ARRIYADH DEVELOPMENT COMPANY
(SAUDI JOINT STOCK COMPANY)

FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021
TOGETHER WITH INDEPENDENT AUDITOR'S REPORT

Crowe

Al Azem, Al Sudairy, Al Shaikh & Partners
CPA's & Consultants - Member Crowe Global

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Al Azem, Al Sudairy, Al Shaikh & Partners
CPA's & Consultants
Member Crowe Global
C.R 1010466353
P.O. Box 10504 Riyadh 11443
Kingdom of Saudi Arabia
Telephone: +966 11 217 5000
Facsimile : +966 11 217 6000
Email: ch@crowe.sa
www.crowe.com/sa

INDEPENDENT AUDITOR'S REPORT

**TO: THE SHAREHOLDERS OF
ARRIYADH DEVELOPMENT COMPANY
(A Saudi Joint Stock Company)**

Report on the Audit of the Financial Statement

Opinion:

We have audited the financial statements of **ARRIYADH DEVELOPMENT COMPANY - A Saudi Joint Stock Company - (the "Company")**, which comprise of the statement of financial position as at 31 December 2021, the statements of profit or loss and other comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2021 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by Saudi Organization for Chartered and Professional Accountants ("SOCPA").

Basis for Opinion:

We conducted our audit in accordance with International Standards on Auditing ("ISAs") as endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the professional code of conduct and ethics as endorsed in the Kingdom of Saudi Arabia that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters:

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined matters described below to be the key audit matters to be communicated in our report.

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Key Audit Matters (continued)

Revenue

Refer to note (3) for the accounting policy related to revenue and note (19) for related disclosures.

Key audit matter	How the matter was addressed in our audit
The company recognized revenue of SAR 250.9 million for the year ended 31 December 2021 (2020: SAR 237.7 million). Revenue mainly comprised of rental and operating revenue. We considered this as a key audit matter because of the significance of the amount and the inherent risk of recognizing revenue above or below its actual value.	We performed the following procedures in relation to revenue: • Our audit procedures included considering the appropriateness of accounting policies to recording the Company's revenues and evaluating Compliance of these policies with IFRS. • Evaluating the design, implementation and testing of the efficiency of the company's control procedures. • We have performed test of details based on sampling to test the invoices and contracts for existence and recognition revenue. • We conducted an examination of the details on the basis of the sample to review the lease contracts concluded with the clients to assess whether the rental income is recorded in accordance with the terms of the contract and also to determine any unusual items and to assess the appropriateness of accounting for the rental income. • Assessed the completeness of rental income which is recorded during the year by comparing the data used in revenue recognition to rental contracts with customers. • We have performed detailed analytical procedures for the balances and transactions of rental income and the timing of their recording. We also reviewed the adequacy of the Company's disclosures included in the accompanying financial statements.

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INDEPENDENT AUDITOR'S REPORT (CONTINUED)
ARRIYADH DEVELOPMENT COMPANY
(A Saudi Joint Stock Company)

Key Audit Matters (continued)

Real estate investments

Refer to note (3) for the accounting policy related to real estate investments and note (5) for related disclosures.

Key audit matter	How the matter was addressed in our audit
Real estate investments represent a significant percentage of the total assets of the Company as at the date of the financial statements, amounting to SAR 1.368 billion as of 31 December 2021 (2020: SAR 1.395 billion). Real estate investments are stated at cost less accumulated depreciation and impairment, If any. The Company's management determines the fair value of its properties for disclosure purpose and impairment testing at the financial statements date, the valuations are performed by an independent external evaluator assigned by the Company. The valuation of real estate investments based on estimates and assumptions such as rent value, occupancy rates, discount rates, market knowledge and historical transactions. We considered this as a key audit matter because of the importance and complexity of the Real estate investments valuation process and its dependency on a range of estimates and assumptions.	We performed the following procedures in relation to real estate investments: • Assess the policies and the reasonability of the accounting estimates which were used by the company • Assess the accuracy of inputs used by the external evaluator. • Evaluate the qualification and competence of the external evaluator, as well as his independence. We also reviewed the adequacy of the Company's disclosures included in the accompanying financial statements.

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Key Audit Matters (continued)

Investment in an associate company

Refer to note (3) for the accounting policy related to investment in an associate company and note (9) for related disclosures.

Key audit matter	How the matter was addressed in our audit
Investment in an associate company represent a significant percentage of the total assets of the Company as at the date of the financial statements, amounting to SAR 451.1 million as of 31 December 2021 (2020: SAR 472.2 million). The results of the associate are included in the financial statements using the equity method as significant influence is evident from the company's ability to make financial and operating decisions. We considered this as a key audit matter because of the importance of the balances related to it in the accompanying financial statements. In addition to that professional judgment have been exceed regarding the assessment of lack of control over the associate despite investment ratio exceeded 50%.	We performed the following procedures in relation to investment in an associate company: • Evaluating the appropriateness of the company's accounting policies to measure investments using the equity method to be in the line with the requirements of International Financial Reporting Standards. • We have obtained financial statements of the associate for the period ending 31 December 2021 and reviewed the profit or loss statement in addition to the statement of financial position and obtained sufficient evidence to validate the numbers of the financial statements. • Evaluate the extent of control exceeded and ensured that the invested Company should be classified as an associate, as the investment by percentage exceed 50%. • Review and verified the adjustments made during the year on the investment in an associate company. We also reviewed the adequacy of the Company's disclosures included in the accompanying financial statements.

Other Information

Management is responsible for the other information. Other information comprises the information included in the annual report other than the financial statements and our auditors' report thereon. The annual report is expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report and conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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INDEPENDENT AUDITOR'S REPORT (CONTINUED)
ARRIYADH DEVELOPMENT COMPANY
(A Saudi Joint Stock Company)

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

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

Those charged with governance are responsible for overseeing the Company's financial reporting process.

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

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

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

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INDEPENDENT AUDITOR'S REPORT (CONTINUED)
ARRIYADH DEVELOPMENT COMPANY
(A Saudi Joint Stock Company)

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements
Paragraph (135) of the Companies Law requires the auditor to include in his report any violations of the Regulations for Companies and Company's By-laws. During our audit of the financial statements, we did not found that the Company is in violations of the Companies Regulations and the Company's Articles of Association.

العظم والسديري وآل الشيخ وشركاؤهم
محاسبون ومراجعون قانونيون
License No 323/11/148 ترخيص رقم ١٤٨/١١/٣٢٣
Al Azem, Al Sudairy, Al Shaikh & Partners
Certified Public Accountant R

Al Azem, Al Sudairy, Al-Shaikh & Partners
Certified Public Accountants

Abdullah M. Al Azem
License No. 335

16 Rajab 1443H (17 February 2022)
Riyadh, Saudi Arabia

ARRIYADH DEVELOPMENT COMPANY
(SAUDI JOINT STOCK COMPANY)
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2021
(Saudi Riyals)

	Note	31 December 2021	31 December 2020
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment, net	4	1,878,788	613,751
Real estate investments, net	5	1,368,421,769	1,395,041,268
Right of use Assets, net	6	54,094,668	58,480,338
Projects under constructions	7	3,128,637	7,420,519
Investments as at fair value through other comprehensive income	8	61,624,036	44,151,937
Investment in a associate company	9	451,136,194	472,160,536
Murabaha investment deposits	12	250,000,000	240,000,000
TOTAL NON-CURRENT ASSETS		**2,190,284,092**	**2,217,868,349**
CURRENT ASSETS			
Accounts receivable, prepayments and other assets, net	10	68,091,707	55,874,915
Due from related party	11	-	44,975,854
Murabaha investment deposits	12	120,000,000	-
Cash at banks		55,843,107	48,866,307
TOTAL CURRENT ASSETS		**243,934,814**	**149,717,076**
TOTAL ASSETS		**2,434,218,906**	**2,367,585,425**
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Share capital	13	1,777,777,770	1,777,777,770
Statutory reserve	14	97,891,859	66,060,909
Retained earnings		129,094,523	136,855,401
Revaluation reserve for investments through OCI	8	16,478,192	400,974
TOTAL SHAREHOLDERS' EQUITY		**2,021,242,344**	**1,981,095,054**
NON-CURRENT LIABILITIES			
Lease obligations - non-current portion	6	48,890,281	52,019,147
Employee benefit obligations	15	10,578,600	11,916,334
TOTAL NON-CURRENT LIABILITIES		**59,468,881**	**63,935,481**
CURRENT LIABILITIES			
Accounts payable, accrued expenses and other payables	16	257,178,374	230,612,489
Lease obligations - current portion	6	5,989,919	5,980,261
Dividends payable	17	72,687,102	68,080,194
Provision for estimated zakat	18	17,652,286	17,881,946
TOTAL CURRENT LIABILITIES		**353,507,681**	**322,554,890**
TOTAL LIABILITIES		**412,976,562**	**386,490,371**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**2,434,218,906**	**2,367,585,425**

Finance Manager	Member of the Board of Directors And Chairman of the Audit Committee	CEO
Mr. Mamdouh Ahmad Shehata	Dr/ Ali Abdulaziz Alkhodairi	Mr. Jehad Abdul Rahman Al-Kadi

The attached notes (1) to (31) form an integral part of these financial statements.

ARRIYADH DEVELOPMENT COMPANY
(SAUDI JOINT STOCK COMPANY)
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2021
(Saudi Riyals)

	Note	2021	2020
Revenue	19	250,912,214	237,730,535
Cost of revenue	20	(78,080,086)	(69,107,347)
Gross operating profit		**172,832,128**	**168,623,188**
General and administrative expenses	21	(74,307,855)	(22,041,652)
Net profit from main operations		**98,524,273**	**146,581,536**
Finance cost	6	(3,080,792)	(3,261,110)
Income from Murabha deposits		3,795,826	3,903,511
The company's share in the associate's profits	9	226,516,402	87,196,979
Cash dividends investments as at fair value through OCI	8A	1,394,881	925,132
Other income	22	467,787	1,118,768
Net profit for the year before estimated zakat		**327,618,377**	**236,464,816**
Estimated zakat	18B	(9,308,882)	(8,539,385)
Net profit for the year		**318,309,495**	**227,925,431**
Other Comprehensive Income			
Items that cannot be reclassified to profit or loss			
Actuarial losses for employee benefits obligations	15	(906,091)	(900,551)
The movement of fair value for investments through OCI - unrealized gain	8	16,077,218	3,937,384
Total other comprehensive income		**15,171,127**	**3,036,833**
Total comprehensive income for the year		**333,480,622**	**230,962,264**
Earnings per share	26		
Basic and diluted earnings per share from main operations		0.55	0.82
Basic and diluted earnings per share from net profit for the year		1.79	1.28

Finance Manager	Member of the Board of Directors And Chairman of the Audit Committee	CEO
Mr. Mamdouh Ahmad Shehata	Dr/ Ali Abdulaziz Alkhodairi	Mr. Jehad Abdul Rahman Al-Kadi

The attached notes (1) to (31) form an integral part of these financial statements.

ARRIYADH DEVELOPMENT COMPANY
(SAUDI JOINT STOCK COMPANY)
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
For the year ended December 31, 2021
(Saudi Riyals)

	Share capital	Statutory reserve	Retained earnings	Revaluation reserve for investments through OCI	Total shareholders' equity
Balance as at 1 January 2020	**1,777,777,770**	**43,268,366**	**110,400,841**	**(3,536,410)**	**1,927,910,567**
Net profit for the year	-	-	227,925,431	-	**227,925,431**
Transferred to statutory reserve	-	22,792,543	(22,792,543)	-	-
Other comprehensive income	-	-	(900,551)	3,937,384	**3,036,833**
Dividends	-	-	(177,777,777)	-	**(177,777,777)**
Balance as at 31 December 2020	**1,777,777,770**	**66,060,909**	**136,855,401**	**400,974**	**1,981,095,054**
Balance as at 1 January 2021	**1,777,777,770**	**66,060,909**	**136,855,401**	**400,974**	**1,981,095,054**
Net profit for the year	-	-	318,309,495	-	**318,309,495**
Transferred to statutory reserve	-	31,830,950	(31,830,950)	-	-
Other comprehensive income	-	-	(906,091)	16,077,218	**15,171,127**
Dividends distribution (Note 25)	-	-	(293,333,332)	-	**(293,333,332)**
Balance as at 31 December 2021	**1,777,777,770**	**97,891,859**	**129,094,523**	**16,478,192**	**2,021,242,344**

Finance Manager Mr. Mamdouh Ahmad Shehata	Member of the Board of Directors And Chairman of the Audit Committee Dr/ Ali Abdulaziz Alkhodairi	CEO Mr. Jehad Abdul Rahman Al-Kadi

The attached notes (1) to (31) form an integral part of these financial statements.

ARRIYADH DEVELOPMENT COMPANY
(SAUDI JOINT STOCK COMPANY)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021
(Saudi Riyals)

	2021	2020
OPERATING ACTIVITIES		
Net profit for the year	318,309,495	227,925,431
Adjustments to reconcile net profit with net cash provided from operating activities:		
Depreciation	34,504,880	37,121,393
Finance cost	3,080,792	3,261,110
Income from Murabha deposits	(3,795,826)	(3,903,511)
Formed provision for expected credit loss	5,726,784	3,729,440
Revised provision for expected credit loss	(367,513)	(61,200)
The company's share in the associate's profits	(226,516,402)	(87,196,979)
Impairment of projects in progress	2,834,080	-
Profit from sale of property, plant and equipment	(26,870)	(11,000)
Employee benefit obligations	1,955,610	1,234,945
Estimated zakat formed	9,308,882	8,539,385
	145,013,912	**190,639,014**
Operating assets and liabilities:		
Accounts receivable, prepayments and other assets	(13,780,237)	(4,735,474)
Accounts payable, accrued expenses and other payables	26,565,885	(14,624,972)
Estimated zakat paid	(9,538,542)	(4,563,587)
Employee benefit obligations paid	(4,199,435)	(808,398)
Net cash provided from operating activities	**144,061,583**	**165,906,583**
INVESTING ACTIVITIES		
Investments through OCI addition	(1,394,881)	(925,132)
Murabaha investment deposits	(130,000,000)	(65,000,000)
Purchase of property, plant and equipment	(1,687,209)	(197,047)
Proceeds from sale of property, plant and equipment	37,391	11,000
Real estate investments addition	(551,560)	(6,182,242)
Projects under construction addition	(1,078,698)	(1,809,938)
Net cash used in investing activities	**(134,674,957)**	**(74,103,359)**
FINANCING ACTIVITIES		
Lease obligations paid	(6,200,000)	(12,624,753)
Due from related party	292,516,598	125,068,166
Cash dividends paid	(288,726,424)	(176,114,765)
Net cash used in financing activities	**(2,409,826)**	**(63,671,352)**
Net change in cash at banks	6,976,800	28,131,872
cash at banks at beginning of the year	48,866,307	20,734,435
cash at banks at end of the year	**55,843,107**	**48,866,307**
Non-cash transactions		
Dividends payable	4,606,908	1,663,012
Transfer from projects under construction to real estate investments	2,536,500	-
The movement of fair value for investments through OCI	16,077,218	3,936,833
Transfer from the investment in associate company balance to related party balance (recovery of permanent financing exchange investment in associate company)	247,540,744	170,044,020

Finance Manager	Member of the Board of Directors And Chairman of the Audit Committee	CEO
Mr. Mamdouh Ahmad Shehata	Dr/ Ali Abdulaziz Alkhodairi	Mr. Jehad Abdul Rahman Al-Kadi

The attached notes (1) to (31) form an integral part of these financial statements.

1. ACTIVITIES

Arriyadh Development Co. is Saudi Joint Stock Company was founded according to the royal decree No. m/2 dated Safar 9, 1414H corresponding to July 28, 1993. The Company is registered in the Kingdom of Saudi Arabia under the Commercial Registration No. 1010124500, issued in Riyadh dated Thu Al-Qa'dah 29, 1414H (corresponding to May 10, 1994). The Company's capital amounting to SAR 1,777,777,770 from 177,777,777 shares, each valued at SAR 10.

The Company's Head Office is located at King Fahad Road Addira District, P.O. Box 7442, Riyadh 11462, Kingdom of Saudi Arabia.

The principle activities of general construction of residential buildings, general construction of non-residential buildings and includes (schools, hospitals, hotels, etc.), general construction of government buildings, construction of prefabricated buildings in locations, and renovations of residential and non-residential buildings.

2. BASIS OF PREPARATION FINANCIAL STATEMENTS

2-1 Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed in Saudi Arabia and other standards and pronouncements endorsed by the Saudi Organization for Chartered and Professional Accountants (SOCPA).

2-2 Preparation the financial statements

The accompanying financial statements have been prepared on the basis of historical cost except investments in equity instruments by fair value and recognition of employee benefit obligations that are recognized at the present value of future liabilities using the expected credit unit method.

The financial statements are presented in Saudi Riyals, which is the Company's functional and presentation currency.

2-3 Going concern

The company's current liabilities are in excess of current assets by SAR 109,572,867. However, the executive management of the company expects the company's ability to obtain sufficient cash flows to meet its continuing obligations. These financial statements have been prepared on the going concern basis.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the significant accounting policies adopted by the company

Use of estimates

The preparation of financial statements in accordance with International Financial Reporting Standards requires the use of estimates and assumptions that may affect the value of restricted assets and liabilities, and disclosure of potential assets and liabilities in the date of the financial statements, and the value of revenue and expenses were disclosure to the period of the financial statement's preparation. Although these estimates and judgments are based on management's best knowledge and events available to the management in the date of the financial statements, it is possible that actual final results differ from these estimates. These estimates and assumptions are reviewed on a continual basis and effects resulting from these accounting changes will be disclosed in the year and future period which are affected by it.

The estimates and assumptions that are at significant risk that could significantly change the carrying amounts of assets and liabilities during the subsequent financial years are as follows:

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of estimates (continued)

A) Impairment of Non-financial assets

The Company assesses at each reporting date whether there is an indication that the asset has been impaired. If any indication exists, the Company estimates the recoverable amount of the asset. The recoverable amount of the asset is the higher of the fair value of the asset less costs to sell and its value in use. In assessing the value in use, the estimated future cash flows of the asset are discounted to their present value using a discount rate that reflects current market assessments of the time value of funds and the risks specific to the asset. When determining fair value less costs to sell, the latest market transactions are taken into consideration. If the recoverable amount of the asset is estimated at less than it carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognized immediately in the statement of profit or loss. If a subsequent impairment loss is reversed, the carrying amount of the asset is increased to the revised value of its recoverable amount, but only to the extent that the carrying amount does not exceed the carrying amount that would have been determined in the event that there is no impairment loss on the asset previous years. An impairment loss is recognized directly in the statement of profit or loss.

B) Provisions

Provisions are recognized when the Company has contingent liabilities (legal or constructive) arising from past events and the payment of the liability is probable and can be reliably measured. The amount recognized as an allowance is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. When an allowance is measured using estimated cash flows to settle the present liability, its carrying amount is the present value of those cash flows. If some or all of the economic benefits required to settle a provision from a third party are expected to be recovered, the amount due is recognized as an asset if the amount is certain to be recovered and the amount of the receivable can be reliably measured.

C) Useful lives for real estate investments & property, plant and equipment

The Company's management determines the estimated useful lives of property, property, plant and equipment for the purpose of calculating depreciation. This estimate is made after taking into account the expected use of the asset or the actual obsolescence. The management periodically reviews the estimated useful lives at least annually and the depreciation method to ensure that the method and periods of depreciation are consistent with the expected pattern of economic benefits of the assets.

D) Assumptions of liabilities of employee's benefits

After-service benefits represent liabilities that will be settled in the future and require the use of assumptions against expected liabilities. IAS 19 "Employee Benefits" requires management to use more assumptions regarding variables such as discount rates, rate of compensation increases, return on original, mortality rates, turnover, and future health care costs. The Company's management leads an actuarial valuation of the liability account. Changes in key assumptions can have a significant impact on expected benefit liabilities and / or periodic employee benefit costs incurred.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E) Estimated zakat

The company is subject to zakat according to the regulations of the Zakat, Tax and Customs Authority in the Kingdom of Saudi Arabia and recognized and charged to the statement of profit or loss. Additional zakat liability is calculated, if any, which relates to the assessment on previous years by the Authority in the year in which the final assessments are issued.

Real Estate Investments

A) Confession

Land, Lands on which buildings are constructed and buildings owned by the company for purposes of generating rental income or for capital appreciation, or for both purposes, are classified as investment properties. Properties that are created or developed for future use as investment properties are also classified as investment properties.

B) Measurement

Investment properties are measured at cost, less accumulated depreciation, if any. As no land and lands on which buildings are constructed is accounted for depreciation. Building consumption is calculated according to the straight-line method on the basis of its useful life by adopting the following annual percentages:

Building	1.6% - 7%

Investments land include lands fully owned to the company (except for what was mentioned in Note 5), and all recorded in the costs with addition to development expenses.

Real estate investments are stated at cost in accordance with IAS 40, the standard give choices for recording its investment properties are at cost or at fair value provided that there is no impediment to the ability to reliably determine the value of the investment. The management has chosen the cost model to record its investments.

Project Under Progress

Projects under construction consist of the amount spent on building or purchasing property, plant, equipment, or real estate investments. When the project is completed and as appropriate, it is converted into property, machinery, and equipment or real estate investments. The project is in progress at cost and any decrease in value is reviewed annually (if any).

Impairment

A) Financial Assets

At the date of each statement of financial position, the values of the financial assets are reviewed, to determine whether there is any indication of impairment in their value. As for financial assets such as accounts receivable and assets assessed individually as not impaired, they are assessed for impairment on a collective basis. Objective evidence of a decline in the value of a portfolio of receivables may include the company's past experience with collecting payments, an increase in the number of late payments that exceed the average credit period, and may include observable changes in local and global economic conditions that correlate with default on receivables. The carrying amount of the financial asset is reduced by the amount of the impairment loss directly, for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the formation of an allowance account. When a receivable is considered uncollectible, the amount of the receivable and the corresponding amount in the allowance account are written off.

Changes in the carrying amount of the allowance account are recognized in the statement of profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment (continued)

B) Non-financial Assets

At the date of each statement of financial position, the company reviews the carrying values of its assets to determine whether there is any indication that these assets have suffered impairment losses. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the impairment loss (if any). In the event that it is not possible to estimate the recoverable amount of a specific asset, the company estimates the recoverable amount of the cash-generating unit to which the same asset belongs. When reasonable and consistent bases of distribution can be determined, the joint assets are allocated to the cash-generating units to which the asset belongs. When reasonable and constant bases of distribution can be determined, the joint assets are allocated to specific cash-generating units, or they are allocated to the smallest group of cash-generating units for which reasonable and stable bases of distribution can be determined. The recoverable amount is the asset's fair value less cost to sell or value in use, whichever is higher.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (the cash-generating unit) is reduced to its recoverable amount. Impairment losses are recognized directly in the statement of profit or loss, unless the asset is revalued, in which case the impairment losses are recorded as a deduction from the revaluation provision.

Derecognition

A financial asset is primarily derecognized when the contractual rights to receive cash flows from the asset have expired, or the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass through' arrangement; and either the Company has transferred substantially all the risks and rewards of the asset. Or the Company has neither transferred nor retained substantially all the risks and rewards of the asset. But has transferred control of the asset.

Property, plant and equipment

Property, plant and equipment are stated at cost net of accumulated depreciation. The cost is including the expenses related to purchase the asset. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components). Expenditure on maintenance and repairs is expensed, while expenditure for betterment is capitalized. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Sold or disposed asset is deleted from the books at date of sale or disposal along with its accumulated depreciation.

The percentage rates of depreciation are as follow:

Description	Percentage
Machinery and equipment	25%
Furniture and fixtures	25%
Motor vehicles	25%

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Right of use assets and lease obligations

The Company has recognized new assets and liabilities for its operating leases of operating leases of land. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis.
i. Right-of-use assets are measured at cost comprising the following:
- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

ii. Lease liabilities include the net present value of the following lease payments:
- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payments that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the incremental borrowing rate, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in Condensed Statement of Profit or Loss. Short-term leases are leases with a lease term of 12 months or less.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options are only included in the lease term if the lease is reasonably certain to be extended. In determining the lease term, the management generally considers certain factors including historical lease durations and the costs and business disruption required to replace the leased asset.

Investment in an associate company

Associated companies are those companies over which the company exercises significant influence. The major effect is the ability of the company to participate in the financial and operating decisions of the investee company but it is not a joint control or control of these policies.
The results, assets and liabilities of the associate are included in these financial statements using the equity method, whereby the investment in the associate is recorded at cost in the statement of financial position and the cost is adjusted thereafter so that the company's share of the profit or loss and other comprehensive income of the associate is recorded. When the company's share in the losses of the associate exceeds its ownership (which includes any long-term ownership that is part of the company's net investment in the associate) the company stops admitting its share of the additional losses and records the additional losses only to the extent that the company incurs legal or contractual obligations Or made payments on behalf of the associate. If the associate company subsequently records profits, the company will resume recording its share of these profits only when its share of the profits equals with its share of unrecorded losses.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investment in an associate company (continued)

The company's investment in the associate is accounted for using the equity method from the date the investee becomes an associate. Upon acquisition of the investment in the associate, any increase in the investment cost over the company's share in the net fair value of the assets and liabilities identified for the investee company is recorded as goodwill and is included in the book value of the investment. Any increase in the company's share of the net fair value of the identifiable assets and liabilities of the associate over the cost of the investment immediately after the revaluation is recorded in the statement of profit or loss in the year in which the investment is acquired.

Financial instruments

Financial assets and financial liabilities are recognized when a Company entity becomes a party to the Contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

First: Financial assets

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

A) Financial assets at fair value through statement of profit & loss

Financial assets are classified as at FVTPL when the financial asset is (i) contingent consideration that may be paid by an acquirer as part of a business combination to which IFRS 3 applies, (ii) held for trading, or (iii) it is designated at FVTPL by the Company.

A financial asset is classified as held for trading if:

- It has been acquired principally for selling it in the near term.
- On initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking.
- It is a derivative that is not designated and effective as a hedging instrument.

financial asset other than a financial asset held for trading or contingent consideration that may be paid by an acquirer as part of a business combination may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed, and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

First: Financial assets (continued)

- it forms part of a contract containing one or more embedded derivatives, and IAS 39 permits the entire combined contract to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement Recognized in profit or loss. Dividends or interest earned on the financial asset are included in the 'other income / charges' line item in the statement of profit or loss.

B) Financial assets at fair value through other comprehensive income

The Listed shares which owned by the company and traded in an active market are classified as available-for-sale financial assets and are stated at fair value. The Company also has investments in unlisted shares that are not traded in active markets but are also classified as available-for-sale financial assets and are carried at fair value, in the belief that the fair value can be reliably measured. Gains and losses arising from changes in fair value are included in other comprehensive income and are added to the revaluation reserve under equity except for impairment losses that are recognized in profit or loss. If the investment is disposed of or is impaired, the cumulative gain or loss previously recognized in the revaluation reserve is included in other comprehensive income.

Any income from dividends related to the investments available of sale are recorded when the company have the rights to receive those dividends.

C) Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Receivables including trade and other receivables, bank balances and cash are measured at amortized cost using the effective interest method, less any impairment loss which is recognized in profit or loss.

Interest income is recognized by applying the effective interest rate, except for short-term receivables when the effect of discounting is immaterial.

Classification of financial assets

IFRS 9 includes three main classification categories for financial assets: financial assets that are measured at amortized cost, assets that are measured at fair value through other comprehensive income, and assets that are measured at fair value through the statement of profit or loss. This standard excludes the current IAS 39 categories of investments held to maturity, loans and receivables and investments available for sale.

Under IFRS 9, financial derivatives that are embedded in contracts in which the primary instrument is financial assets within the scope of the standard are not divided, but rather the mixed financial instrument as a whole is evaluated for the purpose of classification.

Impairment

IFRS (9) replaces the loss incurred model in IAS 39 with the expected future credit loss model. This requires a significant estimate of how economic factor changes affect the expected credit loss models that will be determined on the basis of the probability.

The new impairment model will be applied to financial assets measured at amortized cost or fair value through other comprehensive income, except for investments in equity instruments as well as on contract assets.

Under IFRS 9, provisions for loss will be measured according to one of the following bases:

1- The expected credit loss over 12 months. This expected credit loss is due to default and probable default events within 12 months after the reporting date.

2- The expected credit loss over the life of the financial instrument. The expected credit loss that results from all default events occurring over the expected life of the financial instrument.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Impairment (continued)

With respect to the expected credit loss over the life span, the measurement is applied if the credit risk of the financial assets has increased significantly at the date of the report since its initial recognition, and the measurement of the expected credit loss over a 12-month period is applied. If these credit risks do not increase significantly, the enterprise may determine not to increase the risk Credit is significant if the instrument is exposed to low credit risk at the reporting date. However, the measurement of expected credit losses over the life course is always applied to trade receivables and contract assets without any significant financing components. The facility may also choose to apply this policy to trade receivables and contract assets with significant financing components.

Second: Financial liabilities

Financial liabilities (including borrowings and trade and other payables) are initially and subsequently Measured at amortized cost using the effective interest method.

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

- Effective interest method

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

Classification of financial liabilities

IFRS 9 closely preserves the current requirements in IAS 39 in order to classify financial liabilities. However, according to International Accounting Standard No. (39), all changes in the fair value of liabilities classified at fair value through the statement of profit or loss are recognized in the statement of profit or loss, while according to the International Financial Reporting Standard No. (9) The change in the fair value is presented. Related to changes in the credit risk of the liabilities in the statement of other comprehensive income while the remaining amount of the change in the fair value is shown in the statement of profit or loss.

Cash at banks balances

Cash at banks balances include bank balances, banking Murabhat and other investments which can be liquidated in three months or less.

Accounts Receivable

Accounts receivable balance appear in the original invoices amount after deduction of doubtful provision against any amount inapplicable to being collected. An estimate for the doubtful receivable is made when the company cannot collect the balances and doubtful receivables are written-off when incurred. The provisions appear in the statement of income. Any subsequent recovery in the accounts receivable previously written-off is added to the revenue.

Accounts payable and accruals

Liabilities are recognized for amounts to be paid in the future for services received, whether billed by the supplier or not. Trade payables are classified as current liabilities if the payment is due within one year or less, and if they are not, they are presented as non-current liabilities. Trade payables are initially recognized at fair value and subsequently measured at amortized cost, using the effective interest rate method.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Estimated zakat provision

Estimated zakat is a company obligation and the estimated Zakat is provided within the accompanying financial statements and is charged to the statement of profit or loss, in accordance with Zakat standards issued by the Saudi Organization for Chartered and Professional Accountants. As it is computed approximately in accordance with the accrual concept.

Zakat is calculated at the end of the year on the basis of the adjusted net profit or zakat base, whichever is greater, according to the regulations of the Zakat, Tax and Customs Authority in the Kingdom of Saudi Arabia.

Any difference in the estimate is recorded when the final assessment is provided.

Related party transactions

Related party

The related party is the person or entity associated with the company whose financial statements are prepared.

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

1) He has control or joint control of the company whose financial statements are prepared;

2) It has a material impact on the company whose financial statements are prepared. or

3) He is a member of the senior management of the company that prepares its financial statements or the parent company of the company that prepares its financial statements.

B) If the firm is linked to the company whose financial statements are prepared in the event that any of the following conditions is true:

1) The enterprise and the company whose financial statements are prepared are members of the same group (which means that both the parent company and its subsidiaries and associates are related to the other).

2) One of the two companies is an associate or a joint venture of the other company (or an associate or joint venture of a member of a group of which the other company is a member).

3) Both companies are joint ventures of the same third party.

4) One of the two companies is a joint venture of a third company and the other company is an associate of the third company.

5) A company is a post-employment benefit plan for employees of any of the companies whose financial reports are prepared or a company related to the company that prepares its financial statements. If the company that prepares its financial statements is the same one that prepares these plans, then the sponsors of the sponsoring work are also related to the company that prepares its financial statements.

6) The company is controlled or controlled jointly by a person specified in paragraph (a).

7) The person specified in Paragraph (a) (i) has a material impact on the company or is a member of the senior management of the company (or parent company).

8) The company or any member of a group of it provides part of the services of the employees of the higher management of the company that prepares its financial statements or to the parent company of the company that prepares its financial statements.

Employee benefits

- End-of-service indemnities

The end of service benefits provision, which is a defined benefit plan, is determined using the projected unit credit method, with actuarial valuations being carried out at the end of annual reporting period. Remeasurements, comprising actuarial gains and losses, are reflected immediately in the statement of financial position with a charge or credit recognized in other comprehensive income in the period in which they occur. Remeasurements recognized in other comprehensive income are reflected immediately in retained earnings and will not be reclassified to profit or loss.

- Retirement benefits

The Company pays retirement contributions for its Saudi Arabian employees to the General Organization for Social Insurance. This represents a defined contribution plan. The payments made are expensed as incurred.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Employee benefits (continued)

- Short-term employee benefits

A liability is recognized for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

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

Revenue

Revenue is measured based on the consideration specified in a contract with customer and excludes amount collected on behalf of third parties.

The Company recognizes revenue when it transfers control over a product or service to a customer. The principles in IFRS 15 are applied using the following five steps:

Step 1: The Company accounts for a contract with a customer when:

- The contract has been approved and the parties are committed;
- Each party's rights are identified;
- Payment terms are defined;
- The contract has commercial substance; and
- Collection is probable.

Step 2: The Company identifies all promised goods or services in a contract and determines whether to account for each promised good or service as a separate performance obligation. A good or service is distinct and is separated from other obligations in the contract if both:

- The customer can benefit from the good or service separately or together with other resources that are readily available to the customer; and
- The good or service is separately identifiable from the other goods or services in the contract.

Step 3: The Company determines the transaction price, which is the amount of consideration it expects to be entitled to in exchange for transferring promised goods or services to a customer.

Step 4: The transaction price in an arrangement is allocated to each separate performance obligation based on the relative standalone selling price of the good or service being provided to the customer.

Step 5: Revenue is recognized when control of the goods or services is transferred to the customer. The Company transfers a good or service when the customer obtains control of that good or service. A customer obtains control of a good or service if it has the ability to direct the use of and receive the benefit from the good or service.

The company's revenues are as follows:

A) Real estate sale income

Revenue from sale of investment lands intended for sale (developed or underdeveloped) is proven upon implementation and completion of the sale process and the transfer of significant property risks and privileges to the buyer, and revenue from the sale of land contributions (under development) is proven upon the conclusion of the sales contract and the issuance of a certificate of contribution to the new owner.

B) Leasing and operating revenues

Revenue from rental and operation of investment property is recognized upon contracting or upon service provision, and revenue is calculated for the period that relates to the financial period by a straight-line method over the lease term or operating period and other income is recognized when realized.

Expenses

Expenses by the company comprise of management and maintenance real estate expenses and their depreciations which are classified as direct costs, other expenses are classified as general and administrative expenses.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Provisions

Provisions are made when the Company has any present obligation (legal or constructive) as a result of past events for which the cost payment is probable.

Provisions are measured to the best of the expected fair value of the liability as at the balance sheet date, taking into account risks and uncertainties surrounding the obligation. When an allowance is measured using estimated cash flows to settle the present obligation, the receivable is recognized as an asset if the receipt and replacement of the amount is confirmed and the amount can be measured reliably.

Segmental Reporting

An operating segment is a sum of assets and processes that jointly engage in the rendering of products or services subject to risks and rewards that are different from those of other operating segments and which are measured according to reports used by the chief executive officer and the chief decision maker.

The geographical segment is associated with the provision of products in a specific economic environment that are subject to risks and rewards that differ from those of business segments in economic environments.

Offsetting

Financial assets and financial liabilities are offset, and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset recognized amounts and there is an intention to settle on a net basis. To realize the assets and settle the liabilities simultaneously.

Earnings per share

Basic and diluted earnings per share was calculated based on the weighted average number of normal shares as at the end of the year.

Foreign currency transactions

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

New standards, amendments to standards and interpretations

There are no new standards that have been issued, however, a number of amendments to the standards are effective from January 1, 2021 and are shown below, but they do not have a material impact on the financial statements of the company.

The following is a statement of the new standards and amendments to the applicable standards for years beginning on or after January 1, 2021:

<u>Amendments to IFRS 7 and IFRS 16 Interest Rate Measurement Correction – Phase the second</u>

Phase II adjustments address issues that arise from implementing reforms, including substituting standard rates for alternative prices. The Phase II amendments provide additional temporary exemptions from applying the hedge accounting requirements of IAS 39 and IFRS 9 to hedging relationships directly affected by the interest rate index reform.

<u>Amendment to IFRS 16, "Leasing Contracts" - COVID-19 Lease Concessions</u>

As a result of the COVID-19 pandemic, rental concessions have been granted to tenants. In May 2020, the International Accounting Standards Board published an amendment to IFRS 16 that provides an optional practical means for lessees to assess whether a rental concession related to COVID-19 is a lease modification. On March 31, 2021, the International Accounting Standards Board published an additional amendment extending the date from June 30, 2021G to June 30, 2022G. Tenants can choose to account for lease concessions the same way they would if there were no rent adjustments. In many cases, this results in accounting for the lien as variable lease payments in the period(s) in which the event or circumstance that gave rise to the reduced payment occurred.

(Saudi Riyals)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New standards, amendments to standards and interpretations (continued)

Standards issued but not yet effective

Following are the new standards and amendments to standards which are effective for annual periods beginning on or after 1 January 2022 and earlier application is permitted; however, the Company has not early adopted them in preparing these Financial Statements.

- IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter.
- IFRS 9 Financial Instruments – Fees in the '10 percent' test for derecognition of financial liabilities.
- Amendments to IAS 1: Classification of Liabilities as Current or Non-current.
- Amendments to IFRS 3: Reference to the Conceptual Framework.
- Amendments to IAS 16: Property, Plant and Equipment: Proceeds before Intended Use.
- Amendments to IAS 37: Onerous Contracts – Costs of Fulfilling a Contract.
- Amendments to IAS 8: Definition of Accounting Estimates.
- Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting Policies.

The Company does not expect that the adoption of these new and revised standards and interpretations will have a material impact on its financial statements.

4. PROPERTY, PLANT AND EQUIPMENT, NET

	Machinery and equipment	Furniture and fixtures	Motor vehicles	Total
Cost				
The balance on 1 January 2021	10,523,820	4,835,249	1,365,270	**16,724,339**
Additions during to the year	1,017,465	346,018	323,726	**1,687,209**
Disposal during the year	(1,401,561)	(301,063)	(382,000)	**(2,084,624)**
The balance on 31 December 2021	**10,139,724**	**4,880,204**	**1,306,996**	**16,326,924**
Accumulated depreciation				
The balance on 1 January 2021	9,996,108	4,817,552	1,296,928	**16,110,588**
Charge for the year	354,886	10,146	46,619	**411,651**
Disposal during the year	(1,392,552)	(299,551)	(382,000)	**(2,074,103)**
The balance on 31 December 2021	**8,985,442**	**4,528,147**	**961,547**	**14,448,136**
Net book value				
December 31, 2021	**1,181,282**	**352,057**	**345,449**	**1,878,788**
December 31,2020	**527,712**	**17,697**	**68,342**	**613,751**

- Depreciation of property, plant and equipment amounted to SAR 411,651 and SAR 347,545 for the two years ended December 31, 2021 and 2020, respectively.
- Depreciation on property, plant and equipment has been charged as follows:

	31 December 2021	31 December 2020
Cost of revenue	275,745	264,891
General and administrative expenses	135,906	82,654
	411,651	347,545

(Saudi Riyals)

5. REAL ESTATE INVESTMENTS, NET

	Lands	Lands on which buildings are constructed	Buildings	Total
Cost				
The balance on 1 January 2021	211,190,203	401,428,705	1,154,435,553	**1,767,054,461**
Additions during the year	-	-	551,560	**551,560**
Transferred from projects in progress during the year	-	-	2,536,500	**2,536,500**
The balance on 31 December 2021	**211,190,203**	**401,428,705**	**1,157,523,613**	**1,770,142,521**
Accumulated depreciation				
The balance on 1 January 2021	-	-	372,013,193	**372,013,193**
Charge for the year	-	-	29,707,559	**29,707,559**
The balance on 31 December 2021	-	-	**401,720,752**	**401,720,752**
Net book value				
December 31, 2021	**211,190,203**	**401,428,705**	**755,802,861**	**1,368,421,769**

- Depreciation of real estate investments amounted to SAR 29,707,559 and SAR 32,158,035 for the two years ended December 31, 2021 and 2020, respectively.
- Depreciation on real estate investments has been charged as follows:

	31 December 2021	31 December 2020
Cost of revenue	29,691,309	32,141,785
General and administrative expenses	16,250	16,250
	29,707,559	**32,158,035**

The fair value of the real estate investments amounted to SAR 4,190,097,000 as at 31 December 2021 (31 December 2020: SAR 4,182,665,000) in accordance with the valuation process carried out by the property evaluator (BASMA Company and its partner) for real estate valuation License Holder No. 1210000448 (independent evaluator authorized by the Saudi Organization for authorized evaluators).

Real estate investments include buildings erected on land leased from Riyadh Municipality (meat market) under a lease contract for a period of 25 Hijri years starting from September 18, 1996 and ending on December 20, 2020, and the ownership of these buildings is transferred to the Municipality at the end of the contract period. The company's management is extending this contract for an additional one year, and the company's management is working on negotiating an extension of the contract for other future periods. To date, the company's management has not obtained the results of this negotiation. The net book value of the buildings on 31 December 2021 amounted to SAR zero.

Real estate investments include buildings constructed on land leased from the Riyadh Municipality (Otaiqa market) under 23-year lease from March 30, 2011, which are transferred to the Municipality at the end of the contract. The net book value as at 31 December 2021 is SAR 191.3 million.

Within the real estate investments there is lands totaling amounting 28,872,546 SR not registered in the name of the company as it was expropriated under Royal Decree No. 4 / B / 2732 dated 8/3/1412H. The owners did not submit their dues and transfer the land ownership to the company until 31 December 2021. (Note 16).

All real estate investments are located in the Kingdom of Saudi Arabia and are classified within the third level in the fair value hierarchy.

(Saudi Riyals)

5. REAL ESTATE INVESTMENTS, NET (continued)

	Lands	Lands on which buildings are constructed	Buildings	Total
Cost				
The balance on 1 January 2020	211,190,203	401,428,705	1,148,253,311	**1,760,872,219**
Additions during the year	-	-	6,182,242	**6,182,242**
The balance on 31 December 2020	**211,190,203**	**401,428,705**	**1,154,435,553**	**1,767,054,461**
Accumulated depreciation				
The balance on 1 January 2020	-	-	339,855,158	**339,855,158**
Charge for the year	-	-	32,158,035	**32,158,035**
The balance on 31 December 2020	-	-	**372,013,193**	**372,013,193**
Net book value				
December 31, 2020	**211,190,203**	**401,428,705**	**782,422,360**	**1,395,041,268**

6. RIGHT OF USE ASSETS AND LEASE OBLIGATIONS, NET

The following table shows the balance of right of use assets, which are represented in the lands leased by the Riyadh Municipality (the meat market and Otaiqa market) (note 5):

	Lands	Total
Cost		
The balance at beginning of the year	67,423,998	**67,423,998**
Additions daring the year	-	-
The balance at end of the year	**67,423,998**	**67,423,998**
Accumulated depreciation		
The balance at beginning of the year	8,943,660	**8,943,660**
Charge for the year	4,385,670	**4,385,670**
The balance at end of the year	**13,329,330**	**13,329,330**
Net book value		
December 31, 2021	**54,094,668**	**54,094,668**
December 31, 2020	**58,480,338**	**58,480,338**

Depreciation of right of use assets amounted to SAR 4,385,670 and SAR 4,615,813 for the two years ended December 31, 2021 and 2020, respectively which were charged to the cost of revenue.

There are no additions to the right to use the assets during the year ended December 31, 2021.

The lease obligations as at the end of the year are as follows:

	31 December 2021	31 December 2020
Non-current lease obligations	48,890,281	52,019,147
Current lease obligations	5,989,919	5,980,261
Total lease obligations	**54,880,200**	**57,999,408**

Finance costs from lease obligations amounted to SAR 3,080,792 and SAR 3,261,110 recognized for the two years ended December 31, 2021 and 2020, respectively.

(Saudi Riyals)

7. PROJECTS UNDER CONSTRUCTION

	Ateeqa Market (second phase)	Al-Zaheera development project	Other contracts & projects	Total
As of December 31,2021				
Balance at beginning of the year	1,281,288	1,427,566	4,711,665	**7,420,519**
Additions during the year	828,362	-	250,336	**1,078,698**
Transformer Real Estate Investments	-	-	(2,536,500)	**(2,536,500)**
Impairment in value during the year *	-	(1,427,566)	(1,406,514)	**(2,834,080)**
Balance at end of the year	**2,109,650**	-	**1,018,987**	**3,128,637**
As of December 31, 2020				
Balance at beginning of the year	-	1,427,566	4,183,015	**5,610,581**
Additions during the year	1,281,288	-	528,650	**1,809,938**
Balance at end of the year	**1,281,288**	**1,427,566**	**4,711,665**	**7,420,519**

* Impairment on value of projects in progress has been charged as follows:

	31 December 2021	31 December 2020
General and administrative expenses	1,659,703	-
Cost of revenue	1,174,377	-
	2,834,080	-

8. INVESTMENT AS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	31 December 2021	31 December 2020
Investments in equity instruments for companies listed on the Saudi Stock Exchange (8-a)	59,437,107	41,717,739
Investments in equity instruments for companies not listed on the Saudi Stock Exchange (8-b)	2,186,929	2,434,198
	61,624,036	**44,151,937**

The movement in the investment revaluation reserve at FVOCI was as follows:

	31 December 2021	31 December 2020
Beginning balance	400,974	(3,536,410)
Unrealized gain from investment revaluation	16,077,218	3,937,384
	16,478,192	400,974

8-a) Investments in equity instruments for companies listed on the Saudi Stock Exchange

	31 December 2021	31 December 2020
Beginning balance (at cost)	41,717,739	37,252,421
Addition during the year	1,394,881	925,132
Unrealized losses from investment revaluation	16,324,487	3,540,186
	59,437,107	41,717,739

(Saudi Riyals)

8. INVESTMENT AS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

8-b) Investments in equity instruments for companies not listed on the Saudi Stock Exchange

The board of directors decided at its meeting held on January 15, 2015 to enter as a partner founder in Saudi Hospitality Heritage company (Closed Saudi Joint Stock Company) located in Riyadh, with 2,000,000 shares at total value 20 million SR and 8% of the company's capital. The company paid 5,000,000 SR as a payment for its investment share and the full amount will be financed from the company's own resources. The investment is treated according to the fair value method. The investment movement is as follows:

	31 December 2021	31 December 2020
Beginning balance	2,434,198	2,037,000
Unrealized (losses) gain from revaluation of investment	(247,269)	397,198
	2,186,929	**2,434,198**

The fair value of investments in equity instruments for companies not listed in the Saudi financial market amounted to SAR 2,186,929 as of December 31, 2021 (December 31, 2020: SAR 2,434,198) according to the evaluation study carried out by the evaluator Ahmed bin Mohammed Al Farraj Office for Economic Establishments Evaluation License holder No. 4112000053 (independent evaluator authorized by the Saudi Organization for authorized evaluators).

9. INVESTMENT IN A ASSOCIATE COMPANY

The company has partnered with Sumou Holding Company, the owner of Adeer Real Estate Company, to establish the Tanal Company for Investment and Real Estate Development (a limited liability company) with a capital of SAR 100,000 with a share of 69.38% for Arriyadh Development Company and 30.62% for Sumou Holding Company, which are the same proportions both of them own in the first Riyadh Real Estate Development Fund, for the purpose of transferring the assets and liabilities of the first Riyadh Real Estate Development Fund, which was closed and transferred to Tanal for Investment and Real Estate Development and its subsidiary (Ruba Buildings Real Estate Company), which is owned by 100%, in order to complete the implementation of the remainder of the infrastructure works of the Al Thumama land, which has an area of 3 million square meters. A square that was fully completed by Sumou Real Estate Company - a Saudi Joint Stock Company (a related party) As at the end of the current period, the financial statements of Tanal Real Estate Investment and Development Company have not been consolidated due to the lack of control over the company because of its voting rights on the operational and administrative decisions of 40% compared to 60% for other partners, and this was considered as a significant influence and thus the investment was treated using the equity method.

During the second quarter of 2021, it was agreed to transfer part of the share of Sumou Holding Company to Sumou Real Estate Company - a Saudi Joint Stock Company (a related party), and the company's founding contract was amended accordingly. Accordingly, the percentage of ownership in the Tanal Investment and Real Estate Development Company became 69.38% for the Riyadh Development Company, 20.62% for the Sumou Holding Company and 10% for the Sumou Real Estate Company. The method of processing the investment in the Tanal Investment and Real Estate Development Company was not affected due to the non-change of the voting rights referred to above.

The address of the head office of the company is in Riyadh. The company is engaged in managing and leasing residential and non-residential properties that are owned or leased.

All shares of Ruba Buildings Real Estate Company have been completely assigned to the Tenal Investment and Real Estate Development Company, as Al-Thumama land is registered in the name of Ruba Buildings Real Estate Company.

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

The consolidated financial statements of this company and its subsidiary are prepared in accordance with International Financial Reporting Standards. The accounting policies used in preparing the consolidated financial statements of the associate are consistent with those of Arriyadh Development Company.

(Saudi Riyals)

9. INVESTMENT IN A ASSOCIATE COMPANY (CONTINUED)

9-1 Summary of the consolidated statement of profit or loss and other comprehensive income

	31 December 2021	31 December 2020
Revenue	838,917,642	637,096,128
Profit from main operations	360,244,312	138,633,719
Net profit for the year	326,485,103	125,680,282
Other comprehensive income for the year	326,485,103	125,680,282
Company's share of the profit for the year	226,516,402	87,196,979
Company's share of total comprehensive income	226,516,402	87,196,979

The share in net profit and the share in other comprehensive income was calculated based on the consolidated financial statements of Tanal Investment and Real Estate Development Company.

9-2 Summary of the consolidated statement of financial position

	31 December 2021	31 December 2020
Assets		
Non-current assets	187,579,291	471,866
Current assets	491,210,506	1,317,060,732
Total assets	**678,789,797**	**1,317,532,598**
Liabilities and owner's equity		
Non-current liability	-	512,945,409
Current liability	28,719,315	124,029,403
Total owner's equity	650,070,482	680,557,786
Total liabilities and owner's equity	**678,789,797**	**1,317,532,598**

9-3 The investment movement (book value settlement)

	31 December 2021	31 December 2020
Share at cost	69,380	69,380
Other owned component	385,131,788	555,175,808
Other equity component recovery (Note 11)	(247,540,744)	(170,044,020)
Total share in equity	**137,660,424**	**385,201,168**
Share of profit (loss) accrued at beginning of the year	86,959,368	(237,611)
Share of profit during the year	226,516,402	87,196,979
The share of the accumulated profit at the end of the year	**313,475,770**	**86,959,368**
Book value of the investment	**451,136,194**	**472,160,536**

(Saudi Riyals)

10. ACCOUNTS RECEIVABLE, PREPAYMENTS AND OTHER ASSETS, NET

	31 December 2021	31 December 2020
Accounts receivable	87,255,422	69,821,277
Less: provision for expected credit loss *	(27,938,554)	(22,579,283)
Accounts receivable, Net	**59,316,868**	**47,241,994**
Advanced to supplier	4,499,334	2,870,135
Accrued revenues from Murabaha Deposit	1,713,395	130,791
Employees' custodies and loans	912,079	3,928,655
Royalties	369,644	915,398
Insurance with others	335,193	335,193
Restricted bank balances for dividends distribution	150,660	189,833
Others	794,534	262,916
	68,091,707	**55,874,915**

*** The movement of Provision for expected credit loss during the year as follows:**

	31 December 2021	31 December 2020
Balance at beginning of the year	22,579,283	18,911,043
Charge for the year	5,726,784	3,729,440
Revised during the year	(367,513)	(61,200)
Balance at ending of the year	**27,938,554**	**22,579,283**

The aging for accounts receivable as follows:

	31 December 2021	31 December 2020
Form one day to 90 days	25,423,891	23,215,950
From 91 days to 180 days	17,945,909	13,949,538
From 181 days to 360 days	12,783,572	9,183,384
More than 360 days	31,102,050	23,472,405
	87,255,422	**69,821,277**

The total balances amounted to 28,922,273 SAR are issued cases on the lessees, and was obtained Court ruling with amount 6,338,230 SAR and it is under implementation.

11. RELATED PATRY TRANSACTIONS

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

During the normal course of its business, the company had the following important transactions with major related parties during the year ended on 31 December 2021 and 2020, as follows:

Name	Relationship
Tanal Investment and Real Estate Development Company	Associate company

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- The transactions and amounts related thereto for the year ended on:

Descreption	Nature of the transaction	31 December 2021	31 December 2020
Tanal Investment and Real Estate Development Company	Additional paid in capital reduction *	247,540,744	170,044,020
Non-executive directors	Bonuses and allowances	3,417,000	3,500,000
Senior management personnel	Salaries, allowances and incentives	16,633,169	8,297,113

* The Additional paid in capital reduction item represents the amounts recovered from the permanent financing that the company has financed for the associate company, and based on the decisions of the partners in the associate company, and the associate company does not need the available liquidity, it has been approved by them to distribute part of the permanent financing (for the year 2021: SAR 247,540,744 and for the year 2020: SAR 170,044,020) and the value of the investment in the associate is reduced by the balance approved by the partners and the balance is transferred as receivable in the accounts of related parties, and the full balance due has been received before the end of 2021 and therefore the balance of the associate company appears with a value of SAR zero as at the end of 2021.

- Due from a related party represent as of, the following:

	31 December 2021	31 December 2020
Tanal Investment and Real Estate Development Company	-	44,975,854
	-	**44,975,854**

12. MURABAHA INVESTMENT DEPOSITS

Murabaha investment deposits are cash deposits with a local bank due on during the year 2022 and 2023, and these murabaha deposits result in financial returns based on the commission rates agreed by the bank.

13. SHARE CAPITAL

The capital consists of 1,777,777,770 Saudi Riyals fully paid, divided into 177,777,777 shares of 10 Saudi Riyals each.

14. STATUORY RESERVE

The system of companies in the Kingdom of Saudi Arabia requires that 10% of the annual net profit be transferred to the statutory reserve and that this transfer continues until this reserve reaches 30% of the capital. This reserve is not available for distribution to shareholders

15. EMPLOYEE BENEFIT OBLIGATIONS

In accordance with International Accounting Standard (No. 19) "employee benefits", the administration conducted a test to assess the present value of its liabilities from the benefits identified in the history of the financial position, related to end-of-service benefits for employees in accordance with local rules and contractual arrangements. The following are the main actuarial assumptions used to calculate employee benefit obligations, as follows:

	31 December 2021	31 December 2020
Discount rate	3.07 %	2.84 %
Salary growth rate	4.0%	4.0%

The movement in employee benefit obligations is as follows:

	31 December 2021	31 December 2020
Beginning balance	11,916,334	10,589,236
Interest Cost	365,831	300,734
The current service cost	1,589,779	934,211
Actuarial losses for employee benefits obligations	906,091	900,551
Rewards paid during the year	(4,199,435)	(808,398)
	10,578,600	**11,916,334**

(Saudi Riyals)

16. ACCOUNT PAYBLE, ACCRUED EXPENSES AND OTHER PAYABLES

	31 December 2021	31 December 2020
Payables of Al-Shorouk land contribution (16A)	118,085,245	87,664,963
Deferred revenue (16B)	32,809,788	36,273,166
Payable from obtain real estate (16C)	28,872,546	28,872,546
Insurance for others	16,658,327	15,559,332
Provisions (16D)	14,142,172	14,142,172
Contractors retention	8,698,795	10,658,408
Accrued expenses against services	8,160,258	5,138,566
Accrued wages and other benefits	4,605,154	5,573,687
Bonuses and allowances for board members	3,120,000	3,769,000
Securing reservation of rental units	899,288	1,827,529
Accounts Payable	594,491	240,791
Sundry payables	20,532,310	20,892,329
	257,178,374	**230,612,489**

A- The payables of Al-Shorouk land contribution balance represents as following:

- The value of sales of Al-Shorouk contribution lands that were collected by the company, and work is underway to liquidate the contribution after deducting all remaining costs on Al-Shorouk lands shareholders in favor of the company, and its balance as on December 31, 2021 and 2020 is an amount of SAR 87,664,963.
- The value of a judgment from the Administrative Court of Appeal obligating the company to pay an amount of SAR 30,420,282 which was issued on 29 Jumada Al-Ula 1443H, corresponding to 2 January 2022, which is the value of the meters that have decreased in the land of Al-Shorouk contribution due to the excess planning ratios. The judgment was executed and the amount was withdrawn on 24 January 2022 by the Enforcement Court, and the accrued amount was recorded on the company as of 31 December 2021.

B- Deferred revenue is the revenue received and not received from the investment property lease contracts as of 31 December, as follows:

	31 December 2021	31 December 2020
Not received revenue	25,314,545	23,929,780
Received revenue	7,495,243	12,343,386
	32,809,788	**36,273,166**

C- The amount represents the payable amounts to the owners of the properties that were expropriated under Royal Decree No. 4 / B / 2732 dated 8/3/1412 H. The owners did not submit their contributions until 31 December 2021.

D- The amount of the provisions is the amount for the work of the implementation of a channel for the discharge of flood water and rain in the Shrouq land in Remal district.

17. ACCRUED DIVIDENDS

The balance remaining in the financial statements represents the amounts approved by the ordinary general assembly of the company for previous years. The shareholders did not submit until 31 December 2021 to receive them amounting to 72,687,102 SAR (31 December 2020: 68,080,194 SAR).

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18. ESTIMATED ZAKAT PROVISION

a) Assessment

The company submitted zakat declarations up to 2020, and completed its zakat position for the years 2019 and 2020 by paying zakat differences amounting to SAR 999,147. During the years 2020 and 2021, the company obtained a preliminary stipulation for the previous years from 2015 to 2018, which resulted in a total zakat differences of 109,813,884 SAR. These differences were objected to and the objection was escalated to the General Secretariat of Tax Committees. In addition, it was submitted to the Zakat and Tax Disputes Settlement Committee at the Zakat, Tax and Income Authority in exchange for paying a certain amount in exchange for ending the dispute, and a payment of an amount of 59,015,323 SAR was reached, but the amount was rejected by the company's management and the foreseeable objection continued to the General Secretariat of the Tax Committees. It is awaiting a response from the secretariat, and based on the company's Zakat consultant opinion, it has not been evident that a provision should be made during the current period in exchange for the obligation.

b) Zakat Provision Movement

	31 December 2021	31 December 2020
The balance at beginning of the year	17,881,946	13,906,148
Charge for the year	9,308,882	8,539,385
Paid during the year	(9,538,542)	(4,563,587)
The balance at end of the year	**17,652,286**	**17,881,946**

c) Zakat base

Zakat provision is calculated based on the following:

	31 December 2021	31 December 2020
Shareholders' rights according to the Zakat, Tax and Customs Authority	1,980,694,080	1,821,046,136
Provisions for the beginning of the period	52,414,245	52,176,613
Other additions	130,455,637	263,962,751
Book value of long-term assets According to the Zakat, Tax and Customs Authority	(1,370,300,557)	(1,395,655,019)
Investments	(512,760,229)	(429,115,494)
Investments revaluation reserve	16,478,192	400,974
Other deductions	(259,792,630)	(131,614,781)
Adjusted net profit for the year	333,905,889	154,232,222
Zakat base	**371,094,627**	**335,433,402**
Calculated Zakat	**9,308,882**	**8,539,385**

- Zakat is calculated on the basis of the adjusted net profit or the Zakat base, whichever is greater.
- Zakat is calculated from the adjusted net profit at a rate of 2.5%, while the zakat base is calculated from the zakat base minus the adjusted net profit by 2.577684% and 2.5% from the adjusted net profit

d) Adjusted net profit for the year

	2021	2020
Net profit for the year	327,618,377	236,464,816
Provisions made during the year	7,682,394	4,964,385
Other adjustments	(1,394,882)	(87,196,979)
Adjusted net profit for the year	**333,905,889**	**154,232,222**

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19. REVENUE

Revenue for the years ended December 31, represented as follows:

	2021	2020
Operational revenue	133,224,363	126,757,946
Rental revenue	117,687,851	110,972,589
	250,912,214	**237,730,535**

20. COST OF REVENUE

Cost of revenue for the years ended December 31, represented as follows:

	2021	2020
Operational costs	30,760,566	23,040,559
Rental costs	47,319,520	46,066,788
	78,080,086	**69,107,347**

21. GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses for the years ended December 31, represented as follows:

	2021	2020
Cases expenses (Note 21a)	37,269,044	-
Employees' salaries and benefits	16,341,724	11,775,272
Board of directors' attendance allowance	6,417,000	4,000,000
formed provision for expected credit loss (Note 10)	5,726,784	3,729,440
Professional and consultation fees	4,392,274	861,988
Impairment of projects in progress (Note 7)	1,659,703	-
Maintenance & operation	1,458,333	258,236
Service contracts	174,482	165,322
Depreciation	135,906	82,654
Bank charges	91,588	102,138
Electricity and water	28,907	27,634
Marketing and advertising	19,533	246,707
Provision of Impairment of prepared consultancy fees	-	600,000
Others	592,577	192,261
	74,307,855	**22,041,652**

A) The amount of cases expenses in several cases in which a judgment was issued against the company, represented in the judgment issued against the company in favor of the shareholders of Al-Shorouk land amounting to SAR 30,420,282 (Note 16a) and amounts in favor of contractors amounting to SAR 6,848,762, of which the unpaid amount was SAR 4.3 million.

22. OTHER INCOME

Other income for the years ended December 31, represented as follows:

	2021	2020
Revenue from Al-Adel project and Bin Haian building	109,440	378,145
Profit from sale of property, plant and equipment	26,870	11,000
Provision no longer required	-	496,300
3Others	331,477	233,323
	467,787	**1,118,768**

23. SEGMENT INFORMATION

The segment information is attributable to the Company's activities and business as approved by Company'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 following summary financial information sector in Saudi Riyal as of 31 December 2021, 2020 respectively according to the nature of the activity:

	Operating	Leasing	Sale of Contribution land	Joint assets and liabilities	Total
As of December 31, 2021:					
Total assets	320,728,244	1,191,582,694	23,061,230	898,846,738	**2,434,218,906**
Total liabilities	39,707,363	98,319,725	102,328,725	172,620,749	**412,976,562**
Revenue	133,224,363	117,687,851	-	-	**250,912,214**
Gross profit	102,463,797	70,368,331	-	-	**172,832,128**
As of December 31, 2020:					
Total assets	311,088,124	1,214,456,391	23,046,050	818,994,860	**2,367,585,425**
Total liabilities	38,490,468	104,751,836	102,328,725	140,919,342	**386,490,371**
Revenue	126,757,946	110,972,589	-	-	**237,730,535**
Gross profit	103,717,388	64,905,800	-	-	**168,623,188**

operating sector represents the company's operational projects, which are represented in the Attameer market for vegetables and fruits, Attameer Public Transportation Center and Attameer International Car Auction. The leasing sector represents the company's leasing projects, which are related to Attameer Wholesale Center, Attameer Center for meat, vegetables and fruits, Riyadh Attameer Market and Otaiqa Center Market. The land sales and contributions sector represents the company's projects represented by the sale of developed lands.

24. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair Value

The fair value of financial assets and financial liabilities includes financial assets, cash and cash equivalents, receivables and securities. Financial liabilities include payables, loans and other credit balances.

First level: market prices which stated in active markets for the same financial instruments.

Second level: Valuation techniques are based on inputs that effect on fair value and can be observable directly or indirectly in the market.

Third level: Valuation techniques are based on inputs that effect on fair value and cannot be observable directly or indirectly in the market.

	First level	Second level	Third level	Total
As of December 31, 2021:				
Investments as at fair value through other comprehensive income	59,437,107	-	2,186,929	**61,624,036**
	59,437,107	-	**2,186,929**	**61,624,036**

	First level	Second level	Third level	Total
As of December 31, 2020:				
Investments as at fair value through other comprehensive income	41,717,739	-	2,434,198	**44,151,937**
	41,717,739	-	**2,434,198**	**44,151,937**

(Saudi Riyals)

24. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Capital risk management

The company manages its capital to ensure that the company have ability to continue as a going concern, while achieving higher returns through optimizing debt and equity balances. The company's overall strategy for the year 2020 has not changed.

The capital structure of the Company includes the equity attributable to shareholders of the Company comprising capital, reserves, fair value reserve and retained earnings as included in the statement of changes in shareholders' equity.

Financial risk management

The Company's activities may be exposed to financial risks arising from the following

Currency risk

The Company is not exposed to significant risks associated with foreign currency exchange and therefore no effective management of such exposure is required

Interest rate risk

The financial instruments in the statement of financial position are not subject to interest rate risk.

Other Prices risk

The Company is exposed to price risk from its investments in the equity of other companies. The Company retains these investments for strategic purposes and not for trading purposes and the Company 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 Company is exposed to credit risk on its bank balances and accounts receivable as follows:

	31 December 2021	31 December 2020
Cash at banks	55,843,107	48,866,307
Accounts receivable, Net	59,316,868	47,241,994
	115,159,975	96,108,301

Liquidity risk

Liquidity risk is the risk that the company 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 company manages its liquidity risk by ensuring that the necessary funds are available when needed.

25. DIVIDENDS DISTRIBUTION AND BOARD OF DIRECTORS' REWARDS

The Ordinary General Assembly, in its meeting held on 6 Ramadan 1442H, corresponding to 18 April 2021, approved the Board of Directors' recommendation to distribute cash dividends for the second half of 2020 at 65 halalas per share, which represents 6.5% of the nominal value per share, amounting to SAR 115,555,555.

The Board of Directors, in its meeting held on 3 Dhu al-Hijjah 1442H corresponding to 13 July 2021, approved the distribution of semi-annual profits for the first half of 2021 amounting to SAR 177,777,777 (at the rate of 1 riyal per share).

Which was distributed as follows:

Description	The amount
Semi-annual dividends for the second half of 2020	115,555,555
Semi-annual dividends for the first half of 2021	177,777,777
Total dividends	**293,333,332**

The Board of Directors recommended its meeting held on 16 Rajab 1443H corresponding to (17 February 2022) for the next general assembly, which will be determined later to distribute dividends for the second half of 2021 at 50 halala per share amounting to SAR 88,888,889.

26. EARNINGS PER SHARE

Basic earnings per share for the year ended 31 December 2021 and 31 December 2020 was calculated by dividing the net profit from main operations and net profit for the year by the weighted average number of shares outstanding during the year amounting to 177,777,777 shares.

Diluted earnings per share for the year ended 31 December 2021 and 31 December 2020 was calculated by dividing the net profit from main operations and net profit for the year by the weighted average number of shares outstanding during the year adjusted for the potential reduction in ordinary shares. As there is no contingent liability for equity instruments, the diluted earnings per share are not different from basic earnings per share.

The weighted average number of shares for the two years ended 31 December 2021 and 31 December 2020 was reached by taking the effect of the capital increase from the beginning of the nearest offered period (January 1, 2020) to comply with the requirements of IAS 33.

27. CONTINGENT LIABILITIES

a) There is a legal suit on Al Shorouq land which is owned by the company based on the official deed at a book value of SAR 30,726,121 and the net book value of buildings constructed on it amounted to SAR 39,198,279, such amounts are shown as a part of real estate investments. The judgment was issued to cancel the retention on the land, which gives the Company the right to sell. The Company is currently selling these lands and transferring the ownership based on this decision.

b) There are contingent liabilities that may arise as a result of the Al-Dhaheera development project with the High Commission for the Development of Riyadh City, amounting to SAR 7,886,537, and the liquidation of the project has not been completed to date.

28. IMPORTANT EVENTS

a) An indication of what the World Health Organization announced that it considers the new Corona virus a "global pandemic", and this epidemic has resulted in disturbances in economic and commercial activities worldwide. The company would like to point out that its operating revenues for the year ended 31 December 2021 were affected, like other companies, due to its inability to fully achieve the desired revenue due to the continued application of precautionary measures, especially with regard to the public transport center and the international construction auction for cars. Due to the inability to determine the expected extent of the end of this crisis and the consequences thereof, the company was unable to determine the effect of this on the financial statements for the coming periods.

b) With reference to note No. (9), lands in the associate company were sold during the year ended on 31 December 2021, with a total value of SAR 838,917,642, and the legal procedures related to emptying the sukuk have been completed. For the buyers, and this resulted in a net profit for the year amounting to SAR 326,485,103, the share of Arriyadh Development Company from the profits of the associate company - Tenal for Investment and Real Estate Development Company for the year ended 31 December 2021, amounted to SAR 226,516,402.

29. SUBSEQUENT EVANT

In the opinion of management, there were no significant subsequent events after 31 December 2021 and up to the date of approval of the financial statements by the Board of Directors that might have a material impact on the financial statements as on 31 December 2021 except as mentioned in Note 16a and Note 25.

30. GENERAL

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

31. APPROVAL OF FINANCIAL STATEMENTS

The approval of the financial statements was approved by the Board of Directors on 16 Rajab 1443H (17 February 2022).