ARRIYADH DEVELOPMENT COMPANY
(A SAUDI JOINT STOCK COMPANY)

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2024

ARRIYADH DEVELOPMENT COMPANY
(A SAUDI JOINT STOCK COMPANY)

FINANCIAL STATEMENTS
31 December 2024

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Building a better working world

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INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF ARRIYADH DEVELOPMENT COMPANY
(A SAUDI JOINT STOCK COMPANY)

REPORT ON THE AUDIT OF FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Arriyadh Development Company – A Saudi Joint Stock Company (the "Company"), which comprise the statement of financial position as at 31 December 2024, the statement of profit or loss and other comprehensive income, the statement of changes in shareholders' equity and the statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2024, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting 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 that 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 of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. 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 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 revenue primarily consists of leasing and operating revenue, totaling SR 321,5 million for the year ended 31 December 2024. We considered this as a key audit matter, as there are inherent risks about the accuracy of the recorded revenue due to the impact of the details of the contracts on the revenue recognition process, which may affect its recoding 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 material accounting policy information related to revenue recognition.*	Our audit procedures included, among others, the following: • Assessed the Company's revenue recognition policies for compliance with IFRS Accounting 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 lease 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 on investment properties As at 31 December 2024, investment properties amounted to SR 813.6 million, representing 28% of the Company's total assets, which are presented at cost, net of accumulated depreciation and impairment, if any. For the purposes of impairment assessment testing and the disclosure of the fair value in the Company's financial statements, investment properties are valued by an accredited independent external valuer expert ("the Valuer") who performs the valuation using generally accepted valuation approaches and methodology, based on assumptions and estimates related to several factors affecting the fair value of the investment properties. We considered this as a key audit matter as impairment assessment testing of the investment properties requires significant judgments by management and also involves key estimates, in addition to the materiality of the amounts involved. *Please refer to note (3) for material accounting policy information related to investment properties and note (5) for details of investment properties and their fair values.*	Our audit procedures included, among others, the following: • Assessed the Valuer's objectivity, independence and experience. • Compared the fair value of investment properties at year end with the amounts included in the valuation report provided by the Valuer. • Assessed the valuation approaches and methodology used by the Valuer. • Assessed, on a sample basis, the real estate valuations carried out by the valuer, with the help of our specialists, to assist us in evaluating the reasonableness of the key assumptions used to determine the fair values of the investment properties. • Checked the title deeds of the investment properties. • 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
Classification of investment in associates The investments in associates amounted to SR 756 million as at 31 December 2024. The Company's shares of the year's results amounted to SR 125.8 million. The Company classified the investments as investments in associates in the financial statements using the equity method due to the lack of control and the existence of significant influence on the investees. We considered this as a key audit matter as 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 amounts involved. *Please refer to Note (3) for material accounting policy information relating to the investments in associate and note (9) for details of investments in associates.*	Our audit procedures included, among others, the following: • Looked into the legal documents and agreements related to associates. • Discussed management regarding the management of the operations and management structure of the associates, direction of the related activities under contractual arrangements and checking the relevant minutes. • Assessed the factors related to the contractual arrangements adopted by the Company to conclude that there was no control, and there was significant influence. • Assessed the adequacy of the relevant disclosures in the financial statements.

Other information included in the Company's 2024 Annual Report

Other information consists of the information included in the Company's 2024 annual report, other than the financial statements and our auditor's report thereon. The management is responsible for the other information in its annual report. The Company's 2024 annual report is expected to be made 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.

Responsibilities of management and Those Charged with Governance for the Financial Statements

The management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting 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 applicable provisions of the Regulations for Companies and the Company's By-laws, and for such internal control as the management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, the Audit Committee, 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.

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

As part of an audit, in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgement 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 the one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF ARRIYADH DEVELOPMENT COMPANY (Continued)
(A SAUDI JOINT STOCK COMPANY)

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

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 and Young Professional Services

Fahad M. Al-Toaimi
Certified Public accountant
License No. (354)

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CR. 1010383821
شركة إرنست ويونغ للخدمات المهنية
(مهنية ذات مسؤولية محدودة)
Ernst & Young Professional Services
(Professional LLC)

Riyadh: 26 Sha'ban 1446H
(25 February 2025)

ARRIYADH DEVELOPMENT COMPANY
(A SAUDI JOINT STOCK COMPANY)
STATEMENT OF FINANCIAL POSITION
As at 31 December 2024
(All Amounts in Saudi Riyals unless otherwise stated)

	Notes	***31 December 2024***	*31 December 2023*
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	**18,695,462**	12,524,996
Investment properties	5	**813,676,420**	1,490,786,762
Investment properties under development	6	**1,501,380**	19,888,240
Right of use Assets	7	**50,323,255**	45,113,224
Investments designated at FVOCI	8	**-**	986,929
Investment in associates	9	**756,399,865**	237,264,477
Advance payment for subscription to a real estate fund	10	**182,481,748**	-
Murabaha investment deposits – long term	13	**630,000,000**	600,000,000
TOTAL NON-CURRENT ASSETS		**2,453,078,130**	2,406,564,628
CURRENT ASSETS			
Accounts receivable, prepayments and other receivables	11	**46,760,117**	68,314,757
Due from related parties	12	**46,299,775**	-
Murabaha investment deposits – short term	13	**300,000,000**	270,000,000
Cash at banks		**40,915,578**	44,981,796
		433,975,470	383,296,553
Assets held for sale	14	**22,475,649**	2,247,695
TOTAL CURRENT ASSETS		**456,451,119**	385,544,248
TOTAL ASSETS		**2,909,529,249**	2,792,108,876
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Share capital	15	**1,777,777,770**	1,777,777,770
Statutory reserve	16	**184,701,083**	155,081,438
Retained earnings		**581,365,746**	450,786,058
Revaluation reserve of investments designated at FVOCI	8	**-**	(2,813,070)
TOTAL SHAREHOLDERS' EQUITY		**2,543,844,599**	2,380,832,196
NON-CURRENT LIABILITIES			
Lease liabilities	7	**46,390,001**	42,077,256
Employee's defined benefit obligations	17	**13,754,456**	12,404,275
TOTAL NON-CURRENT LIABILITIES		**60,144,457**	54,481,531
CURRENT LIABILITIES			
Accounts payable, accrued expenses and other payables	18	**172,189,001**	249,654,208
Due to related parties	12	**12,535,173**	-
Lease liabilities - current portion	7	**7,794,706**	6,009,280
Dividends payable	19	**76,387,682**	74,251,232
Zakat provision	20	**36,633,631**	26,880,429
TOTAL CURRENT LIABILITIES		**305,540,193**	356,795,149
TOTAL LIABILTIES		**365,684,650**	411,276,680
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**2,909,529,249**	2,792,108,876

Chief Financial Officer Mr. Mohammed bin Ahmed Al-Kulaib	Member of the Board of Directors and Chairman of the Audit Committee Mr.Suleiman bin Nasser Al Hatlan Al-Qahtani	Chief Executive Officer Mr. Jehad bin Abdulrahman Al-Kadi

The attached notes (1) to (35) form an integral part of these financial statements.

ARRIYADH DEVELOPMENT COMPANY
(A SAUDI JOINT STOCK COMPANY)

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

(All Amounts in Saudi Riyals unless otherwise stated)

	Notes	*2024*	*2023*
Revenue	21	**321,517,468**	339,185,405
Costs of revenue	22	**(121,563,544)**	(122,974,851)
Gross profit		**199,953,924**	216,210,554
General and administrative expenses	23	**(99,741,339)**	(69,102,952)
Profit for the year from main operations		**100,212,585**	147,107,602
Finance costs on lease liabilities	7	**(2,514,633)**	(2,707,289)
Murabaha Investment deposits' income	13	**57,459,747**	37,922,988
Company's share of profit of associates	9	**125,859,069**	97,498,489
Gains from disposal of investment properties	5	**17,187,949**	-
Other income	24	**28,195,162**	12,037,981
Net profit for the year before Zakat		**326,399,879**	291,859,771
Zakat	20	**(30,203,434)**	(20,320,238)
NET PROFIT FOR THE YEAR		**296,196,445**	271,539,533
OTHER COMPREHENSIVE INCOME:			
Items that will not be reclassified subsequently to the statement of profit or loss			
Actuarial gains of employees' benefit obligations	17	**149,291**	544,946
TOTAL OTHER COMPREHENSIVE INCOME FOR THE YEAR		**149,291**	544,946
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**296,345,736**	272,084,479
EARNINGS PER SHARE			
Basic and diluted earnings per share from net profit for the year	32	**1.67**	1.53

Chief Financial Officer	Member of the Board of Directors	Chief Executive Officer
Mr. Mohammed bin Ahmed Al-Kulaib	And Chairman of the Audit Committee	Mr. Jehad bin Abdulrahman Al-Kadi
	Mr.Suleiman bin Nasser Al Hatlan Al-Qahtani	

The attached notes (1) to (35) form an integral part of these financial statements.

ARRIYADH DEVELOPMENT COMPANY
(A SAUDI JOINT STOCK COMPANY)

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the year ended 31 December 2024
(All Amounts in Saudi Riyals unless otherwise stated)

	Share capital	*Statutory reserve*	*Retained earnings*	*Revaluation reserve of investments designated at FVOCI*	*Total shareholders' equity*
Balance as at 1 January 2023	1,777,777,770	127,927,485	294,744,421	(2,813,070)	2,197,636,606
Net profit for the year	-	-	271,539,533	-	271,539,533
Other comprehensive income for the year	-	-	544,946	-	544,946
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	-	-	272,084,479	-	272,084,479
Transferred to statutory reserve	-	27,153,953	(27,153,953)	-	-
Dividends	-	-	(88,888,889)	-	(88,888,889)
Balance as at 31 December 2023	1,777,777,770	155,081,438	450,786,058	(2,813,070)	2,380,832,196
Balance as at 1 January 2024	**1,777,777,770**	**155,081,438**	**450,786,058**	**(2,813,070)**	**2,380,832,196**
Net profit for the year	**-**	**-**	**296,196,445**	**-**	**296,196,445**
Other comprehensive income for the year	**-**	**-**	**149,291**	**-**	**149,291**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**-**	**-**	**296,345,736**	**-**	**296,345,736**
Transferred to statutory reserve	**-**	**29,619,645**	**(29,619,645)**	**-**	**-**
Transferred from the revaluation reserve of investments designated at FVOCI to retained earnings (note 8)	**-**	**-**	**(2,813,070)**	**2,813,070**	**-**
Dividends (note 30)	**-**	**-**	**(133,333,333)**	**-**	**(133,333,333)**
Balance as at 31 December 2024	**1,777,777,770**	**184,701,083**	**581,365,746**	**-**	**2,543,844,599**

Chief Financial Officer	Member of the Board of Directors And Chairman of the Audit Committee	Chief Executive Officer
Mr. Mohammed bin Ahmed Al-Kulaib	Mr.Suleiman bin Nasser Al Hatlan Al-Qahtani	Mr. Jehad bin Abdulrahman Al-Kadi

The attached notes (1) to (35) form an integral part of these financial statements.

ARRIYADH DEVELOPMENT COMPANY
(A SAUDI JOINT STOCK COMPANY)

STATEMENT OF CASH FLOWS
For the year ended 31 December 2024
(All Amounts in Saudi Riyals unless otherwise stated)

	Notes	*2024*	*2023*
OPERATING ACTIVITIES:			
Net profit for the year		**296,196,445**	271,539,533
Adjustments:			
Depreciation of property, plant, equipment, investment properties and right of use assets		**44,495,407**	42,852,694
Finance costs on lease liabilities	7	**2,514,633**	2,707,289
Settlement of a provision for prior years for Al-Shorouk land contribution	24	**(26,771,963)**	-
Murabaha Investment deposits' income	13	**(57,459,747)**	(484,526)
Company's share of profit of associates	9	**(125,859,069)**	(97,498,489)
Gains from disposal of investment properties	5	**(17,187,949)**	(37,882,788)
Provided for expected credit loss allowance	11	**7,908,539**	8,504,112
Provided for employees' defined benefits obligations	17	**3,479,775**	4,245,315
Settlement of a provision previously provided for prior year for investments designated at FVOCI	8	**(13,753)**	-
Provided for Zakat	20	**30,203,434**	20,320,238
		157,505,752	214,303,378
Changes in working capital:			
Accounts receivable, prepayments and other receivables		**15,737,295**	21,184,244
Accounts payable, accrued expenses and other payables		**(50,647,825)**	6,737,480
Net change in related parties' balances		**(33,764,602)**	-
Paid from employees' defined benefit obligations plan	17	**(1,980,303)**	(1,955,999)
Paid from Zakat provision	20	**(20,392,176)**	(14,473,751)
Net cash flows from operating activities		**66,458,141**	225,795,352
INVESTING ACTIVITES			
Advance payment for subscription to a real estate fund	10	**(182,481,748)**	-
(Additions to) / proceeds from Murabaha investment deposits	13	**(274,689,503)**	45,000,000
Dividends received from associates	9	**348,287,600**	91,581,600
Purchase of shares in associates	9	**(513,400)**	-
Proceeds from liquidation of investments designated at FVOCI	8	**986,929**	-
Purchase of investment properties		**-**	(3,649,080)
Additions to investment properties under development	6	**(83,362,838)**	(19,021,110)
Purchase of property, plant and equipment	4	**(11,354,516)**	(5,884,698)
Proceeds from the sale of investment properties	21	**-**	41,359,395
Net cash flows (used in)/from investing activities		**(203,127,476)**	149,386,107
FINANCING ACTIVITIES			
Payment of lease liabilities	7	**(6,200,000)**	(6,200,000)
Dividends	30	**(131,196,883)**	(88,555,173)
Net cashflows used in financing activities		**(137,396,883)**	(94,755,173)
Net (decrease) / increase in cash and cash equivalents		**(274,066,218)**	280,426,286
Cash and cash equivalents at the beginning of the year	25	**314,981,796**	34,555,510
Cash and cash equivalents at the end of the year	25	**40,915,578**	314,981,796
NON-CASH TRANSACTIONS			
Transferred from investment properties, property, plant, equipment, and investments properties under development to investments in associates		**(725,308,121)**	952,370
Transferred from investment properties to assets held for sale		**(20,227,954)**	-
Additions to associates		**741,050,519**	-
Additions to right of use assets		**9,783,538**	-
Dividends payable		**2,136,450**	333,715

Chief Financial Officer Mr. Mohammed bin Ahmed Al-Kulaib	Member of the Board of Directors And Chairman of the Audit Committee Mr.Suleiman bin Nasser Al Hatlan Al-Qahtani	Chief Executive Officer Mr. Jehad bin Abdulrahman Al-Kadi

The attached notes (1) to (35) form an integral part of these financial statements.

1 COMPANY INFORMATION

Arriyadh Development Company (a Saudi joint stock company) (hereinafter referred to as the "Company") was established by Royal Decree No. M/2 dated 9 Safar 1414H (corresponding to 28 July 1993). The Company is registered in the Kingdom of Saudi Arabia under Commercial Registration No. 1010124500 issued in the city of Riyadh on 29 Dhu Al-Qi`dah 1414H (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, P. O. Box 94542, Riyadh 11614, Kingdom of Saudi Arabia.

The principal activities of the Company are the purchase and sale of lands and real estate, its division, off-plan sales activities, management and leasing of owned or leased out residential and non-residential properties, in addition to real estate development of residential and commercial buildings using modern construction methods, as well as the wholesale and retail sale of new and used private cars, including ambulances, minibuses and four-wheel drive vehicles.

2 BASIS OF PREPARATION

Statement of compliance
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 (SOCPA).

Basis of preparation
The financial statements have been prepared on the historical cost convention, except for the investments in equity instruments at fair value, and the recognition of employees' benefit obligations at the present value of future liabilities using the expected credit unit method. The financial statements are presented in Saudi Riyals ("SR"), which is the Company's functional currency. All amounts have been rounded to the nearest Saudi Riyal, unless otherwise indicated.

3 MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policy information adopted by the Company in preparing its financial statements are applied consistently as follows:

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

- Expected to be realized or intended to be sold or consumed in the normal operating cycle
- Expected to be realized 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;
- Due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liabilities for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

Cash and cash equivalents
Cash and cash equivalents include cash at banks and other short-term highly liquid investments, if any, with maturities of less than three months from the acquisition date.

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Assets held for sale
Assets held for sale are recognized and measured in accordance with IFRS 5 - Non-current Assets Held for Sale and Discontinued Operations.

An asset is classified as held for sale if it meets the criteria specified in the standard, indicating that it is expected to be sold within one year from the financial statement's date.

Assets held for sale are recognized at the lower of their carrying amount and fair value less costs to sell at the date of classification as held for sale. The carrying amount of the asset is not depreciated or amortized once it is classified as held for sale.

Measurement

- Carrying amount: The carrying amount of assets held for sale is determined based on their historical cost less any accumulated depreciation and impairment losses, adjusted for any revaluation surplus or deficit, where applicable.
- Fair value less costs to sell: Fair value less costs to sell is determined based on the estimated selling price in an arm's length transaction between knowledgeable, willing parties, less the estimated costs to sell.

Assets held for sale are presented separately in the financial statements under current assets, with separate disclosure of the nature and size of significant assets held for sale.

Significant judgements and assumptions applied in determining assets held for sale, as well as the nature and volume of assets classified as held for sale, are disclosed in the notes to the financial statements.

Fair value measurement
The Company measures financial instruments such as investments in equity instruments at FVOCI, and investments at FVTPL at fair value at each reporting date.
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 to 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 non-financial assets considers the market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to other market participants 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, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within 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) prices in an active market 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 techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the financial statements at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Investment properties
Investment properties include lands, buildings held by the Company for rental or capital development, or both. Investment properties are initially measured at cost. The fair value is determined on the basis of an annual valuation by an independent external valuer with recognized professional qualifications for the purpose of disclosure in the financial statements.

Investment properties are stated at cost less accumulated depreciation, if any. Such cost includes the cost of replacing part of the Investment properties. When significant parts of investment properties are required to be replaced at intervals, the Company depreciates them separately based on their useful lives. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the investments properties as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in statement of 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 related to recognized provision are satisfied.
The depreciation of buildings according to the straight-line method is calculated on the basis of their useful life by adopting the following annual ratios:

- Buildings 1.6٪ – 7٪

Investment lands include lands wholly owned by the Company (except as mentioned in Note 5) that are carried at cost plus development expenses.

An item of investment properties and any significant part is derecognized 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 for the year when the asset is derecognized. The residual values, useful lives and methods of depreciation of investments properties are reviewed at each financial period end and adjusted prospectively, if appropriate.

Investment properties under development
Investment properties under development are recognized at cost and are not depreciated. Investment properties under development are represented by the amount incurred on the establishment or purchase of investment properties under development. Upon the completion and as appropriate, it is transferred to investment properties. Investment properties under development are stated at cost and any impairment is reviewed annually (if any).

Property, plant and equipment
Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment loss, if any. Such cost includes the cost of replacing part of the property and equipment. When significant parts of property and equipment are required to be replaced at intervals, the Company depreciates them separately based on their useful lives. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the property and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in statement of 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 related to recognized provision are satisfied.

Depreciation is calculated on a straight-line basis over the expected useful life of the assets as follows:

- Plant and equipment 4 years
- Furniture and Decoration 4 years
- Motor vehicles 4 years

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

Projects in Progress
projects in progress are recognized and are not depreciated. Depreciation of projects in progress begins when the assets are ready for their intended use and have been transferred to property, plant and equipment.

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

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

The Company as A Lessee
At the inception of the contract, the Company determines whether the contract is a lease or involves a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Right of use Assets
The Company recognizes 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, adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, 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, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Lease liabilities
At the commencement date of the lease, the Company recognizes 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 recognized as an expense in the period on which the event or condition that triggers the payment occurs.

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., less than SR 20,000). Lease payments on short-term leases and leases of low value assets are recognized as an expense on a straight-line basis over the lease term.

The Company as a lessor
Leases that do not transfer significant risk and benefits associated with asset ownership as operating leases. Rental income is accounted for on a straight-line basis over the lease term and is included in revenue in the statement of profit or loss and other comprehensive income due to its operating nature. Initial direct costs incurred during the negotiation and arrangement of an operating lease are added to the carrying amount of the leased asset and are recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Investment in associates
An associate 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 or joint control over those policies. The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries. The Company's investments in an associate are accounted for using the equity method.

Under the equity method, the investment in an associate is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Company's share of net assets of the associate since the acquisition date.

The statement of profit or loss reflects the Company's share of the operations result of the associate. Any change in OCI of those investees is presented as a part of the Company's statement of comprehensive income. In addition, when there has been a change recognized directly in the equity of the associate, the Company recognizes its share of any changes, when applicable, in the changes in equity. Unrealized gains and losses resulting from transactions between the Company and the associate are eliminated to the extent of the Company's share in the associate.

The financial statements of the associate are prepared for the same reporting period as the Company. When necessary, adjustments are made to bring the accounting policies in line with those adopted by the Company.

After applying the equity method, the Company determines whether it is necessary to recognize 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 an associate is impaired. If there is such evidence, the Company calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognizes the loss in 'Company's share of profit of an associate' in the statement of profit or loss.

Upon loss of significant influence over the associate, the Company measures and recognizes any retained investment at its fair value. Difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds disposal is recognized in the statement of profit or loss.

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

First: Financial Assets
The Company's financial assets include cash at banks, trade receivables and other receivables, investment in associates, investments at amortized cost, and amounts due from related parties.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model.

The Company classifies its financial assets within the following categories:

Classification

- Financial assets at amortized cost.
- Financial assets at fair value through other comprehensive income ("FVTOCI").
- Financial assets at fair value through profit or loss ("FVTPL").

Trade receivables are initially recognized when originated. Trade receivables that do not contain a significant financing component or for which the Company uses the practical expedient are measured at the transaction price determined under IFRS 15. All other financial assets are initially recognized when the Company becomes a party to the contractual provisions of the instrument at fair value plus or minus, in the case of financial assets not at fair value through profit or loss, transaction costs.

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial instruments (continued)

First: financial assets (continued)

A financial asset shall be measured at fair value through other comprehensive income if both of the following conditions are met:

a) The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.
b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset shall be measured at fair value through profit or loss unless it is measured at amortized cost or at fair value through other comprehensive income. However, an entity may make an irrevocable election on initial recognition of certain investments in equity instruments that they will be measured at fair value unless otherwise made through profit or loss to present subsequent changes in fair value in other comprehensive income.

The Company reclassifies financial assets only when its business model for managing those financial assets changes.

Initial Measurement
Except for trade receivables, at initial recognition, an entity shall measure a financial asset at its fair value plus or minus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset.

Trade receivables that do not contain a significant financing component or for which the Company uses the practical expedient are measured at the transaction price determined under IFRS 15.

Subsequent Measurement

Financial Assets at Amortized Cost
The Company measures financial assets at amortized cost whether the financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest rate ("EIR") method and are subject to impairment. Interest received is included in finance income in profit or loss in the statement of profit or loss and other comprehensive income. Gains and losses are recognized in profit or loss in the statement of profit or loss and other comprehensive income when the asset is derecognized, modified or impaired.

Financial assets designated at fair value through OCI (“FVOCI”) (equity instruments)
Upon initial recognition, the Company can classify irrevocably its equity investments as equity instruments designated at FVOCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation, and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains or losses from these financial assets are never recycled to profit or loss in the statement of profit or loss and other comprehensive income. Dividends are recognized as other income in profit or loss in the statement of profit or loss and other comprehensive income when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial instruments (continued)

First: financial assets (continued)

Subsequent measurement (continued)

Derecognition
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e. removed from the Company's statement of financial position) 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
  a) The Company has transferred substantially all the risks and rewards of the asset, or
  b) The Company has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

Impairment
The Company considers the probability of default upon initial recognition of assets and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information.

For trade receivables only, the Company recognizes expected credit losses for trade receivables based on the simplified approach under IFRS 9. The simplified approach to the recognition of expected losses does not require the Company to track the changes in credit risk; rather, the Company recognizes a loss allowance based on lifetime expected credit losses at each reporting date from the date of the trade receivable. The Company has made a provision based on the experience of historical credit losses, adjusted to future factors related to debtors and the economic environment.

Evidence that financial assets are impaired may include indications that a debtor (or a group of debtors) is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Expected credit losses are initially measured at the difference between the present value of the contractual cash flows that are due to the Company under the contract, and the cash flows that the Company expects to receive. The Company assesses all information available, including past due cases, credit ratings, the existence of third-party insurance, and forward looking macro-economic factors in the measurement of the expected credit losses associated with its assets carried at amortized cost. The Company measures expected credit losses by considering the risk of default over the contract period and incorporates forward-looking information into its measurement.

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial instruments (continued)

Second: Financial Labilities

The Company's financial liabilities include lease liabilities, trade payables, accruals and amounts due to related parties.

Classification
The entity must classify all financial liabilities as being measured –subsequently– at amortized cost, except for the following:

a) Financial liabilities at fair value through profit or loss, and all such liabilities should be subsequently measured at fair value.
b) Financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies.

Initial measurement
Upon initial recognition, an entity shall measure a financial liability at its fair value plus or minus, in the case of a financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial liability.

Subsequent measurement
After initial recognition, all financial liabilities are measured at amortized cost.

Derecognition
A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired. 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 a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the profit or loss in the statement of profit or loss and other comprehensive income.

Offsetting 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 recognized amounts and there is an intention to settle on a net basis to realize the assets and settle the liabilities simultaneously.

Zakat and Tax
Zakat is provided by the Company in accordance with the Regulations of 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. Differences, if any, resulting from the final assessments are adjusted in the period of their finalization.

The Company is a VAT payer in accordance with the Saudi tax law. It is also responsible for collecting VAT outputs from customers for qualified services provided and to pay VAT inputs to its suppliers against eligible payments. On a monthly basis, net VAT remittances are made to the ZATCA representing VAT collected from its customers, net of any recoverable VAT on payments. Unrecoverable VAT is incurred by the Company and is either expensed or in the case of property, plant, equipment, and intangibles payments, is capitalized and either depreciated or amortized as part of the capital cost.

The Company withholds taxes on certain transactions with non-resident counterparties in the Kingdom of Saudi Arabia as required under ZATCA regulations.

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Employees' defined benefits obligations
The obligations recognized in the statement of financial position in respect 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 are 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 expenses 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 profit or loss and other comprehensive income. They are included in retained earnings in the statement of changes in shareholders' equity and in the statement of financial position.

Changes in the present value of the employees' end of service benefits obligations resulting from plan amendments or curtailments are recognized immediately in the statement of profit or loss and other comprehensive income as past service costs.

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

The Company recognizes revenue when it transfers control over a product or service to the customer. The application of the principles in IFRS 15 is carried out in five steps:

Step (1): Identify the contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and the Company criteria for every contract that must be met.

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

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

Step (4): Allocate the transaction price to the performance obligations in the contract: For a contract that has more than on performance obligation, the Company will allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.

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

The Company's revenues are as follows:

a) Revenue from selling investment properties
Revenue from the sale of investment lands held for sale (developed or undeveloped) are recognized at a certain point in time when implementing and completing the sale process and transferring significant ownership risks and concessions to the buyer, as well as the revenue resulting from the sale of land contributions (under development) are recognized upon entering into the sale contract and the issuance of a contribution certificate to the new owner.

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Revenue (continued)

b) Operating revenue
The revenue resulting from the operation of the investment properties are recognized when contracting or when providing the service, and the revenue is calculated for the period related to the reporting period on a straight-line basis or by operating period. Other revenue is recognized when realized.

c) Rental revenue
The Company is the lessor in operating leases. Rental income arising from operating leases on investment property is recognized on a straight-line basis over the lease terms and is included under revenue in the statement of profit or loss and other comprehensive income due to its operating nature, except for contingent rental revenue which is recognized when it arises. Initial direct costs incurred in negotiating and entering into an operating lease is recognized as an expense over the lease term on the same basis as the lease income.

Tenant lease incentives are recognized as a reduction of rental revenue on a straight-line basis over the term of the lease. The lease term is the non-cancellable period of the lease together with any further term for which the tenant has the option to continue the lease, where, at the inception of the lease, the management are reasonably certain that the tenant will exercise that option.

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

Costs of revenue
Revenue costs include amounts that are directly attributable to revenue generation such as: expenses related to the management and maintenance of properties, its depreciation and the cost of land sold.

General And Administrative Expenses
General and administrative expenses include direct and indirect costs not specifically part of direct costs of revenue, sales or marketing activities of the Company.

Provisions
Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, they are probable that an outflow of resources embodying economic benefits will be required to settle the obligations 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 the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Segment information
A business segment is a set of assets and operations that together share the delivery of products or services subject to risks and returns that differ from those of other business sectors and that are measured according to reports used by the Chief Executive Officer and the Company's chief operating decision maker.

Earnings per share
Basic and diluted EPS is calculated using the weighted average number of outstanding shares as at end of the year.

Use of significant assumptions, estimates and judgments
The preparation of financial statements in accordance with International Financial Reporting Standards as endorsed in the Kingdom of Saudi Arabia requires the use of certain significant estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as at the reporting date and the reported amounts of revenue and expenses during the reporting period. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Company makes estimates and assumptions regarding the future that, by definition, will rarely equal the relevant actual results.

Key estimates and assumptions are reviewed on an on-going basis. Revisions to estimates are recognized prospectively.

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Use of significant assumptions, estimates and judgments (continued)

a) Significant assumptions and estimates

Fair value measurements
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 accessible 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 non-financial assets considers 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, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

Allowance for expected credit losses of trade receivables
For accounts receivable, the Company applies a simplified approach in calculating ECLs. Accounts receivable have been grouped in accordance with common credit risk and past due dates. 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. The information about the ECLs on the Company's trade receivables and contract assets is disclosed in Note 11.

Impairment in non-financial assets
The Company assess the asset on the reporting date whether there is an indication that the asset has impaired. If any such indication exists, then the Company estimates the asset's recoverable amount. The asset's recoverable amount is the higher of an asset's fair value asset less costs to sell and 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 price 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 statement of profit and loss. If an impairment loss is subsequently reversed, the carrying amount of the asset is increased to the adjusted value of the recoverable amount, but only to the extent that the carrying amount is no more than the carrying amount that would have been determined in the absence of impairment loss of the asset's carrying amount in previous years. A reversal impairment loss is recognized immediately in statement of profit and loss.

Provision on Employee's end of service benefit
The cost of the employees' defined benefits obligations is 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, mortality rates and future pension increases. Due to the complex nature of the valuation and underlying assumptions and their long-term nature, the defined benefit obligation is significantly affected by changes in these assumptions, and all assumptions are reviewed at each reporting date.

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Use of significant assumptions, estimates and judgments (continued)

a) Significant assumptions and estimates (continued)

Useful lives and residual values of property, plant, equipment and investment properties
The useful life of each item of the Company's property, plant, equipment and investment properties is estimated based on the period during which the asset is expected to be available for use. Such estimation is based on a collective assessment of practices of similar businesses, internal technical evaluation, experience with similar assets and application of judgment as to when the assets become available for use and the commencement of the depreciation charge.

The estimated useful life of each asset is reviewed periodically and updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other restrictions on the use of the asset. Any change in the estimated useful life or depreciation pattern will be accounted for prospectively.

Leases - estimating the incremental borrowing Rate
The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its borrowing rate to measure lease liabilities. The incremental borrowing rate is the rate of interest that a Company would have to pay to borrow, over a similar period and with similar security, the financing necessary to obtain assets of similar value to the right-of-use asset in the same economic conditions. The incremental borrowing rate thus reflects the amount a Company might have to pay which requires an estimation when no observable rates are available, or when they need to be modified to reflect the terms and conditions of the lease. The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

Going concern
These financial statements have been prepared under the going concern basis. The Company’s management has made an assessment of the Company’s ability to continue as a going concern and is satisfied that the Company has the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern.

Zakat assessments
The provision for Zakat and withholding tax is determined by the Company in accordance with the requirements of Zakat, Tax, and Customs Authority (“ZATCA”) and is subject to change based on the final assessments received from ZATCA. The Company recognizes liabilities related to expected Zakat and withholding tax based on management’s best estimates of whether additional Zakat/taxes will be due. The final outcome of any additional amounts assessed by ZATCA depends on the final result of the appeal process, which the Company is entitled to pursue. If the final tax outcome differs from the amounts initially recorded, these differences may impact the statement of profit or loss and other comprehensive income in the period in which the final determination is made.

Provisions
Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, they are probable that an outflow of resources embodying economic benefits will be required to settle the obligations 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 the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Use of significant assumptions, estimates and judgments (continued)

b) Significant judgments

Property lease classification – the Company as a lessor
The Company has entered into leases on its property portfolio. The Company has determined, based on evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the commercial property and the present value of the minimum lease payments not amounting to substantially all of the fair value of the commercial property, that it retains all the significant risk and reward of ownership of these properties and accounts for the contracts as operating lease rentals.

Determining the lease term of contracts with renewal and termination options – company as lessee.
The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company has several lease contracts that include extension and termination options. The Company applies judgement in evaluating whether it is reasonably certain to exercise the option to renew lease or termination i. e. all relevant factors are taken into consideration creating an economic inventive to exercise renewal option or termination. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customization to the leased asset).

New Standards, Amendments and Interpretations

New and amended standards and interpretations
Below are the standards and amendments effective on or after 1 January 2024 (unless otherwise stated), with no material effect on the financial statements of the Company. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Amendment to IAS 1: Classification of Liabilities as Current or Non-current
In January 2020 and October 2022, the Board issued amendments to IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement.
- The right to defer settlement must exist at the end of the reporting period.
- That classification is unaffected by the likelihood that an entity will exercise its deferral right.
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.
- Disclosures

The new standard had no impact on the Company's financial statements.

Amendments to IFRS 16 - Lease Liability in a Sale and Leaseback
The amendment to IFRS 16 Leases specifies the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure that the seller- lessee does not recognize any amount of gain or loss that relates to the right to use and retain it.

The new standard had no impact on the Company's financial statements.

(All Amounts in Saudi Riyals unless otherwise stated)

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

New Standards, Amendments and Interpretations (continued)

New and amended standards and interpretations (continued)

Disclosure of Supplier Financing Arrangements - Amendments to IAS 7 and IFRS 7
The amendments establish disclosure requirements to enhance existing requirements, which are intended to assist users of financial statements in understanding the effects of supplier financing arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

The new standard had no impact on the Company's financial statements.

New standards and amendments issued but not yet effective
New and amended standards and interpretations that are issued but not yet effective and have not been early adopted by the Company will be applied on their effective date if applicable. The application of these standards and interpretations is not expected to have any material impact on the Company on the date of their effective date.

Name of Standard and Interpretation	*Effectiveness date*
- Amendment to IAS 21: Lack of exchangeability	1 January 2025
- Amendments to IFRS 9 & IFRS 7: Classification and measurement of financial instruments	1 January 2026
- Volume (11): Annual Improvements to IFRS	1 January 2026
- Amendments to IFRS 9 and IFRS 7: Power Purchase Agreements	1 January 2026
- IFRS 18: Presentation and disclosure in financial statements - IFRS 18 replaces IAS 1 Presentation of Financial Statements	1 January 2027
- IFRS 19 - Subsidiaries without Public Accountability: Disclosures	1 January 2027
- Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	The effective date was deferred indefinitely

(All Amounts in Saudi Riyals unless otherwise stated)

4. PROPERTY, PLANT AND EQUIPMENT

	Plant and Equipment	*Furniture and Decoration*	*Motor vehicles*	*Projects in progress*	*Total*
Cost:					
At 1 January 2023	13,714,032	5,089,406	1,546,216	3,248,261	**23,597,915**
Additions	604,518	173,942	-	5,106,238	**5,884,698**
Transferred from projects in progress to property, plant and equipment	4,768,128	-	-	(4,768,128)	**-**
At 31 December 2023	19,086,678	5,263,348	1,546,216	3,586,371	**29,482,613**
Additions	1,169,005	1,973,426	419,760	7,792,325	**11,354,516**
Transferred to an associate company (note 5)	(3,183,693)	-	-	(300,000)	**(3,483,693)**
Disposals	-	(1,445,551)	-	-	**(1,445,551)**
Transferred from projects in progress to property, plant and equipment	7,583,342	-	-	(7,583,342)	**-**
At 31 December 2024	**24,655,332**	**5,791,223**	**1,965,976**	**3,495,354**	**35,907,885**
Depreciation:					
At 1 January 2023	8,730,952	4,626,200	1,081,316	-	**14,438,468**
Charge for the year	2,181,465	181,560	156,124	-	**2,519,149**
At 31 December 2023	10,912,417	4,807,760	1,237,440	-	**16,957,617**
Charge for the year	3,298,272	414,503	177,679	-	**3,890,454**
Transferred to an associate company (note 5)	(2,194,320)	-	-	-	**(2,194,320)**
Disposals	-	(1,441,328)	-	-	**(1,441,328)**
At 31 December 2024	**12,016,369**	**3,780,935**	**1,415,119**	**-**	**17,212,423**
Net Book Value:					
At 31 December 2024	**12,638,963**	**2,010,288**	**550,857**	**3,495,354**	**18,695,462**
At 31 December 2023	8,174,261	455,588	308,776	3,586,371	12,524,996

- The depreciation of property, plant and equipment was charged as follows:

	31 December 2024	*31 December 2023*
Cost of Revenue (note 22)	**2,824,106**	1,715,926
General and administrative expenses (note 23)	**1,066,348**	803,223
	3,890,454	2,519,149

(All Amounts in Saudi Riyals unless otherwise stated)

5 INVESTMENT PROPERTIES

	Lands	*Lands on which buildings are constructed*	*Buildings*	*Total*
Cost:				
1 January 2023	241,751,732	439,689,861	1,280,678,263	**1,962,119,856**
Additions	-	-	3,649,080	**3,649,080**
Transferred from projects in progress to investment properties	-	-	952,370	**952,370**
Transferred from lands to lands on which buildings are constructed	(102,834,953)	102,834,953	-	**-**
Transferred to assets held for sale	(2,247,695)	-	-	**(2,247,695)**
Disposals	(3,476,606)	-	(22,637,459)	**(26,114,065)**
31 December 2023	133,192,478	542,524,814	1,262,642,254	**1,938,359,546**
Transferred from projects in progress to investment properties	-	-	32,977,150	**32,977,150**
Transferred to associates (*)	-	(353,067,984)	(472,234,811)	**(825,302,795)**
Transferred to assets held for sale	(20,227,954)	-	-	**(20,227,954)**
31 December 2024	**112,964,524**	**189,456,830**	**823,384,593**	**1,125,805,947**
Depreciation:				
1 January 2023	-	-	434,367,419	**434,367,419**
Charge for the year	-	-	35,842,824	**35,842,824**
Disposals	-	-	(22,637,459)	**(22,637,459)**
31 December 2023	-	-	447,572,784	**447,572,784**
Charge for the year	-	-	36,031,446	**36,031,446**
Transferred to associates (*)	-	-	(171,474,703)	**(171,474,703)**
31 December 2024	**-**	**-**	**312,129,527**	312,129,527
Net book value:				
31 December 2024	**112,964,524**	**189,456,830**	**511,255,066**	**813,676,420**
31 December 2023	133,192,478	542,524,814	815,069,470	1,490,786,762

(All Amounts in Saudi Riyals unless otherwise stated)

5 INVESTMENT PROPERTIES (Continued)

As set out in the material accounting policy information, investment properties are presented at cost less accumulated depreciation. The fair value of the investment properties amounted to SR 2,522,854,054 as at 31 December 2024 (31 December 2023: SR 3,318,701,013, includes the fair value of Ta'meer market properties), based on the valuations performed by a real estate valuer, Esnad and its Partner for Real Estate Appraisal, with license no. 1210000448 (independent valuer accredited by the Saudi Authority for Accredited Valuers).

(*) The Company entered into an agreement with Dira Development Company for Real Estate Development and Investment on 1 December 2024, for the transfer of Ta'meer market properties. Under the terms and conditions of this agreement, a land with a carrying amount at SR 353,067,984, buildings with a carrying amount at SR 300,760,108, investment properties under development with a carrying amount at SR 18,060,363, property, plant and equipment with a carrying value at SR 989,373, and property, plant and equipment in progress with a carrying amount at SR 300,000 (Note 4) were transferred to Dira Development Company for Real Estate Development and Investment in exchange for the issuance of shares amounting to SR 705,209,071, the necessary legal procedures for issuing the new shares are ongoing. The realized gains from the asset transfer amounted to SR 17,187,949, and the excluded gains were SR 14,843,264 (Note 9).

Investment properties include buildings constructed on land leased from the Riyadh Municipality (Atiqa Market) under a 23-year lease starting from 30 March 2011, which will be transferred to the Municipality at the end of the lease. The net book value at 31 December 2024 was SR 160 million (31 December 2023: SR 164.8 million).

The investment properties include 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 Rabi Al Awal 1412H. However, the previous owners of the lands have not submitted their claims and have not transferred the land ownership to the Company until 31 December 2024. (Note 18).

All investment properties are located in the Kingdom of Saudi Arabia.

6 INVESTMENT PROPERTIES UNDER DEVELOPMENT

	31 December 2024	*31 December 2023*
Balance at the beginning of the year	**19,888,240**	1,819,500
Additions	**83,362,838**	19,021,110
Transferred to an associate - Abraj Al-Tilal Real Estate Development Company (*)	**(50,712,185)**	-
Transferred to an associate – Dira Development Company for Real Estate Development and Investment (Note 5)	**(18,060,363)**	-
Transferred to investment properties (Note 5)	**(32,977,150)**	(952,370)
Balance at the end of the year	**1,501,380**	19,888,240

(*) The Company concluded an agreement with Riyadh Holding Company and the Saudi Real Estate Company during 2024 to build educational complexes (Misk Schools Project), pursuant to which investment properties under development were transferred at a value of SR 50,712,185.

7 RIGHT-OF-USE ASSETS AND LEASE LIABILITES

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

	31 December 2024	*31 December 2023*
Balance at the beginning of the year	**45,113,224**	49,603,946
Additions during the year (Note 12)	**9,783,538**	-
Depreciation for the year	**(4,573,507)**	(4,490,722)
Balance at the end of the year	**50,323,255**	45,113,224

(All Amounts in Saudi Riyals unless otherwise stated)

7 RIGHT OF USE ASSET AND LEASE LIABILITIES (Continued)

Lease liabilities as at 31 December are as follows:

	31 December 2024	*31 December 2023*
Non-current lease liabilities	**46,390,001**	42,077,256
Current lease liabilities	**7,794,706**	6,009,280
Total lease liabilities	**54,184,707**	48,086,536

The carrying amount of lease liabilities and changes during the year are as follows:

	31 December 2024	*31 December 2023*
Balance at the beginning of the year	**48,086,536**	51,579,247
Additions during the year (Note 12-3)	**9,783,538**	-
Paid during the year	**(6,200,000)**	(6,200,000)
Finance costs - lease liabilities	**2,514,633**	2,707,289
Balance at the end of the year	**54,184,707**	48,086,536

The following are the amounts recognized in the statement of profit or loss and other comprehensive income:

	31 December 2024	*31 December 2023*
Depreciation of right-of-use assets	**4,573,507**	4,490,722
Finance costs - lease liabilities	**2,514,633**	2,707,289
	7,088,140	7,198,011

8 INVESTMENT DESIGNATED AT FVOCI

During the year ended 31 December 2024, the Company settled an amount of SR 986,929 for the liquidation of the Saudi Hospitality Heritage Company ("Nuzul"). Additionally, the revaluation reserve for investments classified at fair value through other comprehensive income, which had been established in previous years, was transferred to retained earnings.

9 INVESTMENT IN ASSOCIATES

The summarized details of investments in associate companies are as follows:

	% of Ownership		***Balance***	
Company's name	***31 December 2024***	*31 December 2023*	***31 December 2024***	*31 December 2023*
Dira Development Company for Real Estate Development and Investment (a)	**46.34%**	-	**692,634,122**	-
Abraj Al-Tilal Real Estate Development Company (b)	**50%**	-	**50,734,712**	-
Tanal Investment and Real Estate Development Company (c)	**69.38%**	69.38%	**13,031,031**	237,264,477
Balance at the end of the year	**-**	-	**756,399,865**	237,264,477

a) Dira Development Company for Real Estate Development and Investment:

In 2024, the Company reached an agreement with Riyadh Holding Company to establish a joint venture (Dira Development Company for Real Estate Development and Investment) ("Dira") – a simplified/closed joint-stock company with a cash capital of SR 1,000,000, with 46.34% ownership for Arriyadh Development Company and 53.66% ownership for Riyadh Holding Company. Additionally, in-kind contributions were made by Arriyadh Development Company in Ta'meer market properties, with total value at SR 705,209,071, while Riyadh Holding Company contributed in Al-Muqayliah Market and Dira Markets, with total value at SR 816,605,929 in exchange of new shares issuance through a capital increase for each partner in accordance with their respective share in Dira Development Company for Real Estate Development and Investment. This was done in accordance with the asset transfer agreement signed on 1 December 2024, and the necessary legal procedures for issuing the new shares are currently being completed.

9 INVESTMENT IN ASSOCIATES (Continued)

The summarized details of investments in associate companies are as follows: (Continued)

a) Dira Development Company for Real Estate Development and Investment: (Continued)

The financial statements of Dira Development Company for Real Estate Development and Investment have not been consolidated due to the lack of control by the Company. Currently, the Company does not have majority voting rights on operational and administrative decisions. According to the agreement between the parties, the management of the Company is managed by a Board of Directors consisting of three members, where Riyadh Holding Company appoints two members, and Arriyadh Development Company appoints the third member. All administrative and operational decisions are made in accordance with the legal quorum. As a result, Arriyadh Development Company is considered to have significant influence over Dira Development Company for Real Estate Development and Investment, and the investment is accounted for using the equity method.

The financial statements for this associate are prepared in accordance with the International Financial Reporting Standards (IFRS) as endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncements endorsed by the Saudi Organization for Chartered and Professional Accountant (SOCPA). The accounting policies used in preparing the financial statements of the associate are consistent with those used by Arriyadh Development Company.

The registered office of Dira Development Company for Real Estate Development and Investment is located in Riyadh, and its financial statements are prepared in accordance with the IFRS adopted in the Kingdom of Saudi Arabia, along with other standards and pronouncements endorsed by SOCPA. The accounting policies used in preparing the financial statements of the associate are consistent with those used by Arriyadh Development Company.

b) Abraj Al-Tilal Real Estate Development Company:

In 2024, the Company reached an agreement with Riyadh Holding Company and the Saudi Real Estate Company to incorporate Abraj Al-Tilal Real Estate Development Company ("Abraj Al-Tilal") (A Limited Liability Company) with a capital of SR 100,000, where Arriyadh Development Company’s shareholding was by 50%, Riyadh Holding Company’s shareholding by 25%, and the Saudi Real Estate Company’s shareholding by 25%. This shareholding structure is in line with their respective shares in the shared property, which includes Educational Plot No. 751 of Scheme No. 3175 (with an area of 10,875.24 m²) and Educational Plot No. 752 of Scheme No. 3175 (with an area of 10,296.33 m²) located in Al-Malqa district in Riyadh. The construction of the educational complexes (a boys' complex and a girls' complex) has begun, and a lease agreement has been signed for these complexes with the Mohammed bin Salman Foundation (Misk Foundation) for a period of 25 years, starting from the academic year 2025/2026, as per the agreement signed with Misk Foundation by Arriyadh Development Company.

The financial statements of Abraj Al-Tilal Real Estate Development Company have not been consolidated due to the lack of control by the Company. The Company does not have majority voting rights on operational and administrative decisions. According to the Company’s articles of association. The management of Abraj Al-Tilal Real Estate Development Company is managed by a Board of Directors consisting of four members representing the partners, with Arriyadh Development Company appointing two directors, one of whom is either a member of Misk Foundation or an independent member; Riyadh Holding Company appointing one director; and the Saudi Real Estate Company appointing one director. For the Board of Directors meeting to be valid, three members must be present, including the Chairman of the Board, with at least one member from the Saudi Real Estate Company and one member from Riyadh Holding Company. Decisions of the Board of Directors are issued with the approval of the majority of the board members present, either in person or by proxy. The articles of association can only be amended with the approval of 75% of the partners. As a result, Arriyadh Development Company is considered to have significant influence over Abraj Al-Tilal Real Estate Development Company, and the investment is accounted for using the equity method.

The financial statements for this associate are prepared in accordance with the International Financial Reporting Standards (IFRS) as endorsed in the Kingdom of Saudi Arabia, as well as other standards and pronouncements endorsed by the Saudi Organization for Chartered and Professional Accountant (SOCPA). The accounting policies used in preparing the financial statements of the associate are consistent with those used by Arriyadh Development Company.

The registered office of Abraj Al-Tilal Real Estate Development Company is located in Riyadh. The Company's activities include the construction of buildings, various types of retail sales in non-specialized stores, real estate activities on owned or leased properties, as well as administrative services and support services.

(All Amounts in Saudi Riyals unless otherwise stated)

9 INVESTMENT IN ASSOCIATES (Continued)

The summarized details of investments in associate companies are as follows: (Continued)

c) Tanal Investment and Real Estate Development Company:
During 2019, the Company, agreed with Sumou Holding Company, to incorporate Tanal Real Estate Investment and Development Company ("Tanal") (a Limited Liability Company) with a capital of SR 100,000 with shareholding 69.38% for Arriyadh Development Company and 30.62% for Sumou Holding Company - which is The same proportions of ownership of companies 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 were 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 Development and Investment Company have not been consolidated due to the lack of control by the Company. Currently, the Company does not have majority voting rights on operational and administrative decisions. According to the articles of association, the management of Tanal is managed by a Board of Directors consisting of five directors who represent the partners. The board is formed such that the partner Sumou Holding Company appoints three directors, while the partner Arriyadh Development Company appoints two directors. The articles of association can only be amended with the unanimous approval of all partners. Accordingly, significant influence exists for the Arriyadh Development Company on Tanal Real Estate Development and Investment Company, and the investment was accounted for using the equity method.

During the second quarter of 2021, it was agreed between partners in Tanal Company 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. Thus, the percentage of ownership in 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 Tanal Real Estate Investment and Development Company was not affected due to the non-change in the voting rights referred to above in the articles of association.

The financial statements of this associate and its subsidiary are prepared in accordance with the International Financial Reporting Standards as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements endorsed by the Saudi Organization for Chartered and Professional Accountants (SOCPA). The accounting policies used in preparing the financial statements of the associate are consistent with those used by Arriyadh Development Company.

The registered office of Tanal Real Estate Development and Investment Company is located in Riyadh. The Company's activities include the management and leasing of owned or leased (residential) properties, as well as the management and leasing of owned or leased non-residential properties.

The movement of investment in associates is as follows:

	31 December 2024	*31 December 2023*
At the beginning of the year	**237,264,477**	231,347,588
Share of profits	**125,859,069**	97,498,489
Investments made during the year	**741,563,919**	-
Dividend received	**(348,287,600)**	(91,581,600)
At the end of the year	**756,399,865**	237,264,477

(All Amounts in Saudi Riyals unless otherwise stated)

9 INVESTMENT IN ASSOCIATES (Continued)

Below is the Statement of Financial Position of the associates:

As at 31 December 2024

	Dira Development Company for Real Estate Development and Investment	*Abraj Al-Tilal Real Estate Development Company*	*Tanal Investment and Real Estate Development Company*	***Total***
Current assets	49,211,612	44,941,229	20,868,597	**115,021,438**
Non-current assets	1,520,219,233	107,039,425	-	**1,627,258,658**
Current liabilities	(33,720,679)	(50,511,229)	(2,086,483)	**(86,318,391)**
Non-current liabilities	(9,000,226)	-	-	**(9,000,226)**
Equity	1,526,709,940	101,469,425	18,782,114	**1,646,961,479**
Company’s share in equity %	46.34%	50%	69.38%	
Company’s share in equity	707,477,386	50,734,712	13,031,031	**771,243,129**
Elimination of unrealized gains (Note 5)	(14,843,264)	-	-	**(14,843,264)**
The carrying amount of the investment in the associate	**692,634,122**	**50,734,712**	**13,031,031**	**756,399,865**

As at 31 December 2023

	Dira Development Company for Real Estate Development and Investment	*Abraj Al-Tilal Real Estate Development Company*	*Tanal Investment and Real Estate Development Company*	*Total*
Current assets	-	-	352,294,129	352,294,129
Non-current assets	-	-	-	-
Current liabilities	-	-	(10,315,327)	(10,315,327)
Non-current liabilities	-	-	-	-
Equity	-	-	341,978,802	341,978,802
Company’s share in equity %	-	-	69.38%	-
Company’s share in equity	-	-	237,264,477	237,264,477
The carrying amount of the Investment in the associate	-	-	237,264,477	237,264,477

(All Amounts in Saudi Riyals unless otherwise stated)

9 INVESTMENT IN ASSOCIATES (Continued)

The following is the statement of profit or loss and other comprehensive income of the associates:

As at 31 December 2024

	Dira Development Company for Real Estate Development and Investment	*Abraj Al-Tilal Real Estate Development Company*	*Tanal Investment and Real Estate Development Company*	***Total***
Revenue	10,952,205	-	414,580,280	**425,532,485**
Net profit	3,894,940	-	178,803,912	**182,698,852**
Company's % share in net profit	46.34%	50%	69.38%	**-**
Company's share in net profit	**1,804,915**	**-**	**124,054,154**	**125,859,069**

As at 31 December 2023

	Dira Development Company for Real Estate Development and Investment	*Abraj Al-Tilal Real Estate Development Company*	*Tanal Investment and Real Estate Development Company*	*Total*
Revenue	-	-	269,468,247	269,468,247
Net profit	-	-	140,528,234	140,528,234
Company's % share in net profit	-	-	69.38%	
Company's share in net profit	-	-	97,498,489	97,498,489

10 ADVANCE PAYMENTS FOR SUBSCRIPTION TO A REAL ESTATE FUND

The Company decided to participate in the "Riyadh Real Estate Development ANB Capital Fund" (the "Fund"), which is a private closed real estate investment Fund compliant with Islamic Sharia principles. The Fund was incorporated in the Kingdom of Saudi Arabia in accordance with the Investment Funds Regulation and applicable laws, and its management is entrusted to ANB Capital. The objectives of the Fund are to invest in three raw plots of lands located in the Al-Rimal and Al-Qadisiyah districts in Riyadh. This will be done through the development of infrastructure for these lands, subdividing them into residential and commercial plots, and then selling them as developed land. The Company entered into an agreement on 10 October 2024 to develop the infrastructure for the Fund's purposes. The Fund's term is four years, with extension possibility for two additional periods, each lasting one calendar year.

During December 2024, the Company paid its share in the Fund, amounting to 8.7%, through a cash contribution of SR 182,481,748.

As at 31 December 2024, the paid investment amount was classified as an advance payment, pending the completion of the procedures related to the incorporation of the Fund. The operations of the Fund officially began on 9 January 2025, after the required subscription amount (both in-kind and cash) was fully completed (Note 33).

(All Amounts in Saudi Riyals unless otherwise stated)

11 ACCOUNTS RECEIVABLE, PREPAYMENTS AND OTHER RECEIVABLE

	31 December 2024	*31 December 2023*
Accounts receivable	**88,114,015**	108,263,352
Less: Provision for expected credit loss*	**(52,197,860)**	(48,376,304)
Net accounts receivable	**35,916,155**	59,887,048
Prepaid expenses	**2,605,214**	1,613,480
Accrued revenue on Murabaha investment deposits	**2,149,250**	484,524
Employees' advances	**1,519,631**	1,507,528
Advances to suppliers and contractors	**802,594**	1,522,060
Others	**3,767,273**	3,300,117
	46,760,117	68,314,757

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

	31 December 2024	*31 December 2023*
Balance at the beginning of the year	**48,376,304**	39,872,192
Provided during the year (note 23)	**7,908,539**	12,510,445
Debt write off during the year	**(4,086,983)**	(4,006,333)
Balance at the end of the year	**52,197,860**	48,376,304

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

	Total	***1- 90 Days***	***91- 180 Days***	***181- 270 Days***	***271- 365 Days***	***More than one year***
Accounts Receivable						
2024	**88,114,015**	**22,718,689**	**10,540,524**	**4,749,801**	**5,089,061**	**45,015,940**
2023	108,263,352	33,102,582	16,108,442	3,310,450	12,896,362	42,845,516
Provision for expected credit losses						
2024	**52,197,860**	**1,196,431**	**1,679,945**	**1,106,903**	**3,198,641**	**45,015,940**
2023	48,376,304	1,134,814	1,510,010	571,379	3,478,861	41,681,240

12 RELATED PARTIES TRANSACTIONS AND BALANCES

Related party transactions and balances include transactions with associates, members of the Board of Directors (and its sub-committees), and the Company's senior management personnel. Senior management employees are those who have authority and responsibility in planning, directing, and controlling the activities of the Company, either directly or indirectly, including the directors.

(All Amounts in Saudi Riyals unless otherwise stated)

12 RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

12.1 RELATED PARTY 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 2024 and 2023, as follows:

Description	*Nature of Relationship*	*Nature of transaction*	*31 December 2024*	*31 December 2023*
Tanal Investment and Real Estate Development Company	Associate	Dividends	**348,287,600**	91,581,600
Dira Development Company for Real Estate Development and Investment	Associate	Capital deposit	**463,400**	-
Dira Development Company for Real Estate Development and Investment	Associate	Contribution with Ta'meer Market	**673,177,858**	-
Abraj Al-Tilal Real Estate Development Company	Associate	Capital deposit	**50,000**	-
Abraj Al-Tilal Real Estate Development Company	Associate	Transfer of Investment properties under development	**50,684,712**	-
Board of directors (Note 23)	Board of directors' members	Bonus and allowances	**3,178,000**	3,156,000
Senior management personnel	Key Management Personnel	Salaries, allowances and incentives	**19,719,546**	17,379,521
Senior management personnel	Key Management Personnel	End of service benefit	**1,417,053**	793,205

12.2 RELATED PARTIES' BALANCES

Due from related parties:

	31 December 2024	*31 December 2023*
Abraj Al-Tilal Real Estate Development Company	**46,299,775**	-
	46,299,775	-

Due to related parties:

	31 December 2024	*31 December 2023*
Dira Development Company for Real Estate Development and Investment	**8,323,719**	-
Abraj Al-Tilal Real Estate Development Company	**4,211,454**	-
	12,535,173	-

12.3 LEASE LIABILITIES WITH RELATED PARTIES:

In December 2024, the Company entered into a lease agreement for the office building of the General Administration from Dira Development Company for Real Estate Development and Investment ("Dira") – a related party. The lease term is 10 years, starting from 1 December 2024, with a total value of SR 13,060,605.

The following are the lease liabilities - related parties as at 31 December:

	31 December 2024	*31 December 2023*
Non-current lease liabilities	**8,010,968**	-
Current lease liabilities	**1,775,722**	-
	9,786,690	-

(All Amounts in Saudi Riyals unless otherwise stated)

13 MURABAHA INVESTMENT DEPOSITS

As at 31 December 2024, total Murabaha investment deposits amounted to SR 930 million (31 December 2023: SR 870 million), which were placed with a number of local financial institutions. The Murabaha agreements' rates ranged from 5.48% to 6.3% during the year.

Below is long or short-term Murabaha classification:

Murabaha investment deposits:

	31 December 2024	*31 December 2023*
Murabaha Deposits - Short-term	**300,000,000**	270,000,000
Murabaha Deposits - Long-term	**630,000,000**	600,000,000
	930,000,000	870,000,000

The following is a statement of the revenue collected / accrued from deposits during the year:

	31 December 2024	*31 December 2023*
Revenue from Murabaha Deposits - Long-term	**17,448,876**	300,864
Revenue from Murabaha Deposits - Short-term	**40,010,871**	37,622,124
	57,459,747	37,922,988

14 ASSETS HELD FOR SALE

On 26 October 2023, the Board of Directors of the Company adopted a resolution in which a decision was taken to sell its share in Telal Arriyadh plots land with total of 4,861 m². The sale of Telal Arriyadh plots is expected to be completed in 2025, following the completion of all legal procedures.

On 24 October 2024, the Board of Directors adopted a resolution to approve an in-kind contribution of 98,000 m² of land from the Technical Services land for a special purpose company in partnership with Afaq Modern holding Company ("Agility"). The purpose of this partnership is to develop a logistics complex. The transfer of the land's ownership and the completion of the incorporation procedures of the special purpose company are expected to be finalized within a year from the date of issuance of the 2024 financial statements. Therefore, the aforementioned land was reclassified under assets held for sale.

	31 December 2024	*31 December 2023*
Technical Services land	**20,227,954**	-
Telal Arriyadh lands	**2,247,695**	2,247,695
	22,475,649	2,247,695

(All Amounts in Saudi Riyals unless otherwise stated)

15 CAPITAL

The share capital consists of SR 1,777,777,770 fully paid, divided into 177,777,777 shares with value of SR 10 each. On 3 February 2025, the Company's extraordinary general assembly approved an increase in the Company's capital from SR 1,777,777,770 to SR 2,339,308,180 through the issuance of 56,153,041 ordinary shares for the purpose of purchasing two real estate assets owned by Remat Al-Riyadh Development Company, so that the number of new shares became 233,930,818 shares, each valued at SAR 10, following the approval decision of the Capital Market Authority on 7 January 2025, regarding the capital increase, and in February 2025, the ownership of the purchased real estate was transferred in favor of the Company, and the shares were issued in favor of Remat Al-Riyadh Development Company (Note 33).

16 STATUTORY RESERVE

According to the Company's By-laws, 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.

On 3 February 2025, the Company's General Assembly approved an amendment to the Company's by-laws to align with the new Companies' Law issued on 1 Thul-Hijjah 1443H (corresponding to 30 June 2022), which no longer requires the formation of a statutory reserve, as the paragraph regarding setting aside a percentage of the Company's net profits to form a statutory reserve for the Company was removed. The Board of Directors recommended on 25 February 2025, to transfer the statutory reserve balance of 184,701,083 Saudi Riyals, as stated in the financial statements for the year ended 31 December 2024, to retained earnings. This recommendation will be presented to the General Assembly at its upcoming meeting for voting (Note 33).

17 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 provided by these pension plans are based primarily on years of service and employee compensation. The plan funding is in line with local requirements. The obligations are subject to demographic, legal and economic risks. Economic risks are primarily attributable to unexpected developments in the commodities, capital markets and changes in the discount rate used to calculate employees' defined benefit obligations.

Key actuarial assumptions:

	31 December 2024	*31 December 2023*
Financial assumptions:		
Discount rate	**4.8%**	5.7%
Salary growth rate	**3%**	4%
Demographic assumptions:		
Retirement age	**60 Years**	60 Years
Mortality rate	**WHO-SA Age table**	WHO-SA Age table

Below is a quantitative sensitivity analysis of significant assumptions regarding employee end-of-service benefit obligations:

	Salary growth rate:		*Discount rate*	
Assumptions	*1% increase*	*1% decrease*	*1% increase*	*1% decrease*
31 December 2024	**14,389,922**	**13,423,944**	**13,436,280**	**14,386,066**
31 December 2023	12,944,655	12,066,496	12,077,233	12,941,619

(All Amounts in Saudi Riyals unless otherwise stated)

17 EMPLOYEES' DEFINED BENEFIT OBLIGATIONS (Continued)

Movement in the present value of defined benefit obligations:

	31 December 2024	*31 December 2023*
Balance at the beginning of the year	**12,404,275**	10,659,905
Finance cost	**599,866**	433,396
Current service cost	**2,879,909**	3,811,919
Actuarial gains of employees' benefit obligations	**(149,291)**	(544,946)
Paid during the year	**(1,980,303)**	(1,955,999)
Balance at the end of the year	**13,754,456**	12,404,275

18 ACCOUNT PAYBLE, ACCRUED EXPENSES AND OTHER PAYABLES

	31 December 2024	*31 December 2023*
Advance revenue	**42,020,112**	44,001,330
Payable from expropriated real estate (a)	**28,872,546**	28,872,546
Employees' accrued wages and other benefits	**25,139,357**	17,194,380
Accrued expenses	**17,337,165**	11,122,900
Insurance for others	**15,569,046**	18,550,087
Provisions (b)	**14,142,172**	14,142,172
Accruals for Car Auction	**9,941,741**	21,558,615
Litigation provision	**9,912,134**	1,396,418
Bonuses and allowances of board members & committee members	**3,366,000**	3,441,000
Securing reservation of rental units	**2,073,827**	3,868,044
Payables of Al-Shorouk land contribution (c)	**-**	84,280,797
Others	**3,814,901**	1,225,919
	172,189,001	249,654,208

a) The amount represents the payable amounts to the previous owners of the properties that were expropriated under Royal Decree No. 4 / B / 2732 dated 8 Rabi Al-Awal 1412 H who have not yet claimed their dues until 31 December 2024.

b) 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.

c) Based on the letter from the Real Estate Contributions Commission (Tasfiah) No. 2851 dated 7 Ramadan 1445H (corresponding to March 17, 2024), which referred to the issuance of the Commission's decision No. (531/7) in its five hundred and thirty-first meeting dated 11 Sha'ban 1445H (corresponding to February 21, 2024), obligating Riyadh Development Company (manager of Al- Shorouk land contribution) to pay an amount of SR 57,508,834, representing the remaining amounts due by the company. The company has paid the full amount referred to and settled the provision that had been previously established for this purpose in previous years (Note 24).

19 DIVIDENDS PAYABLE

The balance represents the amounts approved by the ordinary general assembly of the Company for previous years, which the shareholders did not receive until 31 December 2024 amounting to SR 76,387,682 (31 December 2023: SR 74,251,232).

(All Amounts in Saudi Riyals unless otherwise stated)

20 ZAKAT PROVISION

Assessment status

The Company submitted Zakat declarations and received Zakat assessments for all previous years up to 2023. During the year, the Company finalized its Zakat status for the disputed years from 2015 to 2018 and paid Zakat differences amounting to SR 6.3 million.

Movement in Zakat provision

	31 December 2024	*31 December 2023*
Balance at the beginning of the year	**26,880,429**	21,033,942
Provided during the year	**29,122,212**	20,320,238
Additional Provision	**1,081,222**	-
Balance with ZATCA from the liquidation procedures of the Saudi Heritage Hospitality Company ("Nuzul") (Note 8)	**(58,056)**	-
Paid during the year	**(20,392,176)**	(14,473,751)
Balance at the end of the year	**36,633,631**	26,880,429

Zakat base

Zakat provision is calculated based on the following:

	31 December 2024	*31 December 2023*
Shareholders' equity	**2,249,780,437**	2,200,449,677
Closing / opening provisions	**115,207,299**	59,147,386
Other additions	**106,076,714**	122,328,080
The book value of the adjusted long-term assets	**(884,196,517)**	(1,570,560,917)
Investments	**(756,399,864)**	(238,251,406)
Investments revaluation reserve	**-**	(2,813,070)
Other deductions	**-**	(89,175,737)
Adjusted net profit for the year	**296,227,338**	316,735,332
Zakat base	**1,126,695,407**	797,859,345
Zakat for the year	**29,122,212**	20,320,238

21 REVENUE

	2024	*2023*
Rental income	**227,104,811**	220,941,681
Operating income	**88,742,657**	76,884,329
Revenue from real estate development	**5,670,000**	-
Sale of lands revenue	**-**	41,359,395
	321,517,468	339,185,405

(All Amounts in Saudi Riyals unless otherwise stated)

22 COSTS OF REVENUE

	2024	*2023*
Depreciation expenses	**43,346,273**	42,033,057
Employees' salaries, wages and other benefits	**26,642,870**	24,042,553
Market and center maintenance expenses	**14,017,759**	15,742,141
Market and center cleaning expenses	**12,064,877**	13,212,986
Security and safety expenses	**9,743,437**	9,901,886
Market and center service expenses	**4,878,600**	3,986,942
Market and center event expenses	**3,645,868**	2,833,142
Franchise expenses	**2,497,172**	2,500,000
Land selling costs	**-**	3,476,607
Other expenses	**4,726,688**	5,245,537
	121,563,544	122,974,851

23 GENERAL AND ADMINISTRATIVE EXPENSES

	2024	*2023*
Employees' salaries, wages and other benefits	**46,806,096**	35,429,779
Professional and consultation fees	**21,933,943**	13,511,582
Litigation expense provision	**14,679,353**	-
Provision for expected credit losses (Note 11)	**7,908,539**	12,510,445
Board of directors' allowances and compensation (Note 12)	**3,178,000**	3,156,000
Maintenance and operation	**2,236,789**	1,263,624
Depreciation expenses	**1,149,134**	819,638
Others	**1,849,485**	2,411,884
	99,741,339	69,102,952

24 OTHER INCOME

	2024	2023
Settlement of a provision previously provided in previous years for the contribution of Al-Shorouk Land (Note 18-c)	**26,771,963**	-
Others	**1,423,199**	12,037,981
	28,195,162	12,037,981

25 CASH AND CASH EQUIVALENTS

Cash and cash equivalents include:

	2024	*2023*
Cash at banks	**40,915,578**	44,981,796
Deposits maturing within three months from the placement date	**-**	270,000,000
	40,915,578	314,981,796

Credit risk on cash at banks is limited, as the cash is held with banks with good credit ratings.

26 SEGMENT INFORMATION

The segment information is attributable to the Company's activities and business on the bases of which the Company's management used to prepare its financial information in line with financial reporting process.

The assets, liabilities and operating activities of the segments include items that are directly related to a specific segment and items that can be allocated to the different segments on a reasonable basis. Items that cannot be allocated between the segments are classified under common assets and liabilities.

the following is a summary of the segmental financial information in Saudi Riyals for the years ended 31 December 2024 and 31 December 2023 according to the nature of the activity:

	Commercial centers segment	*Public benefit segment*	*Lands, contributions, and property development segment*	*Common assets and liabilities segment*	*Total*
31 December 2024:					
Total assets	**682,121,169**	**113,727,438**	**112,964,523**	**2,000,716,119**	**2,909,529,249**
Total liabilities	**102,908,888**	**28,422,438**	**14,142,172**	**220,211,152**	**365,684,650**
31 December 2023:					
Total assets	1,412,878,033	116,230,870	135,440,173	1,127,559,800	2,792,108,876
Total liabilities	121,189,654	25,252,478	98,422,969	166,411,579	411,276,680
31 December 2024:					
Revenue	**164,069,882**	**151,777,586**	**5,670,000**	**-**	**321,517,468**
Costs of revenue	**(93,075,148)**	**(28,488,396)**	**-**	**-**	**(121,563,544)**
General and administrative expenses	**-**	**-**	**-**	**(99,741,339)**	**(99,741,339)**
Finance costs	**(2,511,481)**	**-**	**-**	**(3,152)**	**(2,514,633)**
Murabaha income				**57,459,747**	**57,459,747**
Company's share of profit of associates	**-**	**-**	**-**	**125,859,069**	**125,859,069**
Disposal gains of investment property	**-**	**-**	**-**	**17,187,949**	**17,187,949**
Other income	**-**	**-**	**-**	**28,195,162**	**28,195,162**
Net profit for the year before Zakat	**68,483,253**	**123,289,190**	**5,670,000**	**128,957,436**	**326,399,879**
Zakat	**-**	**-**	**-**	**(30,203,434)**	**(30,203,434)**
Net profit for the year	**68,483,253**	**123,289,190**	**5,670,000**	**98,754,002**	**296,196,445**
31 December 2023:					
Revenue	162,510,242	135,315,768	41,359,395	-	339,185,405
Costs of revenue	(94,450,684)	(25,047,560)	(3,476,607)	-	(122,974,851)
General and administrative expenses	-	-	-	(69,102,952)	(69,102,952)
Finance costs	(2,707,289)	-	-	-	(2,707,289)
Murabaha income	-	-	-	37,922,988	37,922,988
Company's share of profit of associates	-	-	-	97,498,489	97,498,489
Other income	-	-	11,274,109	763,872	12,037,981
Net profit for the year before Zakat	65,352,269	110,268,208	49,156,897	67,082,397	291,859,771
Zakat	-	-	-	(20,320,238)	(20,320,238)
Net profit for the year	65,352,269	110,268,208	49,156,897	46,762,159	271,539,533

The commercial centers segment represents the public transportation market, Ta'meer International Car Auction, Ta'meer market , Atiqa market, Meat market, Riyadh market, the office tower, and the leased land of Al-Aziziyah. The public benefit segment represents the wholesale center for vegetables and fruits. The lands, contributions and property development segment represents the Company's projects represented by the sale of developed lands and real estate development. The common assets and liabilities segments represent all items that do not fall under any of the specific segments.

(All Amounts in Saudi Riyals unless otherwise stated)

27 FAIR VALUE MEASUREMENT

The following table shows the fair value measurement hierarchy of the Company's financial assets and financial liabilities as at 31 December 2024 and 31 December 2023:

As at 31 December 2024	***Carrying value***	***Level 1***	***Level 2***	***Level 3***	***Fair Value***
Investments designated at FVOCI	-	-	-	-	-
	-	-	-	-	-
As at 31 December 2023					
Investments designated at FVOCI	986,929	-	-	986,929	986,929
	986,929	-	-	986,929	986,929

The management concluded that the fair value of cash and cash equivalents, trade receivables, trade payables and other current liabilities approximate their book value due to the short maturity of these instruments.

28 RISK MANAGEMENT POLICIES AND OBJECTIVES

The Company's principal financial liabilities consist of lease obligations, trade payables, accruals, amounts due from related parties, and other liabilities. The Company's principal financial assets include trade and other receivables, cash and cash equivalents, and amounts due from related parties arising directly from its operations.

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

- Market risk
- Commission rate risk
- Foreign currency risk
- Credit risk
- Liquidity risk

The Company's overall risk management program focuses on liquidity management in addition to monitoring various market related changes; thus, constantly seeks to reduce potential negative impacts 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 of the potential impact of changes in market prices such as foreign exchange rates, profit rates and stock prices on the Company's revenue or the value of its financial instruments. Market risk management aims at managing and controlling risk exposure within acceptable limits while achieving best returns.

(All Amounts in Saudi Riyals unless otherwise stated)

28 RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Commission rate risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Management believes that the financial instruments on the statement of financial position are not subject to commission 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 is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading 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 represent the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	31 December 2024	*31 December 2023*
Murabaha investment deposits*	**930,000,000**	870,000,000
Due from related parties	**46,299,775**	-
Cash at banks	**40,915,578**	44,981,796
Accounts receivables, net	**35,916,155**	59,887,048
Investments designated at FVOCI	**-**	986,929
	1,053,131,508	975,855,773

*As at 31 December 2024, the Company has Murabaha investment deposits amounting to SR 930 million (31 December 2023: SR 870 million) with several local financial institutions, representing approximately 32% of the Company's assets as at 31 December 2024 (31 December 2023: 31%).

Cash at banks, Murabaha investment deposits, and accounts receivable are accounted for at amortized cost.

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

Liquidity risk is managed through monitoring such risks on a regular basis to assure sufficient funds are available to meet the Company’s future obligations.

(All Amounts in Saudi Riyals unless otherwise stated)

28 RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

The table below outlines the remaining contractual maturity dates of the Company's financial liabilities and the agreed-upon repayment periods. The table has been prepared based on the undiscounted cash flows of financial liabilities.

As at 31 December 2024	***Carrying value***	***1 year or less***	***More than one year and less than five years***	***More than five years***
Accounts payable, accrued expenses and other payables	**172,189,001**	**172,189,001**	**-**	**-**
Due to related parties	**12,535,173**	**12,535,173**	**-**	**-**
Lease liabilities	**68,860,605**	**8,022,410**	**30,449,467**	**30,388,728**
Dividends payable	**76,387,682**	**76,387,682**	**-**	**-**
Zakat provision	**36,633,631**	**36,633,631**	**-**	**-**
	366,606,092	**305,767,897**	**30,449,467**	**30,388,728**

As at 31 December 2023	*Carrying value*	*1 year or less*	*More than one year and less than five years*	*More than five years*
Accounts payable, accrued expenses and other payables	249,654,208	249,654,208	-	-
Lease liabilities	62,000,000	6,200,000	24,800,000	31,000,000
Dividends payable	74,251,232	74,251,232	-	-
Zakat provision	26,880,429	26,880,429	-	-
	412,785,869	356,985,869	24,800,000	31,000,000

29 CAPITAL MANAGEMENT

The Company manages its capital to ensure that the Company continues as a going concern and gains maximum returns through optimal debt and shareholders' equity.

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

30 DIVIDENDS

The Board of Directors recommended on 26 Sha'ban 1446H (corresponding to 25 February 2025) distributing cash dividends to shareholders for the second half of 2024 at a rate of 25 halalas per share (233,930,818 ordinary shares) (Note 15) amounting to a total of SR 58,482,704. This recommendation will be presented to the General Assembly at its upcoming meeting for voting.

On 3 Rabi’ al-Awwal 1446H (corresponding to 1 September 2024), the Company's General Assembly approved the Board's decision to distribute dividends for the first half of 2024 at a rate of 25 halalas per share, amounting to a total of SR 44,444,444.

On 14 Shawwal 1445H (corresponding to 23 April 2024), the Company's General Assembly approved the Board's decision to distribute dividends for the second half of 2023 at a rate of 50 halalas per share, amounting to a total of SR 88,888,888.

31 COMMITMENTS AND CONTIGENCIES

The Company has contingent liabilities from time to time relating to certain disputed matters, including claims from and against contractors, litigation and arbitration proceedings involving a variety of cases. These contingencies arise in the ordinary course of business. No significant additional liabilities are expected to be incurred from these potential claims.

32 EARNINGS PER SHARE

Basic earnings per share for the year ended 31 December 2024 and the year ended 31 December 2023 are calculated by dividing the net profit of the main business and the net profit for the year by the weighted average number of shares outstanding during the year, amounting to 177,777,777 shares.

Diluted earnings per share for the years ended 31 December 2024 and the year ended 31 December 2023 are calculated by dividing net profit for the year by the weighted average number of shares outstanding during the year and adjusted according to the effect of potential dilution of common shares. Since there is no obligation that can be converted into equity instruments, diluted earnings per share does not differ from basic earnings per share.

33 SUBSEQUENT T EVENTS

Aside from the subsequent events which were disclosed in Notes (15), (16) and (10), there were no other significant subsequent events after 31 December 2024, up to the date the financial statements approval by the Board of Directors, which could have a material impact on the financial statements as at 31 December 2024.

34 COMPARATIVE FIGURES

Some comparative figures for the previous year have been reclassified to align with the current year’s classification. However, there are no other material reclassifications that require disclosure.

35 APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Board of Directors on 26 Sha’ban 1446H (corresponding to 25 February 2025).