RED SEA INTERNATIONAL COMPANY AND ITS SUBSIDIARIES
(A SAUDI JOINT STOCK COMPANY)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

AND INDEPENDENT AUDITOR'S REVIEW REPORT
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2025

RED SEA INTERNATIONAL COMPANY AND ITS SUBSIDIARIES
(A SAUDI JOINT STOCK COMPANY)

Condensed consolidated interim financial statements (unaudited) and independent auditor's review report
For the three-month and six-month periods ended 30 June 2025

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Report on review of condensed consolidated interim financial statements

To the shareholders of Red Sea International Company (A Saudi Joint Stock Company)

Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of Red Sea International Company (the "Company") and its subsidiaries (together the "Group") as at 30 June 2025 and the related condensed consolidated interim statements of profit or loss and comprehensive income for the three-month and six-month periods then ended, and the condensed consolidated interim statements of changes in equity and cash flows for the six-month period ended 30 June 2025 and other explanatory notes. Management is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34"), that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of interim financial information performed by the independent auditor of the entity", that is endorsed in the Kingdom of Saudi Arabia. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, that are endorsed in the Kingdom of Saudi Arabia, and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for qualified conclusion

As set out in Note 17 to the condensed consolidated interim financial statements, the Company entered into a shareholders' agreement ("SHA") on 1 October 2023 in connection with the acquisition of a 51% stake in a subsidiary. The SHA included put and call options in relation to the non-controlling interest in the subsidiary that are exercisable subject to certain terms and conditions to be met over a period of time. In accordance with the requirements of International Accounting Standard 32 "Financial instruments: Presentation" that is endorsed in the Kingdom of Saudi Arabia, the Group was required to recognise a financial liability at the date of the acquisition of the subsidiary measured at the present value of the redemption amount as at that date. However, this financial liability was not measured and, accordingly, was not recognised on the acquisition date and consequently, impacted the reported equity at 1 January 2024, 30 June 2024, and 31 December 2024; and the consolidated statement of financial position as at 31 December 2024. The consequent charges arising on the unwinding of the discount on the liability together with any remeasurements that might have been required for the three-month and six-month periods ended 30 June 2024 and 30 June 2025, respectively, were also not recognised.

On 9 April 2025, the Company and the non-controlling interest shareholders of the subsidiary entered into an agreement that terminated the put and call options. This termination should have resulted in the derecognition of the above-mentioned financial liability at the date of termination. As management had not recognised the liability in the first instance, the impact of the subsequent derecognition of the financial liability in the condensed consolidated interim financial statements has also not been recognised during the six-month period ended 30 June 2025.

Report on review of condensed consolidated interim financial statements (continued)

To the shareholders of Red Sea International Company (A Saudi Joint Stock Company)

Basis for qualified conclusion (continued)

As the liability was never measured, we are unable to determine the impact of its omission on (i) the consolidated statement of financial position as at 31 December 2024; (ii) the condensed consolidated interim statement of changes in equity for the six-month periods ended 30 June 2025 and 30 June 2024, respectively; and (iii) the condensed consolidated interim statements of profit or loss and comprehensive income for the three-month and the six-month periods ended 30 June 2025 and 30 June 2024, respectively.

Qualified conclusion

Based on our review, except for the effect on the condensed consolidated interim financial statements of the matter described in the basis for qualified conclusion, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements are not prepared, in all material respects, in accordance with IAS 34, that is endorsed in the Kingdom of Saudi Arabia.

Emphasis of matter

We draw attention to Note 2.1 to the condensed consolidated interim financial statements, which indicates that as at 30 June 2025, the accumulated losses of the Group amounted to Saudi Riyals 295.5 million (31 December 2024: Saudi Riyals 283.3 million) representing 97.7% of the Company's share capital as at that date (31 December 2024: 93.7%) and the Group had negative operating cash flows amounting to Saudi Riyals 86.3 million during the six-month period ended 30 June 2025 (six-month period ended 30 June 2024: Saudi Riyals 69.6 million). In addition, the Group's current liabilities exceeded its current assets by Saudi Riyals 292.4 million as at 30 June 2025 (31 December 2024: Saudi Riyals 250.7 million). Consequently, the Group was not in compliance with debt covenants for certain loans as at 30 June 2025 and 31 December 2024. The Group is dependent on the successful execution of management's plans to carry out a debt to equity conversion, subject to regulatory and shareholders' approval, along with sufficient cash flows generation to enable it both to meet its obligations as they fall due and for the continuity of its operations without significant curtailment. These conditions, along with other matters set forth in Note 2.1, indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern. Our conclusion is not further modified in respect of this matter.

PricewaterhouseCoopers

Ali A. Alotaibi
License Number 379

August 18, 2025

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محاسبون قانونيون
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RED SEA INTERNATIONAL COMPANY AND ITS SUBSIDIARIES

(A SAUDI JOINT STOCK COMPANY)

Condensed consolidated interim statement of profit or loss

For the three-month and six-month periods ended 30 June 2025

	Note	For the three-month period ended 30 June		For the six-month period ended 30 June	
		2025	2024	**2025**	2024
		SR'000	SR'000	**SR'000**	SR'000
		(Unaudited)	(Unaudited) (Restated) (Note 19)	**(Unaudited)**	(Unaudited) (Restated) (Note 19)
Continuing operations					
Revenues	5	**779,184**	751,738	**1,479,847**	1,410,952
Cost of revenues		**(688,700)**	(650,400)	**(1,296,872)**	(1,242,464)
Gross profit		**90,484**	101,338	**182,975**	168,488
Expenses					
General and administration		**(52,073)**	(63,227)	**(113,900)**	(119,474)
Selling and distribution		**(3,114)**	(3,167)	**(6,331)**	(5,751)
Allowance for expected credit losses		**(11,581)**	(8,512)	**(19,913)**	(13,568)
Operating profit		**23,716**	26,432	**42,831**	29,695
Other (loss) / income		**(285)**	(268)	**(167)**	1,116
Finance costs		**(6,926)**	(6,624)	**(18,976)**	(13,529)
Finance income		**66**	39	**89**	61
Profit before zakat and income tax		**16,571**	19,579	**23,777**	17,343
Income tax	9	**(473)**	(657)	**(907)**	(1,189)
Zakat	9	**(6,658)**	(6,983)	**(13,026)**	(13,419)
Profit for the period from continuing operations		**9,440**	11,939	**9,844**	2,735
Discontinued operations					
Loss after zakat and tax for the period from discontinued operations	16	**(3,042)**	(2,722)	**(7,971)**	(5,500)
Profit / (loss) for the period		**6,398**	9,217	**1,873**	(2,765)
Attributable to:					
Equity holders of the Parent Company		**(1,256)**	(5,154)	**(12,483)**	(24,080)
Non-controlling interests		**7,654**	14,371	**14,356**	21,315
		6,398	9,217	**1,873**	(2,765)
Earnings / (loss) per share:					
Basic and diluted, loss per share attributable to the equity holders of the Parent Company	10	**(0.04)**	(0.17)	**(0.41)**	(0.80)
Earnings / (loss) per share from continuing operations					
Basic and diluted, earnings / (loss) per share attributable to the equity holders of the Parent Company		**0.06**	(0.08)	**(0.15)**	**(0.61)**

Chairman of the Board

Chief Financial Officer

Chief Executive Officer

The attached notes 1 to 20 form part of these interim condensed consolidated financial statements.

RED SEA INTERNATIONAL COMPANY AND ITS SUBSIDIARIES

(A SAUDI JOINT STOCK COMPANY)

Condensed consolidated interim statement of comprehensive income

For the three-month and six-month periods ended 30 June 2025

	For the three-month period ended 30 June		For the six-month period ended 30 June	
	2025	2024	**2025**	2024
	SR'000	SR'000	**SR'000**	SR'000
	(Unaudited)	(Unaudited) (Restated) (Note 19)	**(Unaudited)**	(Unaudited) (Restated) (Note 19)
Profit / (loss) for the period	**6,398**	9,217	**1,873**	(2,765)
Other comprehensive income				
Other comprehensive income for the period	**583**	-	**583**	-
Total comprehensive income / (loss)	**6,981**	9,217	**2,456**	(2,765)
Attributable to:				
Equity holders of the Parent Company	**(959)**	(5,154)	**(12,186)**	(24,080)
Non-controlling interests	**7,940**	14,371	**14,642**	21,315
	6,981	9,217	**2,456**	(2,765)

Chairman of the Board

Chief Financial Officer

Chief Executive Officer

The attached notes 1 to 20 form part of these interim condensed consolidated financial statements.

RED SEA INTERNATIONAL COMPANY AND ITS SUBSIDIARIES

(A SAUDI JOINT STOCK COMPANY)

Condensed consolidated interim statement of financial position

As at 30 June 2025

	Note	**30 June 2025 SR'000 (Unaudited)**	31 December 2024 SR'000 (Audited)
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment		**107,669**	103,956
Investment properties		**216,677**	195,590
Goodwill and intangible assets	6	**441,968**	491,064
Right-of-use assets		**39,550**	49,969
Retention receivables		**342,067**	263,200
Deferred tax assets		**1,843**	1,460
TOTAL NON-CURRENT ASSETS		**1,149,774**	1,105,239
CURRENT ASSETS			
Inventories		**55,144**	60,914
Contract assets	5.1	**709,356**	681,857
Trade receivables	5.1	**939,169**	529,489
Advances to suppliers		**397,109**	391,713
Prepayments and other receivables		**60,957**	88,051
Cash and cash equivalents	7	**35,214**	26,190
TOTAL CURRENT ASSETS		**2,196,949**	1,778,214
Assets held for sale	16	**3,738**	4,107
TOTAL ASSETS		**3,350,461**	2,887,560
EQUITY AND LIABILITIES			
EQUITY			
Share capital	8	**302,344**	302,344
Accumulated losses		**(295,480)**	(283,294)
Foreign currency translation reserve		**(11,779)**	(11,779)
EQUITY ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT COMPANY		**(4,915)**	7,271
NON-CONTROLLING INTERESTS		**501,840**	487,198
TOTAL EQUITY		**496,925**	494,469
NON-CURRENT LIABILITIES			
Interest bearing loans and borrowings	13	**198,308**	215,767
Employees' defined benefit liabilities		**87,854**	75,952
Non-current portion of lease liabilities		**27,110**	28,137
Non-current portion of retention payable		**16,497**	9,685
Provisions		**30,693**	30,493
TOTAL NON-CURRENT LIABILITIES		**360,462**	360,034

The attached notes 1 to 20 form part of these interim condensed consolidated financial statements.

RED SEA INTERNATIONAL COMPANY AND ITS SUBSIDIARIES

(A SAUDI JOINT STOCK COMPANY)

Condensed consolidated interim statement of financial position (continued)

As at 30 June 2025

	Note	**30 June 2025 SR'000 (Unaudited)**	31 December 2024 SR'000 (Audited)
CURRENT LIABILITIES			
Deferred consideration	17	**394,799**	394,799
Trade payables		**727,119**	558,058
Accruals and other current liabilities		**455,919**	451,540
Short-term interest bearing loans and borrowings	13	**225,319**	60,162
Current portion of interest bearing loans and borrowings	13	**70,861**	48,167
Current portion of lease liabilities		**19,743**	26,772
Amount due to a shareholder	14	**81,225**	81,225
Contract liabilities	5.1	**437,961**	346,598
Zakat and income tax payable	9	**56,040**	42,961
TOTAL CURRENT LIABILITIES		**2,468,986**	2,010,282
Liabilities directly associated with assets held for sale	16	**24,088**	22,775
TOTAL LIABILITIES		**2,853,536**	2,393,091
TOTAL EQUITY AND LIABILITIES		**3,350,461**	2,887,560

Chairman of the Board

Chief Financial Officer

Chief Executive Officer

The attached notes 1 to 20 form part of these interim condensed consolidated financial statements.

RED SEA INTERNATIONAL COMPANY AND ITS SUBSIDIARIES

(A SAUDI JOINT STOCK COMPANY)

Condensed consolidated interim statement of changes in equity

For the six-month period ended 30 June 2025

	Attributed to shareholders of the Parent Company					
	Share capital	Accumulated losses	Foreign currency translation reserve	Total	Non-controlling interests	Total equity
	SR '000	SR '000	SR '000	SR '000	SR '000	SR '000
Balance at 1 January 2024 - *(Unaudited)*	302,344	(219,733)	(11,779)	70,832	419,794	490,626
(Loss) / profit for the period	-	(24,080)	-	(24,080)	21,315	(2,765)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive (loss) / income	-	(24,080)	-	(24,080)	21,315	(2,765)
Balance at 30 June 2024 - *(Unaudited)*	302,344	(243,813)	(11,779)	46,752	441,109	487,861
Balance at 1 January 2025 - *(Unaudited)*	**302,344**	**(283,294)**	**(11,779)**	**7,271**	**487,198**	**494,469**
(Loss) /profit for the period	-	**(12,483)**	-	**(12,483)**	**14,356**	**1,873**
Other comprehensive income	-	**297**	-	**297**	**286**	**583**
Total comprehensive (loss) / income	-	**(12,186)**	-	**(12,186)**	**14,642**	**2,456**
Balance at 30 June 2025 - *(Unaudited)*	**302,344**	**(295,480)**	**(11,779)**	**(4,915)**	**501,840**	**496,925**

Chairman of the Board

Chief Financial Officer

Chief Executive Officer

The attached notes 1 to 20 form part of these interim condensed consolidated financial statements.

Condensed consolidated interim statement of cash flows

For the six-month period ended 30 June 2025

	Note	For the six-month period ended 30 June	
		2025 SR'000 (Unaudited)	2024 SR'000 (Unaudited) (Restated) (Note 19)
OPERATING ACTIVITIES			
Profit before zakat and income tax from continuing operations		**23,777**	17,343
Loss before zakat and income tax from discontinued operations	16	**(7,742)**	(5,282)
Adjustments to reconcile profit / (loss) before zakat and income tax to net cash flows:			
Depreciation of property, plant and equipment		**14,445**	9,866
Depreciation of investment properties		**16,258**	19,878
Amortization of intangible assets		**49,096**	49,128
Depreciation of right-of-use assets		**13,656**	11,117
Provision for employees' defined benefit liabilities		**15,501**	11,233
Finance costs		**22,703**	19,564
Finance income		**(89)**	(61)
Loss / (gain) on disposal of property, plant and equipment and investment properties		**381**	(992)
		147,986	131,794
Working capital adjustments:			
Inventories		**5,646**	(21,704)
Contract assets		**(27,499)**	(124,629)
Trade receivables		**(488,470)**	(128,851)
Advances to suppliers		**(5,410)**	88,649
Prepayment and other receivables		**27,081**	(12,458)
Trade payables		**169,116**	58,397
Accruals and other current liabilities		**5,931**	28,110
Provisions		**200**	336
Non- current portion of retention payable		**6,812**	(16,845)
Contract liabilities		**91,180**	(32,695)
Cash used in operations		**(67,427)**	(29,896)
Finance cost paid		**(15,963)**	(19,564)
Employees' defined benefit liabilities paid		**(2,918)**	(2,903)
Zakat and income tax paid		**(7)**	(17,263)
Net cash used in operating activities		**(86,315)**	(69,626)
INVESTING ACTIVITIES			
Purchase of property, plant and equipment and investment properties		**(58,062)**	(20,090)
Finance income received		**89**	61
Proceeds from disposal of property, plant and equipment and investment properties		**2,494**	1,586
Net cash used in investing activities		**(55,479)**	(18,443)

The attached notes 1 to 20 form part of these interim condensed consolidated financial statements.

RED SEA INTERNATIONAL COMPANY AND ITS SUBSIDIARIES
(A SAUDI JOINT STOCK COMPANY)

Condensed consolidated interim statement of cash flows (continued)
For the six-month period ended 30 June 2025

		For the six-month period ended 30 June	
		2025 SR'000 (Unaudited)	2024 SR'000 (Unaudited) (Restated) (Note 19)
FINANCING ACTIVITIES			
Proceeds from interest bearing loans and borrowings		**342,708**	96,195
Repayment of interest bearing loans and borrowings		**(180,668)**	(69,752)
Payment of principal portion of lease liabilities		**(11,326)**	(14,335)
Net cash generated from financing activities		**150,714**	12,108
INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS		**8,920**	(75,961)
Cash and cash equivalents at the beginning of the period		**26,624**	158,056
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	7	**35,544**	82,095

Chairman of the Board

Chief Financial Officer

Chief Executive Officer

The attached notes 1 to 20 form part of these interim condensed consolidated financial statements.

1 CORPORATE INFORMATION

Red Sea International Company (the "Company") ("Parent Company") ("RSI") and its subsidiaries (collectively the "Group") consist of the Company, a Saudi joint stock company, and its Saudi Arabian and foreign subsidiaries and branches. The Company was registered in Jeddah, Kingdom of Saudi Arabia under commercial registration number 4030286984 pursuant to Ministerial Resolution No. 2532 dated 2 Ramadan 1427H (September 25, 2006). During 2021, the Company changed its registered address to Riyadh, Kingdom of Saudi Arabia and converted a branch commercial registration number 1010566349 into the Company's main commercial registration. The registered address of the Company is P.O. Box 13316, Al Thumamah Road, Ar-Rabie District, Riyadh, Kingdom of Saudi Arabia. The Company has the following branches in the Kingdom of Saudi Arabia:

Branch	*Commercial registration*	*Location*
Red Sea International Company	2055003672	Jubail
Red Sea International Company	2055006105	Jubail
Red Sea International Company	4030286984	Jeddah
Red Sea Housing Services Company	4030263716	Jeddah

The Group is controlled by its Ultimate Parent Company Al Dabbagh Group Holding Company Limited ("ADG"), (including through its subsidiaries), which owns 70% (effective holding) of the Company's shares. The Ultimate Parent Company is registered in Jeddah, Kingdom of Saudi Arabia. The following is the list of principal operating subsidiaries and a joint operation included in the Group:

	Country of incorporation	*Effective ownership percentage*	
		30 June 2025 (Unaudited)	*31 December 2024 (Audited)*
Subsidiaries			
The Fundamental Installation for Electric Work Company Limited ("First Fix") (refer Note 1.1)	Saudi Arabia	**51%**	51%
Red Sea Housing Services (Ghana) Limited ("RSG")	Ghana	**100%**	100%
SARL Red Sea Housing Services Algeria Limited ("RSA")	Algeria	**98%**	98%
Red Sea Housing Services Company Dubai FZE ("RSD")	UAE	**100%**	100%
Red Sea Building Materials and Equipments Trading Company ("RSBM")	Saudi Arabia	**100%**	100%
Premier Paints Company ("PPC") (refer Note 16)	Saudi Arabia	**81%**	81%
Red Sea Housing Services (Mozambique), LDA ("RSM")	Mozambique	**100%**	100%
Red Sea Housing Services LLC ("RSO")	Oman	**100%**	100%
Red Sea Construction LLC ("RSC")	UAE	**100%**	100%
Joint Operation			
Red Sea Hanchi ("RSHC")	Algeria	**49%**	49%

1.1 On 9 June 2023, corresponding to 20 Thul-Qi'dah 1444H, the Company entered into an agreement for the purchase of 51% shares in First Fix, a limited liability company registered in Jeddah, Kingdom of Saudi Arabia. Completion of the acquisition was subject to related regulatory and corporate approval as well as meeting certain conditions under the agreement signed with the partners of First Fix. The Company obtained the related regulatory approval and met the conditions with respect of the acquisition of First Fix. Accordingly, effective 1 October 2023, First Fix was recognized as a subsidiary of the Company. The total purchase consideration for the acquisition of First Fix amounted to SR 644.8 million of which SR 250 million was payable in cash and the balance amounting to SR 394.8 million is payable either in cash or in-kind by way of newly issued shares of the parent Company (refer Note 2.1).

During the period, the Company announced its intention to conduct an initial public offering ("IPO") for its subsidiary, First Fix. The board of Company approved this significant transaction on 24 June 2025 (corresponding to 28 Thul-Hijjah 1446H). The Company is not selling any of its shares in First Fix in connection with the IPO.

1 CORPORATE INFORMATION (continued)

In addition to the above, the Group owns other subsidiaries, registered in Kuwait, Libya, Nigeria, Saudi Arabia and also has licenses to operate a branch in Abu Dhabi, which are consolidated in these condensed consolidated interim financial statements. These other subsidiaries and branches are either in early stages of operations or have not commenced any commercial operations at the reporting date.

The principal activities of the Group are to purchase land and real estate for the purpose of developing them and to build residential and commercial buildings thereon, and to ultimately sell or lease them. The Group is also involved in construction, general construction, electrical works, power generation, lighting, telecommunications, electronic, fiber optic, information technology, maintenance and repair of electrical installations, and telephone networks. The Group's activities also include manufacturing non-concrete residential units, general contracting, maintenance, construction of utilities and civil work, supply of food, provision of food services and trade of food products. In addition, the Group is also involved in manufacturing and sale of paints and providing related services.

The condensed consolidated interim financial statements of the Group for the three-month and six-month periods ended 30 June 2025 were authorised for issuance in accordance with the Board of Directors resolution dated 11 August 2025 (corresponding to 17 Safar 1447H).

2 BASIS OF PREPARATION

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

The condensed consolidated interim financial statements do not include all the information and disclosures required in the annual consolidated financial statements. Accordingly, these condensed consolidated interim financial statements are to be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2024. IAS 34 states that the condensed interim financial statements are intended to provide an update on the latest complete set of annual financial statements. Hence, IAS 34 requires less disclosures in interim financial statements than International Financial Reporting Standards, that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, require in annual financial statements.

These condensed consolidated interim financial statements are prepared using historical cost convention.

These condensed consolidated interim financial statements are presented in Saudi Riyals (“SR”). All values are rounded to the nearest thousands (“SR ‘000”), except when otherwise indicated.

2.1 Going concern basis of accounting

As at 30 June 2025, the accumulated losses of the Group amounted to SR 295.5 million (31 December 2024: SR 283.3 million), representing 97.7% of the Company’s share capital as at that date (31 December 2024: 93.7%) and the Group has negative operating cash flows amounting to SR 86.3 million during the six-month period ended 30 June 2025 (six-month period ended 30 June 2024: SR 69.6 million). In addition, the Group’s current liabilities exceeded its current assets by SR 292.4 million as at 30 June 2025 (31 December 2024: SR 250.7 million). Consequently, the Group was not in compliance with a debt covenant related to the current ratio, which constituted an event of default under two borrowing agreements with commercial banks (Notes 13.2 and 13.3) totaling SR 41.7 million outstanding at the reporting date (31 December 2024: SR 53.8 million) and resulted in a cross default breach on another short-term borrowing totaling SR 59.0 million at the reporting date (31 December 2024: Nil)

The Group’s accumulated losses exceeded more than 50% of its share capital since 31 December 2022 and the Parent Company’s Directors are taking the necessary steps as per the Companies Law and the Capital Markets Authority Regulations for the Parent Company’s continuation as outlined in this note.

On 1 October 2023, the Parent Company completed the acquisition of a 51% stake in The Fundamental Installation for Electric Work Company Limited (“First Fix”) for a total purchase consideration of SR 644.8 million. Of this amount, SR 250 million was settled in cash, financed through a new facility agreement obtained from a local commercial bank (refer to Note 13.1), while the remainder of SR 394.8 million (the “deferred consideration”) is payable either in cash or in kind through new shares issuance of the Parent Company. This deferred consideration is shown as a current liability at 30 June 2025 and 31 December 2024, contributing to the net current liability position as at those dates.

2 BASIS OF PREPARATION (continued)

2.1 Going concern basis of accounting (continued)

Additionally, ADG, which owns 70% of the Parent Company's share capital, has provided short-term loans to the Parent Company amounting to SR 81.2 million (31 December 2024: SR 81.2 million) which were initially due in 2024 (the "shareholder loans"). The repayment date for these loans was extended until 30 August 2025 and are shown within current liabilities as at the reporting date.

The Group's immediate liquidity issues are primarily caused by the deferred consideration, the ADG loans, and the reclassification of non-current loans due to covenant breaches. The Group's other short-term borrowings are mainly project-based and can be managed together with other working capital balances such that sufficient cash should be available to settle them when due. However, the deferred consideration and the ADG loans are in excess of working capital balances expected to be available and are contractually due for settlement imminently. Also, any immediate demand to settle the SR 100.7 million of loans subject to covenant breaches would not be able to be met from cash balances on hand at the reporting date.

On 17 March 2024, corresponding to 7 Ramadhan 1445H, the Parent Company's Board of Directors proposed a capital increase by converting the ADG loans amounting to SR 81.2 million and settling the deferred consideration of SR 394.8 million through the issuance of shares ("the debt conversion"), subject to obtaining the required regulatory approval and the consent of the Parent Company's shareholders through an extraordinary general assembly. In April 2024, the Parent Company submitted the request for the capital increase to the relevant regulatory authority and is currently in the process of completing the necessary legal formalities and other regulatory requirements.

The regulatory approval for the debt conversion remains uncertain as at the date of issuance of these condensed consolidated interim financial statements. If the regulatory approval is not obtained, the Group would unlikely be able to settle the deferred consideration and the ADG loans on time and in cash. However, in such a circumstance the original First Fix shareholders hold a right to demand the return of their First Fix shares at nil consideration, pro-rata to the unpaid deferred consideration. Further, the Group may be able to obtain a new roll-over of the ADG loans in view of ADG being the Company's majority shareholder. These actions might allow the Group to manage a circumstance in which approval is not granted for a capital increase through the debt conversion. However, the Group's deficit in equity attributable to the shareholders of the Parent Company will not be improved in the event that the Group's shareholding in First Fix is reduced as a result of returning unpaid shares to the original First Fix shareholders at nil consideration, and/or the ADG loan is rolled over. The Group would also still need to seek accommodations from its bankers for the debts where covenants have been breached. Accordingly, these events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern.

Management assesses that, given the advanced stage of the application with the regulator, the regulatory approval for the debt conversion is expected by Q3 2025. Once approved by the regulator, management expects that the extraordinary general assembly will approve the debt conversion and that the debt conversion will remedy the deficit of SR4.9 million in the equity attributable to the shareholders of the Parent Company in the short-term, as well as enhancing the overall Group's capital structure. Management also considers that the debt conversion will increase the likelihood that the Group will have access to new funding from third parties as and when needed.

As at 31 December 2024, the Group received waivers from commercial banks with respect of the breach of covenants referred to above and described in Note 13 and such loans continue to be classified as current liabilities as at 30 June 2025. Whilst no waivers have been obtained as at 30 June 2025, management expects to obtain the waivers at the end of the financial year in line with prior years and does not expect the lenders to demand immediate payment.

In conjunction with the steps outlined above, the longer-term prospects for the Group is expected to be secured through increases in revenue and margins from upcoming contracts. Management has assessed the current order backlog and future projects pipeline and is confident that profitability can be improved should the immediate liquidity issues be resolved satisfactorily.

2 BASIS OF PREPARATION (continued)

2.1 Going concern basis of accounting (continued)

Based on the Group's considerations as summarised above, along with the financial projections drawn by the management, the Group has assessed its ability to continue as a going concern and is satisfied that its operations are likely to continue for the foreseeable future in the normal course of business without a significant curtailment and that the Group will be able to fulfil its obligations as they fall due. Accordingly, these condensed consolidated interim financial statements have been prepared on the going concern basis and does not include any adjustments, which may be required, if the Group were not able to continue as a going concern.

3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's condensed consolidated interim financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and judgements concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Further, the judgements, estimates, and assumptions have not changed since the year end 31 December 2024.

4 MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policies applied in the preparation of the condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2024, except for the adoption of new amendments effective as of 1 January 2025, as disclosed below.

4.1 New standards, interpretations, and amendments

One amendment applies for the first time in 2025, but does not have an impact on the condensed consolidated interim financial statements of the Group. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective:

Lack of exchangeability - Amendments to IAS 21

4.2 Accounting standards amendments issued but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's condensed consolidated interim financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective. Management is assessing the impact these new pronouncements may have on future financial reporting of the Group.

i. Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28), effective date yet to be determined,
ii. IFRS 18 – Presentation and Disclosure in Financial Statement, effective for annual periods beginning on or after 1 January 2027,
iii. IFRS 19 – Subsidiaries without Public Accountability: Disclosures, effective for annual periods beginning on or after 1 January 2027,
iv. Classification and measurement of financial instruments:(Amendments to IFRS 9 and IFRS 7), effective for annual periods beginning on or after 1 January 2026.

5 REVENUES

	For the three-month period ended 30 June		For the six-month period ended 30 June	
	2025	2024	**2025**	2024
	SR'000	SR'000	**SR'000**	SR'000
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Revenue from contracts with customers:				
Revenue from construction and general work contracts	**641,520**	609,293	**1,241,633**	1,200,371
Revenue from sale of non-concrete buildings	**89,733**	106,908	**149,489**	133,311
	731,253	716,201	**1,391,122**	1,333,682
Other revenue:				
Facility management and rental revenue from investment properties	**47,931**	35,537	**88,725**	77,270
	779,184	751,738	**1,479,847**	1,410,952
Timing of revenue recognition				
Over time	**641,520**	609,293	**1,241,633**	1,200,371
At a point in time	**89,733**	106,908	**149,489**	133,311
	731,253	716,201	**1,391,122**	1,333,682

5.1 Trade receivables and contract balances

	30 June 2025	31 December 2024
	SR'000	SR'000
	(Unaudited)	(Audited)
Trade receivables (a)	**939,169**	529,489
Contract assets (b)	**709,356**	681,857
Contract liabilities (c)	**437,961**	346,598

(a) The increase in trade receivables is primarily driven by the increase in unbilled receivables from a customer, due to administrative delays in billing. There has been no significant change in the credit risk profile of the customers during the six-month period ended 30 June 2025.

(b) Contract assets are initially recognised based on the value of work executed or delivered to the customers. Upon acceptance by the customer, the amounts recognised as contract assets are reclassified to trade receivables.

Contract assets as at 30 June 2025 represent balances from customers, with no significant change in the credit risk profile during the six-month period ended 30 June 2025.

At 30 June 2025, SR 38.3 million (31 December 2024: SR 22.7 million) was recognised as provision for expected credit losses on contract assets.

	30 June 2025	31 December 2024
	SR'000	SR'000
	(Unaudited)	(Audited)
Value of work executed in excess of billing	**698,003**	641,889
Sale of non-concrete building - work executed pending approval	**32,709**	54,826
Facility management and rental revenue - accrued	**17,006**	19,099
	747,718	715,814
Allowance for expected credit losses	**(38,362)**	(22,759)
	709,356	693,055

5 REVENUES (continued)

***5.1* Trade receivables and contract balances (continued)**

	30 June 2025 SR'000 (Unaudited)	31 December 2024 SR'000 (Audited)
Movements in allowance for expected credit losses are as follows:		
At the beginning of the period / year	**22,759**	15,539
Provision for the period / year	**15,603**	7,220
	38,362	22,759

(c) Contract liabilities represent billing in excess of value of work executed for ongoing contracts and advances received from customers with respect of the services to be delivered in the future. Revenue recognised during the period that was included in the contract liability balance at the beginning of the period amounted to SR 247.9 million (2024: SR 424.9 million).

	30 June 2025 SR'000 (Unaudited)	31 December 2024 SR'000 (Audited)
Customer advances and deposits	**351,607**	329,371
Billings in excess of value of work executed	**86,354**	17,227
	437,961	346,598

6 GOODWILL AND INTANGIBLE ASSETS

	Goodwill SR '000	Customer relationships SR '000	Order backlog SR '000	Computer software SR '000	Total SR '000
Cost:					
At 1 January 2024	214,020	174,800	229,400	9,921	628,141
Additions	-	-	-	73	73
Reclassification	-	-	-	(93)	(93)
At 31 December 2024 (Audited)	214,020	174,800	229,400	9,901	628,121
Additions	-	-	-	-	-
At 30 June 2025 (Unaudited)	**214,020**	**174,800**	**229,400**	**9,901**	**628,121**
Accumulated amortisation and impairment:					
At 1 January 2024	6,365	6,723	17,646	8,123	38,857
Charge for the year	-	26,892	70,585	723	98,200
At 31 December 2024 (Audited)	6,365	33,615	88,231	8,846	137,057
Charge for the period	-	13,446	35,293	357	49,096
At 30 June 2025 (Unaudited)	**6,365**	**47,061**	**123,524**	**9,203**	**186,153**
Net carrying value					
At 30 June 2025 (Unaudited)	**207,655**	**127,739**	**105,876**	**698**	**441,968**
At 31 December 2024 (Audited)	207,655	141,185	141,169	1,055	491,064

6 GOODWILL AND INTANGIBLE ASSETS (continued)

Intangible assets include goodwill, customer relationship and orders backlog related to the acquisition of a subsidiary, First Fix during 2023 and assigned with the construction segment.

The acquisition has been accounted for using the acquisition method under IFRS 3 – Business Combinations with the Group being the acquirer and First Fix being the acquiree. The Group completed the purchase price allocation ("PPA") to the net identifiable assets acquired within the measurement period of one year after the date of acquisition in which the Group identified and measured the identifiable assets acquired and liabilities assumed as of the acquisition date in accordance with the requirements of IFRS 3 and recognized a goodwill of SR 207.6 million (Note 17).

7 CASH AND CASH EQUIVALENTS

	30 June 2025 SR'000 (Unaudited)	31 December 2024 SR'000 (Audited)
Bank balances - current accounts	**33,386**	25,000
Cash in hand	**1,828**	1,190
	35,214	26,190

For the purpose of the condensed consolidated interim statement of cash flows, cash and cash equivalents comprise the following:

	30 June 2025 SR'000 (Unaudited)	31 December 2024 SR'000 (Audited)
Bank balances - current accounts	**33,386**	25,000
Cash in hand	**1,828**	1,190
Cash at banks and in hand attributable to discontinued operations (Note 16)	**330**	434
	35,544	26,624

	30 June 2025 SR'000 (Unaudited)	31 December 2024 SR'000 (Audited)
Supplementary information for non-cash transactions		
Right of use assets recognised against lease liabilities	**3,212**	28,120

8 SHARE CAPITAL

The share capital of the Company as at 30 June 2025 amounted to SR 302,344,000 (31 December 2024: SR 302,344,000) consisting of 30,234,400 (31 December 2024: 30,234,400) fully paid and issued shares at a value of SR 10 per share.

9 ZAKAT AND INCOME TAX

a) Zakat

The zakat assessments of the Company and its wholly owned Saudi subsidiaries as a whole have been agreed with the Zakat, Tax and Customs Authority ("ZATCA") up to 2010. The zakat declarations until the year 2024 have been filed with the ZATCA.

During 2020, ZATCA had issued an assessment for the years 2014 through 2017 amounting to SR 67.1 million for the Company and its wholly owned Saudi subsidiaries. The Company filed an appeal against ZATCA assessment for the said period. During 2022, ZATCA issued a revised assessment for the years 2014 through 2017 amounting to SR 39.2 million for the Company and its wholly owned Saudi subsidiaries. The Company has escalated the appeal against ZATCA assessments for the above-mentioned period with the General Secretariat of Tax Committees ("GSTC"). Afterward the Company agreed with ZATCA, for the years 2015 to 2017, to apply the Ministerial Resolution no. 1007 which allows the application of the new "Zakat regulations issued in 1445H" which were issued during 2024, for the years before 1 January 2024. The discussion with ZATCA is still ongoing on the application. During 2025, the Company has submitted a request to the Dispute Settlement Committee ("DRC") for the year 2014 and subsequently accepted the DRC settlement offer. As a result, the assessment for 2014 has been finalized without any additional Zakat payment.

Further, during 2021, ZATCA issued an assessment for the years 2019 and 2020 amounting to SR 11.6 million for the Company and its wholly owned Saudi subsidiaries. The management of the Company submitted an appeal against this assessment with ZATCA. During 2022, ZATCA issued a revised assessment for the years 2019 and 2020 amounting to SR 8 million for the Company and its wholly owned Saudi subsidiaries. The Company has escalated the appeal against the ZATCA assessments for the above-mentioned years with GSTC. Afterward the Company agreed with ZATCA to apply the Ministerial Resolution no. 1007 which allows the application of the new "Zakat regulations issued in 1445" which were issued during 2024, for the years before 1 January 2024 and withdrawn the case from the GSTC. During 2025, ZATCA has issued its revised assessments for these years under the new Zakat regulation and the Company has accepted. As a result, the assessments for 2019 and 2020 have been finalized without any additional Zakat payment.

However, the Parent Company maintains sufficient provision in the books to account for any liability arising upon the ultimate resolution of these issued assessments.

The Zakat assessments of the Company and its wholly owned Saudi subsidiaries for the years 2011 to 2013 and for the years 2018 and 2021 to 2023 have not yet been raised by ZATCA.

b) Partially owned subsidiaries

During 2018, Premier Paints Company ("PPC") received Zakat, tax and WHT assessments for the years 1999 to 2014 amounting to SR 2.6 million, which was subsequently reduced to SR 2.59 million and the Company filled an appeal with GSTC on the revised assessment. During 2021, ZATCA issued amnesty scheme whereby, ZATCA waived the delay penalties and fines and the Company settled WHT liability of SR 0.95 million and agreed to settle SR 1.22 million of zakat liability on installments basis.

Further, during 2021, PPC received an assessment for the years 2017 and 2018 with additional zakat liability of SR 0.8 million. The management of PPC has recognized the provision against the assessment raised.

The assessments for the years 2015 to 2018 of First Fix have been agreed with ZATCA. For 2019, ZATCA issued the zakat assessment with the additional liability of SR 0.6 million. First Fix filed an objection against the assessment which was rejected by ZATCA. The Company escalated the said objection to Committee for Resolution of Zakat, Tax, and Customs Violations and Disputes (CRTVD). CRTVD's decision reduced the zakat liability to SR 0.1 million which was settled by First Fix. First Fix has filed the zakat and tax returns for the years from 2020 to 2024 and no assessment have been raised by ZATCA yet.

Based on management's best estimate, the management believes that the provision recognised as of 30 June 2025 with respect to the assessments raised is appropriate and no additional provision is required.

9 ZAKAT AND INCOME TAX (continued)

c) Income tax

Income tax provision is provided for in accordance with authorities in which the Group's subsidiaries operate outside the Kingdom of Saudi Arabia and for non-Saudi shareholding. Income tax has been computed based on the managements' understanding of the income tax regulations enforced in their respective countries. The income tax regulations are subject to different interpretations, and the assessments to be raised by the tax authorities could be different from the income tax returns filed by the respective company.

Red Sea Housing Services (Ghana) Limited ("RSG")

Income tax assessments have been agreed with the Ghana Revenue Authority ("the GRA") up to the year ended 31 December 2010. RSG received tax assessment for years from 2011 to 2016 amounting to SR 4.7 million. RSG filed an appeal against this amount and settled SR 1.5 million in 2018, however the assessment is yet to be finalised. RSG is currently under a tax audit for the 2017-2020 years of assessment and as of 30 June 2025 the assessments have not been finalized.

10 EARNINGS / (LOSS) PER SHARE

Basic and diluted loss per share is calculated by dividing the loss for the period attributable to the shareholders of the Parent Company by the weighted average number of outstanding shares during the period.

	For the three-month period ended 30 June		**For the six-month period ended 30 June**	
	2025	2024	**2025**	2024
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Loss for the period attributable to the shareholders of the Parent Company (SR '000)	**(1,256)**	(5,154)	**(12,483)**	(24,080)
Adjusted number of outstanding shares during the period (share '000)	**30,234**	30,234	**30,234**	30,234
Basic and diluted loss per share attributable to the shareholders of the Parent Company (SR)	**(0.04)**	(0.17)	**(0.41)**	(0.80)

11 CONTINGENCIES

At the reporting date, the Group had following outstanding bank guarantees and letters of credit issued in the normal course of business.

	30 June 2025 SR'000 (Unaudited)	31 December 2024 SR'000 (Audited)
Letters of guarantee	**757,489**	486,609
Letters of credit	**169,763**	125,383

In the normal course of business, the Parent Company has provided promissory notes and corporate guarantees for certain loans obtained by the Group.

In the normal course of business, there are multiple legal cases raised against the Group. Management, supported by external and internal legal advisors, have assessed the possible outcomes of each case, and concluded that any unrecorded exposure arising from such matters is immaterial; and consequently, no additional provision has been recognised in these condensed consolidated interim financial statements.

12 COMMITMENTS

At the reporting date, the Group had commitments of SR 2.39 billion (31 December 2024: SR 3.19 billion) relating to estimated costs for the projects to be delivered in future.

13 INTEREST BEARING LOANS AND BORROWINGS

	30 June 2025 SR'000 (Unaudited)	31 December 2024 SR'000 (Audited)
Bai Al Ajel Islamic facility (13.1)	**229,462**	225,000
Medium term loans from commercial banks (13.2 and 13.3)	**41,694**	53,750
Short term loans from a commercial bank (13.4)	**59,034**	-
Short term loans from a financial institution (13.5 & 13.6)	**7,165**	4,000
Short term loans from a commercial bank (13.7)	**159,120**	42,662
	496,475	325,412
Less: unamortised transaction costs	**(1,987)**	(1,316)
Total borrowings	**494,488**	324,096

The interest-bearing loans and borrowings are presented in the condensed consolidated interim statement of financial position as follows:

	30 June 2025 SR'000 (Unaudited)	31 December 2024 SR'000 (Audited)
Long-term borrowings	**198,308**	215,767
Current portion of long-term and medium-term borrowings	**70,861**	48,167
Short term borrowings	**225,319**	60,162
	494,488	324,096

13.1 During 2023, the Company entered into a facility agreement of SR 330 million with a local commercial bank, of which SR 300 million is for the acquisition of First Fix (refer Note 17) and SR 30 million is related to other treasury products. These borrowings are denominated in Saudi Riyal. The Company has withdrawn SR 250 million of the facility. Total unused credit facilities available to the Group under the facility at 30 June 2025 were SR 30 million (31 December 2024: same) principally representing term loans and letters of credit. The loan is repayable in seven variable installments with the last installment due in 2030. The loan bears finance costs based on Saudi inter-bank offered rates (SAIBOR) plus fixed margin of 2.5% and due in semi-annual basis. The borrowing is secured by pledge of the Company's shares in First Fix, promissory note issued by the Company, assignment of contract proceeds and pledge of shares of a sister company by a related party. There are no financial covenants required to be met as part of this borrowing agreement.

13.2 The Group obtained various short-term facilities from a local commercial bank in the prior years. In May 2023, the short-term facilities were rescheduled to a medium-term loan of SR 76 million by the bank, which is repayable in 16 equal quarterly installments of SR 4.75 million each with the last instalment due in March 2027. Therefore, SR 19 million is current portion and SR 12.25 million is non-current portion at 30 June 2025. The loan bears finance cost based on SAIBOR plus a fixed margin of 2.5%. The facilities are secured by order note signed by the Group. These borrowings are denominated in Saudi Riyal. The facility agreement contains the following financial covenants to be met:

- Minimum current ratio to be maintained at 1:1.
- Maximum leverage ratio to be 2.5:1.

The Group is not in compliance with the above covenants as of 30 June 2025 and 2024, which is an event of default as per the borrowing agreements. Accordingly, the entire outstanding loan balance amounting to SR 31.25 million i.e. SR 19 million of current portion and SR 12.25 million of non-current portion has been classified under current liabilities in the condensed consolidated interim financial statements. On 31 December 2024, the Group received a waiver from the commercial bank in respect of the breach on 31 December 2024 and the Group expects to obtain a waiver at the end of the current financial year as well should they continue to be in breach, in line with the prior years and, does not expect the bank to demand immediate repayment.

13 INTEREST BEARING LOANS AND BORROWINGS (continued)

13.3 Medium-term borrowings represent loans obtained from a local commercial bank and bear financial charges at SAIBOR plus fixed margin of 2.5%. These borrowings are denominated in Saudi Riyal. Total unused credit facilities available to the Group under the facility on 30 June 2025 were nil (31 December 2024: SR 18.1 million) principally representing medium-term loans repayable in 2027 and letters of credit. The borrowings are secured by promissory notes and assignment of contract proceeds. The facility agreement contains the following financial covenants to be met:

- Minimum tangible net worth 150 million.
- Maximum gearing ratio to be 3:1.

The Group is not in compliance with the above covenants as of 30 June 2025 (2024: same), which is an event of default as per the borrowing agreements. Accordingly, the entire outstanding loan balance amounting to SR 9 million has been classified under current liabilities in the condensed consolidated interim financial statements. On 31 December 2024, the Group received a waiver from the commercial bank in respect of the breach on 31 December 2024 and the Group expects to obtain a waiver at the end of the current financial year as well should they continue to be in breach, in line with the prior years and, does not expect the bank to demand immediate repayment.

13.4 During the period, the Group obtained short term loans from a commercial bank, which bears financial charges at SAIBOR plus fixed margin of 2.5%. These borrowings are denominated in Saudi Riyal. Total unused credit facilities available to the Group under the facility at 30 June 2025 were approximately SR 162 million. The borrowings are secured by promissory notes and assignment of contract proceeds. The facility agreement contains certain cross default conditions, however as the loan is already current in nature, there is no reclassification required in these condensed consolidated interim financial statements and, does not expect the bank to demand immediate repayment.

13.5 The Group obtained short term borrowing from a financial institution which bears financial charges at fixed rates. These borrowings are denominated in Saudi Riyal. Total unused credit facilities available to the Group under the facility at 30 June 2025 were SR 5.5 million. The short-term borrowings are secured by promissory notes.

13.6 During the period, the Group obtained Murabaha Sukkuk based borrowing from a financial institution which bears financial charges at fixed rates. These borrowings are denominated in Saudi Riyal. Total unused credit facilities available to the Group under the facility at 30 June 2025 were SR 95 million. There are no financial covenants required to be met as part of this borrowing agreement.

13.7 As of 30 June 2025, a subsidiary has entered into agreements with local commercial banks to provide financing facilities amounting to a total of SR 1.29 billion, including SR 390 million for letters of credit, SR 528.42 million for guarantees, SR 349.58 million for general working capital, and SR 57 million for payroll financing which is a revolving facility repaid within 60 days from the date of drawing the facility. The total unutilised credit facilities available to the subsidiary as at 30 June 2025, amounts to SR 166.03 million. The facilities' financial covenants include maintaining a current ratio not less than “1”, Adjusted leverage ratio (total liabilities less advances/ tangible net worth) not exceeding 2 and minimum tangible net worth of SR 200 million. The covenants are required to be maintained at the subsidiary level and it has not breached any of the financial covenants. As of 30 June 2025, the subsidiary has outstanding short-term borrowings of SR 159.1 million consisting of SR 57 million for payroll financing and SR 102.1 million letters of credit post finance. During the period, the subsidiary withdrew SR 273.6 million from the facility, including SR 184.0 million and SR 89.6 million for payroll financing and letters of credit financing facilities, respectively. These facilities are denominated in Saudi Riyal and bear financial charges based on prevailing market rates. The subsidiary provided collateral in the form of promissory notes signed by the shareholders. The overall current market interest rates during the year ranged from 8.3% to 9%.

14 RELATED PARTY TRANSACTIONS AND BALANCES

Related parties represent the Ultimate Parent Company, directors and key management personnel of the Group, and entities controlled by such parties or significantly influenced by parties with control over the Group (other related parties).

The Group, in the normal course of business, carries out transactions with various related parties. Significant transactions with related parties included in the condensed consolidated interim statement of profit or loss are as follows:

Name of related party	Nature of transactions	**For the six-month period ended 30 June**	
		2025	2024
		SR'000	SR'000
		(Unaudited)	(Unaudited)
Al Dabbagh Group Holding Company Limited	Interest free funds received	**7,000**	2,741
	Expenses paid on behalf of the Company	**212**	-
Other related parties	Expenses paid on behalf of the board of directors	**-**	506

Remuneration and compensation for members of Board of Directors and Executives are as follows:

	Key Management Personnel			
	Members of the Board of Directors		**Executives**	
	For the six-month period ended 30 June			
	2025	2024	**2025**	2024
	SR'000	SR'000	**SR'000**	SR'000
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Salaries and benefits - short term	-	-	**4,193**	6,108
Employees' end-of-service benefits - long term	-	-	**151**	247
Board of director's remuneration - short term	**1,459**	1,522	**-**	-
	1,459	1,522	**4,344**	6,355

14.1 The breakdown of the amounts due from and due to related parties are as follows:

Amount due from related parties presented under prepayments and other receivables

	2025	2024
	SR'000	SR'000
	(Unaudited)	(Audited)
Al Dabbagh Group Holding Company Limited	**-**	1,900

Amount due to a shareholder

	2025	2024
	SR'000	SR'000
	(Unaudited)	(Audited)
Al Dabbagh Group Holding Company Limited (Note 2.1)	**81,225**	81,225

Amount due to related parties presented under trade payables

	2025	2024
	SR'000	SR'000
	(Unaudited)	(Audited)
Al Dabbagh Group Holding Company Limited	**17,487**	12,175

Pricing policies and terms of payments of transactions with related parties are based on mutually agreed terms and are approved by the Board of Directors. Outstanding balances at the period-end are unsecured, interest free and to be settled in cash.

Amounts due to related parties as at 30 June 2025 amounting to SR 17.5 million (31 December 2024: SR 12.2 million) have been included in the trade payable in the condensed consolidated interim statement of financial position.

15 SEGMENTAL INFORMATION

For management purposes, the Group is organised into business units based on its products and services and has the following reportable segments:

- Construction, general construction, electrical works, telecommunications and other related contracts (“General construction);
- Manufacturing and sale of non-concrete residential and commercial buildings ("Non-concrete residential and commercial buildings") in the Kingdom of Saudi Arabia and United Arab Emirates respectively; and
- Facility management and rentals of investment properties.

The CEO uses a measure of profit before zakat and income tax to assess the performance of the operating segments. "CEO" and "Acting CEO" are used interchangeably.

Changes in the comparative segment information:

During the period ended 30 June 2025, the Group reassessed the identity of the CODM, and the segmental information that are regularly reviewed by the CODM to monitor the results of the Group’s operations for the purpose of making decisions about resource allocation and performance assessment. Accordingly, the Group determined that the CEO serves as the CODM. Previously, the Board of Directors (the Board) were identified as the CODM, but the CEO is primarily responsible for assessing performance and allocating resources.

The Group’s Non-concrete residential and commercial building business segments operate both in KSA and UAE. Historically, the KSA and UAE segments were aggregated as a single reportable operating segment despite having different economic characteristics. The KSA and UAE Non-concrete residential and commercial building have been restated and disclosed as two separate reportable segments.

The Group has removed segmental asset and liability information from the segment information disclosure because the assets and liabilities measures are not provided nor used by the Group’s CEO to assess performance or allocate resources.

The information about finance cost for each reportable operating segment is provided to the CODM. Historically, finance cost was not disclosed in the segment information for each reportable operating segment. This error has been corrected by disclosing finance cost for each reportable operating segment.

15 SEGMENTAL INFORMATION (continued)

The following table presents segment information for the Group's operating segments for the six-month period ended 30 June 2025 and 2024, respectively:

Business segments

	For the six-month period ended 30 June 2025					For the six-month period ended 30 June 2024				
	General construction	**Non-concrete residential and commercial buildings**		**Facility management and rental of investment properties**	**Total segments**	General construction	Non-concrete residential and commercial buildings		Facility management and rental of investment properties	Total segments
		KSA	**UAE**				KSA	UAE		
	Unaudited (SR'000)					Unaudited (SR'000)				
Revenue:									-	
Total segment revenue	**1,241,633**	**141,181**	**14,997**	**88,725**	**1,486,536**	1,200,371	130,534	62,725	77,270	1,470,900
Intersegment revenue elimination	**-**	**-**	**(6,689)**	**-**	**(6,689)**	-	-	(59,948)	-	(59,948)
Revenue from external customers	**1,241,633**	**141,181**	**8,308**	**88,725**	**1,479,847**	1,200,371	130,534	2,777	77,270	1,410,952
Timing of revenue recognition:										
At a point in time	**-**	**141,181**	**8,308**	**-**	**149,489**	-	130,534	2,777	-	133,311
Over time	**1,241,633**	**-**	**-**	**88,725**	**1,330,358**	1,200,371	-	-	77,270	1,277,641
	1,241,633	**141,181**	**8,308**	**88,725**	**1,479,847**	1,200,371	130,534	2,777	77,270	1,410,952
Finance costs	**(2,389)**	**(7,400)**	**(511)**	**(685)**	**(10,985)**	(655)	(191)	(390)	(1,309)	(2,545)
Segment profit/ (loss)	**43,378**	**(5,830)**	**(11,363)**	**8,595**	**34,780**	57,243	(43,191)	(2,790)	20,802	32,064
Unallocated expenses:										
Corporate and others					**(2,966)**					(3,737)
Finance costs on Bai Al Ajel Islamic facility (Note 13.1)					**(7,991)**					(10,984)
Profit before zakat and tax from continuing operations					**23,823**					17,343
Income tax					**-**					(1,189)
Zakat					**(13,979)**					(13,419)
Profit after zakat and tax from continuing operations					**9,844**					2,735
Loss after zakat and tax for the period from discontinued operations					**(7,971)**					(5,500)
Profit / (loss) for the period					**1,873**					(2,765)

During the six-month period ended 30 June 2025, approximately 95% of the total revenues from general construction segment were derived from 5 customers (30 June 2024: approximately 95% from 5 customers). During the six-month period ended 30 June 2025, approximately 98% of the total revenues from non-concrete residential and commercial buildings segment were derived from 5 customers (30 June 2024: approximately 97% from 5 customers). During the six-month period ended 30 June 2025, approximately 51% of the total revenues from rental segment were derived from 5 customers (30 June 2024: approximately 90% from 5 customers).

15 SEGMENTAL INFORMATION (continued)

The Group's operations are conducted in Saudi Arabia, UAE and certain other locations. The following tables present revenue and profit / (loss) information for the Group's geographical locations for the six-month period ended 30 June 2025 and 2024.

	For the six-month period ended 30 June 2025			
	Saudi Arabia	UAE	Others	Total
	Unaudited (SR '000)			
Total geographical revenue	**1,471,348**	**14,997**	**191**	**1,486,536**
Inter-geographic revenue elimination	**-**	**(6,689)**	**-**	**(6,689)**
Revenue from external customers	**1,471,348**	**8,308**	**191**	**1,479,847**
Geographical profit / (loss) for the period	**22,142**	**(11,363)**	**(935)**	**9,844**

	For the six-month period ended 30 June 2024			
	Saudi Arabia	UAE	Others	Total
	Unaudited (SR '000)			
Total geographical revenue	1,407,941	62,725	234	1,470,900
Inter-geographic revenue elimination	-	(59,948)	-	(59,948)
Revenue from external customers	1,407,941	2,777	234	1,410,952
Geographical profit/ (loss) for the period	6,907	(2,790)	(1,382)	2,735

16 DISCONTINUED OPERATIONS

During 2023, the Board of Directors of the Company formally discussed the plan to exit the paints and related service business segment of the Group (Premier Paints Company ("PPC")). Accordingly, the management evaluated letters of intent received from buyers and a potential buyer in this respect was identified and the negotiations at 31 December 2023 were at advance stage. PPC is available for immediate sale and can be sold to the buyer in its current condition and the actions to complete the sale were initiated and expected to be completed within one year from the date of initial classification. Accordingly, PPC was classified as a disposal group held for sale and as a discontinued operation as of 31 December 2023. With PPC being classified as discontinued operations, the paints and related services segment is no longer presented in the segment note. As of reporting date, the Company's plan is still active and the formal process for sale is in process. The results of PPC for the six-month period ended 30 June 2025 and 2024, respectively, are presented below:

	For the six-month period ended 30 June	
	2025	2024
	SR'000	SR'000
	(Unaudited)	(Unaudited)
Revenues	**343**	864
Cost of revenues	**(2,466)**	(1,351)
General and administration	**(782)**	(1,296)
Selling and distribution	**(1,110)**	(570)
Operating loss	**(4,015)**	(2,353)
Finance costs	**(3,727)**	(2,931)
Other income	**-**	2
Income tax	**-**	-
Loss before zakat and income tax	**(7,742)**	(5,282)
Zakat and income tax	**(229)**	(218)
Loss after zakat and income tax	**(7,971)**	(5,500)
Total comprehensive loss from discontinued operation	**(7,971)**	(5,500)

16 DISCONTINUED OPERATIONS (continued)

The assets and liabilities of PPC classified as held for sale are, as follows:

	30 June 2025 SR '000 (Unaudited)	31 December 2024 SR '000 (Audited)
Assets		
Property, plant and equipment	**314**	630
Right-of-use assets	**615**	641
Inventories	**125**	-
Trade receivables	**2,334**	2,402
Advances to suppliers	**13**	-
Prepayments and other receivables	**7**	-
Cash and cash equivalents	**330**	434
Assets held for sale	**3,738**	4,107
Liabilities		
Employees' defined benefit liabilities	**1,958**	1,844
Non-current portion of lease liabilities	**673**	-
Trade payables	**13,310**	13,254
Accruals and other current liabilities	**7,090**	5,889
Lease liabilities	**-**	731
Zakat and income tax payable	**1,057**	1,057
Liabilities directly associated with assets held for sale	**24,088**	22,775
Net liabilities directly associated with disposal group	**20,350**	18,668

Interest-bearing loan comprises a fixed rate bank loan of SR 2.4 million and settled during the period.

	For the six-month period ended 30 June	
	2025 SR'000 (Unaudited)	2024 SR'000 (Unaudited)
Loss per share from discontinued operations:		
Basic and diluted, loss per share attributable to the equity holders of the Parent Company	**(0.26)**	(0.18)

17 BUSINESS COMBINATIONS AND ACQUISITION OF NON-CONTROLLING INTERESTS

Acquisition of Fundamental Installation for Electric Work Company Limited ("First Fix")

As reported in prior periods, the Company entered into a share purchase agreement (SPA) on 9 June 2023, corresponding to 20 Thul-Qi'dah 1444H, for the acquisition of 51% shareholding in The Fundamental Installation for Electric Work Company Limited ("First Fix"), a limited liability company registered in Jeddah, Kingdom of Saudi Arabia. The effective date of the acquisition was 1 October 2023 and First Fix has been consolidated as a subsidiary from that date. The total purchase consideration for the acquisition of First Fix amounted to SR 644.8 million of which SR 250 million was payable in cash and the balance amounting to SR 394.8 million is payable either in cash or in-kind by way of newly issued shares of the Parent Company within a pre-determined period.

As further reported in prior periods, the Group finalised the purchase price allocation (PPA) during the three months ended 30 September 2024 in accordance with the requirements of IFRS 3, Business Combinations at which point the following adjustments to the book value of net assets were recorded by the Group:

- Identified other intangible assets with defined useful lives amounting to SR 404.2 million;
- Decrease of goodwill by SR 206.1 million; and
- Increase of non-controlling interest by SR 198.1 million.

Further, on the effective date of the acquisition, 1 October 2023, RSI and the shareholders of First Fix (Original Shareholders) entered into a shareholder's agreement (SHA). The SHA included put and call options in relation to the non-controlling interest in the subsidiary that were exercisable subject to certain terms and conditions to be met over a period of time. In accordance with the requirements of International Accounting Standard 32 "Financial instruments: Presentation" as endorsed in the Kingdom of Saudi Arabia, the Group should have recognised a financial liability at the date of the acquisition of First Fix measured at the present value of the estimated redemption amount at the option exercise date. The consequent charges arising on the unwinding of the discount of the liability together with any remeasurements that might have been required for the three-month and six-month periods ended 30 June 2024 and 30 June 2025, respectively, should have been recognized.

On 9 April 2025, the Company and the Original Shareholders entered into an agreement that terminated the put and call options. Accordingly, no liability exists as at 30 June 2025.

As described in Note 2.1, the Group is in the process of converting the deferred consideration liability into equity. During February 2024, RSI entered into two assignment agreements with the Original Shareholders ("assignors") and two individuals ("assignees"), whereby the assignors have assigned, and the assignees have accepted, a portion of the deferred consideration due to the assignors totaling SR 41.3 million. Consequently, RSI is directly indebted to the assignees for the assigned portion of the deferred consideration mentioned above.

18 FAIR VALUES OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an ordinary transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

The fair value measurement methodology used by the Group is in line with the annual consolidated financial statements for the year ended 31 December 2024. There were no transfers between Level I, Level II or Level III for the six-month period ended 30 June 2025.

The fair values of the Group's current financial instruments are estimated to approximate their carrying values since the financial instruments are short-term in nature, and are expected to be realised at their current carrying values within twelve months from the date of statement of financial position. The fair values of the non-current financial instruments are estimated to approximate their carrying values as these carry market interest rates.

19 RESTATEMENTS OF COMPARATIVE INFORMATION

During the year ended 31 December 2024, management reassessed the accounting treatment and presentation of certain transactions and balances recorded in the consolidated financial statements of the Group to determine if such transactions and balances have been accounted for and presented appropriately under 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 ("SOCPA"). This exercise resulted in the restatement of certain financial statement line items which also impact the comparatives to these condensed consolidated interim financial statements detailed below:

Impact of the measurement period adjustment:
As explained in Note 17, effective 1 October 2023, the Group acquired a subsidiary which is accounted for using the acquisition method under IFRS 3 – Business Combinations. As of 30 September 2024, the Group completed the purchase price allocation ("PPA") of the net assets acquired as part of the measurement period of one year after the date of acquisition. Upon finalisation of this exercise, in accordance with the requirements of IFRS 3, Business Combinations, the Group restated its 31 December 2024 consolidated financial statements to reflect the fair values of the assets and liabilities acquired. No further adjustments are made in these condensed consolidated interim financial statements in respect of asset and liability carrying amounts but the previous restatement has resulted in an increase in the amortisation of the identified intangible assets by SR 24.4 million and SR 48.7 million for the three-month and six-months periods ended 30 June 2024 respectively.

Restatements:

1. The Group's management performed a reassessment of their models for expected credit losses (ECL) on 'Trade receivables', 'Contract assets' and 'Retention receivables' in accordance with IFRS 9 - Financial Instruments. This exercise resulted in restatement due to additional impairment on these respective financial statement line items which were previously excluded from the ECL computation. Consequently, an additional impairment expenses of SR 0.9 million and SR 3.5 million were recognized related to the expected credit loss for the three-month and six-month periods ended 30 June 2024 respectively.
2. The management conducted an exercise and concluded that bank charges in the condensed consolidated interim statement of profit or loss had not been appropriately presented as required by IAS 1 "Presentation of Financial Statements". Consequently, the Group corrected these by reclassifying SR 1.4 million and SR 3.1 million of project related bank charges from 'finance costs' to 'cost of revenues' for the three-month and six-month periods ended 30 June 2024, respectively.
3. During the six-month period ended 30 June 2025, the Group reassessed the identity of the CODM for the purposes of segmental reporting and other aspects of the segmental disclosures. Refer to the segment information disclosure in Note 15 for the details of the corrections made.

Whilst there have been reclassification adjustments within cash flows from operating activities in the condensed consolidated interim statement of cash flows as a result of the above restatements, there was no impact on net cash generated from or used in operating activities, investing activities or financing activities nor cash and cash equivalents.

Effect on the condensed consolidated interim statement of profit or loss for the period ended 30 June 2024

	Previously reported	Measurement period adjustment	Restatement -1	Restatement - 2	2024 Restated
	SR'000	SR'000	SR'000	SR'000	SR'000
CONTINUING OPERATIONS					
Cost of revenues	(1,239,361)	-	-	(3,103)	(1,242,464)
General and administration	(70,736)	(48,738)	-	-	(119,474)
Allowance for expected credit losses, net	(10,044)	-	(3,524)	-	(13,568)
Finance costs	(16,632)	-	-	3,103	(13,529)
Profit / (loss) before zakat and income tax	69,605	(48,738)	(3,524)	-	17,343

20 SUBSEQUENT EVENTS

In the opinion of the Group's management, there have been no subsequent events since 30 June 2025 that would have a material impact on these condensed consolidated interim financial statements.