

RETAL URBAN DEVELOPMENT COMPANY
(A SAUDI JOINT STOCK COMPANY)

**CONDENSED CONSOLIDATED INTERIM FINANCIAL
STATEMENTS (UNAUDITED)
FOR THE THREE AND SIX MONTHS PERIODS ENDED
JUNE 30, 2023
WITH INDEPENDENT AUDITOR'S REVIEW REPORT**

RETAL URBAN DEVELOPMENT COMPANY
(A SAUDI JOINT STOCK COMPANY)
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE AND SIX MONTHS PERIODS ENDED JUNE 30, 2023

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

TO THE SHAREHOLDERS OF RETAL URBAN DEVELOPMENT COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTRODUCTION

We have reviewed the accompanying consolidated interim statement of financial position of Retal Urban Development Company (the "Company"), a Saudi Joint Stock Company, and its subsidiaries (collectively referred to as the "Group") as of June 30, 2023 and the related consolidated interim statement of profit or loss and other comprehensive income for the three and six months period then ended, and the consolidated interim statements of changes in equity and cash flows for the six months period then ended 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 No. 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 ("ISAs"), as 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.

For Al-Bassam & Co.


Ibrahim Ahmed Al Bassam
Certified Public Accountant
License No. 337


Khobar: 14 Muharram 1445H
Corresponding to: 1 August 2023

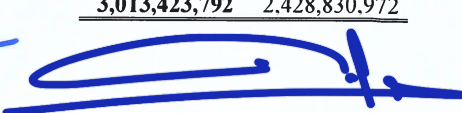


RETAL URBAN DEVELOPMENT COMPANY
(A SAUDI JOINT STOCK COMPANY)
CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2023

		June 30, 2023 (Unaudited) SR	December 31, 2022 (Audited) SR
ASSETS	Note		
Non-current assets			
Property and equipment	5	138,087,526	124,032,103
Right of use assets		2,599,053	2,850,114
Intangible assets		11,080,558	10,279,039
Investment properties	6	317,398,468	122,310,156
Investments in associates and joint ventures		400,602,058	338,135,007
Development properties	7	583,519,625	464,667,870
Prepayments and other receivables		2,493,251	2,381,923
		<u>1,455,780,539</u>	<u>1,064,656,212</u>
Current assets			
Inventories		16,154,901	15,962,242
Accounts receivable	8	160,003,488	242,911,489
Contract assets	12	175,341,942	91,184,973
Development properties	7	509,678,631	353,232,470
Investments at fair value through profit or loss		107,454	23,754,250
Prepayments and other receivables		147,663,710	114,154,635
Cash on hand and at banks	9	548,693,127	522,974,701
		<u>1,557,643,253</u>	<u>1,364,174,760</u>
TOTAL ASSETS		<u>3,013,423,792</u>	<u>2,428,830,972</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	10	400,000,000	400,000,000
Statutory reserve		74,033,390	62,778,877
Actuarial reserve		(3,212,784)	(3,212,784)
Retained earnings		256,134,222	274,843,604
Total equity		<u>726,954,828</u>	<u>734,409,697</u>
Non-current liabilities			
Long term loans	11	852,574,626	461,498,904
Lease liabilities		1,912,251	2,406,938
Employees' end of service benefits		14,625,454	12,584,774
Accounts payable		9,273,385	17,453,644
		<u>878,385,716</u>	<u>493,944,260</u>
Current liabilities			
Long term loans	11	193,529,620	189,811,237
Short term loans	11	175,302,352	165,070,438
Lease liabilities		842,764	236,010
Accounts payable		197,286,904	273,461,035
Accrued expenses and other payables		376,153,771	201,025,754
Payable to National Housing Company		338,327,641	254,662,321
Contract liabilities	12	111,631,250	100,219,716
Zakat payable		15,008,946	15,990,504
		<u>1,408,083,248</u>	<u>1,200,477,015</u>
TOTAL LIABILITIES		<u>2,286,468,964</u>	<u>1,694,421,275</u>
TOTAL EQUITY AND LIABILITIES		<u>3,013,423,792</u>	<u>2,428,830,972</u>


Ammar Al Ghoul
Chief Financial Officer



Abdullah Bin Faisal Bin Abdul Aziz
Al Braikan
Chief Executive Officer

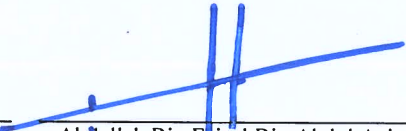

Abdullah Bin Abdul Latif Bin
Ahmed Al Fozan
Chairman Board of Directors


The accompanying notes form an integral part of these consolidated interim financial statements.

RETAL URBAN DEVELOPMENT COMPANY
(A SAUDI JOINT STOCK COMPANY)
CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE
INCOME (UNAUDITED)
FOR THE THREE AND SIX MONTHS PERIODS ENDED JUNE 30, 2023

	Note	For the three months period ended June 30,		For the six months period ended June 30,	
		2023	2022	2023	2022
Revenue	12	263,383,660	134,152,336	582,986,041	409,310,719
Cost of revenue		(185,102,819)	(93,354,550)	(429,128,233)	(291,118,437)
Gross profit		78,280,841	40,797,786	153,857,808	118,192,282
General and administrative expenses		(18,585,220)	(13,511,898)	(34,432,443)	(24,611,048)
Selling and marketing expenses		(5,721,293)	(2,174,315)	(14,369,695)	(8,508,014)
Operating profit		53,974,328	25,111,573	105,055,670	85,073,220
Finance costs		(21,923,543)	(4,970,332)	(31,296,838)	(9,492,716)
Shares of results of equity accounted investments		40,800,750	6,918,710	41,318,625	9,213,972
Gain on sale of investments at FVTPL		208,052	1,833,332	1,925,305	8,568,603
Other income, net		484,071	2,815,006	1,243,074	4,826,757
Profit before zakat		73,543,658	31,708,289	118,245,836	98,189,836
Zakat		(2,536,640)	(1,667,856)	(5,700,705)	(4,753,187)
Profit for the period		71,007,018	30,040,433	112,545,131	93,436,649
Other comprehensive income for the period		-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		71,007,018	30,040,433	112,545,131	93,436,649
Profit for the period attributable to:					
Shareholders of the Group		71,007,018	30,032,922	112,545,131	93,474,819
Non-controlling interest		-	7,511	-	(38,170)
Profit for the period		71,007,018	30,040,433	112,545,131	93,436,649
Total comprehensive income for the period attributable to:					
Shareholders of the Group		71,007,018	30,032,922	112,545,131	93,474,819
Non-controlling interest		-	7,511	-	(38,170)
Total comprehensive income for the period		71,007,018	30,040,433	112,545,131	93,436,649
Earnings per share – Basic and diluted	14				
Earnings per share of profit for the period		0.18	0.08	0.28	0.23
Weighted average number of outstanding shares		400,000,000	400,000,000	400,000,000	400,000,000


Ammar Al Ghoul
Chief Financial Officer



Abdullah Bin Faisal Bin Abdul Aziz
Al Braikan
Chief Executive Officer


Abdullah Bin Abdul Latif Bin
Ahmed Al Fozan
Chairman Board of Directors

The accompanying notes form an integral part of these consolidated interim financial statements.

RETAL URBAN DEVELOPMENT COMPANY
(A SAUDI JOINT STOCK COMPANY)
CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2023

	Share capital	Statutory reserve	Actuarial reserve	Retained earnings	Equity attributable to shareholders	Non-controlling interest	Total equity
	SR	SR	SR	SR	SR	SR	SR
January 1, 2022 (Audited)	400,000,000	38,204,514	(3,358,414)	134,059,718	568,905,818	(135,383)	568,770,435
Profit for the period	-	-	-	93,474,819	93,474,819	(38,170)	93,436,649
Transfer to statutory reserve	-	9,347,482	-	(9,347,482)	-	-	-
June 30, 2022 (Unaudited)	400,000,000	47,551,996	(3,358,414)	218,187,055	662,380,637	(173,553)	662,207,084
January 1, 2023 (Audited)	400,000,000	62,778,877	(3,212,784)	274,843,604	734,409,697	-	734,409,697
Profit for the period	-	-	-	112,545,131	112,545,131	-	112,545,131
Transfer to statutory reserve	-	11,254,513	-	(11,254,513)	-	-	-
Dividends (note 17)	-	-	-	(120,000,000)	(120,000,000)	-	(120,000,000)
June 30, 2023 (Unaudited)	400,000,000	74,033,390	(3,212,784)	256,134,222	726,954,828	-	726,954,828



Ammar Al Ghoul
Chief Financial Officer






Abdullah Bin Faisal Bin Abdul Aziz Al Braikan
Chief Executive Officer



Abdullah Bin Abdul Latif Bin Ahmed Al Fozan
Chairman Board of Directors

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RETAL URBAN DEVELOPMENT COMPANY
(A SAUDI JOINT STOCK COMPANY)
CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2023

	For the six months period ended June, 30		
	Note		
		2023	2022
		SR	SR
OPERATING ACTIVITIES			
Profit before zakat:		118,245,836	98,189,836
<i>Adjustments for non-cash items:</i>			
Depreciation and amortization		4,238,263	3,417,121
Depreciation on right of use assets		251,061	3,927,741
End of service provision		2,754,670	1,186,299
Gain on disposal of property and equipment		(2,701)	(8,887)
Share of results of equity accounted investments		(41,318,625)	(9,213,972)
Gain on investments at fair value through profit or loss		(1,925,305)	(8,568,603)
Reversal of provision for accounts receivable		-	(2,574,137)
Gain on disposal of investment properties		(5,760,572)	(35,677,270)
Finance costs		31,296,838	9,492,716
		107,779,465	60,170,844
<i>Changes in working capital:</i>			
Development properties		(313,691,458)	(188,405,783)
Inventories		(192,659)	(632,229)
Contract assets		(84,156,969)	(3,087,790)
Accounts receivable		82,908,001	171,677,660
Prepayments and other receivables		(33,802,031)	57,342,428
Accounts payable		(84,354,390)	(21,577,595)
Payable to National Housing Company		83,665,320	(960,877)
Accrued expenses and other payables		122,849,573	(19,931,551)
Contract liabilities		11,411,534	4,178,506
Cash (used in) / generated from operations		(107,583,614)	58,773,613
End of service benefits paid		(713,990)	(844,008)
Zakat paid		(6,682,263)	(5,355,778)
Finance costs paid		(31,216,161)	(10,637,544)
Net cash flows (used in) / generated from operating activities		(146,196,028)	41,936,283
INVESTING ACTIVITIES			
Additions to property and equipment		(18,903,699)	(9,891,790)
Additions to intangible assets		(906,254)	-
Additions to investment properties		(152,127,875)	(19,939,724)
Proceeds from disposal of property and equipment		135,861	17,985
Dividend received from an associate		27,650,000	1,580,000
Additions to investments in associates		(5,000,000)	-
Additions to investments at fair value through profit or loss		-	(40,018,118)
Proceeds from sale of investments at fair value through profit or loss		25,572,101	49,071,078
Proceeds from disposal of investment properties		15,719,171	70,753,698
Net cash flows (used in) / generated from investing activities		(107,860,695)	51,573,129
FINANCING ACTIVITIES			
Proceeds from borrowings		1,015,237,369	216,491,503
Repayment of borrowings		(615,462,220)	(123,383,646)
Lease payments		-	(2,455,304)
Dividends paid		(120,000,000)	-
Net cash flows generated from financing activities		279,775,149	90,652,553
Net change in cash and cash equivalents		25,718,426	184,161,965
Cash and cash equivalents at the beginning of the period		24,136,909	32,414,227
Less: increase in restricted bank balance		(30,947,335)	(181,029,988)
Cash and cash equivalents at the end of the period		18,908,000	35,546,204
NON-CASH TRANSACTIONS			
9			
			
			
			
Ammar Al Ghoul	Abdullah Bin Faisal Bin Abdul Aziz	Abdullah Bin Abdul Latif Bin	
Chief Financial Officer	Al Braikan	Ahmed Al Fozan	
	Chief Executive Officer	Chairman Board of Directors	
The accompanying notes form an integral part of these condensed consolidated interim financial statements.			

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RETAL URBAN DEVELOPMENT COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTHS PERIODS ENDED JUNE 30, 2023

1. GENERAL INFORMATION

Retal Urban Development Company ("the Company") or ("the Parent Company") is a Saudi Joint Stock Company (previously a limited liability company) registered in the Kingdom of Saudi Arabia under commercial registration No. 2051047761 issued in Khobar on Rabi'I 12, 1433H corresponding to February 4, 2012. The registered address of the Company is P.O. Box 1448 Prince Faisal Bin Fahad Bin Abdul Aziz, Al Khobar, 31952, Kingdom of Saudi Arabia.

In year 2020, the shareholders decided to convert the Company from a limited liability Company to a Saudi Closed Joint Stock Company. The Company obtained ministerial approval for the official announcement of the conversion on Muharram 9, 1442H corresponding to August 28, 2020.

In year 2021, the Parent Company commenced the process for Initial Public Offering ("IPO"). The Capital Market Authority ("CMA") Board issued its resolution approving the Parent Company's application for the offering of 12 million shares representing 30% of the Parent Company's share capital on Sha'ban 13, 1443H corresponding to March 16, 2022. On Dhu al-Qa'dah 28, 1443H corresponding to June 27, 2022, the Company's shares were traded on the Saudi Stock Exchange (Tadawul) in the Kingdom of Saudi Arabia. The legal formalities of updating the Company's by-laws, and commercial registration from Saudi Closed Joint Stock Company to a Joint Stock Company has been completed during the year 2022.

During the period ended June 30, 2023, the Board of Directors proposed to increase the Company's share capital by granting bonus shares to the Company's shareholders through capitalization of SR 100 million from retained earnings by way of granting 1 share for every 4 shares owned by the shareholders. Subsequent to the period end, the shareholders have approved the issuance of bonus shares in extra ordinary meeting held on Muharram 2, 1445H corresponding to July 20, 2023.

The Parent Company is principally engaged in:

- Purchase and sale of land and real estate, divide them, and sale off map activities;
- General construction of residential buildings;
- General construction of non-residential building, including schools, hospitals and hotels.

The Parent Company's By-laws includes the activity of acquisition of shares or shares in existing companies or merger with them.

The condensed consolidated interim financial statements include the assets, liabilities, and the results of the Group and the following branches based on locations:

Location	Date	Registration certificate
Riyadh	Dhu al-Qa'dah 21, 1441 (July 12, 2020)	1010642508
Al Khobar	Dhu'l Hijjah 18, 1442 (July 28, 2021)	2051236513
Jeddah	Dhu al-Qa'dah 15, 1443 (June 14, 2022)	4030475640

1.1 Details of Parent Company's subsidiaries:

All of the Parent Company's Subsidiaries are limited liability companies incorporated in the Kingdom of Saudi Arabia.

Name of subsidiaries	Commercial Registration dated	Business activity	Effective ownership	
			June 30, 2023	December 31, 2022
Building Construction Company Limited	Jumada II 15, 1420H (September 25, 1999)	General contracting and construction works.	100 %	100%
Nesaj Urban Development Company	Ramadan 17, 1433H (August 5, 2012)	Buying, selling, managing and maintaining real estate facilities.	100 %	100%
Tadbeir Limited Company	Muharram 11, 1436H (November 4, 2014)	Cleaning, maintaining and operating real estate facilities.	100 %	100%
Tadbeir Real Estate Company	Shawwal 10, 1442H (May 22, 2021)	Buying, selling, renting, managing and maintaining real estate facilities.	100 %	100%
Tadbeir Environment Company	Dhul-Qa'dah 02, 1443H (June 1, 2022)	Administration and support services	100 %	100%

RETAL URBAN DEVELOPMENT COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)
FOR THE THREE AND SIX MONTHS PERIODS ENDED JUNE 30, 2023

1. GENERAL INFORMATION (Continued)

1.2 Details of Company's associates and joint ventures:

All of the Company's associates and joint ventures are limited liability companies incorporated in the Kingdom of Saudi Arabia.

Name of the entity	Commercial Registration dated	Business activity	Effective ownership	
			June 30, 2023	December 31, 2022
Saudi Tharwa Company	Jumada' II 21, 1435H (April 21, 2014)	Buying, selling, renting and managing real estate facilities.	39.5%	39.5%
Mimar Emirate and ARAC Engineering Consultancy Company	Ramadan 11, 1440H (May 16, 2019)	Engineering and architectural consultancy	25%	25%
Business Park Fund	Rabi II 24, 1441H (December 21, 2019)	Buying, selling and developing commercial properties.	18.82%	18.82%
Alpha Capital Saudi Real Estate Development Fund	Ramadan 3, 1442H (April 15, 2021)	Buying, selling and developing residential properties.	30%	30%
Al-Ahsa Real Estate Fund	Dhul Hijja 17, 1442H (July 27, 2021)	Buying, selling and developing residential and commercial properties.	22.5 %	22.5%
Remal Al Khobar Real Estate Company	Dhul Hijja 23, 1442H (August 2, 2021)	General construction of residential and non-residential buildings	50%	50%
Noorkom Design Company	Dhu al-Qa'dah 10, 1443H (June 9, 2022)	Interior designing systems	50%	50%
Remal Park Fund (note 7.4)	Jumada' II 17, 1444H (January 10, 2023)	Real estate activities	32.19%	-

2. BASIS OF PREPARATION

Statement of compliance

These condensed consolidated interim financial statements for the three and six months periods ended June 30, 2023 have been prepared in accordance with International Accounting Standard ("IAS") 34, "Interim Financial Reporting" as 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 information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the Group's annual consolidated financial statements for the year ended December 31, 2022. In addition, results for the three and six months periods ended June 30, 2023 are not necessarily indicative of the results that may be expected for the financial year ending December 31, 2023.

Basis of measurement

These condensed consolidated interim financial statements are prepared under the historical cost convention, except for certain financial instruments measured at fair value and the employee defined benefits liability which is stated at the present value of the related obligation using the projected unit credit method.

These condensed consolidated interim financial statements are presented in Saudi Riyals (SR), which is the Group's functional currency, and all values are rounded to the nearest Saudi Riyal, except where otherwise stated.

Historical cost is generally based on the fair value of the consideration given in exchange for the goods and services.

RETAL URBAN DEVELOPMENT COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)
FOR THE THREE AND SIX MONTHS PERIODS ENDED JUNE 30, 2023

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies used in the preparation of these condensed consolidated interim financial statements are consistent with those used in the preparation of the Group's annual consolidated financial statements as of and for the year ended December 31, 2022, and the notes attached thereto.

New Standards, Amendments to Standards and Interpretations effective from January 1, 2023

There is no new standard issued, however, there are number of amendments to standards which are effective from January 1, 2023 and have been explained in the Group's annual consolidated financial statements, but they do not have a material effect on the Group's condensed consolidated interim financial statements.

New Standards, Amendments and revised IFRSs issued not yet effective

The Group has not applied the following new amendments that have been issued but are not yet effective.

Amendments to standard	Description	Effective for annual years beginning on or after	Summary of the amendment
IFRS 16	Lease liability in sale and lease back	January 1, 2024	The amendments require seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognize any amount of the gain or loss that relates to the right of use it retains.
IAS 1	Amendments regarding the classification of debt with covenants, as current or non-current	January 1, 2024	The amendments clarified how an entity classifies debt and other financial liabilities as current or non-current in particular circumstances.
IAS 1	Classification of liabilities, as current or non-current	January 1, 2024	The amendment has clarified that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period and non-current liabilities with covenants.

Management anticipates that these interpretations and new amendments standards will be adopted in these condensed consolidated interim financial statements as and when they are applicable, and adoption of these interpretations and amendments may have no material impact on the condensed consolidated interim financial statements of the Group in the period of initial application.

4. CRITICAL JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the condensed consolidated interim financial statements 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 judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Group's annual consolidated financial statements as of and for the year ended December 31, 2022.

RETAL URBAN DEVELOPMENT COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)
FOR THE THREE AND SIX MONTHS PERIODS ENDED JUNE 30, 2023

5. PROPERTY AND EQUIPMENT

5.1 During the period ended June 30, 2023, the additions to property and equipment amounted to SR 18.90 million (period ended June 30, 2022: SR 9.89 million).

5.2 Certain lands and buildings amounting to SR 71.74 million are mortgaged against a term loan from a local commercial bank (note 11).

6. INVESTMENT PROPERTIES

	Lands	Buildings	Total
	SR	SR	SR
<u>Cost:</u>			
At January 1, 2022 (Audited)	171,991,049	32,675,083	204,666,132
Additions	19,939,724	-	19,939,724
Disposals	(95,334,392)	(1,549,314)	(96,883,706)
Transfer to property and equipment	-	(1,374,036)	(1,374,036)
At December 31, 2022 (Audited)	96,596,381	29,751,733	126,348,114
Reclassified from property and equipment	-	1,306,336	1,306,336
Additions	204,406,319	-	204,406,319
Disposals	(8,566,682)	(1,722,882)	(10,289,564)
At June 30, 2023 (Unaudited)	292,436,018	29,335,187	321,771,205
<u>Accumulated depreciation:</u>			
At January 1, 2022 (Audited)	-	3,083,104	3,083,104
Charge for the year	-	1,366,583	1,366,583
Disposals	-	(329,213)	(329,213)
Transferred to property and equipment	-	(82,516)	(82,516)
At December 31, 2022 (Audited)	-	4,037,958	4,037,958
Charge for the period	-	665,744	665,744
Disposals	-	(330,965)	(330,965)
At June 30, 2023 (Unaudited)	-	4,372,737	4,372,737
<u>Net book value:</u>			
At June 30, 2023 (Unaudited)	292,436,018	24,962,450	317,398,468
At December 31, 2022 (Audited)	96,596,381	25,713,775	122,310,156

The investment properties are valued annually on December 31, at fair value, determined by an independent, professionally qualified valuer "BAR CODE", who is licensed by Saudi Authority for Accredited Valuers (License number "1210000001") in addition to conducting the valuation by another valuer "LAND STERLING" who is licensed by Saudi Authority for Accredited Valuers (License number "1210001242"). As at December 31, 2022, the fair valuation of the investment properties as per the two valuers amounted to SR 150 million and SR 141.87 million, respectively. During the period, the Group acquired land amounting to SR 204.41 million, the fair value of which is approximately equal to the carrying value. Management believes that there has not been any material change in fair value of these investment properties as of June 30, 2023.

Certain lands and building amounting to SR 34.21 million are mortgaged against a term loan from a local commercial bank (note 11).

As of June 30, 2023, the Group has certain land, ownership of which is not registered in the name of the Group amounting to SR 204.41 million (December 31, 2022: SR Nil). Legal formalities for transfer of ownership of these lands is in process as of June 30, 2023.

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NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)**FOR THE THREE AND SIX MONTHS PERIODS ENDED JUNE 30, 2023****7. DEVELOPMENT PROPERTIES**

	June 30, 2023 (Unaudited)	December 31, 2022 (Audited)
	SR	SR
Lands (note 7.1)	596,958,243	478,346,386
Development cost	322,880,766	213,628,006
Advances (note 7.2)	173,359,247	125,925,948
	1,093,198,256	817,900,340
Current portion (note 7.3)	(509,678,631)	(353,232,470)
Non-current portion	583,519,625	464,667,870

7.1 As of June 30, 2023, the group has lands purchased in installments according to sale and purchase agreements conditional on development. As of June 30, 2023, the value of these lands amounted to SR 415.95 million (December 31, 2022: SR 396.83 million) and the ownership of these lands will be transferred to the Group upon completion of development work and related installment payments. The Group has obtained authorization from sellers to initiate sales and development for these lands.

7.2 Advances represent amount paid in advance for the purchase of lands for development under agreements entered by the Group. Ownership of the lands is expected to be transferred to the Group's name upon final payment during the year 2023 and in year 2025.

7.3 Management estimates that these projects are expected to be sold / utilized within the next 12 months.

7.4 During the period, the Group has invested in a new associate (a real estate fund regulated by Capital Market Authority) by an amount of SR 48.8 million. Investment in a fund was made partially in cash and partially by transferring in-kind "land" contribution from properties under development amounting to SR 5 million and SR 43.8 million, respectively.

8. ACCOUNTS RECEIVABLE

	June 30, 2023 (Unaudited)	December 31, 2022 (Audited)
	SR	SR
Accounts receivable - third parties	122,017,468	203,963,186
Accounts receivable - related parties (note 13)	38,071,251	39,033,534
	160,088,719	242,996,720
Less: allowance for expected credit losses	(85,231)	(85,231)
	160,003,488	242,911,489

Movement in allowance for expected credit losses is as follows:

	June 30, 2023 (Unaudited)	December 31, 2022 (Audited)
	SR	SR
Opening balance	85,231	2,659,368
Reversal of provision	-	(2,574,137)
Closing balance	85,231	85,231

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8. ACCOUNTS RECEIVABLE (Continued)

Aging analysis of accounts receivable - third parties is as follows:

Days	0-180	181-365	366-730	Total
June 30, 2023 (Unaudited)	SR	SR	SR	SR
Accounts receivable – Gross	110,446,866	5,503,149	6,067,453	122,017,468
Less: ECL allowance	-	-	(85,231)	(85,231)
Net accounts receivables	110,446,866	5,503,149	5,982,222	121,932,237
Average loss rates (%)	-	-	(1.40%)	(0.07%)
December 31, 2022 (Audited)				
Accounts receivable – Gross	178,582,541	19,728,842	5,651,803	203,963,186
Less: ECL allowance	-	-	(85,231)	(85,231)
Net accounts receivables	178,582,541	19,728,842	5,566,572	203,877,955
Average loss rates (%)	-	-	(1.51%)	(0.04%)

9. CASH ON HAND AND AT BANKS

	June 30, 2023 (Unaudited)	December 31, 2022 (Audited)
	SR	SR
Cash on hand	597,810	57,741
Cash at banks	548,095,317	522,916,960
	548,693,127	522,974,701

At reporting date, cash and cash equivalents for the purpose of consolidated interim cash flow were presented as follow:

	June 30, 2023 (Unaudited)	December 31, 2022 (Audited)
	SR	SR
Cash at banks	548,095,317	522,916,960
Restricted bank balances	(529,785,127)	(498,837,792)
Net unrestricted bank balances	18,310,190	24,079,168
Cash on hand	597,810	57,741
Cash and cash equivalents	18,908,000	24,136,909

As at June 30, 2023, cash at banks include bank balances amounting to SR 529.78 million (December 31, 2022: SR 498.84 million) in local banks in restricted escrow accounts. Drawings from these escrow accounts is restricted for developing certain projects which are sold off-plan and the payment of the amount due to National Housing Company for the lands of subsidized projects.

Cash at banks represent balances with local banks with a sound credit rating. Furthermore, these balances bear no interest.

NON-CASH TRANSACTIONS	For the six months period ended June 30, 2023 (Unaudited)	2022 (Unaudited)
	SR	SR
Investment properties reclassified from property and equipment, net	1,306,336	-
Land transferred to investment in associate from development properties (note 7.4)	43,798,425	-
Accrual against additions to investment properties	52,278,444	-

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NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)**FOR THE THREE AND SIX MONTHS PERIODS ENDED JUNE 30, 2023****10. SHARE CAPITAL**

As of June 30, 2023, authorized, issued and paid up capital comprise of 400,000,000 shares of SR 1 each (December 31, 2022: 40,000,000 shares of SR 10 each). During the period ended June 30, 2023, in the extraordinary general meeting held on May 2, 2023, the shareholders have approved to reduce the nominal value of shares from SR 10 per share to SR 1 per share and increase the number of shares from 40 million shares to 400 million shares with no change in the share capital of the Group. Legal formalities in this regard have been completed during the period.

11. LOANS**Classification of loans:**

	June 30, 2023 (Unaudited)	December 31, 2022 (Audited)
	SR	SR
Short term loans	175,302,352	165,070,438
Long term loans	1,046,104,246	651,310,141
	1,221,406,598	816,380,579
Less: short term loans	(175,302,352)	(165,070,438)
Less: long term loans - current portion	(193,529,620)	(189,811,237)
Long term loans - non-current portion	852,574,626	461,498,904

The repayment schedule for long term loans is as follows:

	June 30, 2023 (Unaudited)	December 31, 2022 (Audited)
	SR	SR
Within one year	193,529,620	189,811,237
Not later than five years	852,574,626	461,498,904
	1,046,104,246	651,310,141

The Group has obtained, short and medium-term, shariah compliant loan facilities from commercial banks within Kingdom of Saudi Arabia bearing financial charges at SIBOR plus a fixed margin. During the period, the Group has obtained new loans facilities by an amount of SR 1015.24 million. These facilities are guaranteed by pledge of certain land deeds that have been classified under investment properties amounting to SR 34.21 million (refer note 6) and property and equipment amounting to SR 71.74 million (refer note 5.2), in addition to a corporate guarantee from a shareholder prior to the Group's IPO. The Group has cancelled the corporate guarantee during the period ended June 30, 2023.

12. REVENUE FROM CONTRACTS WITH CUSTOMERS**12.1 Disaggregated revenue information**

	For the three months period ended June 30,		For the six months period ended June 30,	
	2023	2022	2023	2022
Types of goods and services	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	SR	SR	SR	SR
Development contract revenues	227,852,234	74,155,439	518,122,994	279,591,067
Revenue from sales of real estate units / lands	20,115,467	45,735,353	39,094,907	105,374,440
Revenue from property and facility management	13,615,573	11,339,203	22,515,598	18,953,806
Rent contracts revenue	1,800,386	2,922,341	3,252,542	5,391,406
	263,383,660	134,152,336	582,986,041	409,310,719

Revenue for the six months period ended June 30, 2023 from sales of real estate units / lands includes revenue from sales of development properties and investment properties amounting to SR 24.04 million (June 30, 2022: 15.20 million) and SR 15.06 million (June 30, 2022: SR 90.17 million), respectively.

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12. REVENUE FROM CONTRACTS WITH CUSTOMERS (Continued)

12.2 Contract balances

	June 30, 2023 (Unaudited)	December 31, 2022 (Audited)
	SR	SR
Accounts receivable – third parties	121,932,237	203,877,955
Contract assets (see note (a) below)	175,341,942	91,184,973
Contract liabilities (see note (b) below)	111,631,250	100,219,716

a) Contract assets:

Contract assets are initially recognized for revenue earned over a period of time from development contracts as receipt of consideration is conditional on successful satisfaction of specific milestones. Upon completion of a milestone and acceptance by the customer, the amounts recognized as contract assets are reclassified to account receivables.

b) Contract liabilities:

Contract liabilities mainly include advances from customers towards unsatisfied performance obligations.

13. RELATED PARTIES TRANSACTIONS AND BALANCES

The Group entered into transactions with related parties based on terms and conditions approved by the management of the Group.

	Three months period ended June 30, 2023 (Unaudited)	2022 (Unaudited)	Six months period ended June 30, 2023 (Unaudited)	2022 (Unaudited)
Revenue	4,138,775	3,561,824	5,370,604	4,599,521
Purchases	4,251,233	3,449,976	36,140,487	15,588,359
Land transferred to Remal Park Fund (note 7.4)	43,798,425	-	43,798,425	-
Others	417,584	304,721	509,286	179,688

Due from related parties classified under accounts receivable includes the following:

	June 30, 2023 (Unaudited)	December 31, 2022 (Audited)
	SR	SR
Remal Al Khobar Real Estate Company	33,903,421	33,219,959
Noorkom Design Company	2,058,301	-
Alpha Capital Saudi Real Estate Development Fund	1,150,526	1,150,526
ARAC and Partner Company	684,023	-
Mimar Emirate and ARAC Engineering Consultancy Company	-	4,663,049
Others	274,980	-
	38,071,251	39,033,534

As of June 30, 2023 and December 31, 2022, the Group believes that due from / to related parties' balances are receivables / payables upon request. As a result, these balances are classified as current assets / liabilities respectively. These balances bear no interest and there is no repayment schedule. All related parties with debit balances have strong financial position and sufficient funds to repay the balances upon request.

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Due to related parties classified under accounts payable includes the following:

	June 30, 2023 (Unaudited)	December 31, 2022 (Audited)
	SR	SR
Madar Building Materials Company	7,759,062	13,651,373
Madar Electrical Materials Company	1,684,290	1,442,691
Bawan Metal Industries Company	1,605,868	4,772,679
Bina for Ready-mix Products Company	1,349,808	1,103,483
Madar Hardware Company	676,410	1,805,096
Mimar Emirate and ARAC Engineering Consultancy Company	409,017	-
Others	202,844	325,589
	13,687,299	23,100,911

Compensation of key management personnel of the Group during the period is as follows:

	For the three months period ended June 30,		For the six months period ended June 30,	
	2023 (Unaudited)	2022 (Unaudited)	2023 (Unaudited)	2022 (Unaudited)
	SR	SR	SR	SR
Short term benefits	3,798,750	1,419,399	4,932,000	3,546,054
Long term benefits	77,153	60,553	140,903	121,105

14. EARNINGS PER SHARE FOR THE PERIOD (BASIC AND DILUTED)

	For the three months period ended June 30,		For the six months period ended June 30,	
	June 30, 2023 (Unaudited)	June 30, 2022 (Unaudited)	June 30, 2023 (Unaudited)	June 30, 2022 (Unaudited)
	SR	SR	SR	SR
Profit for the period attributable to the shareholders of the Group	71,007,018	30,032,922	112,545,131	93,474,819
	Share	Share	Share	Share
Weighted average number of shares	400,000,000	400,000,000	400,000,000	400,000,000
	SR / Share	SR / Share	SR / Share	SR / Share
Earnings per share for the profit of period (basic and diluted)	0.18	0.08	0.28	0.23

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15. SEGMENT REPORTING

The Group operations are organized mainly in following reportable segments:

- Real estate development segment represents properties under development which are acquired, developed and sold. It includes development of affordable, mid-end, luxury and high class residential and commercial units in the Kingdom of Saudi Arabia.
- Investment segment represents Group's strategic investing activities such as investment in associates, investment in land properties for sale and appreciation (developed or undeveloped with or without infrastructure) and Investments in marketable securities listed on Saudi stock exchange ("Tadawul") including short-term investment less than three months classified within cash and cash equivalents.
- Other segment includes revenue from property and facility management and related real estate activities like brokerage and commission fees.

Segment results that are reported to the chief reporting decision maker for the purpose of making decisions about resource allocation and performance assessment include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Performance is measured based on segment revenues and net profit, as included in the internal management reports that are reviewed by the top management at least on quarterly basis.

The financial information as at June 30, 2023 and December 31, 2022 and for the six months period ended on June 30, 2023 and 2022, summarized by each segment, is as follows:

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15. SEGMENT REPORTING (Continued)

	Real Estate Development	Investment	Others	Eliminations	Total
<u>As at June 30, 2023 (Unaudited)</u>	SR	SR	SR	SR	SR
Total Assets	2,153,992,877	718,107,979	79,098,204	62,224,732	3,013,423,792
Total Liabilities	2,285,731,058	-	62,962,638	(62,224,732)	2,286,468,964
<u>As at December 31, 2022 (Audited)</u>					
Total Assets	1,931,862,042	484,199,413	27,051,603	(14,282,086)	2,428,830,972
Total Liabilities	1,682,631,284	-	26,072,077	(14,282,086)	1,694,421,275
<u>For the period ended June 30, 2023 (Unaudited)</u>					
Segment revenue	548,499,746	15,056,217	25,768,141	(6,338,063)	582,986,041
Share of results of equity accounted investments	-	41,318,625	-	-	41,318,625
Gain on sale of investments at FVTPL	-	1,925,305	-	-	1,925,305
General and administrative expenses	(32,421,928)	-	(2,010,515)	-	(34,432,443)
Selling and marketing expenses	(14,369,695)	-	-	-	(14,369,695)
Finance costs	(31,296,838)	-	-	-	(31,296,838)
Other income, net	1,233,624	-	9,450	-	1,243,074
Zakat	(5,700,705)	-	-	-	(5,700,705)
Net profit	60,881,295	49,063,508	2,600,328	-	112,545,131

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)**FOR THE THREE AND SIX MONTHS PERIODS ENDED JUNE 30, 2023****15. SEGMENT REPORTING (Continued)**

	Real Estate Development	Investment	Others	Eliminations	Total
	SR	SR	SR	SR	SR
<u>For the period ended June 30, 2022</u>					
<u>(Unaudited)</u>					
Segment revenue	296,361,423	90,169,298	24,345,212	(1,565,214)	409,310,719
Share of results of equity accounted investments	-	9,213,972	-	-	9,213,972
Gain on sale of investments at FVTPL	-	8,568,603	-	-	8,568,603
General and administrative expenses	(22,496,083)	-	(2,114,965)	-	(24,611,048)
Selling and marketing expenses	(8,508,014)	-	-	-	(8,508,014)
Finance costs	(9,444,488)	-	(48,228)	-	(9,492,716)
Other income, net	4,826,757	-	-	-	4,826,757
Zakat	(4,753,187)	-	-	-	(4,753,187)
Net profit	37,073,136	53,459,739	2,903,774	-	93,436,649

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**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)
FOR THE THREE AND SIX MONTHS PERIODS ENDED JUNE 30, 2023****16. CONTINGENCIES AND COMMITMENTS****Guarantees:**

The Group is contingently liable for bank guarantees issued in the normal course of business of the Group amounting SR 75.1 million as at June 30, 2023 (December 31, 2022: SR 219.15 million).

Capital Commitments

The Group has the following capital commitments:

	June 30, 2023 (Unaudited)	December 31, 2022 (Audited)
	SR	SR
Capital commitments for development contracts	832,950,925	804,106,052
Commitment for the purchase of lands	183,538,872	237,073,590
Capital commitments for property and equipment	1,318,907	14,138,632
Capital commitments for the purchase of software license "ERP"	1,293,956	1,484,587
Commitments for purchase of land from an associate	-	304,232,869

As of June 30, 2023, the Group has outstanding corporate guarantees given on behalf of associates amounting to SR 102.5 million (December 31, 2022: SR 102.5 million).

17. DIVIDEND DISTRIBUTION

During six months period ended June 30, 2023, the Board of Directors proposed a cash dividend equal to 30% of share capital of the Company amounting to SR 120 million in the meeting held on February 28, 2023 which was approved by the shareholders in the general assembly meeting held at May 2, 2023 and has been paid during the period.

18. SUBSEQUENT EVENTS

Subsequent to the period end, in the extraordinary general meeting held on Muharram 2, 1445H corresponding to July 20, 2023, the shareholders approved the increase of share capital by granting bonus shares to the Company's shareholders through capitalization of SR 100 million from retained earnings by way of granting 1 share for every 4 shares owned by the shareholders.

In addition, subsequent to the period end, the Board of Directors in their meeting held on Muharram 13, 1445H corresponding to July 31, 2023, approved the distribution of cash dividend to the shareholders at the rate of 16% of the Company's increased capital (equivalent to SR 0.16 per share) amounting to the total of SR 80 million.

In the opinion of the management, there have been no other significant subsequent events since the period end that would have a material impact on the financial position of the Group as reflected in these condensed consolidated interim financial statements.

19. COMPARATIVE FIGURES

Certain comparative figures have been reclassified, to confirm with the presentation in the current period.

20. DATE OF AUTHORIZATION

These condensed consolidated interim financial statements were authorized for issue by the Group's Board of Directors on 13, Muharram 1445H corresponding to July 31, 2023.