under development SAR	Right to use assets * SAR	Total SAR
<b><u>Cost</u></b>				
Balance as at 1 January 2023	-	2,808,888	7,027,947	9,836,835
Additions during the year	74,367,150	4,426,148	-	78,793,298
Disposals during the year	-	(4,824,786)	(7,027,947)	(11,852,733)
Gains from revaluation of investment properties	9,670,588	-	-	9,670,588
<b>Balance as at 31 December 2023</b>	<b>84,037,738</b>	<b>2,410,250</b>	<b>-</b>	<b>86,447,988</b>
<b><u>Accumulated depreciation</u></b>				
Balance as at 1 January 2023	-	-	480,524	480,524
Charged during the year (Note 21)	-	-	224,978	224,978
Disposals during the year	-	-	(705,502)	(705,502)
<b>Balance as at 31 December 2023</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net book value				
<b>Balance as at 31 December 2023</b>	<b>84,037,738</b>	<b>2,410,250</b>	<b>-</b>	<b>86,447,988</b>

**The movement on investment properties under development is represented by the assets of the right of use as at 31 December 2022 and is as follows:**

	Projects underdevelopment SAR	Right of use assets* SAR	Total SAR
<b><u>Cost</u></b>			
Balance as at 1 January 2022	-	7,027,947	7,027,947
Additions during the year	2,808,888	-	2,808,888
Balance as at 31 December 2022	2,808,888	7,027,947	9,836,835
<b><u>Accumulated depreciation</u></b>			
Balance as at 1 January 2022	-	139,153	139,153
Charged during the year (Note 21)	-	341,371	341,371
Balance as at 31 December 2022	-	480,524	480,524
Net book value			
Balance as at 31 December 2022	2,808,888	6,547,423	9,356,311

- On December 30, 2023, the Board of Directors decided to amend the policy for investment properties under development to the fair value model instead of cost, and no differences were generated that required amendment when amending the policy.

-The following are the measurement data for fair value in accordance with International Financial Reporting Standard No. 13, as shown below:

<b><u>Resident name</u></b>	<b><u>Evaluation methodology</u></b>	<b><u>Licensing number</u></b>	<b><u>Evaluator qualifications</u></b>
Ammar Al-Qahtani	Market method	1210000121	Licensed by the Saudi Authority for Certified Valuers (Taqeem)
Ghada Ali Al-Idrissi	Market method	1210000820	Licensed by the Saudi Authority for Certified Valuers (Taqeem)

- The valuation methods used are classified as level 2 fair value.

- Projects under development appeared at cost instead of fair value because the fair value of these projects cannot be measured in a reliable way during project implementation, and accordingly they are measured at cost until it becomes possible to measure the fair value in a reliable way when implementation is completed.

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**6-INVESTMENT PROPERTIES UNDER DEVELOPMENT(CONTINUED)**

- The land on Muhammadiyah Jada, located in Plan No. 1578/B, located in the Muhammadiyah neighborhood in the city of Riyadh, and what was built and what will be built on it was mortgaged in favor of Al Rajhi Bank according to deeds No. 298507042106, No. 998507042108, and No. 398507042109 (10/30/2023), a payment guarantee in the amount of 200 million SAR. (Note 18).
- The land of the Liberal Residential Project was mortgaged to Al Rajhi Bank, located in the Al Shati neighborhood in Jeddah, pursuant to deeds No. (398507042924) issued in the city of Riyadh on 5/21/1445 by the First Council of the Avenue Real Estate Development Company and with the approval of a guarantee from Mr. Nader bin Hassan bin Atallah Al Amri (shareholder). With First Avenue Real Estate Development Company's commitment to transfer all amounts until the full value of the loan is met, the mortgage amount is 27,550,000 SAR (Note 18).
- \*The right to use the assets is represented in the lease contract for a plot of land No. 1155 from Block No. 93 of Plan No. 2837 located in the Al-Aqiq neighborhood in the city of Riyadh, with an area of (1,000) square meters, according to deed No. 893487001592 dated 9/22/1442, rented from Mr. Nader Hassan. Atallah Al-Omari (shareholder), and on 27 July 2023, the company signed an assignment agreement with Mr. Nader Hassan Atallah Al-Omari (shareholder), whereby the company transferred the lease contract and projects under development in favor of First Avenue Investment Company in exchange for an amount of 6 million SAR. According to the agreement concluded at 1 August 2023

**7 -LEASE**

The following table shows the movement during the year on both right of use the assets and the lease liabilities:

**A- Movement on right of use assets**

	<b>31 December 2023</b>	31 December 2022
	<b>SAR</b>	SAR
<b><u>Cost</u></b>		
Balance at the beginning of the year	<b>842,001</b>	842,001
Additions during the year	<b>386,078</b>	-
Adjustments during the year	<b>(37,478)</b>	-
<b>Balance at the end of the year</b>	<b>1,190,601</b>	842,001
<b><u>Accumulated depreciation</u></b>		
Balance at the beginning of the year	<b>553,198</b>	387,328
Charged to the year (Note 21)	<b>205,943</b>	165,870
<b>Balance at the end of the year</b>	<b>759,141</b>	553,198
<b><u>Net book value</u></b>		
<b>As at the end of the year</b>	<b>431,460</b>	288,803

Lease Liabilities relate to the lease of land and buildings, and lease Liabilities are repaid over the term of the lease, which ranges from 5 to 20 years

**B- Movement on Lease liabilities**

	<b>31 December 2023</b>	31 December 2022
	<b>SAR</b>	SAR
Balance at the beginning of the year	<b>7,088,473</b>	7,472,125
Additions during the year	<b>386,078</b>	-
Disposals during the year (Note 6)	<b>(7,221,900)</b>	-
Amortization of interest during the year (Note 22)	<b>154,840</b>	245,348
Paid during the year	<b>(264,100)</b>	(629,000)
Adjustments during the year	<b>341,754</b>	-
<b>Balance as at the end of the year</b>	<b>485,145</b>	7,088,473
Non-current portion	<b>238,278</b>	6,694,597
Current portion	<b>246,867</b>	393,876

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**8 - INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME**

The financial investments at fair value through other comprehensive income are investments in equity funds and instruments, the movement on investments as at 31 December is as follows:

As at 31 December 2023						
Units	Balance at the beginning of the year SAR	Additions during the year SAR	Disposals during the year SAR	Unrealized gains SAR	Balance at the end of the year SAR	
Al-Shorfa Real Estate Investment Fund	14,117,902	165,602,096	33,455,000	-	7,911,352	206,968,448
Jada Real Estate Investment Fund	1,479,925	18,834,970	21,000,000	(25,035,720)	2,930,252	17,729,502
fund bloom 1	8,352	-	8,351,679	-	(3,602,914)	4,748,765
	<b>184,437,066</b>	<b>62,806,679</b>	<b>(25,035,720)</b>	<b>7,238,690</b>	<b>229,446,715</b>	
As at 31 December 2022						
Units	Balance at the beginning of the year SAR	Additions during the year SAR	Disposals during the year SAR	Unrealized gains SAR	Balance at the end of the year SAR	
Al-Shorfa Real Estate Investment Fund	11,476,237	37,133,138	129,576,047	(29,820,113)	28,713,024	165,602,096
Jada Real Estate Investment Fund	1,403,497	14,034,970	4,800,000	-	-	18,834,970
	<b>51,168,108</b>	<b>134,376,047</b>	<b>(29,820,113)</b>	<b>28,713,024</b>	<b>184,437,066</b>	

During the year, the company purchased 2,641,665.67 units in Al-Shurfa Investment Fund at a value of 33,455,000 SAR, of which 1,666,666.67 units were purchased at a price of 12 SAR per unit, worth 20,000,000 SAR, and 974,999 units were purchased at a price of 13.8 SAR per unit, worth 13,455,000 SAR. This is done by purchasing some shares Unit holders: During the year, the company also purchased 2,100,000 units in the Diriyah Avenue Investment Fund at a price of 10 SAR per unit, for a value of 21,000,000 SAR. It also purchased 8,351.68 units in Bloom Fund 1 at a price of 1,000 SAR per unit, with a value of 8,351,680 SAR.

The company sold 2,503,572 units, and the cost of the units sold amounted to 25,035,720 SAR, achieving profits of 7,614,278 SAR from the sale (2022: 2,679,887 SAR). The unit price in Al-Shurfa Investment Fund was evaluated at 14.62 SAR, and the unit price in Al-Shorfa Fund was evaluated. At a price of 14.66 SAR, the unit price in the Diriyah Avenue Investment Fund was evaluated at 11.98 SAR, and the unit price in the Bloom 1 Fund was evaluated at 568.6 as at December 31, 2023.

**9 – PAID TO PURCHASE INTANGIBLE ASSETS**

Payments for the purchase of intangible assets represent advance payments for the purchase of the accounting program, and the regulatory procedures related to their registration have not been completed to date, and the balance as at 31 December 2023 amounted to 179,195 SAR (31 December 2022: nothing).

**10- PROPERTIES HELD FOR SALE AND UNDER DEVELOPMENT**

This item consists mainly of projects under implementation for sale in the course of the company's normal business, and these projects are as follows:

<u>project</u>	<u>purpose</u>	<u>Number of units</u>	
Malacca Hills Riyadh	Establishing an apartment complex in the Al Majidiya Residence style	(57) Apartment for sale	Al-Malqa District in Riyadh
Al-Nakhil Avenue	Establishing an apartment complex in the Al Majidiya Residence style	(98) Apartment for sale	Al-Nakhil District in Riyadh
Malacca Najd 2	Establishing an apartment complex in the Al Majidiya Residence method	(63) Apartment for sale	Al-Malqa District in Riyadh
Al-Nakhil Oasis	Establishment of a residential complex	(24) Apartment for sale	Al-Nakhil District in Riyadh

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**10- PROPERTIES HELD FOR SALE AND UNDER DEVELOPMENT(CONTINUED)**

The movement of properties for sale and under development as at 31 December is as follows:

	<b>Lands*</b> <b>SAR</b>	<b>Development cost</b> <b>SAR</b>	<b>Total</b> <b>SAR</b>
Balance as at 1 January 2023	120,800,266	48,055,727	168,855,993
Additions during the year	-	<b>50,764,968</b>	<b>50,764,968</b>
Sales during the year *	<b>(55,761,455)</b>	<b>(52,335,732)</b>	<b>(108,097,187)</b>
<b>Balance as at 31 December 2023</b>	<b>65,038,811</b>	<b>46,484,963</b>	<b>111,523,774</b>
Balance as at 1 January 2022	108,852,923	5,829,681	114,682,604
Additions during the year	102,345,905	66,236,666	168,582,571
Sales during the year *	<b>(90,398,562)</b>	<b>(24,010,620)</b>	<b>(114,409,182)</b>
Balance as at 31 December 2022	120,800,266	48,055,727	168,855,993

\* During the year, the company sold real estate and lands according to the following schedule:

	<b>31 December 2023</b> <b>SAR</b>	31 December 2022 <b>SAR</b>
Proceeds from the sale of real estates and lands	<b>136,815,001</b>	147,109,741
Cost of sold real estate and lands (Note 29)	<b>(108,097,187)</b>	(114,409,182)
<b>Realized gains</b>	<b>28,717,814</b>	32,700,559

The Malacca Hills Riyadh land was mortgaged to Al Rajhi Bank, located in Block No. 17 of Plan No. 3175, pursuant to deed No. 398507017693 dated 6/21/1443 (corresponding to 1/24/2022), as a guarantee for payment of 30 million SAR, (Note 18).

The land of the Nakheel was mortgaged to the benefit of Alinma Bank, located in the western Nakheel neighborhood in the Riyadh region, pursuant to Instrument No. 293523004082 dated 9/23/1443 (corresponding to 4/24/2022), as a guarantee for payment of 100 million SAR, (Note 18).

**11- RELATED PARTY TRANSACTIONS**

The important transactions with related parties as at 31 December are as follows:

<b>Related Parties</b>	<b>Nature of the relationship</b>	<b>Nature of transactions</b>	<b>Transactions volume during the year ended</b>			
			<b>31 December 2023</b>		<b>31 December 2022</b>	
			<b>Debit</b>	<b>Credit</b>	<b>Debit</b>	<b>Credit</b>
		Payments-on-behalf-of	<b>65,588</b>	-	304,141	-
		Contractual benefits	<b>3,512,840</b>	-	1,209,172	517,500
		Dividends	-	<b>11,000,000</b>	-	-
Mr. Nader Hassan		Financing	<b>9,000,000</b>	-	-	75,000,000
Atallah Al-Omari	Shareholder	Payments	<b>65,588</b>	-	71,739,016	-
Dar Al Majid Real Estate Company	Shareholder	Cost of development contracts	<b>30,933,854</b>	-	111,360,250	-
		Payments	-	<b>36,710,954</b>	-	111,360,250
First Avenue for Real Estate Valuation Company	Affiliate	Payments-on-behalf-of	-	-	63,537	-
		Payments	-	-	-	63,537
Construction and Coordination Company	Affiliate	Cost of development contracts	<b>37,518,417</b>	-	3,093,361	-
		Payments	-	<b>27,841,760</b>	-	6,617,518
Beach Avenue Real Estate Company	Affiliate	Payments	-	-	-	361,387

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**11-RELATED PARTY TRANSACTIONS(CONTINUED)**

<u>Related Parties</u>	<u>Nature of the relationship</u>	<u>Nature of transactions</u>	<u>Transactions volume during the year ended</u>			
			<u>31 December 2023</u>		<u>31 December 2022</u>	
			<u>Debit</u>	<u>Credit</u>	<u>Debit</u>	<u>Credit</u>
		Payments-on-behalf-				
		of	-	-	1,544,898	-
First Avenue Investment Company	Shareholder	Cost contracts Payments	<b>6,900,000</b>	-	-	-
			-	<b>6,900,000</b>	-	1,544,898
		Cost of development contracts	<b>3,857,100</b>	-	-	10,896,250
Al Ra'ah Real Estate Company	Affiliate	Payments	-	<b>10,350,000</b>	546,250	-
Al-Shorfa Investment Fund	Affiliate	Operating Payments	<b>93,594,710</b>	-	41,924,000	-
			-	<b>83,186,762</b>	-	36,404,000

\* The affiliate represents related parties in which the shareholders or one of them owns shares, or those related parties which the company has representation in its management.

A- The balances due from related parties as at 31 December are as follows:

<u>Related Party</u>	<u>31 December 2023</u>	<u>31 December 2022</u>
	<u>SAR</u>	<u>SAR</u>
Al-Shorfa Investment Fund	<b>15,977,948</b>	5,520,000
Al Ra'ah Real Estate Company	<b>3,857,100</b>	10,350,000
	<b>19,835,048</b>	15,870,000

B-The balances due to a related party as at 31 December are as follows:

<u>Related Party</u>	<u>31 December 2023</u>	<u>31 December 2022</u>
	<u>SAR</u>	<u>SAR</u>
Dar Al Majid Real Estate Company	<b>5,777,100</b>	-
Mr. Nader Hassan Atallah Al-Omari*	<b>686,743</b>	2,265,170
Construction and Coordination Company	-	3,524,157
	<b>6,463,843</b>	5,789,327

\*On June 15, 2022, a short-term revolving loan agreement was concluded between First Avenue Real Estate Development Company and Mr. Nader Hassan Atallah Al-Omari (shareholder), in the amount of 40,000,000 SAR, in order to finance the company's capital and operational expenses, as the loan balance amounted to an amount of zero Saudi riyals ( 2022: 3,487,484 SAR. The loan is guaranteed by a promissory note, and by the First Avenue Real Estate Development Company's commitment to repay the value of the loan granted upon request, provided that the loan does not include any interest.

The movement on the short-term loan was as follows:

	<u>31 December 2023</u>	<u>31 December 2022</u>
	<u>SAR</u>	<u>SAR</u>
Balance at the beginning of the year	<b>3,487,484</b>	-
Collection during the year	-	6,000,000
Paid during the year	<b>(3,487,484)</b>	(2,512,516)
<b>Balance at the year end</b>	<b>-</b>	<b>3,487,484</b>

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**12- ACCOUNTS RECEIVABLES, PREPAID EXPENSES AND OTHER RECEIVABLES.**

	<b>31 December 2023</b>	31 December 2022
	<b>SAR</b>	SAR
Advance payments to suppliers And contractors	<b>21,836,421</b>	6,056,051
Retention	<b>3,863,100</b>	4,481,103
Other receivables balances Commission for the Land of Farouq*	<b>1,604,925</b>	1,604,925
Deduct: Provision for the decrease in other receivable balances	<b>(1,604,925)</b>	-
	<b>-</b>	1,604,925
Value Added Tax (VAT)	<b>942,681</b>	2,597,857
VAT Refund	<b>315,090</b>	2,155,534
Prepayment expenses	<b>77,466</b>	50,609
Accounts Receivables**	<b>73,476</b>	8,990,964
Others	<b>76,919</b>	79,922
	<b>27,185,153</b>	26,016,965

The movement of the allowance for impairment of other receivable balances is as follows:

	<b>31 December 2023</b>	31 December 2022
Charge during the year (Note21)	<b>1,604,925</b>	-
Balance at the year end	<b>1,604,925</b>	-

\*On October 15, 2023, an investment agreement was concluded in the land in Al-Farouq neighborhood between the heirs of His Highness Prince Mutaib bin Abdulaziz, King Abdulaziz, Dar Majid Real Estate Company, First Avenue Real Estate Investment Development Company, and the purchase of 83,204,320 SAR, with a 70% ownership percentage for Dar Majid Real Estate Company. And 30% to the First Avenue Real Estate Development Company. Work on the land was stopped after 1,604,925 SAR were paid to Mr. Salman bin Ibrahim All Masoud, and the exclusive deed was not completed until the date of preparing these financial statements.

\*\* The full amount of the receivable was obtained in the subsequent period.

**13- SHARE PREMIUMI**

The issue premium represents the amounts collected resulting from the difference between the issue price and the nominal value of the share as a result of increasing the company's capital.

at 28 Rabi al-Thani 1444 (corresponding 22 November 2022), the extraordinary general assembly was held and decided to increase the company's capital from 100 million SAR to 113,627,080 million SAR, by 1,362,708 shares, by accepting an in-kind contribution worth unit in the Al-Shurfa Investment Fund, and the shareholders waived The right of current shareholders to subscribe to the in-kind increase shares.

The issue premium resulted from the subscription process that took place according to the market value of the issued shares, which amounted to 65 SAR based on the evaluation issued by the subscription manager (Al-Khair Capital Company), while the nominal value of the issued share and the share price reached 10 SAR, so that the difference between the value Subscription and nominal value of the share is 74,948,967 SAR.

at Dhu al-Iqdah 18, 1444 (corresponding at 7 June 2023), the Extraordinary General Assembly was held and decided to transfer an amount 74,948,967 SAR from the issue premium to the capital, including allocating an amount of 18,135,427 SAR, which represents 18,135,427 treasury shares. During the year, the legal procedures were completed and the company's statute was amended.

The movement on the share premium is as follows:

	<b>31 December 2023</b>	31 December 2022
	<b>SAR</b>	SAR
Balance at beginning year	<b>74,948,967</b>	-
Additions during the year	<b>-</b>	74,948,967
Transfer to capital	<b>(56,813,540)</b>	-
	<b>18,135,427</b>	74,948,967

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**14- TREASURY SHARES**

The treasury shares are the shares of the company's capital purchased by it. At 28 Rabi' al-Thani 1444 (corresponding at 22 November 2022), the extraordinary general assembly was held and decided to approve the purchase of ordinary shares of the company's shares for the purpose of keeping them as treasury shares, in order to support future incentive programs for long-term employees. term, its cost amounted to 2,328,750 SAR, with 50,000 shares.

On 18 Dhu al-Qa`dah 1444 (corresponding at 7 June 2023), the Extraordinary General Assembly was held and decided to transfer an amount of 74,948,967 SAR from the issue premium to the capital, including allocating an amount of 18,135,427 SAR for the issuance of 18,135,427 treasury shares to be used for the following purposes:

- A. Employee stock and incentives program.
- B. Swapping and bartering in exchange for the acquisition of shares or shares or the purchase of assets.
- C. Fulfilling the rights of holders of debt instruments or financing instruments convertible into shares in accordance with the terms and conditions of those instruments or instruments.
- D. Cancellation of shares in accordance with the provisions of capital reduction.

The movement in treasury shares is as follows:

	<b>31 December 2023</b>	31 December 2022
	<b>SAR</b>	SAR
Balance at the beginning of the year	<b>2,328,750</b>	-
Additions during the year	<b>18,135,427</b>	2,328,750
<b>Balance at the end of the year</b>	<b>20,464,177</b>	2,328,750

Treasury shares do not have the right to dividends distributed to shareholders and do not have the right to vote at the company's general assembly meetings.

**15- CONSTRUCTION CONTRACTS**

Following is the movement in the ongoing construction contracts as of 31 December:

	31 December 2023	31 December 2022
	<b>SAR</b>	SAR
<b>Actual costs</b>		
Balance at the beginning of the year	<b>48,899,318</b>	10,730,193
Actual costs during the year (note 29)	<b>76,596,243</b>	38,169,125
<b>Balance at the end of the year</b>	<b>125,495,561</b>	48,899,318
<b>Total profits generated</b>	<b>23,767,280</b>	50,385,557
	<b>149,262,841</b>	99,284,875
<b><u>Accrued revenues as per the percentage of completion</u></b>		
Balance at the beginning of the year	99,284,874	50,932,660
Earned revenues as per the percentage of completion during the year (note 29)	81,316,128	48,352,214
<b>Balance at the end of the year</b>	<b>180,601,002</b>	99,284,874
<b>Deducted: extracts issued from completed works</b>	<b>(161,683,223)</b>	(82,755,100)
	<b>18,917,779</b>	16,529,774
This balance appears in the financial position as follows:		
Billed revenues related to completed works	<b>(9,554,838)</b>	-
Unbilled revenue related to completed works	<b>9,362,941</b>	16,529,774

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**16- STATUTORY RESERVE**

According to the new corporate law in the Kingdom of Saudi Arabia that came into effect on 19 January 2023, the company does not have to maintain a statutory reserve and the balance of the reserve can be transferred to retained earnings. As of 31 December 2023, the company is currently in the process of evaluating the regulatory procedures for transferring from the statutory reserve.

**17- EMPLOYEES BENEFITS OBLIGATIONS**

The Company determines the present value of employees' benefits obligations by conducting an actuarial valuation using the expected additional unit method after considering the following set of assumptions:

	<b>31 December 2023</b>	31 December 2022
Discount rate	<b>5,50%</b>	4,99%
Rate of increase of benefits	<b>5,50%</b>	4,99%
Employees' turnover	<b>Average</b>	Average
Movement on employees' benefits obligations as at 31 December is as follows:		
	<b>31 December 2023</b>	31 December 2022
	<b>SAR</b>	SAR
Employees' benefits obligations balance at the beginning of the year	<b>601,668</b>	353,458
<b><u>Charged to statement of profit or loss</u></b>		
Current service cost	<b>180,956</b>	144,508
Finance Cost (Note 22)	<b>29,366</b>	12,018
<b><u>Charged to statement of other comprehensive income</u></b>		
Aactuarial losses from re-measurement of employees' benefit	<b>136,827</b>	91,684
Paid during the year	<b>(26,338)</b>	-
<b>Employees' benefits obligations balance at the end of the year</b>	<b>922,479</b>	601,668
Sensitivity in employees' benefits obligations:		
	<b>31 December 2023</b>	31 December 2022
	<b>SAR</b>	SAR
	<b>basis</b>	
Rate of change in salaries	0.5% increase	747,649
	0.5% decrease	557,912
	<b>basis</b>	
Discount rate	0.5% increase	558,110
	0.5% decrease	649,988
<b>Assumption of a statistical study of employees</b>		
Average age of employees' (years)	<b>34</b>	34
Average years of previous experience	<b>2.6</b>	2,1

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**17- EMPLOYEE BENEFIT OBLIGATIONS (CONTINUED)**

Accrual analysis of undiscounted cash flows

	Less than year SAR	Between one to two years SAR	Between two to five years SAR	More than five years SAR	Total SAR
<b>31 December 2023</b>					
Liabilities of employees' end-of-service benefits	157,757	190,669	601,606	953,843	1,903,875
31 December 2022					
Liabilities of employees' end-of-service benefits	32,015	33,629	190,211	1,169,423	1,425,278

The above sensitivity analysis was conducted based on a method whereby the impact on employee benefit obligations is projected as a result of reasonable changes in the underlying assumptions that occur at the end of the fiscal year. Sensitivity analysis is based on a change in important assumptions, with all other assumptions remaining constant. The sensitivity analysis may not represent an actual change in the defined remuneration commitment to employees; This is because changes in assumptions are unlikely to arise in isolation

**18- LONG - TERM LOANS**

Company concluded a long-term loan agreement with Al Rajhi Bank on March 1, 2022 in the amount of SAR 50,000,000 to finance the development of the Nakheel Avenue project represented in a residential complex consisting of 98 apartments for sale, in the Riyadh region, the loan is due to be repaid in one payment after 18 months from the date of Taking out the loan of the amount(Sibor price + 2.5%), The loan is secured by an bond from the First Avenue Real Estate Development Company and by a guarantee declaration from Mr. Nader bin Hassan bin Atallah Al-Omri (Shareholder), With First Avenue Real Estate Development Company's commitment to transfer all the amounts collected from the sale of residential units built on the financed land until the full value of the loan is met, the full value of the loan was paid within a year.

The land of Malqa Riyadh Hills, located in block No. 17 of site map No. 3175, located in the Al-Malqa Neighborhood in Riyadh, , and what has been constructed as well as what will be constructed on it have been mortgaged to Al-Rajhi Development Company Ltd. under deed No. 398507017693 dated 21/6/1443 H (corresponding to 24/1/2022) as a guarantee for the repayment of 30 million Saudi riyals (note 10).

The company signed a long-term loan agreement with Alinma Bank on 10 March 2022 in the amount of SAR 100,000,000 to finance the Nakheel Avenue development project to establish a residential complex consisting of 24 apartments for sale in Riyadh, the loan is due to be repaid in one installment after 3 years from the date of Taking out the loan. At an interest rate (SIBOR rate + 2%) ,The loan is guaranteed by a guarantee of a fine and performance by Mr. Nader bin Hassan bin Atallah Al-Amri (shareholder) and with a performance guarantee and penalty by First Avenue Real Estate Development Company and mortgaging the properties subject to financing to Alinma Bank, as of 31 December 2023, the utilied value of the loan amounted to SAR 23,576,100 (Note 10).

The land of Muhammadiyah Avenue, located in Block No. 3089, 3080, 3085, of Plan No. 1578/B, located in the Muhammadiyah district in the city of Riyadh, and what was built and what will be built on it were mortgaged to the benefit of Al Rajhi Development Company Limited under instrument No. 298507042106, 398507042109, 998507042108 dated 11 /4/1445 (corresponding to 1/24/2022) A guarantee for payment in the amount of 71,332,800 Saudi riyals (Note 6). The loan balance as of 31 December 2023 amounted to 49,500,000 SAR. The company entered into a long-term loan agreement with Al Rajhi Bank on 10 December 2023, in the amount of 200,000,000 SAR, to finance the development of the Liberal residential project, in the Riyadh region. The loan is due for repayment 90 days after the date on which the bank notifies the company in writing at its address requesting payment, at an interest rate (SIBOR rate + 2.5). %), the loan is secured by a mortgage of the property under deed No. (398507042924) issued in Riyadh on 5-21-1445 by the First Avenue Real Estate Development Company and with the approval of a guarantee from Mr. Nader bin Hassan bin Atallah Al-Amri (shareholder), and with the First Avenue Real Estate Development Company's commitment to transfer the full amounts until the full value of the loan is met. The mortgage amount is 27,550,000 SAR (Note 6). The loan balance as of 31 December 2023 amounted to 15,000,000 SAR.

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**18- THE LONG-TERM LOANS (CONTINUED)**

Financing costs amounting to 3,596,613 SAR (2022: 4,647,294 SAR) were capitalized on investment properties and properties under development during the year related to loans granted by Al Rajhi Bank and Alinma Bank for the purpose of establishing residential and commercial complexes (Note 10.6).

The movement on long-term loans as at 31 December is as follows:

	<b>31 December 2023</b>	31 December 2022
	<b>SAR</b>	SAR
unbilled revenue	<b>88,126,869</b>	42,190,768
Proceeds during the year	<b>79,949,231</b>	118,576,101
Paid during the year	<b>(50,000,000)</b>	(72,640,000)
<b>Balance at the end of the year</b>	<b>118,076,100</b>	88,126,869
Current portion	<b>45,000,000</b>	50,000,000
Non- Current portion	<b>73,076,100</b>	38,126,869
<b>Balance at the end of the year</b>	<b>118,076,100</b>	88,126,869

**19- ACCOUNTS PAYABLES, ACCRUED EXPENSES AND OTHER LIABILITIES**

	<b>31 December 2023</b>	31 December 2022
	<b>SAR</b>	SAR
Advance payments from customers	<b>18,835,925</b>	33,902,241
Accrued expenses	<b>7,401,614</b>	7,038,690
Retention	<b>3,496,096</b>	1,633,780
Accounts payables	<b>2,585,535</b>	247,145
Real estate transaction tax	<b>2,628</b>	7,903
	<b>32,321,798</b>	42,829,759

**20- ZAKAT PROVISION**

**A-The main components of the zakat base are as follows:**

	<b>31 December 2023</b>	31 December 2022
	<b>SAR</b>	SAR
Equity	<b>243,157,395</b>	121,487,411
Adjusted net profit for the year	<b>50,190,361</b>	45,118,327
Non-current liabilities and other provisions	<b>140,750,848</b>	112,803,154
Non-current assets	<b>(329,497,655)</b>	(190,711,170)

**B-The movement of the zakat provision during the year ended 31 December is as follows:**

	<b>31 December 2023</b>	31 December 2022
	<b>SAR</b>	SAR
Balance at the beginning of the year	<b>2,251,297</b>	1,760,704
Charged during the year	<b>2,701,314</b>	2,251,297
Paid during the year	<b>(2,251,297)</b>	(1,760,704)
<b>Balance at the end of the year</b>	<b>2,701,314</b>	2,251,297

**C –Zakat assessment**

The company submitted Zakat returns for the previous years until the year 2022, and the Zakat certificate was obtained for those years, and the company did not have any Zakat assessment until the date of the financial statements.

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**21- GENERAL AND ADMINISTRATIVE EXPENSES**

	<b>2023</b>	2022
	<b>SAR</b>	SAR
Bonuses and commissions	<b>6,602,459</b>	965,000
Salaries, wages and benefits of employees	<b>2,169,158</b>	1,645,071
Professional fee	<b>2,104,979</b>	959,913
Provision for impairment of other receivable balances (Note 12)	<b>1,604,925</b>	-
Amortization of right-of-use assets (Note 6-7)	<b>430,921</b>	507,241
Social Insurance	<b>301,204</b>	336,085
Governmental fees	<b>276,579</b>	98,450
Depreciation of property and equipment (Note 5)	<b>95,082</b>	103,792
Stationery & printing	<b>94,934</b>	26,931
Others	<b>1,158,811</b>	423,322
	<b>14,839,052</b>	5,065,805

**22- FINANCING COSTS**

	<b>2023</b>	2022
	<b>SAR</b>	SAR
Amortization of interest costs on lease liabilities (Note 7)	<b>154,840</b>	245,348
Bank expenses and commissions	<b>69,040</b>	1,672,092
interest costs of employee benefit obligations (Note 17)	<b>29,366</b>	12,018
	<b>253,246</b>	1,929,458

**23- EARNINGS PER SHARE**

Earnings per share from net profit is calculated by dividing the net profit for the year by the weighted average number of shares outstanding as at the end of the year amounting to 170,440,620 shares as at 31 December 2023 (31 December 2022: 152,157,621 shares)

	<b>2023</b>	2022
	<b>SAR</b>	SAR
Net profit for the year	<b>41,951,765</b>	42,710,504
The weighted average of shares	<b>170,440,620</b>	152,157,621
<b>Earnings per share from net profit for the year</b>	<b>0.25</b>	0.28

**24- THE CAPITAL COMMITMENTS**

As at 31 December 2023, the Company has outstanding capital commitments relating to investment properties under development and properties held for sale and under development in the amount of SAR 9,153,375 (31 December 2022: SAR 38,594,212).

**25- DIVIDENDS**

On 18 Dhul-Qi'dah 1444 (corresponding to 7 June 2023), the company's extraordinary general assembly was held and decided to authorize the Board of Directors to distribute interim dividends for the first half of 2023. On 28 Muharram 1445 (corresponding to 15 August 2023), the Board of Directors convened and decided to distribute dividends for the first half. From the fiscal year 2023, at a rate of 6% of the nominal value of the share, with a total value of 10,175,000 SAR.

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**26- COMPARATIVE FIGURES**

The items elements and clarifications of the comparative financial statements have been amended, reclassified, presented and classified in accordance with the accounting policies applied in issuing, presenting, classifying and classifying the items, elements and clarifications of the financial statements for the current year that were prepared in accordance with the International Financial Reporting Standards approved in the Kingdom of Saudi Arabia and other standards and publications approved by the Authority. Saudi Arabia for auditors and accountants, and its impact was as follows:

	<b>Balance before reclassification SAR</b>	<b>reclassification SAR</b>	<b>Balance after reclassification SAR</b>
Short term loan	2,265,170	(2,265,170)	-
Accounts receivables, prepaid expenses other debit balances	39,884,310	(13,867,345)	26,016,965
Accounts payables, accrued expenses and other payables	29,817,330	13,012,429	42,829,759
Due from related parties	5,520,000	10,350,000	15,870,000
Due to a related parties	3,524,157	2,265,170	5,789,327
Fair value reserve	-	35,742,075	35,742,075
Invoices issued in excess of revenues generated	-	16,529,774	16,529,774
Retained earnings	84,666,817	(35,742,075)	48,924,742

**27- RISK MANAGEMENT**

**Liquidity risk**

Liquidity risk is that which the Company may face in providing the liquidity necessary to fulfill the undertakings relating to the financial instruments that the Company undertakes for the benefit of third parties. to mitigate liquidity risk and associated losses on the Company's business, the Company where possible maintains sufficient highly liquid current assets in all business conditions. The company moves away from financing long-term capital requirements through short-term borrowing and related current account operations with related parties. The company also has a highly dynamic cash flow estimation policy and a system through which it can estimate the maturity dates of its obligations and develop appropriate plans to provide the resources required to meet these obligations in a timely manner.

**A- The following is the statement of maturities of liabilities as at 31 December 2023:**

	<b>3 months or less SAR</b>	<b>More than 3 months to a year SAR</b>	<b>More than one year to 10 years SAR</b>	<b>No specified maturity dates SAR</b>	<b>Total SAR</b>
<b>Liabilities</b>					
Lease liabilities	-	264,100	255,300	-	519,400
Employees' benefits obligations	-	-	-	922,479	922,479
Due to related parties	-	6,463,843	-	-	6,463,843
Unbilled revenue	-	9,554,838	-	-	9,554,838
Long - term loans	-	45,000,000	73,076,100	-	118,076,100
Accounts payable, accrued expenses and other liabilities	-	32,321,798	-	-	32,321,798
Zakat provision	2,701,314	-	-	-	2,701,314
<b>Total</b>	<b>2,701,314</b>	<b>93,604,579</b>	<b>73,331,400</b>	<b>922,479</b>	<b>170,559,772</b>

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**27-RISK MANAGEMENT (CONTINUED)**

B- The following statement of accrual of liabilities as at 31 December 2022:

	3 months or less SAR	More than 3 months to a year SAR	More than one year to 10 years SAR	No specified maturity dates SAR	Total SAR
<b>Liabilities</b>					
Lease liabilities	-	450,000	9,089,872	-	9,539,872
Employees' benefits obligations	-	-	-	601,668	601,668
Due to related party	-	5,789,327	-	-	5,789,327
Long-term Loans – current	-	50,000,000	38,126,869	-	88,126,869
Accounts payable, accrued expenses and other liabilities	-	42,829,759	-	-	42,829,759
Zakat provision	2,251,297	-	-	-	2,251,297
<b>Total</b>	<b>2,251,297</b>	<b>99,069,086</b>	<b>47,216,741</b>	<b>601,668</b>	<b>149,138,792</b>

**Credit Risk**

Credit risk is represented in the failure of one of the parties to the contracts of financial instruments to fulfill its contractual obligations, which leads to the company incurring financial losses, cash is deposited with banks with a good credit rating, the company is exposed to credit risk on cash balances at banks and accounts receivable and due from related parties as follows:

	<b>31 December 2023</b> SAR	31 December 2022 SAR
Due from related parties	<b>19,835,048</b>	15,870,000
Cash at banks	<b>14,212,801</b>	6,892,296
Accounts receivable	<b>73,476</b>	8,990,964
	<b>34,121,325</b>	31,753,260

**Interest rate risk**

Interest rate risk is the risk that arises from changes in the fair value of future cash flows of financial instruments because of a change in the interest rate of the market. The Company's financial assets and liabilities as of the balance sheet date, except for long-term loans, are not exposed to interest rate risk. Long-term loans carry interest in addition to credit margin based on prevailing market interest rates.

<b>31 December 2023</b>	<b>Increase/(decrease) in the interest rate</b>	<b>Total SAR</b>	<b>Potential impact on comprehensive income SAR</b>
Long-term loans – non-current portion	+1%	<b>73,076,100</b>	<b>7,307,610</b>
	-1%	<b>73,076,100</b>	<b>7,307,610</b>

**Capital Management Risk**

The company's policy is to maintain a strong capital base to maintain the confidence of investors, creditors and the market and to maintain the future development of the business, the company monitors its capital base using the net debt to equity ratio.

The company's net debt to equity ratio at the end of the year is as follows:

	<b>31 December 2023</b> SAR	31 December 2022 SAR
Long-term loans	<b>118,076,100</b>	88,126,869
Deducted: Cash at banks	<b>14,212,801</b>	6,892,296
<b>Net Debt</b>	<b>103,863,299</b>	81,234,573
Total Equity	<b>328,239,345</b>	281,746,439
<b>Net debt to equity ratio</b>	<b>%31,64</b>	%28,83

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**27-RISK MANAGEMENT (CONTINUED)**

**Currency risk**

Currency risk appears from possible changes and fluctuations in currency rates that affect future profit or fair values of financial instruments and the Company monitors currency fluctuations and believes that the impact of currency risk is not material.

**Fair Value**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value definition includes the assumption that the Company will continue its operations where there is no intention or condition to physically limit the volume of its operations or conduct a transaction with negative terms.

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: Quoted market prices in active markets for identical assets.

Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

<u>As at 31 December 2023</u>	<b>level 1 SAR</b>	<b>level 2 SAR</b>	<b>level 3 SAR</b>	<b>Total SAR</b>
Investments at fair value through other comprehensive income	229,446,715	-	-	229,446,715
Investment properties under development	-	86,447,988	-	86,447,988
	level 1 SAR	level 2 SAR	level 3 SAR	Total SAR
<u>As at 31 December 2022</u>				
Investments at fair value through other comprehensive income	184,437,066	-	-	184,437,066
Investment properties under development	-	9,356,311	-	9,356,311

**28- TRANSACTIONS WITH SENIOR COMPANY EXECUTIVES**

The company's senior executives are non-executive directors and senior management of the company, where senior management represents the personnel who exercise authority and responsibility of planning, managing and monitoring the company's activities, directly or indirectly, including directors. Those transactions for the year ended 31 December are as follows:

	<b>Nature of the transaction</b>	<b>As at 31 December</b>	
		<b>2023 SAR</b>	<b>2022 SAR</b>
Senior management and senior executive management	Salaries, allowances and incentives	9,381,153	3,359,613
	End of service indemnity	712,000	500,000

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**29- SEGMENT REPORTING**

Segment reporting relates to the activities and business of the company on which the company's management relied on the basis for the preparation of its financial information, consistent with internal reporting methods. intersegmental transactions are carried out on the same terms as dealing with third parties.

The assets, liabilities and operating activities of the segments include items directly related to a specific segment and items that can be allocated to different segments on a reasonable basis. Items that cannot be allocated to different segment segments are classified under joint assets and liabilities. The company's segments are as follows:

- **Real Estate Sales segment:** The activities of buying and selling lands and real estate and sorting them.
- **Contracting segment:** General construction activities for residential and non-residential buildings.

All company's revenues represent business and sales with the private sector and there is no revenue from government customers.

The following is a summary of the financial segmental information in Saudi Riyals as at 31 December 2023 and 31 December 2022 respectively according to the nature of the activity:

	<b>Real Estate Sale Segment</b>	<b>Contracting Segment</b>	<b>Joint assets and liabilities</b>	<b>Total</b>
	<b>SAR</b>	<b>SAR</b>	<b>SAR</b>	<b>SAR</b>
<b>As at 31 December 2023</b>				
Total Current Assets	112,403,189	34,003,771	35,712,757	182,119,717
Total non-current assets	86,447,988	-	230,197,157	316,645,145
<b>Total Assets</b>	<b>198,851,177</b>	<b>34,003,771</b>	<b>265,909,914</b>	<b>498,764,862</b>
Total Current Liabilities	64,082,792	13,050,934	19,154,934	96,288,660
Total non-current liabilities	73,314,378	-	922,479	74,236,857
<b>Total Liabilities</b>	<b>137,397,170</b>	<b>13,050,934</b>	<b>20,077,413</b>	<b>170,525,517</b>

	<b>Real Estate Sale Segment</b>	<b>Contracting Segment</b>	<b>Common assets and liabilities</b>	<b>Total</b>
	<b>SAR</b>	<b>SAR</b>	<b>SAR</b>	<b>SAR</b>
<b>As at 31 December 2022</b>				
Total Current Assets	173,820,415	16,529,774	43,814,839	234,165,028
Total non-current assets	-	-	194,268,804	194,268,804
<b>Total Assets</b>	<b>173,820,415</b>	<b>16,529,774</b>	<b>238,083,643</b>	<b>428,433,832</b>
Total Current Liabilities	52,271,620	16,529,774	32,462,865	101,264,259
Total non-current liabilities	38,126,870	-	7,296,264	45,423,134
<b>Total Liabilities</b>	<b>90,398,490</b>	<b>16,529,774</b>	<b>39,759,129</b>	<b>146,687,393</b>

	<b>Real Estate Sale Segment</b>	<b>Contracting Segment</b>	<b>Joint Segments</b>	<b>Total</b>
	<b>SAR</b>	<b>SAR</b>	<b>SAR</b>	<b>SAR</b>
<b>For the year ended 31 December 2023</b>				
Revenue	142,815,001	81,316,128	13,714,213	237,845,342
Cost of revenue	(110,921,973)	(76,596,243)	(772,560)	(188,290,776)
Gross profit for the year	31,893,028	4,719,885	12,941,653	49,554,566
Depreciation of property and equipment	-	-	95,082	95,082
Financing costs	-	-	(253,246)	(253,246)
<b>Net profit for the year</b>	<b>39,527,770</b>	<b>4,719,885</b>	<b>(2,295,890)</b>	<b>41,951,765</b>

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**29- SEGMENT REPORTING (CONTINUED)**

**Timing of revenue recognition:**

	<b>Real Estate Sale Segment SAR</b>	<b>Contracting Segment SAR</b>	<b>Common Segment SAR</b>	<b>Total SAR</b>
<b><u>For the year ended 31 December 2023</u></b>				
Point in time	<b>142,815,001</b>	-	<b>13,714,213</b>	<b>156,529,214</b>
Over time	-	<b>81,316,128</b>	-	<b>81,316,128</b>

	<b>Real Estate Sale Segment SAR</b>	<b>Contracting Segment SAR</b>	<b>Joint Segment SAR</b>	<b>Total SAR</b>
<b><u>For the year ended 31 December 2022</u></b>				
Revenue	147,109,741	48,352,214	9,188,645	204,650,600
Cost of revenue	(114,409,182)	(38,169,125)	(1,000,000)	(153,578,307)
Gross profit for the year	32,700,559	10,183,089	8,188,645	51,072,293
Depreciation of property and equipment	-	-	103,792	103,792
Financing costs	1,670,343	-	259,115	1,929,458
Net profit for the year	31,030,216	10,183,089	1,497,199	42,710,504

**Timing of revenue recognition:**

	<b>Real Estate Sale Sector SAR</b>	<b>Contracting Sector SAR</b>	<b>Common Sectors SAR</b>	<b>Total SAR</b>
<b><u>For the year ended 31 December 2022</u></b>				
Point in time	147,109,741	-	9,188,645	156,298,386
Over time	-	48,352,214	-	48,352,214

**30- GENERAL**

The figures in the financial statements are rounded to the nearest Saudi riyal.

**31- Subsequent events**

On 7 March 2024, an agreement was concluded to sell units in Al-Shorfa Investment Fund between First Avenue Real Estate Development Company and First Avenue Investment Company, where the number of units sold reached 7,500,000 units, with a value of 135,000,000 SAR.

There were no other significant subsequent events after 31 December 2023, until the date of issuance of the financial statements that may have a material impact on the financial statements as at 31 December 2023.

**32- Approval of Financial Statements**

The financial statements were approved by the Board of Directors on 15 Shawwal 1445 (24 April 2024)