Arriyadh Development Company
(A Saudi Joint Stock Company)

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

Ernst and Young Professional Services (Professional LLC)
Paid-up capital (SR 5,500,000 - Five million and five hundred thousand Saudi Riyal)
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Independent Auditor's Report
To the shareholders of Arriyadh Development Company
(A Saudi Joint Stock Company)

Opinion

We have audited the financial statements of Arriyadh Development Company (the "Company"), which comprise of the statement of financial position as at 31 December 2022, and the statement of profit or loss and other comprehensive income, statement of changes in shareholders' equity and statement of cash flows for the year then ended, and notes to these 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 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) that is endorsed in the Kingdom of Saudi Arabia that is relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with this Code. 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 for the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming auditor's opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters listed below, provide the basis for our audit opinion on the accompanying financial statements.

Key Audit Matters (continued)

Key audit matter	How our audit addressed the key audit matter
Revenue The company's revenues primary consists of leasing and operating revenues, total SR 258.9 million for the year end on 31 December 2022. We considered this as a key audit matter, as there are inherent risks about the accuracy of the recorded revenues due to the impact of the terms of the contracts on the revenue recognition process, which may affect its recording at a higher or lower value than its actual value, in addition to the materiality of the amounts related to revenues. *Please Refer to note (3) for a summary of significant accounting policies related to revenue recognition.*	Our audit procedures comprised, amongst others: • Assess the Company's revenue recognition policies for compliance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants. • Tested the effectiveness of the design and implementation of key controls over the revenue recognition process. • Performed analytical procedures by comparing revenue expectations with actual results and analyzed variances. • Tested a sample of customer invoices and contracts to verify the revenue recording process. • Recalculated a sample of rental income for a sample of contracts to verify the accuracy of the recording. • Assessed the adequacy of the relevant disclosures in the financial statements.

Key Audit Matters (continued)

Key audit matter	How our audit addressed the key audit matter
Impairment of Investments properties As at 31 December 2022, investments properties amounted to SR 1.527 million and represents 59% of the Company's total assets, which are stated at cost, net of accumulated depreciation and impairment, if any. For the purposes of impairment assessment and the disclosure of the fair value in the Company's financial statements, investments properties are valued by an accredited independent external valuer properties expert ("the Evaluator") who performs the valuation using common valuation techniques and methods, which are based on assumptions and estimates related to several factors affecting the fair value. of the investments properties. We considered this as a key audit matter as impairment assessment of the investments properties requires significant judgments by management and also involves key estimates, in addition to the potential impact of Investments properties impairment could be material to the company's financial statements. *Please refer to note (3) for a summary of significant accounting policies related to investments properties and note (5) for details of investments properties and fair values.*	Our audit procedures comprised, amongst others: • Assessed the Valuer's objectivity, independence and experience. • Compared the fair value of investment properties held at year end to the valuation amounts included in the valuation report provided by the Valuer. • Assess the valuation techniques and methodologies are adopted by the Valuer. • Assess on a sample basis, with the assistance of our specialist, the valuation of investment properties done by the Valuer, to assess with the assistance of our specialist the reasonableness of key assumptions used in determining the fair values. • Obtained the title deeds for the investment properties • Ensured that the financial statements contain adequate disclosures regarding the valuation of investments properties.

Independent Auditor's Report
To the shareholders of Arriyadh Development Company
(A Saudi Joint Stock Company) (continued)

Key Audit Matters (continued)

Key audit matter	How our audit addressed the key audit matter
Classification of investment in an associate As at 31 December 2022, the company owns 69.38% of the associate company, the investment amounted to SR 231 million, and the Company's share of the results for the year 190 million SR. The Company has classified the investment as an investment in an associate company in the financial statements using the equity method, due to the lack of control and having significant influence over the investee company. We considered this matter as a key audit matter since the process of assessing the existence of control or significant influence is subject to professional judgment by management, in addition to the materiality of the related amounts. *Please Refer to note (3) for a summary of significant accounting policies related to the investment in an associate and note (9) for the investment details in an associate.*	Our audit procedures comprised, amongst others: • Obtain documents, legal papers, and agreements related to the associate company. • We discussed the management regarding the management of operations and the administrative structure of the associate company, the directing of the relevant activities under the contractual arrangements, and obtained the relevant minutes. • Assess the factors related to the contractual arrangements adopted by the company to conclude that there is significant influence and no control. • Assessed the adequacy of the relevant disclosures in the financial statements.

Other matter
The financial statements of the Company for the year ended 31 December 2021 were audited by another auditor who expressed unmodified opinion on those financial statements on 17 February 2022 (corresponding to 16 Rajab 1443H).

Other information included in The Company's 2022 Annual Report
Other information consists of the information included in the Company's 2022 annual report, other than the financial statements and auditor's report thereon. The Board of Directors is responsible for the other information in its annual report. The Company's 2022 annual report is expected to become available to us after the date of this auditor's 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 Company's 2022 annual report, if we conclude that there is a material misstatement there in, we are required to communicate the matter to those charged with governance.

Independent Auditor's Report
To the shareholders of Arriyadh Development Company
(A Saudi Joint Stock Company) (continued)

Responsibilities of The Board of Directors and those Charged with Governance for the Financial Statements

The Board of Directors is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants and the provisions of Companies' Law and Company's By-laws, and for such internal control as The Board of Directors determines 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, The Board of Directors 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 The Board of Directors 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.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than 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 The Board of Directors.

- Conclude on the appropriateness of The Board of Directors' 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.

Independent Auditor's Report
To the shareholders of Arriyadh Development Company
(A Saudi Joint Stock Company) (continued)

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, actions taken to eliminate threats or safeguards applied.

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 period 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.

for Ernst & Young Professional Services

Fahad M. Al-Toaimi
Certified Public Accountant
Licence No. (354)

Riyadh: 29 Sha'ban 1444H
(21 March 2023)

STATEMENT OF FINANCIAL POSITION

As at 31 December 2022
(In Saudi Riyals, unless otherwise indicated)

	Notes	31 December 2022	31 December 2021
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	**5,911,186**	1,878,788
Investments properties	5	**1,527,752,437**	1,368,421,769
Right of use assets	6	**49,603,946**	54,094,668
Projects under constructions	7	**5,067,761**	3,128,637
Investments designated at FVOCI	8	**986,929**	61,624,036
Investment in an associate	9	**231,347,588**	451,136,194
Murabaha investment deposits – long term	12	**185,000,000**	250,000,000
TOTAL NON-CURRENT ASSETS		**2,005,669,847**	2,190,284,092
CURRENT ASSETS			
Accounts receivable, prepayments and other receivables	10	**97,518,588**	68,091,707
Murabaha investment deposits – short term	12	**460,000,000**	120,000,000
Cash at banks		**34,555,510**	55,843,107
TOTAL CURRENT ASSETS		**592,074,098**	243,934,814
TOTAL ASSETS		**2,597,743,945**	2,434,218,906
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Share capital	13	**1,777,777,770**	1,777,777,770
Statutory reserve	14	**127,927,485**	97,891,859
Retained earnings		**294,744,421**	129,094,523
Revaluation reserve of Investments designated at FVOCI	8	**(2,813,070)**	16,478,192
TOTAL SHAREHOLDERS' EQUITY		**2,197,636,606**	2,021,242,344
NON-CURRENT LIABILITIES			
Lease liabilities	6	**45,579,655**	48,890,281
Employees' defined benefit obligations	15	**10,659,905**	10,578,600
TOTAL NON-CURRENT LIABILITIES		**56,239,560**	59,468,881
CURRENT LIABILITIES			
Accounts payable, accrued expenses and other payables	16	**242,916,728**	257,178,374
Lease liabilities - current portion	6	**5,999,592**	5,989,919
Accrued dividends payable	17	**73,917,517**	72,687,102
Zakat provision	18	**21,033,942**	17,652,286
TOTAL CURRENT LIABILITIES		**343,867,779**	353,507,681
TOTAL LIABILITIES		**400,107,339**	412,976,562
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**2,597,743,945**	2,434,218,906

Chief Financial Officer	Member of the Board of Directors And Chairman of the Audit Committee	Chief Executive Officer
Mr. Mohammed Alkulaib	Mr. Suleiman bin Nasser Al-Hattlan	Mr. Jehad Abdul Rahman Al-Kadi

The attached notes (1) to (28) 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 31 December 2022
(In Saudi Riyals, unless otherwise indicated)

	Notes	2022	2021
Revenue		**258,897,034**	250,912,214
Cost of revenue		**(88,712,220)**	(78,080,086)
Gross profit		**170,184,814**	172,832,128
General and administrative expenses	19	**(66,696,445)**	(74,307,855)
Profit for the year from main operations		**103,488,369**	98,524,273
Finance cost	6	**(2,899,047)**	(3,080,792)
Murabaha deposits income	12	**21,596,059**	3,795,826
Share of profit of an associate	9	**190,465,838**	226,516,402
Dividends received on investments designated at FVOCI		**22,795**	1,394,881
Other income		**370,164**	467,787
Net profit for the year before zakat		**313,044,178**	327,618,377
Zakat	18	**(12,687,913)**	(9,308,882)
Net income for the year		**300,356,265**	318,309,495
Other Comprehensive Income:			
Items not to be reclassified to profit or loss in subsequent periods			
Actuarial gains (losses) for employees defined benefits obligations	15	**1,129,113**	(906,091)
Net change in fair value of investments designated at FVOCI	8	**8,242,217**	16,077,218
Total other comprehensive income for the year		**9,371,330**	15,171,127
Total comprehensive income for the year		**309,727,595**	333,480,622
Earnings per share			
Basic and diluted earnings per share from profit for the year from main operations	26	**0.58**	0.55
Basic and diluted earnings per share from net income for the year	26	**1.69**	1.79

Chief Financial Officer
Mr. Mohammed Alkulaib

Member of the Board of Directors
And Chairman of the Audit Committee
Mr. Suleiman bin Nasser Al-Hattlan

Chief Executive Officer
Mr. Jehad Abdul Rahman Al-Kadi

The attached notes (1) to (28) form an integral part of these financial statements.

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
For the year ended 31 December 2022
(In Saudi Riyals, unless otherwise indicated)

	Share capital	Statutory reserve	Retained earnings	Revaluation reserve of investments designated at FVOCI	Total shareholders' equity
Balance as of 31 December 2020	1,777,777,770	66,060,909	136,855,401	400,974	1,981,095,054
Net income for the year	-	-	318,309,495	-	318,309,495
Other comprehensive income for the year	-	-	(906,091)	16,077,218	15,171,127
Transferred to statutory reserve	-	31,830,950	(31,830,950)	-	-
Dividends (Note 25)	-	-	(293,333,332)	-	(293,333,332)
Balance as of 31 December 2021	1,777,777,770	97,891,859	129,094,523	16,478,192	2,021,242,344
Balance as of 31 December 2021	**1,777,777,770**	**97,891,859**	**129,094,523**	**16,478,192**	**2,021,242,344**
Net income for the year	-	-	**300,356,265**	-	**300,356,265**
Other comprehensive income for the year	-	-	**1,129,113**	**8,242,217**	**9,371,330**
Transferred to statutory reserve	-	**30,035,626**	**(30,035,626)**	-	-
Dividends (Note 25)	-	-	**(133,333,333)**	-	**(133,333,333)**
Transfer from the revaluation reserve of investments designated at FVOCI to retained earnings (Note 8)	-	-	**27,533,479**	**(27,533,479)**	-
Balance as at 31 December 2022	**1,777,777,770**	**127,927,485**	**294,744,421**	**(2,813,070)**	**2,197,636,606**

Chief Financial Officer
Mr. Mohammed Alkulaib

Member of the Board of Directors
And Chairman of the Audit Committee
Mr. Suleiman bin Nasser Al-Hattlan

Chief Executive Officer
Mr. Jehad Abdul Rahman Al-Kadi

The attached notes (1) to (28) form an integral part of these financial statements.

ARRIYADH DEVELOPMENT COMPANY
(SAUDI JOINT STOCK COMPANY)

STATEMENT OF CASH FLOWS
For the year ended 31 December 2022
(In Saudi Riyals, unless otherwise indicated)

	2022	2021
OPERATING ACTIVITIES		
Net income for the year	**300,356,265**	318,309,495
Adjustment:		
Depreciation of property, equipment and machinery, investments properties and right of use	**38,384,133**	34,504,880
Finance cost	**2,899,047**	3,080,792
Murabaha deposits Income	**(21,596,059)**	(3,795,826)
Charge of expected credit loss allowance	**13,444,768**	5,726,784
Reversal of expected credit loss allowance	**(1,511,130)**	(367,513)
Share of profit of an associate	**(190,465,838)**	(226,516,402)
Impairment of projects under construction	**-**	2,834,080
Gains from sale of property, plant and equipment	**(38,405)**	(26,870)
Charge of employees benefit obligations	**2,124,199**	1,955,610
Charge of zakat provision	**12,687,913**	9,308,882
	156,284,893	145,013,912
Increase/decrease in working capital:		
Accounts receivable, prepayments and other receivables	**(19,764,460)**	(13,780,237)
Accounts payable, accrued expenses and other payables	**(14,261,646)**	26,565,885
Employees' defined benefit obligations paid	**(913,781)**	(4,199,435)
Zakat provision paid	**(9,306,257)**	(9,538,542)
Net cash flow from operating activities	**112,038,749**	144,061,583
INVESTING ACTIVITIES		
Additions of Investments designated at FVOCI	**-**	(1,394,881)
Proceeds from liquidation and sale of investments designated at FVOCI	**68,879,324**	-
Additions of Murabaha investment deposits	**(275,000,000)**	(130,000,000)
Purchase of Investments properties	**(189,867,685)**	(551,560)
Dividends received from an associate	**272,780,692**	-
Purchase of property, plant and equipment	**(3,654,005)**	(1,687,209)
Addition of Projects under construction	**(5,676,632)**	(1,078,698)
Proceeds from sale of property, plant and equipment	**41,126**	37,391
Net cash flow used in investing activities	**(132,497,180)**	(134,674,957)
FINANCING ACTIVITIES		
Lease liabilities paid	**(6,200,000)**	(6,200,000)
Change in related party	**-**	44,975,854
Recovered from the additional capital reduction	**137,473,752**	247,540,744
Dividends	**(132,102,918)**	(288,726,424)
Net cash flow used in financing activities	**(829,166)**	(2,409,826)
(Decrease) increase in cash at banks	**(21,287,597)**	6,976,800
Cash at banks at beginning of the year	**55,843,107**	48,866,307
Cash at banks at end of the year	**34,555,510**	55,843,107
Non-cash transactions		
Change of fair value for Investments designated at FVOCI	**8,242,217**	16,077,218
Accrued dividends payable	**1,230,415**	4,606,908
Transfer from investment in an associate balance to due from a related party	**-**	247,540,744
Transfer from projects under construction to Investments properties	**2,109,650**	2,536,500
Transfer from projects under construction to property, plant and equipment	**1,627,858**	-

Chief Financial Officer	**Member of the Board of Directors And Chairman of the Audit Committee**	**Chief Executive Officer**
Mr. Mohammed Alkulaib	**Mr. Suleiman bin Nasser Al-Hattlan**	**Mr. Jehad Abdul Rahman Al-Kadi**

The attached notes (1) to (28) form an integral part of these financial statements.

1. COMPANY INFORMATION

Riyadh Development Company (a Saudi joint stock company) (hereinafter referred to as the "Company") was established by Royal Decree No. M/2 dated 9 Safar 1414 H (corresponding to 28 July 1993). The company is registered in the Kingdom of Saudi Arabia with Commercial Registration No. 1010124500 issued in the city of Riyadh on 29 Dhu al-Qi`dah 1414 H (corresponding to 10 May 1994). The company is listed on the Saudi Stock Exchange (Saudi Tadawul). The company's head office is located in Riyadh, King Fahd Road, Al-Dirah District, PO Box 94542, Riyadh 11614, Kingdom of Saudi Arabia.

The principal activities of the company is 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

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

The accompanying financial statements have been prepared on the basis of historical cost except investments designated at FVOCI 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 currency. All amounts have been rounded to the nearest Saudi Riyal, unless otherwise indicated.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the significant accounting policies adopted by the company in preparing its financial statements:

Classification of assets and liabilities from "current" to "non-current"
The Company presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle.
- Expected to be realised within twelve months after the reporting period; Or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current

A liability is current when:

- It is expected to be settled in the normal operating cycle.
- It is due to be settled within twelve months after the reporting period; Or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

Fair value measurement
The Company measures financial instruments such as derivatives, investment in equity instruments designated at FVOCI and investments designated at FVPL, at fair value at each financial statement reporting date.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair value measurement (Continued)

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption.

that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.
A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.
All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3: Valuation methods not considered the lowest level input that is significant to the fair value measurement is not unobservable.

Investments properties

Investment properties include land and buildings held by the Company for rental or capital appreciation or both. initially, investment properties are measured at cost. The fair value is determined based on an annual evaluation by an independent external valuer who holds a recognized professional qualification.

Investments properties are stated at cost, net of accumulated depreciation, if any. Such cost includes the cost of replacing part of the investments properties and if it is required to replace significant parts of real estate investments in stages. the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the investments properties as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Building depreciation is calculated according to the straight-line method based on its useful life by adopting the following annual percentages**:**

Buildings	1.6%-7%

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments properties (Continued)
Investment lands include lands wholly owned by the company (except for what was mentioned in note 5) and are recorded at cost plus development expenses.
An item of investments properties and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognised. The residual values, useful lives and methods of depreciation of investments properties are reviewed at each financial year end and adjusted prospectively, if appropriate.

Project under construction
Projects under construction represent the amounts spent on the construction or purchase of property, plant and equipment or investment properties. When the project is completed and as appropriate, it is transferred to property, plant and equipment or investment property. The project under construction is shown at cost, and any impairment in value is reviewed annually (if any).

Property, plant and equipment
Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property, plant and equipment. If significant parts of the property, plant and equipment are required to be replaced in stages, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss and other comprehensive income as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.
Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

Machinery and equipment	4 years
Furniture and decorations	4 years
Computers	4 years
Vehicles	4 years

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

Leases

The Company assess whether a contract contains a lease, at inception of the contract. For all such lease arrangements the Company recognize right of use assets and lease liabilities except for the short-term leases and leases of low value assets as follows:

Right-of-use assets
The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, Right-of-use assets that are recognized are depreciated on a straight-line basis over their estimated useful life or the lease term, whichever is shorter. Right-of-use assets are subject to impairment.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Lease liabilities
At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition which leads to the payment.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is re-measured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets
The Company applies the short-term lease recognition exemption to its short-term leases of commercial buildings, accommodations and offices (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of commercial buildings, accommodations and offices that are considered of low value (i.e., below SR 20,000). Lease payments on short-term leases contract and leases contract of low-value assets are recognised as expense on a straight-line basis over the lease term.

Investment in an associate
An associate company is an entity over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control over those policies. The considerations made in determining significant influence are similar to those necessary to determine control over subsidiaries. The Company’s investments in its associate is accounted for using the equity method.

Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Company’s share of net assets of the associate since the acquisition date.
The statement of income reflects the Company’s share of the results of operations of the associate. Any change in OCI of those investees is presented as part of the company’s OCI. In addition, when there has been a change recognised directly in the equity of the associate, the Company recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Company and the associate are eliminated to the extent of the interest in the associate.

The financial statements of the associate are prepared for the same reporting period as the Company. When necessary, adjustments are made so that the accounting policies are consistent with those followed by the Company. After using of the equity method, the Company determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Company determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Company calculates the amount of impairment as the difference between the recoverable amount and its carrying value for associate company and then recognises the loss within “Share of profit of an associate company” in the statement of profit and loss.

Upon loss of significant influence over the associate, the Company measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in the statement of profit and loss and other comprehensive income.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments
A financial instrument is any contract that gives rise to a financial asset of the entity and a financial liability or equity instrument of another entity.

i) Financial assets
Classification of financial assets depends on the Company's business model for managing its financial assets and the contractual terms of the cash flows. The Company classifies its financial assets as:

- Financial assets measured at amortised cost; or
- Financial assets measured at fair value

Gains or losses of assets measured at fair value will be recognised profit and loss and other comprehensive income.

<u>Initial measurement</u>
Financial assets are initially measured at their fair value plus transaction costs. Transaction costs of financial assets carried at fair value through statement of profit or loss and other comprehensive income are recognised in the statement of profit or loss and other comprehensive income as incurred.
Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows meet the requirements as solely payment of principal and interest.

<u>Subsequent measurement</u>

Debt instruments
The Company recognises three classifications to subsequently measure its debt instruments:

- Amortised cost

Financial assets held for collection of contractual cash flows, where those cash flows represent Solely Payments of Principal and Interest ("SPPI"), are measured at amortised cost. A gain or loss on an investment in debt instruments subsequently measured at amortised cost, and not part of a hedging relationship, is recognised in the statement of profit or loss and other comprehensive income when the asset is de-recognised or impaired. Interest income from these financial assets is included in finance income using the Effective Interest Rate ("EIR") method.

- FVOCI

Financial assets held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses, which are recognised in the statement of profit or loss and other comprehensive income. When the financial asset is de-recognised, the cumulative gain or loss previously recognised in OCI, is reclassified from equity to the statement of profit or loss and other comprehensive income and recognised in other income/expense. Interest income from these financial assets is included in finance income using the EIR method. Foreign exchange gains and losses are presented in other income/expense.

- FVPL

Financial assets at fair value through profit or loss statement include financial assets held for trading, financial assets designated upon initial recognition at fair value through statement of profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through statement of profit or loss, irrespective of the business model.

Financial assets at fair value through statement of profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss and other comprehensive income. This category includes derivative instruments.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) Financial assets

Equity instruments

The Company measures all investments in equity instruments at fair value and presents changes in fair value of investments in equity instruments in OCI. Dividends from such investments continue to be recognised in the statement of profit or loss and other comprehensive income as other income when the Company's right to receive payments is established. There shall be no subsequent reclassification of changes in fair value through the statement of profit or loss and other comprehensive income.

De-recognition

A financial asset or a part of a financial asset is de-recognised when:

- The 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:

a) The Company has transferred substantially all the risks and rewards of the asset; or

b) The Company has not transferred or retained most of the rewards and risks of the asset but transferred control of the asset.

Impairment

The Company recognizes an allowance for expected credit losses for all debt instruments not held at fair value through other comprehensive income. Expected credit losses are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows include cash flows from the sale of collateral held or other credit improvements that are an integral part of the contractual terms.

Expected credit losses are recognized in two stages: For credit exposures for which there has not been a significant increase in credit risk since initial recognition, an provision for expected credit losses is made for credit losses that result from possible default events within the next 12 months (12-month expected credit losses). As for exposure to credit risk, there is a significant increase. In credit risk from initial recognition, a loss provision should be made for the remaining period of the risk regardless of the timing of the default (a life time expected credit losses).

For trade receivables and other receivables, the Company has applied a simplified approach in calculating expected credit losses. As a result, the Company does not track changes in credit risk, but recognizes a loss provision based on the useful life of expected credit losses at each reporting date after creating a provision for uncollectible receivables. The Company has established a provision matrix based on historical credit loss experience, adjusted for forward looking factors relating to the receivables and the economic environment.

For debt instruments at FVOCI, the Company applies simplification of low credit risk. At each financial reporting date, the Company assesses whether debt instruments have low credit risk using all reasonable and supportive information available without additional cost or effort. When making the assessment, the company re-evaluates the internal credit rating of the debt instruments. In addition, the Company considers that there is a significant increase in credit risk when contractual payments are more than 60 to 90 days past due.

The company considers a financial asset to be non-performing when the contractual payments are overdue by (90) days. However, in some cases, the company may also consider a financial asset to be in default when internal and external information indicates that it is not possible for the company to receive all the existing contractual amounts before taking into account the credit improvements held by the company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified under either of the below two classes:

- Financial liabilities at FVPL, and
- Other financial liabilities measured at amortised cost using the EIR method.

The category of financial liability at FVPL has two sub-categories:

- Designated: A financial liability that is designated by the entity as a liability at FVPL through upon initial recognition; and
- Held for trading: A financial liability classified as held for trading, such as an obligation for securities borrowed in a short sale, which have to be returned in the future. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

All financial liabilities are recognised initially when the Company becomes part to contractual and obligations under the financial instrument. The liabilities are recorded at fair value, and in the case of loans and borrowings and payables, the proceeds received net of directly attributable transaction costs.

Subsequent measurement

Financial liabilities at FVPL continue to be recorded at fair value with changes being recorded in the statement of profit and loss.

For other financial liabilities, including loans, after initial recognition, these are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in statement of profit and loss and other comprehensive Income: when the liabilities are de-recognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR method. The EIR amortisation is included as finance costs in the statement of profit and loss.

Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial period which are unpaid. They are recognised initially at their fair value and subsequently measured at amortised cost using the EIR method.

De-recognition

A financial liability is de-recognised when the obligation under the liability is settled or discharged. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

Offsetting of financial instruments

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 the recognised amounts and there is an intention to settle on a net basis or liquidate the assets and settle the liabilities simultaneously.

Zakat and tax

Zakat provision is made on the Company in accordance with the regulations of the Zakat, Tax and Customs Authority ("ZATCA") in the Kingdom of Saudi Arabia, and the provision is charged to the statement of profit or loss and other comprehensive income. The differences are settled, if any, resulting from the final assessments are settled during the period in which these assessments are issued.

The company withholds taxes on some transactions with non-resident parties in the Kingdom of Saudi Arabia in accordance with the regulations applied by the ZATCA.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Employees’ defined benefit obligations

The liability recognized in the statement of financial position of the employees’ defined benefits obligations, is the present value of the employees’ defined benefits obligations at the end of the reporting period. The employees’ defined benefits obligations is calculated annually by independent actuaries using the projected unit credit method.

The net finance cost is calculated by applying the discount rate to the net balance of the employees’ defined benefits obligations. This cost is included in employee benefit expense in the statement of profit or loss and other comprehensive income.

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in the statement of income and other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the statement of financial position.

Changes in the present value of the employees’ end of service termination benefits obligation resulting from plan amendments or curtailments are recognized immediately in the statement of income as past service costs.

Revenue

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

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

Step (1) Define the contract(contracts) with the customer: A contract is defined as an agreement between two or more parties that establishes enforceable rights and obligations and specifies the criteria for each contract that must be met.

Step (2) Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or provide a service to the customer.

Step (3) Determine the transaction price: The transaction price represents the amount of consideration to which the Company is expected to be entitled in exchange for transferring the promised goods or services to the customer, excluding amounts collected on behalf of third parties.

Step (4) Allocate the transaction price to the performance obligations in the contract: For a contract that includes more than one performance obligation, the Company will allocate the transaction price to each performance obligation in an amount that identifies the amount of consideration the Company is expected to be entitled to in exchange for fulfilling each performance obligation.

Step (5) Recognize revenue when the company satisfies a performance obligation.

The company's revenues are as follows:

a) Revenues from the sale of real estate investments

Revenues from the sale of investment lands prepared for sale (developed or undeveloped) are recognized upon execution and completion of the sale process and the transfer of significant ownership risks and privileges to the buyer. Revenues resulting from the sale of land contributions (under development) are also recognized when the sale contract is concluded, and a shareholding certificate is issued to the new owner.

b) Operating income

Revenues generated from the operation of investment properties are recognized when contracting or when providing service, and the revenue is calculated for the period that pertains to the financial period using the straight-line method or the operating period, and other revenues are recognized when realized.

c) Rental income

The Company is the lessor in operating leases. Rental income from operating lease contracts for investments properties is recognized on a straight-line basis over the lease periods, and is included in revenue in the statement of profit or loss and other comprehensive income due to its operating nature, except the conditional rental income that is recognized when it arises. Initial direct costs incurred in negotiating and concluding an operating lease are recognized as an expense over the lease term on the same basis as rental income.

Lessee rental incentives are recognized as a decrease in rental income on a straight-line basis over the lease term. The term of the lease is the term of the non-cancellable lease plus any other term for which the lessee has an option to continue in the lease and which, at the inception of the lease, management had reasonable confidence that the lessee would exercise that option.

Amounts received from tenants to terminate leases or to compensate for vandalism are recognized in the statement of profit or loss and other comprehensive income when the right to payment arises.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cost of revenue

Cost of revenue includes amounts that are directly related to generating revenue such as: expenses related to the management and maintenance of real estate, its depreciation and the cost of land sold.

General and administrative expenses

General and administrative expenses include direct and indirect costs that are not specifically part of cost of revenue or the selling, and marketing activities of the Company.

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are discounted using a current pre-zakat rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Segmental Information

The business sector represents a group of assets and operations that jointly provide products or services that are subject to risks and returns that differ from those related to other business sectors, which are measured according to the reports that were used by the CEO and the main decision maker of the company.

Earnings per share

Basic and diluted earnings per share are calculated using the weighted average number of shares outstanding at the end of the year.

USE OF ESTIMATES AND JUDGMENTS

The preparation of the Company’s financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared.

Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

The estimates and underlying assumptions are reviewed on an ongoing basis. Accounting estimates are recognized prospectively.

Use of estimates and assumption

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Following are the estimates and assumptions exposed to significant risks that could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities during the next fiscal year.

Allowance for expected credit losses

For accounts receivables, the Company applies the simplified approach. To measure the expected credit losses, receivables have been grouped based on shared credit risk characteristics and the days past due. Expected loss rates were derived from historical information of the Company and are adjusted to reflect the expected future outcome which also incorporates forward looking information for macroeconomic factors such as inflation and gross domestic product growth rate.

Useful lives of investment properties and equipment

The Company’s management determines the estimated useful lives of its property and equipment for calculating depreciation. This estimate is determined after considering the expected usage of the asset or physical wear and tear. Management reviews the useful lives annually, and the depreciation method to make sure that the depreciation method and period are consistent with the expected pattern of the assets’ economic benefits.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Employees' end-of-service benefits
The cost of employees' defined benefit obligation and other post-employment benefits are determined using actuarial valuations. An actuarial valuation involves making various assumptions which may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, and mortality rates. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Zakat
The Company and its subsidiaries are subject to zakat in accordance with Zakat,Tax and Customs Authority (the "ZATCA") in the Kingdom of Saudi Arabia, and the provision is charged to the statement of profit or loss. Additional zakat liabilities, if any, related to the assessments of previous years are calculated by the Authority in the year in which the final assessments are issued.

Provisions
Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.
If the effect of the time value of money is material, provisions are discounted using a current pre-zakat rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

The decline in the value of non-financial assets
On the date of preparing the financial reports, the company evaluates the asset if there is an indication that the asset has decreased in value. If any indication exists, the Company estimates the recoverable amount of the asset. An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. In assessing 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 money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account. If the recoverable amount of an asset is estimated to be less than its 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. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the carrying amount does not exceed the carrying amount that would have been determined had no impairment loss existed for the asset's recoverable amount. In previous years. A reversal of an impairment loss is recognized immediately in the statement of profit or loss.

New and amended standards and interpretations
The Company has applied certain standards and amendments for the first time, which are effective for annual periods beginning on or after 1 January 2022 (unless otherwise stated). These amendments do not have a material impact on the company's financial statements. The Company has not early applied any other standards, interpretations or amendments issued that are not yet effective.

Contracts expected to be lost - Contract fulfillment costs - Amendments to IAS (37)
An onerous contract is a contract under which the unavoidable of meeting the obligations under the contract costs (i.e., the costs that the Company cannot avoid because it has the contract) exceed the economic benefits expected to be received under it.
The amendments specify that when assessing whether a contract is onerous or loss-making, an entity needs to include costs that relate directly to a contract to provide goods or services including both incremental costs (e.g., the costs of direct labour and materials) and an allocation of costs directly related to contract activities (e.g., depreciation of equipment used to fulfil the contract and costs of contract management and supervision). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.
Prior to the application of the amendments, the Company had not identified any contracts as being onerous as the unavoidable costs under the contracts, which were the costs of fulfilling them, comprised only incremental costs directly related to the contracts. The amendment is not expected to have a material impact on the Company.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

New and amended standards and interpretations (Continued)

Property, plant and equipment: proceeds prior to intended use - Amendments to IAS 16 – Leases Contracts
The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss. In accordance with the transitional provisions, the Company applies the amendments retrospectively only to items of PP&E made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment (the date of initial application).
These amendments do not have any impact on the company's financial statements. This is because there are no sales of produced items of property, plant and equipment available for use on or after the beginning of the first period presented.

IFRS 9 Financial Instruments - Fees in the “10 Percent” Test for Derecognition of Financial Liabilities
The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other’s behalf. There is no similar amendment proposed for IAS 39 Financial Instruments: Recognition and Measurement.
In accordance with the transitional provisions, the Company applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment (the date of initial application).
These amendments had no impact on the financial statements of the Company as there were no modifications of the Company’s financial instruments during the period.

Standards issued but not yet effective
The following is a statement of the new and amended standards and interpretations issued but not yet effective up to the date of issuance of the company's financial statements. The Company intends to adopt these new and revised standards and interpretations, if applicable, when they become effective.

Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS 2 Statement of Practice
In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their ‘significant’ accounting policies with a requirement to disclose their ‘material’ accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.
The amendments to IAS 1 are applicable for annual periods beginning on or after 1 January 2023 with earlier application permitted. Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments are not necessary.
The Company is currently revisiting their accounting policy information disclosures to ensure consistency with the amended requirements.

(In Saudi Riyals, unless otherwise indicated)

4. PROPERTY, PLANT AND EQUIPMENT

	Machinery & equipment	*Furniture & decoratio*	*Vehicles*	*Total*
Cost:				
At 1 January 2021	10,523,820	4,835,249	1,365,270	16,724,339
Additions	1,017,465	346,018	323,726	1,687,209
Disposals	(1,401,561)	(301,063)	(382,000)	(2,084,624)
At 31 December 2021	10,139,724	4,880,204	1,306,996	16,326,924
Additions	**3,182,386**	**232,399**	**239,220**	**3,654,005**
Disposals	**(1,235,936)**	**(23,197)**	**-**	**(1,259,133)**
Transferred from project under construction during the year (Note 7)	**1,627,858**	**-**	**-**	**1,627,858**
At 31 December 2022	**13,714,032**	**5,089,406**	**1,546,216**	**20,349,654**
Depreciation:				
At 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
Relating to disposal	(1,392,552)	(299,551)	(382,000)	(2,074,103)
At 31 December 2021	8,958,442	4,528,147	961,547	14,448,136
Charge for the year	**1,007,192**	**119,783**	**119,769**	**1,246,744**
Relating to disposal	**(1,234,682)**	**(21,730)**	**-**	**(1,256,412)**
At 31 December 2022	**8,730,952**	**4,626,200**	**1,081,316**	**14,438,468**
Net book value:				
At 31 December 2022	**4,983,080**	**463,206**	**464,900**	**5,911,186**
At 31 December 2021	1,181,282	352,057	345,449	1,878,788

Depreciation on property, plant and equipment has been charged as follows:

	31 December 2022	31 December 2021
Cost of revenue	**865,865**	275,745
General and administrative expenses	**380,879**	135,906
	1,246,744	411,651

(In Saudi Riyals, unless otherwise indicated)

5. INVESTMENTS PROPERTIES

	Lands	Lands on which buildings are constructed	Buildings	Total
Cost				
At 1 January 2021	211,190,203	401,428,705	1,154,435,553	1,767,054,461
Additions	-	-	551,560	551,560
Transferred from projects under construction	-	-	2,536,500	2,536,500
At 31 December 2021	211,190,203	401,428,705	1,157,523,613	1,770,142,521
Additions	**8,592,685**	**60,230,000**	**121,045,000**	**189,867,685**
Transferred from projects under construction (Note 7)	-	-	**2,109,650**	**2,109,650**
Reclassification	**21,968,844**	**(21,968,844)**	-	-
At 31 December 2022	**241,751,732**	**439,689,861**	**1,280,678,263**	**1,962,119,856**
Depreciations				
At 1 January 2021	-	-	372,013,193	372,013,193
Charge for the year	-	-	29,707,559	29,707,559
At 31 December 2021	-	-	401,720,752	401,720,752
Charge for the year	-	-	**32,646,667**	**32,646,667**
At 31 December 2022	-	-	**434,367,419**	**434,367,419**
Net book value				
At 31 December 2022	**241,751,732**	**439,689,861**	**846,310,844**	**1,527,752,437**
At 31 December 2021	211,190,203	401,428,705	755,802,861	1,368,421,769

(In Saudi Riyals, unless otherwise indicated)

5. INVESTMENTS PROPERTIES (Continued)

As set out in the significant accounting policies, investment properties are stated at cost less accumulated depreciation. The fair value of real estate investments amounted to SR 4,193,387,000 as of 31 December 2022 (31 December 2021: SR 4,190,097,000), based on the valuations performed by several real estate evaluators, namely Esnad and its partner for real estate appraisal, holder of license No. 1210000448, and Bassma Company and its partner for real estate appraisal. license holder No. 1210001217 (independent valuer accredited by the Saudi Authority for Accredited Valuers).

Investment properties include buildings constructed on land leased from Riyadh Municipality (meat market) under a lease contract for a period of 25 Hijri years starting from 18 September 1996 and ending on 20 December 2020, and the ownership of these buildings transferred to the Municipality at the end of the contract period. The company's management has extended the contract for an additional year, and the company's management is negotiating an extension of the contract for future periods. Until the date of the preparation of this financial statement, no final agreement has been reached in this regard, noting that all the buildings built on the leased land are fully depreciated and the net book value is nil. Revenues related to the meat market for the period ending 31 December 2022 amounted to SR 5,965,698 (31 December 2021: SR 5,674,166).

Investment properties 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 2022 is SR 177.4 million (31 December: SR 191.3 million).

Within the investment properties there are lands totaling an amount of SR 28,872,546 not yet registered in the name of the Company as it was expropriated in favor of the Company under Royal Decree No. 4 / B / 2732 dated 8/3/1412H. However, the owners did not submit their claims and haven't transferred the land ownership to the Company until 31 December 2022. (Note 16).

All real estate investments are located in the Kingdom of Saudi Arabia.

6. RIGHT OF USE ASSETS AND LEASE LIABILITIES

The carrying value of the recognized right-of-use assets and changes during the year are as follows:

	31 December 2022	31 December 2021
Balance at beginning of the year	**54,094,668**	58,480,338
Charge for the year	**(4,490,722)**	(4,385,670)
Balance at the end of the year	**49,603,946**	54,094,668

The lease liabilities as at 31 December are as follows:

	31 December 2022	31 December 2021
Non-current lease liabilities	**45,579,655**	48,890,281
Current lease liabilities	**5,999,592**	5,989,919
Total lease liabilities	**51,579,247**	54,880,200

The following is the carrying amount of lease liabilities and changes during the year:

	31 December 2022	31 December 2021
Balance at the beginning of the year	**54,880,200**	57,999,408
Paid during the year	**(6,200,000)**	(6,200,000)
Interest expense	**2,899,047**	3,080,792
Balance at the end of the year	**51,579,247**	54,880,200

The following are the amounts recognized in profit or loss:

	31 December 2022	31 December 2021
Depreciation expense of the right-of-use assets	**4,490,722**	4,385,670
Interest expense on lease liabilities	**2,899,047**	3,080,792
	7,389,769	7,466,462

(In Saudi Riyals, unless otherwise indicated)

7. PROJECTS UNDER CONSTRUCTION

	Otaiqa Market	Al-Zaheera development project	Other contracts & projects	Total
At 31 December 2021				
Balance at beginning of the year	1,281,288	1,427,566	4,711,665	7,420,519
Additions	828,362	-	250,336	1,078,698
Impairment in value	-	(1,427,566)	(1,406,514)	(2,834,080)
Transferred to Investments properties	-	-	(2,536,500)	(2,536,500)
Balance at end of the year	2,109,650	-	1,018,987	3,128,637
At 31 December 2022				
Balance at beginning of the year	2,109,650	-	1,018,987	**3,128,637**
Additions	-	-	5,676,632	**5,676,632**
Transferred to Real Estate Investments (Note 5)	(2,109,650)	-	-	**(2,109,650)**
Transferred to Property, plant and equipment (Note 4)	-	-	(1,627,858)	**(1,627,858)**
Balance at end of the year	-	-	**5,067,761**	**5,067,761**

8. INVESTMENT IN EQUITY INSTURMENTS DESIGNATED AT FVOCI

Investments at FVOCI are represented in the following:

	31 December 2022	31 December 2021
Investments in companies listed on the Saudi Stock Exchange (a)	-	59,437,107
Investments in companies not listed on the Saudi Stock Exchange (b)	**986,929**	2,186,929
	986,929	61,624,036

The movement in the revaluation reserve of Investments designated at FVOCI was as follows:

	31 December 2022	31 December 2021
Balance at beginning of the year	**16,478,192**	400,974
Change in the fair value	**8,242,217**	16,077,218
Transfer of revaluation reserve of investments designated at FVOCI to retained earnings	**(27,533,479)**	-
	(2,813,070)	16,478,192

a. Investments in companies listed on the Saudi Stock Exchange

	31 December 2022	31 December 2021
Balance at beginning of the year	**59,437,107**	41,717,739
Addition during the year	-	1,394,881
Change in fair value	**8,242,217**	16,324,487
Proceeds from disposals during the year *	**(67,679,324)**	-
	-	59,437,107

* During the year ending on 31 December 2022 investment portfolio of Al-inma Investment Company was liquidated and disposed, along with an investment in another company, which resulted profits from the sale of investments with an approximate amount of SR 27 million, this amount was transferred from other comprehensive income to retained earnings in accordance with the International Financial Reporting Standard number (9) "Financial Instruments".

(In Saudi Riyals, unless otherwise indicated)

8. INVESTMENT IN EQUITY INSTURMENTS DESIGNATED AT FVOCI (Continued)

b. Investments in companies not listed on the Saudi Stock Exchange

The board of directors decided at its meeting held on 15 January 2015 to enter as a partner founder in Saudi Hospitality Heritage company(“Nuzul”) (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 SR 5,000,000 as a payment for its investment share.

During the period ending on 31 December 2022 the shareholders of Nuzul decided to liquidate the company, and the company received during the period an amount of SR 1,200,000. Until the completion of the liquidation procedures. The company's management does not believe that any additional losses will result from the liquidation process.

The investment movement is as follows:

	31 December 2022	31 December 2021
Balance at beginning of the year	**2,186,929**	2,434,198
Change of fair value	**-**	(247,269)
Proceeds from liquidation process	**(1,200,000)**	-
	986,929	2,186,929

9. INVESTMENT IN AN ASSOCIATE COMPANY

During 2019, the company, agreed with Sumou Holding Company, to established Tanal Real Estate Investment and Development Company (“Tanal”) (a limited liability company) with a capital of SR 100,000, with 69.38% for Arriyadh Development Company and 30.62% for Sumou Holding Company - which is The same proportions of ownership of both of them in the First Riyad Al-Tameer Real Estate Fund - for the purpose of transferring the assets and liabilities of the First Riyad Al-Tameer Real Estate Fund, which was closed and its assets has transferred in 2019 to Tanal Investment and Real Estate Development Company and its subsidiary (Ruba Real Estate Building Company), which is 100% owned.

The financial statements of Tanal Real Estate Investment and Development Company have not been consolidated due to the lack of control by the Company, as the Company does not currently have majority rights to vote on operational and administrative decisions, as the Article of Association states that a board of directors consisting of (5) five directions shall undertake the management of Tanal Company. They represent the partners and form among themselves the Board of Directors of Tanal Company, whereby the partner (Sumou Holding Company) appoints (3) three directions, and the partner (Arriyadh Development Company) appoints (2) directions. The Article of Association can’t amended only with the unanimous approval of all partners. Accordingly, significant influence exists for the Arriyadh Development Company on the Tanal Company, and the investment was accounted for by 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, and the company's Article of Association was amended accordingly. Accordingly, the percentage of ownership in the Tanal Real Estate Investment and Development Company became 69.38% for the Arriyadh Development Company, 20.62% for the Sumou Holding Company and 10% for the Sumou Real Estate Company. The method of accounting the investment in the Tanal Real Estate Investment and 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.

(In Saudi Riyals, unless otherwise indicated)

9. INVESTMENT IN AN ASSOCIATE COMPANY (Continued)

Summary of the financial information of Tanal Real Estate Investment and Development Company and its subsidiary (Ruba Buildings Real Estate Company)
The financial statements of this company and its subsidiary are prepared in accordance with International Financial Reporting Standards approved in the Kingdom of Saudi Arabia and other standards and versions approved by the Saudi Organization for Chartered and Professional Accountants. The accounting policies used in preparing the financial statements of the associate are consistent with those of Arriyadh Development Company.

The following table shows the summarized financial information of the company's investment in Tanal Real Estate Investment and Development Company:

	31 December 2022	31 December 2021
Balance at beginning of the year	**451,136,194**	472,160,536
The share in the profits	**190,465,838**	226,516,402
Decrease in additional capital	**(137,473,752)**	(247,540,744)
Dividends received	**(272,780,692)**	-
At the end of the year	**231,347,588**	451,136,194

The following is the summarized consolidated statement of financial position of Tanal Real Estate Investment and Development Company:

	31 December 2022	31 December 2021
Current assets	**355,833,444**	491,210,506
Non-current assets	**-**	187,579,291
Current liability	**(22,382,876)**	(28,719,315)
Equity	**333,450,568**	650,070,482
The company's share in equity	**231,347,588**	451,136,194
The book value of the company's investment	**231,347,588**	451,136,194

The following is the summarized consolidated statement of profit or loss and other comprehensive income of Tanal Real Estate Investment and Development Company:

	2022	2021
Revenue	**563,625,557**	838,917,642
Cost of revenue	**(275,702,909)**	(474,592,979)
General and administrative expenses	**(3,567,770)**	(3,732,518)
Selling and marketing expenses	**(914,636)**	(347,833)
Finance cost	**-**	(5,501,445)
Other income	**-**	143,270
Profit for the year before zakat	**283,440,242**	354,886,137
Zakat	**(8,914,674)**	(28,401,034)
Net profit for the year	**274,525,568**	326,485,103
The company's share in the income for the year	**190,465,838**	226,516,402

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

(In Saudi Riyals, unless otherwise indicated)

10. ACCOUNTS RECEIVABLE, PREPAYMENTS AND OTHER RECEIVABLE

	31 December 2022	31 December 2021
Accounts receivable	**113,456,734**	87,255,422
Less: allowance expected credit loss *	**(39,872,192)**	(27,938,554)
Net accounts receivable	**73,584,542**	59,316,868
Accrued revenues from Murabaha Deposit	**17,225,690**	1,713,395
Advances to suppliers	**4,123,659**	4,499,334
Prepaid expenses	**1,338,507**	1,306,544
Employees' loans	**563,570**	912,079
Others	**682,620**	343,487
	97,518,588	68,091,707

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

	31 December 2022	31 December 2021
Balance at the beginning of the year	**27,938,554**	22,579,283
Charge for the year (Note 19)	**13,444,768**	5,726,784
Reversal during the year	**(1,511,130)**	(367,513)
Balance at the end of the year	**39,872,192**	27,938,554

The following is an analysis of the aging of receivables and provision for expected credit losses as at December 31:

	Total	**1-90 days**	**91-180 days**	**181–270 days**	**271–365days**	**More than year**
Trade receivables						
2022	**113,456,734**	**27,375,151**	**27,209,279**	**6,115,081**	**15,625,783**	**37,131,440**
2021	87,255,422	25,314,545	17,945,909	7,134,580	5,648,992	31,211,396
expected credit losses allowance						
2022	**39,872,192**	**1,359,988**	**2,961,146**	**1,263,959**	**4,409,465**	**29,877,634**
2021	27,938,554	880,319	1,577,143	1,322,189	1,446,838	22,712,065

11. RELATED PATRY TRANSACTIONS

Related parties are represented in transactions with the associate company (Tanal Real Estate Development and Investment Company), and the members of the Board of Directors (and its sub-committees) and senior management personnel of the company. Senior management personnel are the persons who exercise authority and responsibility in planning, managing and controlling the company's activities, directly or indirectly, including the managers.

(In Saudi Riyals, unless otherwise indicated)

11. RELATED PATRY TRANSACTIONS

During the normal course of its business, the company had the following significant transactions with major related parties during the year ended 31 December 2022 and 2021, as follows:

Description	Nature of the transaction	31 December 2022	31 December 2021
Tanal Real Estate Investment and Development Company	Additional capital reduction	**137,473,752**	247,540,744
	Dividends	**272,780,692**	-
Members of the Board of Directors (Note 19)	Bonuses and allowances	**3,357,000**	3,417,000
Senior management personnel	Salaries, allowances and incentives	**13,805,868**	16,633,169

12. MURABAHA INVESTMENT DEPOSITS

As of 31 December 2022, the total investment Murabaha deposit amounted to SR 645 million (31 December 2021: SR 370 million), which were placed with a number of local financial institutions. The Murabaha rates range from 2.40% to 5.55%.

13. SHARE CAPITAL

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

14. STATUTORY RESERVE

According to the Company's By-law, the company must transfer 10% of its net income each year until this reserve totals 30% of the capital. This reserve is not available for distribution.

15. EMPLOYEES' DEFINED BENEFIT OBLIGATIONS

The company grants end-of-service benefits to its employees after taking into account the applicable labor law in the Kingdom of Saudi Arabia. These benefits are an unfunded defined benefit plan.
The benefits offered by these retirement programs are based primarily on years of service and employee compensation. Program funding is in line with local requirements. The commitments are subject to demographic, legal and economic risks. Economic risks are primarily attributable to unexpected developments in the commodities and capital markets and changes in the discount rate used to calculate defined benefit obligations.

Basic actuarial assumptions:

	31 December 2022	31 December 2021
Financial assumptions		
Discount rate	**6.1 %**	3.07 %
Salary growth rate	**3.8%**	4.0%
Demographic assumptions:		
Retirement age	**60 Years**	60 Years
Mortality rates	**Age table issued by the World Health Organization - Kingdom of Saudi Arabia**	Age table issued by the World Health Organization - Kingdom of Saudi Arabia

The movement in employee benefit obligations:

	31 December 2022	31 December 2021
Balance at the Beginning balance	**10,578,600**	11,916,334
Interest cost	**211,580**	365,831
Current service cost	**1,912,619**	1,589,779
Actuarial (gain) losses on obligations	**(1,129,113)**	906,091
Paid during the year	**(913,781)**	(4,199,435)
Balance at the end of the year	**10,659,905**	10,578,600

(In Saudi Riyals, unless otherwise indicated)

16. ACCOUNT PAYBLE, ACCRUED EXPENSES AND OTHER PAYABLES

	31 December 2022	31 December 2021
Payables of Al-Shorouk land contribution (A)	**87,664,963**	118,085,245
Unearned revenue (B)	**39,552,182**	32,809,788
Payable from obtain real estate (C)	**28,872,546**	28,872,546
Accrued expenses	**19,172,705**	17,808,263
Insurance for others	**17,764,084**	16,658,327
Provisions (D)	**14,142,172**	14,142,172
Accrued wages and other benefits	**13,683,434**	5,134,546
Cases expense	**11,602,077**	6,927,124
Securing reservation of rental units	**3,514,102**	899,288
Bonuses and allowances for board members	**3,450,000**	3,120,000
VAT payable	**2,529,918**	2,491,803
Contractors' retention	**526,304**	3,852,539
Others	**442,241**	6,376,733
	242,916,728	257,178,374

a- These amounts represent 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.
On Jumada 29 Al-Awwal 1443 H (corresponding to 2 January 2022), a ruling was issued by the Administrative Court of Appeal obliging the company to pay the amount of SR 30,420,282, which represents the value of the meters that decreased in the Al-Shorouk shareholding land due to the extra planning ratios. The amount was paid on 24 January 2022.

b- Unearned revenue is the revenue received and not received from the investment property lease contracts as of 31 December:

	31 December 2022	31 December 2021
Uncollected revenue	**28,577,280**	25,314,545
Collected revenue	**10,974,902**	7,495,243
	39,552,182	32,809,788

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 Rabi Al-Awwal 1412 H those who have not yet claimed their dues until 31 December 2022 (Note 5).

d- The amount of the provisions represents commitments for construction works for the implementation of a canal for draining flood and rain in Al-Shorouk lands in Al-Remal district, according to the request of the regulatory authorities in the region.

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, which the shareholders did not claim until 31 December 2022 amounting to SR 73,917,517 (31 December 2021: SR 72,687,102).

(In Saudi Riyals, unless otherwise indicated)

18. ZAKAT PROVISION

A) Assessment status

The company submitted zakat assessment up to 2021 and completed its zakat position for the years 2019 and 2020 by paying zakat differences amounting to SR 999 thousand. During the years 2020 and 2021, the company received the assessment for the previous years from 2015 to 2018, which resulted in a total zakat difference of SR 109 millions. These differences were objected 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 to settle the dispute, and a payment of an amount of SR 59 Million 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. The ruling of the Committee for Settlement of Tax and Income Violations and Disputes was issued, which resulted in a reduction in the amount of zakat in dispute to SR 39 million. The company has filed an appeal against this decision to the first appellate division for income tax violation and disputes at the General Secretariat of Tax Committees. The company is still awaiting a response from the Appeals Division.

Zakat Provision Movement

	31 December 2022	31 December 2021
The balance at the beginning of the year	**17,652,286**	17,881,946
Charge for the year	**12,687,913**	9,308,882
Paid during the year	**(9,306,257)**	(9,538,542)
The balance at the end of the year	**21,033,942**	17,652,286

B) Zakat base

Zakat provision is calculated based on the following:

	31 December 2022	31 December 2021
Adjusted shareholder equity	**2,004,764,150**	1,980,694,080
Provisions at the beginning of the period	**50,380,175**	52,414,245
Other additions	**133,842,793**	130,455,637
The book value of the adjusted long-term assets	**(1,588,335,330)**	(1,370,300,557)
Investments	**(232,334,517)**	(512,760,229)
Investments revaluation reserve	**(2,813,070)**	16,478,192
Other deductions	**(133,333,333)**	(259,792,630)
Adjusted net profit for the year	**339,564,864**	333,905,889
Zakat base	**571,735,732**	371,094,627
Zakat for the year	**14,473,752**	9,308,882

19. GENERAL AND ADMINISTRATIVE EXPENSES

	2022	2021
Employees' salaries and other benefits	**29,917,676**	19,341,724
Loss allowance for expected credit loss (Note 10)	**13,444,768**	5,726,784
Professional and consultation fees	**12,663,378**	4,392,274
Accrued cases expenses*	**4,509,174**	37,269,044
Board of directors' attendance allowance (Note 11)	**3,357,000**	3,417,000
Maintenance and operation expenses	**1,467,736**	1,458,333
Impairment of projects under construction	**-**	1,659,703
Others	**1,336,713**	1,042,993
	66,696,445	74,307,855

* The amount of losses incurred from court rulings in 2021 is mainly represented in the judgment issued by the company in favor of the shareholders of Al-Shorouk land, amounting to SR 30,420,282 (Note 16).

C) 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.

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 2022, 2021, respectively according to the nature of the activity:

	Operating segment	Leasing segment	Sale and contribution land segment	Joint assets and liabilities segment	Total
31 December 2022:					
Total assets	**288,407,868**	**1,166,774,968**	**232,266,078**	**910,295,031**	**2,597,743,945**
Total liabilities	**42,473,354**	**92,130,861**	**110,038,427**	**155,464,697**	**400,107,339**
31 December 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
31 December 2022:					
Revenue	136,182,405	122,714,629	-	-	**258,897,034**
Cost of revenue	(34,258,718)	(54,453,502)	-	-	**(88,712,220)**
Finance Cost	-	(2,899,047)	-	-	**(2,899,047)**
Dividends received	-	-	-	22,795	**22,795**
Other income	183,061	187,103	-	-	**370,164**
Operating results	102,106,748	65,549,183	-	22,795	**167,678,726**
General and administration expenses	-	-	-	(66,696,445)	**(66,696,445)**
Murabaha Income	-	-	-	21,596,059	**21,596,059**
Share of profit of an associate	-	-	-	190,465,838	**190,465,838**
Net profit for the period before zakat	102,106,748	65,549,183	-	145,388,247	**313,044,178**
Zakat	-	-	-	(12,687,913)	**(12,687,913)**
Net income for the period	102,106,748	65,549,183	-	132,700,334	**300,356,265**
31 December 2021:					
Revenue	133,224,363	117,687,851	-	-	250,912,214
Cost of revenue	(30,760,566)	(47,319,520)	-	-	(78,080,086)
Finance Cost	-	(3,080,792)	-	-	(3,080,792)
Dividends received	-	-	-	1,394,881	1,394,881
Other income	274,045	193,742	-	-	467,787
Operating results	102,737,842	67,481,281	-	1,394,881	171,614,004
General and administration expenses	-	-	-	(74,307,855)	(74,307,855)
Murabaha Income	-	-	-	3,795,826	3,795,826
Share of profit of an associate	-	-	-	226,516,402	226,516,402
Net profit for the period before zakat	102,737,842	67,481,281	-	157,399,254	327,618,377
Zakat	-	-	-	(9,308,882)	(9,308,882)
Net income for the period	102,737,842	67,481,281	-	148,090,372	318,309,495

(In Saudi Riyals, unless otherwise indicated)

20. SEGMENT INFORMATION (Continued)

The 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, Otaiqa Center Market and Mific tower. The land sales and contributions sector represent the company's projects represented by the sale of developed lands.

21. Measurement of fair value

The following table shows the fair value measurement hierarchy of the Company's financial assets and financial liabilities as of 31 December 2022 and 31 December 2021:

	Book Value	**First level**	**Second level**	**Third level**	**Fair Value**
As of 31 December 2022:					
Investments designated at FVOCI	**986,929**	**-**	**-**	**986,929**	**986,929**
	986,929	**-**	**-**	**986,929**	**986,929**
As of 31 December 2021:					
Investments designated at FVOCI	61,624,036	59,437,107	-	2,186,929	61,624,036
	61,624,036	59,437,107	-	2,186,929	61,624,036

The management assess that the fair value of cash at banks, trade receivables, trade payables and other current liabilities is close to their book value due to the short maturity of these instruments.

22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's principal financial liabilities consist of trade payables, accruals and other liabilities. While the company's main financial assets include trade and other receivables, cash at banks arising directly from its operations. The Company also has investments in equity instruments that are carried at fair value through other comprehensive income.

The Company may be exposed to the following risks arising from financial instruments:

- Market risk
- Credit risk
- Profit rate risk
- Liquidity risk
- Foreign exchange risks

The company's overall risk management program focuses on managing liquidity in addition to monitoring various changes in the relevant market, and thus constantly seeks to reduce potential negative effects on the company's financial performance. The Board of Directors reviews and approves policies for managing each of these risks, which are summarized below:

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market prices. Market prices involve three types of risks: Interest rate risk, currency risk and other price risks such as stock price risk and commodity risk. Financial instruments affected by market risk include deposits.

The sensitivity analyzes in the following sections relate to the situation as of 31 December 2022 and 2021.

(In Saudi Riyals, unless otherwise indicated)

22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

The sensitivity analyzes have been prepared on the basis that the net debt value, the fixed-to-floating debt commission rate and the financial instrument ratio are all fixed and based on specific hedge allocations as at 31 December 2022. The analyzes exclude the effect of market changes on the book value of pensions and other post-retirement liabilities and provisions.

The following assumptions were used when calculating the sensitivity analyses:

- The sensitivity of the relevant statement of profit or loss and other comprehensive income items is the effect of assumed changes in the relevant market risk. This is based on the financial assets and financial liabilities acquired as at 31 December 2022 and 2021.

Profit rate risk
The financial instruments on the statement of financial position are not subject to profit rate risk.

Foreign currency risk
The Company is not exposed to significant foreign exchange risk and therefore there is no need for effective management of this risk.

Credit risk
Credit risk represents the risk arising from the failure of the counterparty to fulfill its obligations in relation to a financial instrument or a customer contract, which leads to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and its financing activities, including deposits with banks and financial institutions and other financial instruments.

To reduce exposure to credit risk, the Company has approval procedures through which credit limits are applied to its customers. The management also constantly monitors exposure to credit risks related to customers and sets aside a provision for expected credit losses, based on the customer's status and payment history. Outstanding customer receivables are also monitored on a regular basis.
The carrying amount of financial assets represents the maximum exposure to credit risk. The maximum exposure to credit risk at the date of preparing the financial statements was as follows:

	31 December 2022	31 December 2021
Cash at banks	**34,555,510**	55,843,107
Murabaha investment deposit*	**645,000,000**	370,000,000
Accounts receivable, Net	**73,584,542**	59,316,868
Prepaid expenses	**1,338,507**	1,306,544
Investments designated at FVOCI	**986,929**	61,624,036
	755,465,488	548,090,555

*The company has Murabaha investment deposits amounting to SR 645 million with a number of financial and local institutions, which represents about 25% of the value of the company's assets as of 31 December 2022 (31 December 2021: 15%).

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.

Liquidity risk is managed by monitoring it on a regular basis to ensure that the necessary funds are available to meet the future commitments of the Company.

23. CAPITAL MANAGEMENT

The company manages its capital to ensure that the company remains sustainable while obtaining the highest return through the optimal limit of debt balances and shareholders' equity.
The company's capital structure includes the property rights of the shareholders of the company, which consists of capital, reserves, fair value reserve and retained earnings as included in the list of changes in shareholders' equity.

24. COMMITMENTS AND CONTINGENT LIABILITIES

The Company has contingent liabilities from time to time relating to certain disputed matters, including claims by and against contractors, and judicial and arbitration proceedings involving various issues. These contingent liabilities arise during the normal business cycle. No significant additional liabilities are expected to be incurred from these potential claims.

25. DIVIDENDS DISTRIBUTION

Based on the approval of the General Assembly issued on Shawwal 11, 1443 H (corresponding to May 12, 2022) to authorize the Board of Directors to distribute interim profits on a semi/quarterly basis, the Board of Directors of the company decided during its meeting held on Rabi` al-Awwal 2, 1444 H (corresponding to September 28, 2022) to distribute cash dividends for the first half of 2022 amounting to SR 44,444,444, at 25 halalas per share.

On 12 May 2022, the Company's General Assembly approved the Board of Directors' decision to distribute dividends for the first half of 2021 at 1 Saudi riyal per share, with a total amount of SR 177,777,777. As well as the Board of Directors' recommendation to distribute dividends for the second half of 2021 at 50 halalas per share, with a total amount of SR 88,888,888.

On 18 April 2021, the company's general assembly approved the Board of Directors' recommendation to distribute dividends for the second half of 2020 at 65 halalas per share, with a total amount of SR 115,555,555.

26. EARNINGS PER SHARE

Basic earnings per share for the year ended 31 December 2022 and 31 December 2021 was calculated by dividing the net profit from main operations and net income 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 2022 and 31 December 2021 was calculated by dividing the net profit from main operations and net income 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.

27. SUBSEQUENT EVANT

In the opinion of management, there were no significant subsequent events after 31 December 2022 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 2022.

28. APPROVAL OF FINANCIAL STATEMENTS

The approval of the financial statements was approved by the Board of Directors on 29 Shaaban 1444 H corresponding to (21 March 2023).