

SUMOU REAL ESTATE COMPANY
(A Saudi Joint Stock Company)**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UN
AUDITED) AND INDEPENDENT AUDITOR'S REPORT ON REVIEW OF
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND NINE - MONTH PERIODS ENDED SEPTEMBER 30,
2024**

SUMOU REAL ESTATE COMPANY
(A Saudi Joint Stock Company)

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UN
AUDITED) AND INDEPENDENT AUDITOR'S REPORT ON REVIEW OF
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND NINE - MONTH PERIODS ENDED SEPTEMBER 30, 2024**

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**INDEPENDENT AUDITOR'S REPORT ON REVIEW OF
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**THE SHAREHOLDERS OF
SUMOU REAL ESTATE COMPANY
(A Saudi Joint Stock Company)
Khobar – Kingdom of Saudi Arabia**

Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of Sumou Real Estate Company (the "Company") and its subsidiaries (collectively referred to as the "Group") as at September 30, 2024, and the related condensed consolidated interim statement of profit or loss and other comprehensive income for the three and nine - month periods ended September 30, 2024 and the related condensed consolidated interim statement of changes in shareholders' equity and cash flows for the nine - month period ended September 30, 2024, and a summary of significant accounting policies 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"), as 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" as endorsed in the Kingdom of Saudi Arabia. A review of condensed consolidated interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures, A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

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



**Crowe Solutions
For Professional Consulting**

**Abdullah M. AlAzem
License No. 335**

Jumada AlAwwal 05, 1446H (November 07, 2024)
Khobar, Kingdom of Saudi Arabi

SUMOU REAL ESTATE COMPANY
(SAUDI JOINT STOCK COMPANY)
CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2024
(Saudi Riyals)

	Note	30 September 2024 (Unaudited)	31 December 2023 (Audited)
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment, net		2,813,933	1,845,023
Investment properties		60,220,776	60,220,776
Projects under development	6	282,742,041	40,533,892
Right of use Assets, net	7	19,446,469	19,341,710
Intangible assets, net		354,978	539,998
Financial assets at fair value through other comprehensive income		69,130,165	81,979,022
Investments in companies using equity method	8	280,111,208	306,932,738
TOTAL NON-CURRENT ASSETS		714,819,570	511,393,159
CURRENT ASSETS			
Cash and cash equivalents	5	198,518,609	113,529,012
Accounts receivables		54,887,751	33,888,850
Accrued revenue		28,575,594	46,817,517
Prepayments and other assets		75,506,308	69,138,358
Due from related parties	9	93,499,142	64,991,484
Inventory- lands		10,355,038	10,355,038
TOTAL CURRENT ASSETS		461,342,442	338,720,259
TOTAL ASSETS		1,176,162,012	850,113,418
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Share capital	11	500,000,000	375,000,000
Statutory reserve	12	-	54,539,257
Retained earnings		113,792,043	126,234,985
Revaluation reserve for investments through OCI		(30,899,848)	(19,059,461)
TOTAL SHAREHOLDERS' EQUITY ATTRIBUTABLE TO THE COMPANY'S SHAREHOLDERS		582,892,195	536,714,781
Non-controlling interest		(1,214,991)	(938,594)
TOTAL SHAREHOLDERS' EQUITY		581,677,204	535,776,187
NON-CURRENT LIABILITIES			
Lease liabilities - non-current portion	7	18,178,990	18,725,397
Land obligations against projects under development-non-current portion		121,534,482	-
Advance payments from customers		45,706,599	18,174,944
Employee benefit obligations		5,344,165	4,443,568
TOTAL NON-CURRENT LIABILITIES		190,764,236	41,343,909
CURRENT LIABILITIES			
Zakat provision	10	5,450,000	5,968,510
Lease liabilities - current portion	7	1,931,302	1,433,750
Accrued expenses and other liabilities		39,062,484	29,472,993
Due to related parties	9	111,140,486	100,033,955
Land obligations against projects under development - current portion		166,464,451	73,271,772
Accounts payable		79,671,849	62,812,342
TOTAL CURRENT LIABILITIES		403,720,572	272,993,322
TOTAL LIABILITIES		594,484,808	314,337,231
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		1,176,162,012	850,113,418


Finance Manager


Chief Executive Officer


Chairman of the Board

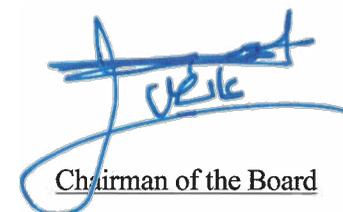
The attached notes from (1) to (19) form an integral part of these condensed consolidated interim financial statements.

SUMOU REAL ESTATE COMPANY
(SAUDI JOINT STOCK COMPANY)
CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS
FOR THE THREE AND NINE - MONTH PERIODS ENDED 30 SEPTEMBER 2024
(Saudi Riyals)

	Note	For the three - month period ended		For the nine - month period	
		30 September		ended 30 September	
		2024	2023	2024	2023
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue	13	109,333,962	74,565,942	317,625,493	194,265,394
Cost of revenue		(76,704,539)	(39,752,226)	(233,690,954)	(103,707,304)
Gross operating income		32,629,423	34,813,716	83,934,539	90,558,090
General and administrative expenses		(2,704,375)	(2,833,727)	(10,525,806)	(8,260,222)
Net profit from main operations		29,925,048	31,979,989	73,408,733	82,297,868
Finance cost		(302,115)	(331,049)	(908,120)	(1,001,457)
The Group's share of results from Investments in companies accounted for using the equity method	8-c	1,874,213	(2,178,613)	10,370,000	140,602
Other income		-	462,507	5,578,716	690,949
Net profit before zakat for the period		31,497,146	29,932,834	88,449,329	82,127,962
Zakat	10	(1,815,000)	(1,382,500)	(5,450,000)	(4,147,500)
Net profit for the period		29,682,146	28,550,334	82,999,329	77,980,462
Net profit for the period attributed to:					
Shareholders		29,777,351	28,634,203	83,275,726	78,231,731
Non-controlling interest		(95,205)	(83,869)	(276,397)	(251,269)
		29,682,146	28,550,334	82,999,329	77,980,462
Earnings per share:					
Basic and diluted earnings per share from net profit for the period attributable to the group's shareholder	14	0.596	0.573	1.66	1.56


Finance Manager


Chief Executive Officer


Chairman of the Board

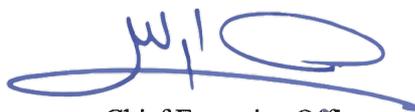
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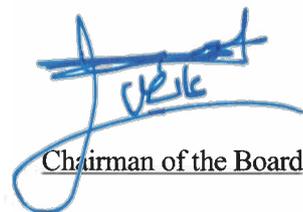
SUMOU REAL ESTATE COMPANY
(SAUDI JOINT STOCK COMPANY)

CONDENSED CONSOLIDATED INTERIM STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE THREE AND NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2024
(Saudi Riyals)

	For the three - month period ended 30 September		For the nine - month period ended 30 September	
	2024 (Unaudited)	2023 (Unaudited)	2024 (Unaudited)	2023 (Unaudited)
Net profit for the period	29,682,146	28,550,334	82,999,329	77,980,462
Items that will not be subsequently reclassified into profit or loss:				
Net change of financial assets at fair value through OCI	-	(5,160,725)	(11,840,387)	(5,160,725)
Actuarial losses from re-measurement for employee benefit obligations	(165,168)	(35,640)	(257,925)	(974,389)
Other Comprehensive loss for the period	(165,168)	(5,196,365)	(12,098,312)	(6,135,114)
Total comprehensive income for the period	29,516,978	23,353,969	70,901,017	71,845,348
Total comprehensive income for the period attributed to:				
Shareholders	29,612,183	23,437,838	71,177,414	72,096,617
Non-controlling interest	(95,205)	(83,869)	(276,397)	(251,269)
	29,516,978	23,353,969	70,901,017	71,845,348


Finance Manager


Chief Executive Officer


Chairman of the Board

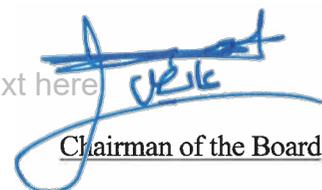
The attached notes from (1) to (19) form an integral part of these condensed consolidated interim financial statements.

SUMOU REAL ESTATE COMPANY
(SAUDI JOINT STOCK COMPANY)
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2024
(Saudi Riyals)

	Share capital	Statutory reserve	Retained earnings	Revaluation reserve investments through OCI	Total Shareholders' Equity Attributable to company's Shareholders	Non-controlling interest	Total shareholders' equity
Balance as at 1 January 2023 (Audited)	375,000,000	44,238,472	108,727,489	6,221,116	534,187,077	(607,554)	533,579,523
Net profit for the period	-	-	78,231,731	-	78,231,731	(251,269)	77,980,462
Other comprehensive loss for the period	-	-	(974,389)	(5,160,725)	(6,135,114)	-	(6,135,114)
Dividends distribution	-	-	(75,000,000)	-	(75,000,000)	-	(75,000,000)
Balance as at 30 September 2023 (Unaudited)	375,000,000	44,238,472	110,984,831	1,060,391	531,283,694	(858,823)	530,424,871
Balance as at 1 January 2024 (Audited)	375,000,000	54,539,257	126,234,985	(19,059,461)	536,714,781	(938,594)	535,776,187
Net profit for the period	-	-	83,275,726	-	83,275,726	(276,397)	82,999,329
Other comprehensive loss	-	-	(257,925)	(11,840,387)	(12,098,312)	-	(12,098,312)
Transfer from statutory reserve to retained earnings (note 12)	-	(54,539,257)	54,539,257	-	-	-	-
Dividends distribution	-	-	(25,000,000)	-	(25,000,000)	-	(25,000,000)
Increase in capital (note 11)	125,000,000	-	(125,000,000)	-	-	-	-
Balance as at 30 September 2024 (Unaudited)	500,000,000	-	113,792,043	(30,899,848)	582,892,195	(1,214,991)	581,677,204


Finance Manager


Chief Executive Officer

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Chairman of the Board

The attached notes from (1) to (19) form an integral part of these condensed consolidated interim financial statements.

SUMOU REAL ESTATE COMPANY
(SAUDI JOINT STOCK COMPANY)
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
FOR THE NINE - MONTH PERIODS ENDED 30 SEPTEMBER 2024
(Saudi Riyals)

	30 September 2024	30 September 2023
	(Unaudited)	(Unaudited)
OPERATING ACTIVITIES		
Net profit for the period	82,999,329	77,980,462
Adjustments:		
Depreciation and amortization	1,753,090	1,660,585
The Group's share of results from Investments in companies accounted for using the equity method	(10,370,000)	(140,602)
Finance cost	908,120	1,001,457
Employee benefit obligations	684,723	567,309
Zakat provision	5,450,000	4,147,500
Operating assets and liabilities:		
Account receivables	(20,998,901)	-
Prepayments and other assets	(6,367,950)	(15,268,819)
Accrued expenses and other liabilities	9,589,491	8,699,483
Account payables	16,859,507	2,763,724
Net change in related parties balances	(17,401,127)	28,530,203
Accrued revenue	18,241,923	(13,208,730)
Advance payments from customers	27,531,655	8,712,079
Employee benefit obligations paid	(42,051)	(49,815)
Zakat paid	(5,968,510)	(4,958,878)
Net cash provided by operating activities	102,869,299	100,435,958
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(251,817)	(633,274)
Murabaha investment deposits	-	15,000,000
Financial assets at fair value through other comprehensive income	-	(64,629,627)
Dividends from investments in companies invested in through the equity method	38,200,000	7,000,000
Land obligations against projects under development	(25,000,000)	-
Net change in projects under development	(3,682,824)	3,876,385
Net cash provided by (used in) investing activities	9,265,359	(39,386,516)
FINANCING ACTIVITIES		
Lease obligations paid	(1,585,315)	(1,844,950)
Financing costs paid	(559,746)	(444,372)
Dividend distributions	(25,000,000)	(37,500,000)
Net cash used in financing activities	(27,145,061)	(39,789,322)
Net change in cash and cash equivalents	84,989,597	21,260,120
Cash and cash equivalents at beginning of the period	113,529,012	83,797,263
Cash and cash equivalents at end of the period	198,518,609	105,057,383
Non Cash transactions		
Transfer from retained earnings to capital	125,000,000	-
Transfer from statutory reserve to retained earnings	54,539,257	-
Transfer from projects under development to Property, plant and equipment	1,201,836	-
Land obligations against projects under development	239,727,161	-
Change in financial assets at fair value through other comprehensive income	(11,840,387)	(5,160,725)
Actuarial losses (gains) from re-measurement of employee benefit obligations	(257,925)	974,389
Dividends payable	-	37,500,000


 Finance Manager


 Chief Executive Officer


 Chairman of the Board

The attached notes from (1) to (19) form an integral part of these condensed consolidated interim financial statements.

SUMOU REAL ESTATE COMPANY
(SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM STATEMENTS
FOR THE THREE AND NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2024
(Saudi Riyals)

1. ORGANIZATION AND MAIN ACTIVITIES

Sumou Real Estate Company (the “company”) is a Saudi Joint Stock company operating under commercial registration number 2051034841 dated 3 Jumada Al Thani 1428H (corresponding to June 18, 2007) issued at Khobar, Kingdom of Saudi Arabia.

The address of the Company's head office is, Prince Turki Street, Al-Yarmouk District, PO Box 250, Al-Khobar 31952, Kingdom of Saudi Arabia.

The main activity of the Company is the general construction of residential buildings, general construction of non-residential buildings, including (schools, hospitals, hotels, etc.), construction of airports and their facilities, construction of prefabricated buildings on sites, renovations of residential and non-residential buildings, purchase and sale of land and real estate and its division and off plan sale activities.

These condensed consolidated interim financial statements include assets, liabilities and the main activities of the above-mentioned commercial register and the following branches commercial registers:

Branches CR No Location and registration

1010261561	Riyadh
4030189816	Jeddah
4031275053	Makkah

The condensed consolidated interim financial statements include the condensed consolidated interim financial statements for the Company and its subsidiaries (collectively referred to as the “Group”) as follows:

<u>Company name</u>	<u>Legal entity</u>	<u>Country of Incorporation</u>	<u>Actual Ownership Percentage</u>	
			2024	2023
Al Mahafel Trading and Contracting Co. Ltd.	Limited Liability Co	Kingdom of Saudi Arabia	80%	80%
Anara development company	Limited Liability Co	Kingdom of Saudi Arabia	100%	100%

The assets, liabilities and results of operations of the above mentioned subsidiaries are included in the accompanying condensed consolidated interim financial statements.

- **Al Mahafel Trading and Contracting Co. Ltd.** is a Saudi limited liability company registered under Commercial Registration No. 4030127728 in Jeddah, dated 15/4/1420H corresponding to July 27, 1999. Its activities include general construction of residential buildings, general construction of non-residential buildings such as schools, hospitals, hotels, general construction of government buildings, construction of prefabricated buildings on sites, and renovations of residential and non-residential buildings.

- **Anara Development Company** is a Saudi limited liability company registered under Commercial Registry No. 4030534502 in the city of Jeddah and dated 21/5/1445H corresponding to December 5, 2023. Its activities include general construction of residential buildings, general construction of non-residential buildings such as schools, hospitals, hotels, etc., general construction of government buildings, and construction of prefabricated buildings on sites. Restorations of residential and non-residential buildings, construction of roads, streets, sidewalks, and road supplies, general sports construction, including stadiums, building finishing, buying and selling land and real estate, dividing it, and off-plan sales activities, real estate development of residential buildings using modern construction methods. No separate financial statements have been issued for the company, as the company’s first audited financial statements will be issued for the period from the date of its registration in the commercial register until December 31, 2024.

2. BASIS OF PREPARATION OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

2-1 Statement of compliance:

These Condensed Consolidated Interim Financial Statements have been prepared in accordance with IAS 34 Interim Financial Reporting that is endorsed in Kingdom of Saudi Arabia and other standards and pronouncements that are issued by Saudi Organization for Chartered and Professional Accountants (“SOCPA”) and should be read in conjunction with the Group’s last annual Financial Statements as at and for the year ended 31 December 2023. They do not include all of the information required for a complete set of International Financial Reporting Standard (“IFRS”) Financial Statements however, accounting policies and selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance since December 31, 2023.

SUMOU REAL ESTATE COMPANY
(SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM STATEMENTS
FOR THE THREE AND NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2024
(Saudi Riyals)

2. BASIS OF PREPARATION OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

2-2 Basis of measurement

The condensed consolidated interim financial statements have been prepared on the historical cost basis and using the accrual basis of accounting except for the items to which the fair value measurement applies, present value, realizable value, and replacement cost in light of the accrual basis and the assumption of continuity for the Group.

2-3 Functional and presentation currency:

The condensed consolidated interim financial statements are presented in Saudi Riyal, which is the Group's functional and presentation currency.

2-4 Use of estimates and judgments and assumptions:

The preparation of condensed consolidated interim financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The significant estimates made by the management when applying the Group's accounting policies and the significant sources of uncertainties in the estimates were similar to those shown in the last annual financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in these condensed consolidated interim financial statements are in accordance with the International Financial Reporting Standards approved in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by Saudi Organization for Chartered and Professional Accountants ("SOCPA") and are the same policies applied in the Group's annual financial statements for the year ended December 31, 2023, except for applying the new accounting policies below that are effective from January 1, 2024.

New Standards, Amendment to Standards and Interpretations

There are new standards and number of amendments to standards which are effective from 1 January 2024 and have been explained in Group's annual Consolidated Financial Statements, but they do not have a material effect on the Group's Condensed Consolidated Interim Financial Statements.

4. BASIS OF CONSOLIDATION

The condensed consolidated interim financial statements incorporate the financial statements of the Company and its subsidiaries detailed in note 1. Control is achieved when the Group:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally.

The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- The size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Group, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

SUMOUM REAL ESTATE COMPANY
(SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM STATEMENTS
FOR THE THREE AND NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2024
(Saudi Riyals)

4. BASIS OF CONSOLIDATION (CONTINUED)

Consolidation of the subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary. Consolidated profit or loss and each component of other comprehensive income are attributed to the shareholders of the Group and the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the shareholders of the Group. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

5. CASH AND CASH EQUIVALENTS

This item consists of the following:

	Note	30 September 2024	31 December 2023
		(Unaudited)	(Audited)
Cash at banks		6,268,027	2,654,693
Restricted cash at banks	5-1	192,250,582	110,874,319
Cash and Cash Equivalents		198,518,609	113,529,012

5-1 These balances represent the bank accounts registered for off-plan sale projects (Wafi). The use of this cash is limited to disbursement to those projects only and the cash collections related to them, and therefore they are considered cash and cash equivalents.

6. PROJECTS UNDER DEVELOPMENT

	Note	30 September 2024	31 December 2023
		(Unaudited)	(Audited)
Dar Sumou Project	6A	3,247,636	12,960,306
Al Asela Project	6B	90,808,542	-
Al Samiah Project	6C	154,790,960	-
Public Benefit Market Project	6D	33,894,903	27,573,586
		282,742,041	40,533,892

A) Project under development includes the costs incurred in the Dar Sumou project to build and sell 412 villas in the city of Jeddah on the lands of the Ministry of Housing allocated to Sumou Real Estate Company. Below are the project details:

	30 September 2024	31 December 2023
	(Unaudited)	(Audited)
Balance at the beginning of the period / year	12,960,306	36,579,119
Development, implementation and construction costs incurred	38,397,059	91,929,101
Total	51,357,365	128,508,220
Work performed during the period / year	(48,109,729)	(115,547,914)
Balance at the end of the period / year	3,247,636	12,960,306

B) Project under development includes the costs incurred in the Al Asela project to build and sell 326 villas in the city of Riyadh on the lands of the Ministry of Housing allocated to Sumou Real Estate Company. Below are the project details:

	30 September 2024	31 December 2023
	(Unaudited)	(Audited)
Balance at the beginning of the period / year	-	-
Development, implementation and construction costs incurred	222,346,232	-
Total	222,346,232	-
Work performed during the period / year	(131,537,690)	-
Balance at the end of the period / year	90,808,542	-

SUMOUL REAL ESTATE COMPANY
(SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM STATEMENTS
FOR THE THREE AND NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2024
(Saudi Riyals)

6. PROJECTS UNDER DEVELOPMENT (CONTINUED)

C) Project under development includes the costs incurred in the Al Samiah project to build and sell 451 villas in the city of Madinah Munawwara on the lands of the Ministry of Housing allocated to Sumou Real Estate Company.

Below are the project details:

	30 September 2024	31 December 2023
	(Unaudited)	(Audited)
Balance at the beginning of the period / year	-	-
Development, implementation and construction costs incurred	171,792,057	-
Total	171,792,057	-
Work performed during the period / year	(17,001,097)	-
Balance at the end of the period / year	154,790,960	-

D) Project under development includes the costs incurred in the Public Benefit Market Project which belongs to the subsidiary company (Al-Mahafel Trading and Contracting Company Limited).

Below are the project details:

	30 September 2024	31 December 2023
	(Unaudited)	(Audited)
Balance at the beginning of the period / year	27,573,586	8,795,943
Transfer from projects under development to Property, plant and equipment	(1,201,836)	-
Development, implementation and construction costs incurred	7,523,153	18,777,643
Balance at the end of the period / year	33,894,903	27,573,586

7. RIGHT OF USE ASSETS AND LEASE LIABILITIES, NET

The table below shows the right of use assets balance and the depreciation charged as follows:

	Land	Building	Total
Cost			
The balance as at January 01, 2024 (Audited)	21,784,442	1,408,825	23,193,267
Additions during the period	-	1,188,086	1,188,086
The balance as at September 30, 2024 (Unaudited)	21,784,442	2,596,911	24,381,353
Accumulated depreciation			
The balance as at January 01, 2024 (Audited)	(2,614,134)	(1,237,423)	(3,851,557)
Charge for the period	(654,735)	(428,592)	(1,083,327)
The balance as at September 30, 2024 (Unaudited)	(3,268,869)	(1,666,015)	(4,934,884)
Net book value			
As at 30 September 2024 (Unaudited)	18,515,573	930,896	19,446,469
As at 31 December 2023 (Audited)	19,170,308	171,402	19,341,710

The lease liabilities are as follows:

	30 September 2024	31 December 2023
	(Unaudited)	(Audited)
Non-current lease liabilities	18,178,990	18,725,397
Current lease liabilities	1,931,302	1,433,750
Total lease liabilities	20,110,292	20,159,147

The finance cost recognized from lease liabilities during the nine month periods ended 30 September 2024 amounted to SR 559,746 (30 September 2023: SR 373,865).

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8. INVESTMENT IN COMPANIES USING THE EQUITY METHOD

The investments in companies accounted for using the equity method are as follows:

	Note	<u>Actual Ownership</u>		30 September 2024	31 December 2023
		2024	2023	(Unaudited)	(Audited)
Investments in Western Dhahiat Company	8-a	25%	25%	272,877,485	272,734,858
Investments in Tanal Real Estate Development and Investment Company	8-b	10%	10%	7,233,723	34,197,880
				280,111,208	306,932,738

a) Investments in Western Dhahiat Company

- The Group owns 25% of the net assets of the Western Dhahiat Company, which operates mainly in the Kingdom of Saudi Arabia and the investment was treated using the equity method.

- Western Dhahiat Company is a limited liability company with a capital of SR 100,000. The address of the company's head office is in Jeddah. The company's activity is in the general construction of residential buildings, and non-residential buildings, the purchase and sale of land and real estate, and its division, and off-plan sales activities.

- The return on investment in the associate was calculated based on the unaudited financial statement for the period ended on September 30, 2024 which is prepared by the company's management.

The financial information of the associate company is summarized as follows:

	30 September 2024	31 December 2023
	(Unaudited)	(Audited)
Total assets	1,092,839,765	1,092,246,784
Total liabilities	1,329,819	1,307,350
Equity	1,091,509,946	1,090,939,434
Revenue	-	-
Expenses	(3,463,370)	(22,318,029)
Net loss	(3,463,370)	(22,318,029)
Other comprehensive income (loss)	4,033,879	(72,816,662)

The investment movement:

	30 September 2024	31 December 2023
	(Unaudited)	(Audited)
Beginning balance for the period / year	272,734,858	296,518,530
Group's share of net loss for the period/year	(865,843)	(5,579,506)
Group's share of other comprehensive income (loss) for the period/year	1,008,470	(18,204,166)
Balance at the end of the period / year	272,877,485	272,734,858

b) Investments in Tanal Company for Investment and Real Estate Development

Tanal Company for Investment and Real Estate Development is a limited liability company with a capital of SR 100,000. The address of the company's head office is in Riyadh. The company's activity is the management and leasing of residential and non-residential properties owned or leased.

Sumou Real Estate Company owns 40% voting rights in Tanal Company for Investment and Real Estate Development on operational and administrative decisions, and this was considered as a significant influence due to the Chairman of the Board of Directors of Tanal Company for Investment and Real Estate Development is the Chairman of the Board of Directors for the Company and also the member of board of directors in Tanal Company for Investment and Real Estate Development is the deputy chairman of the board of directors for the Company, and thus the investment was treated using the equity method.

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8. INVESTMENT IN COMPANIES USING THE EQUITY METHOD (CONTINUED)

Summary of the consolidated financial information of Tanal Company for Investment and Real Estate Development and its subsidiary Ruba Buildings Real Estate Company.

The accounting policies used in preparing the consolidated financial statements of the associate are consistent with those of Sumou Real Estate Company.

Summary of the consolidated statement of profit or loss and other comprehensive income

	For the nine months period ended	
	30 September (Un audited)	
	2024	2023
Revenue	269,807,853	90,286,419
Profit from main operations	114,582,817	55,250,610
Net profit for the period	112,358,428	48,887,868
Other comprehensive income for the period	112,358,428	48,887,868
Group's share of profit for the period	11,235,843	4,888,787

The return on investment in the associate was calculated based on the unaudited financial statement for the period ended on September 30, 2024 which is prepared by the company's management.

Summary of the consolidated statement of financial position

	30 September 2024	31 December 2023
	(Unaudited)	(Audited)
<u>Assets</u>		
Current assets	85,999,496	352,294,129
Total assets	85,999,496	352,294,129
<u>Liabilities and equity</u>		
Current liability	13,662,266	10,315,327
Total equity	72,337,230	341,978,802
Total liabilities and equity	85,999,496	352,294,129

The investment movement

	30 September 2024	31 December 2023
	(Unaudited)	(Audited)
Balance at the beginning of the period/year	34,197,880	33,345,057
Dividends Received	(38,200,000)	(13,200,000)
Share of profit for the period/year	11,235,843	14,052,823
Balance at the end of the period/year	7,233,723	34,197,880

c) The Group's share of results from Investments in companies accounted for using the equity method.

	30 September 2024	30 September 2023
	(Unaudited)	(Unaudited)
Tanal Company for Investment and Real Estate Development	11,235,843	4,888,787
Western Dhahiat Company	(865,843)	(4,748,185)
	10,370,000	140,602

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9. RELATED PARTY TRANSACTIONS

The related parties are represented in the dealings with the associate group, non-executive members of the board of directors, and senior management employees of the group, where the employees of the higher management are the persons who exercise authority and responsibility in planning, managing and monitoring the Group's activities, directly or indirectly, including the managers.

During the normal course of its business, the Group had the following significant transactions with major related parties during the period ended September 30, 2024 and the year ended December 31, 2023. As follows:

Name	Relationship
Sumou Holding Company	Main Shareholder
Adeer Holding Company	Affiliate company
Adeer Real-estate Company	Affiliate company
Adeer Asar Real Estate Company	Affiliate company
Asmou Real Estate Development Company	Affiliate company
Gulf Riyadh Management Company	Affiliate company
Buna Al Jazira for Contracting Co.	Affiliate company
Western Dhahiat Company	Associate company
Sumou Dhahiat Real Estate Fund	Entity associated with board of directors
Alinma Al Madinah Real Estate Fund	Entity associated with board of directors
Alinma Agyad Real Estate Fund	Entity associated with board of directors
Alinma Al Taif Real Estate Fund	Entity associated with board of directors

- The transactions and amounts related thereto for the nine month periods / year ended on:

Description	Nature of the transaction	30 September 2024 (Unaudited)	31 December 2023 (Audited)
Sumou Holding Company	Revenue	20,674,132	18,961,409
Adeer Real-estate Company	Marketing cost	8,487,179	-
Adeer Holding Company	Revenue	5,108,475	41,000,000
Adeer Asar Real Estate Company	Revenue	3,779,273	4,870,433
Adeer Asar Real Estate Company	Advance payments	9,967,787	6,547,060
Gulf Riyadh Management Company	Administrative services	900,000	1,200,000
Adeer Holding Company	Rents	474,936	509,565
Asmou Real Estate Development Company	Revenue	45,000,000	15,000,000
Sumou Dhahiat Real Estate Fund	Revenue – in kind	-	15,201,967
Sumou Dhahiat Real Estate Fund	Revenue – in cash	-	18,000,000
Alinma Al Madinah Real Estate Fund	Advance revenue	-	19,427,660
Alinma Agyad Real Estate Fund	Advance revenue	-	30,000,000
Alinma Al Taif Real Estate Fund	Advance revenue	-	21,470,000
Buna Al Jazira for Contracting Co.	Contracting works	20,232,214	21,230,693

- Remunerations of Managers and Senior Management Staff:

Senior management is represented by senior members of the Board of Directors and senior executives in the group who have the powers and responsibilities of planning, directing and controlling the Group's activities. The following are the benefits and rewards of senior management employees.

Description	Nature of the transaction	30 September 2024 (Unaudited)	31 December 2023 (Audited)
Members of the Board of Directors and other committees	Allowances for attending sessions and bonuses	731,977	977,504
Senior management staff	Salaries, allowances and incentives	5,026,983	5,164,113

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9. RELATED PARTY TRANSACTIONS (CONTINUED)

a. Due from related parties is as follow:

	30 September 2024	31 December 2023
	(Unaudited)	(Audited)
Adeer Holding Company	29,291,484	29,291,484
Sumou Dahiet Real Estate Fund	20,700,000	20,700,000
Sumou Holding Company	13,507,658	-
Asmou Real Estate Development Company	30,000,000	15,000,000
	93,499,142	64,991,484

b. Due to related parties is as follow:

	30 September 2024	31 December 2023
	(Unaudited)	(Audited)
Alinma Agyad Real Estate Fund	30,000,000	30,000,000
Buna Al Jazira for contracting Co.	24,220,214	21,230,693
Alinma Al Taif Real Estate Fund	21,470,000	21,470,000
Alinma Al Madinah Real Estate Fund	19,427,660	19,427,660
Adeer Realestate Company	6,054,825	-
Adeer Asar Real Estate Co	9,967,787	6,547,060
Sumou Holding Company	-	1,358,542
	111,140,486	100,033,955

10. ZAKAT PROVISION

A) Zakat assessment status:

The Company received letters of zakat assessment for the years 2019 and 2020 on October 12, 2021, with an additional zakat amounting to SR 12,119,787. The Company paid an amount of SR 3,670,719 and objected to the Zakat, Tax and Customs Authority on December 9, 2021 for an amount of SR 8,449,068, According to the Zakat advisor, a ruling was made in favor of the company in the primary committee, and the Zakat, Tax and Customs Authority appealed the decision. The appeal decision was issued on May 21, 2024, in favor of the Company, stating that there were no outstanding obligations for the years 2019 and 2020.

B) The movement of the zakat provision:

	30 September 2024	31 December 2023
	(Unaudited)	(Audited)
Balance at the beginning of the period/ year	5,968,510	4,958,878
Charge during the period/ year	5,450,000	5,968,510
Paid during the period/ year	(5,968,510)	(4,958,878)
Provision balance at the end of the period/ year	5,450,000	5,968,510

11. SHARE CAPITAL

The Company's share capital is SR 500 million as at September 30, 2024 (December 31, 2023: SR 375 million), consisting of 50 million shares as at September 30, 2024 (December 31, 2023: 37.5 million shares) issued and fully paid, with a par value of SR 10 Saudi share.

On 29 Dhu al-Qi'dah 1445 AH corresponding to June 6, 2024 AD, the Company's general assembly approved increasing the Company's capital from SR 375 million to SR 500 million by issuing one free share for every three shares through capitalizing an amount of SR 125 million from the retained earnings balance.

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12. STATUTORY RESERVE

(10%) of the net profits are set aside annually to form the Company's statutory reserve. The Ordinary General Assembly may decide to stop this reserve when the aforementioned reserve reaches (30%) of the paid-up capital. The statutory reserve is used to cover the Company's losses or increase capital. If this reserve exceeds (30%) of the paid-up capital, the ordinary general assembly may decide to distribute the increase to shareholders in the years in which the Company does not achieve net profits sufficient to distribute the share allocated for them in the company's bylaws.

On 29 Dhu al-Qi'dah 1445 AH corresponding to June 6, 2024 AD, the Company's general assembly approved the transfer of the statutory reserve amounting to SR 54,539,257 to retained earnings in line with the new Companies' law and the amended Company's bylaws.

13. REVENUE

	For the nine- month period ended 30 September	
	2024 (Unaudited)	2023 (Unaudited)
Real estate project revenues	216,053,219	99,430,285
Real estate project management fees revenue	74,561,880	94,835,109
Contracting work revenue	27,010,394	-
	317,625,493	194,265,394

The total revenue from related parties amounted to SR 74,561,880 for the period ended September 30, 2024 (September 30, 2023: SR 94,835,109) Note 9.

14. EARNINGS PER SHARE

Earnings per share relating to net income has been calculated by dividing the net income for the period by the weighted average number of shares outstanding during the period, which amounted to 50 million shares as at September 30, 2024 (September 30, 2023: 50 million shares).

The number of shares has been retrospectively adjusted for the prior period to reflect the effect of the bonus share issue.

15. CONTINGENT LIABILITIES

As of September 30, 2024, the Group has contingent liabilities in the form of letters of guarantee amounting to SR 84,665,856 (December 31, 2023: SR 127,995,555).

16. SEGMENT INFORMATION

The segment information is attributable to the Group's activities and business as approved by Group's management to be used as a basis for the financial reporting preparation and consistent with the internal reporting process. Transactions between the business segments are conducted as another parties' transaction.

Segments' assets, liabilities and the operational activities comprise items that are directly attributable to certain segment and items that can reasonably be allocated between various business segments. Unallocated items are included under joint assets and liabilities.

The group has developed the following reports and sectors which all operate in the Kingdom of Saudi Arabia:

Contracting and real estate projects: This section of business deals with real estate projects mostly accomplished by the Group with the help of subcontractors.

Real Estate Project Management: This sector constitutes real estate project management. These project are owned by real estate developers and the Group charges them only for management fees.

Investments: This represents the Group's direct and indirect investments in real estate and project development, which can be sold before or after the completion of development work.

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16. SEGMENT INFORMATION (CONTINUED)

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

	Contracting and real estate project	Real estate project management	Investments	Unallocated assets and liabilities	Total
As of 30 September 2024 (Unaudited):					
Total assets	631,387,712	71,537,658	449,108,673	24,127,969	1,176,162,012
Total liabilities	491,741,087	14,767,787	70,897,660	17,078,274	594,484,808
For the period ended 30 September 2024 (Unaudited):					
Revenue	243,063,613	74,561,880	-	-	317,625,493
Gross profit	25,528,147	58,406,392	-	-	83,934,539
As of 31 December 2023 (Audited):					
Total assets	287,762,614	42,601,402	488,779,058	30,970,344	850,113,418
Total liabilities	212,504,605	11,347,060	70,897,660	19,587,906	314,337,231
For the period ended 30 September 2023 (Unaudited):					
Revenue	99,430,285	94,835,109	-	-	194,265,394
Gross profit	11,285,862	79,272,228	-	-	90,558,090

17. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Group's activities are exposed to various financial risks such as fair value measurement, credit risk, liquidity risk, foreign currency risk and capital management risk. Management reviews and approves policies to manage each of these risks, which are summarized as follows:

Fair value measurement of financial instruments

Fair value is the amount at which an asset is sold or a liability settled between willing parties in the arm's length transactions at the date there is a presumption that the Group is a going concern entity where there is no intention or requirement to materially reduce the volume of its operations or to conduct a transaction on adverse terms.

A financial instrument is considered to be listed in the active market if the quoted prices are readily and regularly available from an intermediary, industry Group, pricing services or regulatory body, and these prices represent market transactions that have occurred on an active and regular basis on a commercial basis.

When measuring fair value, the group uses observable market information whenever possible to the inputs used in valuation methods as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that can be obtained on the measurement date.

Level 2: Inputs other than quoted prices included in Level 1 that are observable for assets or liabilities directly (eg prices) or indirectly derived from prices.

Level 3: Inputs for assets or liabilities not based on observable market information (non-observable inputs).

Following schedule presents an analysis of financial instruments carried at fair value according to the fair value hierarchy:

	September 30, 2024 (Unaudited)			
	Level 1 (SR)	Level 2 (SR)	Level 3 (SR)	Total (SR)
Financial assets at fair value through other comprehensive income	-	-	98,421,649	98,421,649
	-	-	98,421,649	98,421,649
	December 31, 2023 (Audited)			
	Level 1 (SR)	Level 2 (SR)	Level 3 (SR)	Total (SR)
Financial assets at fair value through other comprehensive income	-	-	81,979,022	81,979,022
	-	-	81,979,022	81,979,022

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17. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Capital risk management

Management's policy is to maintain an adequate capital base in order to maintain investor, creditor and market confidence and to maintain the future development of its business. Management monitors the return on the capital used and the level of dividends distributed to shareholders.

In managing capital, the Group aims to:

- To protect the entity's ability to continue as a going concern so that it can continue to provide returns to shareholders and interest to other stakeholders.
- Provide sufficient returns for shareholders.

Market risk

Market risk is the risk that a financial instrument will fluctuate due to changes in prevailing market prices such as foreign exchange rates, interest rates and stocks prices affecting the Group's income or the value of its financial instruments. Market risk management aims to manage and control market risk exposure within acceptable limits while maximizing returns.

Foreign currency risk management

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognized assets and liabilities are denominated in currencies other than the group's currency. Most of the group's transactions are made in Saudi Riyals. The Group's management believes that its exposure to foreign currency risk is not significant.

Other Prices risk

The Group is exposed to price risk from its investments in the equity of other companies. The Group retains these investments for strategic purposes and not for trading purposes and the Group does not trade in those investments.

Credit risk

Credit risk is the risk that one party will fail to discharge an obligation and will cause the other party to incur a financial loss. The Group is exposed to credit risk on its bank balances and accounts receivable as follows:

	30 September 2024	31 December 2023
	(Unaudited)	(Audited)
Cash at banks	198,518,609	113,529,012
Due from related parties	93,499,142	64,991,484
Accrued revenue	28,575,594	46,817,517
Account receivables	54,887,751	33,888,850
	375,481,096	259,226,863

Liquidity risk

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

The Group manages its liquidity risk by ensuring that the necessary funds are available when needed.

18. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the presentation in the current period.

19. APPROVAL OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

The condensed consolidated interim financial statements were approved by the board of directors on 5 Jumada Al Awal, 1446H corresponding to November 7, 2024.