SUMOU REAL ESTATE COMPANY
Saudi Joint Stock Company

Kingdom of Saudi Arabia

FINANCIAL STATEMENTS
For the year ended December 31, 2020
with
INDEPENDENT AUDITOR'S REPORT

SUMOU REAL ESTATE COMPANY

Saudi Joint Stock Company

SAUDI ARABIA

INDEX

INDEPENDENT AUDITOR'S REPORT

82263

The shareholders
Sumou Real Estate Company
Saudi Joint Stock Company
Kingdom of Saudi Arabia

Report on the audit of financial statements

Opinion

We have audited the accompanying financial statements of **Sumou Real Estate Company – A Saudi Joint Stock Company**, which comprise of the statement of financial position as at December 31, 2020, the statement of income, statement of comprehensive income, statement of changes in shareholders' equity, and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects the financial position of the company as of 31st of December 2020, its financial performance and cash flow for the year then ended, in accordance with International Financial Reporting Standards (IFRS) adopted in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Certified Public Accountants (SOCPA).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) applicable 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 ethical requirements that are relevant to our audit of the financial statements in the Kingdom of Saudi Arabia, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance during our audit of the financial statements for the year ending in December 31, 2020. 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 matters is provided in that context.

Key audit matter	How our audit addressed the Key audit matter
1) Investment in a real estate project, investment properties and real estate held for sale	
As at December 31, 2020, the book value of the investment in a real estate project, investment properties and real estate held for sale amounted to SAR 246,751,167 (December 31, 2019 amounted to SAR 329,086,828), and the fair value was SAR 259,855,250 (December 31. 2019, an amount of SAR 343,384,137). Investments in a real estate project, investment properties and real estate held for sale are stated at cost. The fair value of the investment in a real estate project, investment properties and real estate held for sale are disclosed in the notes to the financial statements numbers (8, 9, 10).	**Our audit procedures include the following:** Understanding the valuation methods, in terms of understanding the assumptions and methodologies used in evaluating investment properties and the market evidence used by the external independent valuer to support his assumptions. We also obtained an understanding of the participation of the company's management in the evaluation process in order to assess whether appropriate supervision has occurred.

Key audit matter	How our audit addressed the Key audit matter
The company uses valuation reports from an independent valuer appointed by management to estimate the fair value of the real estate properties as of December 31, 2020. This matter was considered as a key audit matter as estimating fair value for the purposes of financial statement disclosures requires significant assumptions and judgments that may lead to material misstatements in the financial statement disclosures. The company owns shares in plots of land, investment properties and real estate held for sale consisting of plots of land all located in the Kingdom of Saudi Arabia For the purposes of determining whether these items have impairments in value, an assessment of the fair value of these items is performed at each reporting period by external evaluation bodies. We have focused on this topic as the evaluation process involves important judgments in determining the appropriate valuation methodology to be used, and the significant estimates that must be made. The results of the valuations are highly sensitive to the estimates made, for example the discount rate, the price of similar plots, real estate appraisals and discounted cash flows. The valuation assembled by the external valuer indicates that the valuation of the investment in the real estate project, the investment properties and the real estate held for sale as on December 31, 2020 was greater than the cost when performing the valuation. The valuer used the market approach and the residual value approach.	- Evaluating the valuer's certificates and licenses, assessing the extent of his independence from the company, his professional qualifications, specializations, and experiences, and confirming that the valuer is accredited by the Saudi Authority for Accredited Valuer. - Evaluating the adequacy of the valuer disclosures regarding the value judgments related to the valuation of the investment properties.

2) Revenue recognition Revenue recognition was considered as one of the key audit matters due to the risk of errors occurring when recording and recognizing revenues. The company focuses on revenue as a key indicator of its performance. Disclosures relating to revenues are included in the notes to the financial statements numbers 4/18 and 20	Our audit procedures included among other matters: • Evaluation of the appropriateness of the revenue recognition policies in accordance with relevant International Financial Reporting Standards in view of the company's operations and its contracts. • Test the design and implementation of relevant internal controls regarding revenue recognition. • Apply analytical review procedures and test sample of the revenues to verify the proper application of revenue recognition procedures.

3) Zakat provision	
• Calculation of the zakat provision for the year and the zakat provision for the unaudited years by the General Authority for Zakat and Income includes estimates of substantial amounts at the level of the financial statements as a whole. The company also has extensive operations within its normal business, which makes judgments and estimates with regard to Zakat a key issue. The company has finalized the zakat status up to of the financial year ending on December 31, 2019, where the company submitted its zakat returns for the years December 31, 2010 until December 31, 2019 and paid zakat due according to the zakat returns amounting to SR. 15,105,196. The Company has an appeal pending with the General Secretariat of Tax Committees for the years 2010 to 2018 for an amount of SR 35,555,676. • The accounting policies related to zakat are described in note (4.13) and information about zakat components is provided in note (15/b/1) to the accompanying financial statements.	**Audit procedures followed included the following:** • Obtaining an understanding of the nature of risks related to computing the Zakat provision and its adequacy. • Evaluating the calculation of zakat provision and the zakat status for the years that are still under appeal with the General Secretariat of the Tax Committees and reviewing that assessment based on the opinion of a Zakat expert. • Evaluating the appropriateness and adequacy of the disclosures about them in the financial statements.

Other information
Management is responsible for the other information. Other information includes the information contained in the annual report, but it does not include the financial statements and our report on them. It is expected that the annual report will be available to us after the date of this report.

Our opinion on the financial statements does not cover the other information, and we do not express any sort of assurance conclusions for that matter.

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

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

Responsibilities of Management and Those Charged with Governance for the Financial Statements
Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRS) approved in Saudi Arabia as well as other standards and other publications issued by SOCPA, companies regulations and company's by laws and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance (board of director) 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 ISAs applicable in Saudi Arabia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs applicable in 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 for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain 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, then we are required to draw attention in our auditors' 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 auditors' 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 underlying transactions and events in a matter 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 safeguards.

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

Report on Other Legal and Regulatory Requirements

Article (135) of the Regulations for Companies in Saudi Arabia requires the auditor to include in his report the contraventions to the Regulations for Companies or the Company's by laws that come to his attention. During our current audit, no contraventions to the Regulations for Companies or the Company's by laws came to our knowledge.

For Talal Abu Ghazaleh & Co.

Abdulqadir A. Al-Wohaib
(License No. 48)
February 28, 2021
16 Rajab 1442H

طلال أبوغزاله وشركاه
محاسبون قانونيون
ترخيص ٨١
C.R. 2051058782 س.ت
Lic. 81
Public Accountants
TALAL ABU-GHAZALEH & CO.

SUMOU REAL ESTATE COMPANY
Saudi Joint Stock Company
Saudi Arabia
STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2020

EXHIBIT "A"

	Note	2020	2019
ASSETS		SR.	SR.
Current assets			
Cash and bank balances	(5)	7,635,012	6,773,820
Accounts Receivable	(6)	11,308,855	8,764,554
Prepayments & other receivable	(7)	5,795,991	5,219,392
Real estate held for sale	(8)	12,390,644	16,030,716
Total current assets		37,130,502	36,788,482
Non-current assets			
Investment real estate under development	(9)	60,220,776	60,220,776
Investments in real estate project under development	(10)	174,139,747	252,835,336
Investments in associated company	(11)	286,137,718	218,114,438
Properties and equipment	(12)	808,686	1,123,175
Total non-current assets		521,306,927	532,293,725
Total assets		558,437,429	569,082,207
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Long term loan-current portion	(1/13), (29)	110,000,000	20,000,000
Accounts payable	(14)	9,020,711	---
Accruals	(15/a)	3,653,644	2,969,377
Zakat provision	(15/b)	1,853,524	1,806,645
Total current liabilities		124,527,879	24,776,022
Non-current liabilities			
Long term loan- non-current portion	(1/13), (29)	---	120,000,000
Other accounts payable	(16)	15,318,750	44,293,581
Due to related party	(17)	14,579,205	---
Long term employee benefits obligations	(23)	2,895,180	2,077,633
Total non-current liabilities		32,793,135	166,371,214
Total liabilities		157,321,014	191,147,236
Shareholders' equity			
Capital	(18)	250,000,000	250,000,000
Statutory reserve	(19)	27,353,971	20,215,848
Retained earnings		138,418,724	111,675,621
Other reserves		(14,656,280)	(3,956,498)
Net shareholders' equity – Exhibit "D"		401,116,415	377,934,971
Total liabilities and net shareholders' equity		558,437,429	569,082,207

Chief Financial Officer | Chief Executive Officer | Deputy Chairman of the Board

The accompanying notes from (1) to (30) constitute an integral part of these financial statements.

SUMOU REAL ESTATE COMPANY
Saudi Joint Stock Company
Saudi Arabia
STATEMENT OF INCOME
FOR THE YEAR ENDED DECEMBER 31, 2020

EXHIBIT "B"

	Note	2020 SR.	2019 SR.
Revenues	(20)	97,158,599	179,985,634
Cost of revenues	(21)	(5,063,980)	(82,934,668)
Gross profit for the year		92,094,619	97,050,966
General, administrative & selling expenses	(22)	(12,072,501)	(13,553,950)
Income from operating activities		80,022,118	83,497,016
Financial cost	(13/2)	(7,406,596)	(11,306,557)
Share of loss from investments in associated company	(11)	(345,449)	(591,251)
Other Income		964,677	16,000
Income for the year before zakat provision		73,234,750	71,615,208
Zakat provision	(15/b)	(1,853,524)	(1,817,195)
Income for the year- Exhibit "c"		71,381,226	69,798,013
Basic and diluted earning per share from net profit for the year	(25)	2.86	2.79

Chief Financial Officer | Chief Executive Officer | Deputy Chairman of the Board

The accompanying notes from (1) to (30) constitute an integral part of these financial statements.

SUMOU REAL ESTATE COMPANY
Saudi Joint Stock Company
Saudi Arabia
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2020

EXHIBIT "C"

	Note	2020	2019
		SR.	SR.
Income for the year – Exhibit "B"		**71,381,226**	69,798,013
Other Comprehensive income:			
Items that will not be subsequently reclassified to profit and loss:			
Actuarial (loss) /gains for the year		**(372,922)**	72,945
Unrealized (Loss) from investments in mutual funds in associated company		**(10,326,860)**	(9,516,991)
Total other comprehensive (loss)		**(10,699,782)**	(9,444,046)
Total comprehensive income – Exhibit "D"		**60,681,444**	60,353,967

The accompanying notes from (1) to (30) constitute an integral part of these financial statements

SUMOU REAL ESTATE COMPANY
Saudi Joint Stock Company
Saudi Arabia
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2020

EXHIBIT "D"

	Capital	Statutory reserve	Retained earnings	Other reserves	Total shareholders' equity
	SR.	SR.	SR.	SR.	SR.
Balance at 1.1.2019	250,000,000	13,236,047	54,822,414	5,487,548	323,546,009
Prior year's adjustment	---	---	(965,005)	---	(965,005)
Balance after adjustment at 1/1/2019	250,000,000	13,236,047	53,857,409	5,487,548	322,581,004
Income for the year– Exhibit "B"	---	---	69,798,013	---	69,798,013
Other comprehensive (loss) Exhibit "C"	---	---	---	(9,444,046)	(9,444,046)
Total comprehensive income – Exhibit "C"	---	---	69,798,013	(9,444,046)	60,353,967
Dividend distribution	---	---	(5,000,000)	---	(5,000,000)
Transferred to statutory reserve	---	6,979,801	(6,979,801)	---	---
Balance at 31.12.2019 - Exhibit "A"	250,000,000	20,215,848	111,675,621	(3,956,498)	377,934,971
Income for the year – Exhibit "B"	---	---	71,381,226	---	71,381,226
Other comprehensive (loss) – Exhibit "C"	---	---	---	**(10,699,782)**	**(10,699,782)**
Total comprehensive income – Exhibit "C"	---	---	**71,381,226**	**(10,699,782)**	**60,681,444**
Dividend distribution	---	---	**(37,500,000)**	---	**(37,500,000)**
Transferred to statutory reserve	---	**7,138,123**	**(7,138,123)**	---	---
Balance at 31.12.2020 – Exhibit "A"	**250,000,000**	**27,353,971**	**138,418,724**	**(14,656,280)**	**401,116,415**

- The ordinary general assembly decided in the meeting held on 30/6/2020 to approve the board of directors recommendation to distribute profits to shareholders for the results year of 2019 by (1) SR for every share with total profits distributed of twenty five million SR by 10% from the capital to be paid to the shareholders who own shares on the day of the general assembly and are registered in the register on the company shareholders at the deposit center at the end of the second day of trading following the due date.

- The ordinary general assembly decided in the meeting held on 16/8/2020 to approve the board of directors recommendation of the board of the director to distribute profits to shareholders for the interim results year of 2020 by (50 halala) only fifty halala for every share with total profits distributed of twelve million five hundred thousand SR by 5% from the capital to be paid to the shareholders who own shares on the day of the general assembly and are registered in the register on the company shareholders on 15 November 2020 and cash distributed will be on 29 November 2020.

The accompanying notes from (1) to (30) constitute an integral part of these financial statements.

SUMOU REAL ESTATE COMPANY
Saudi Joint Stock Company
Saudi Arabia
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020

EXHIBIT "E"

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES	SR.	SR.
Income for the year before zakat	73,234,750	71,615,208
Adjustments for:		
Depreciation of property and equipment	314,489	662,636
Share of loss in an associate	345,449	591,251
Gain on sale of property and equipment	---	(16,000)
Long term employee benefits obligations	560,770	481,317
Changes in operating assets & liabilities:		
Accounts receivable	(2,544,301)	5,142,939
Prepayments & other receivable	(576,599)	14,266,834
Account payable	9,020,711	(15,789,775)
Other accounts payable	(28,974,831)	(14,221,887)
Accruals	684,267	1,774,678
Due to related party	14,579,205	(965,005)
Cash generated from operation	66,643,910	63,542,196
Zakat Paid	(1,806,645)	(1,777,218)
Employee benefits obligations paid	(116,145)	(366,035)
Net cash provided by operating activities	64,721,120	61,398,943
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from real estate held for sale	3,640,072	---
Proceeds from sale of property and equipment	---	16,000
Additions to investments in real estate project under development	---	(27,835,336)
Net cash provided by/ (used in) investing activities	3,640,072	(27,819,336)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on loans during the year	(30,000,000)	(30,000,000)
Dividends Distribution	(37,500,000)	(5,000,000)
Net cash (used in) financing activities	(67,500,000)	(35,000,000)
Net Increase/ (decrease) in cash and bank balances during the year	861,192	(1,420,393)
Cash and bank balances at the beginning of the year	6,773,820	8,194,213
Cash and bank balances at the end of the year – Exhibit "A"	7,635,012	6,773,820
Deduct:		
Restricted bank balance	(6,251,491)	(6,251,501)
Cash and bank balances – Note 5/1	1,383,521	522,319
Other non-cash transactions:		
Transferred from real estate investments to real estate held for sale	---	16,030,716
Transferred shares from investment in real estate to investment in associated companies	78,695,589	---

The accompanying notes from (1) to (30) constitute an integral part of these financial statements.

1. ORGANISATION AND PRINCIPAL ACTIVITIES

Sumou Real Estate Company is a Saudi Joint Stock company operating under CR# 2051034841 dated 3 Jumada II 1428H (corresponding to June 18, 2007) issued at Khobar, Kingdom of Saudi Arabia.

The principal activities of the Company are the following:

- Development, management and maintenance of real estate. (For residential compounds and non-residential buildings, such as educational centers, hospitals, hotels, etc.)
- Purchase of land and construction of building thereon for sale or rental for the benefit of the Company. (Non-Saudi are not allowed to participate in real estate activities in Makkah and Medina)
- General building contracts (construction, repair renovation and demolition) for residential compounds, commercial centers, educational and entertainment, health and sports facilities in addition to hotels and restaurants.

These financial statements include the financial information arising from the business activities of the following branches of the company:

Sub CR No.	Location and registration
1010261561	Riyadh
4030189816	Jeddah

The company is located at the following address:

Prince Turki Street
P.O. Box 250
Al-Khobar 31952
Kingdom of Saudi Arabia.

On 7/4/1441H corresponding to 4/12/2019, the Capital Market Authority announced the issuance of the Authority's Board's decision approving the request of Sumou Real Estate Company "The Company" to offer (7,500,000) shares representing (30%) of its shares in the Secondary market. The offering will be limited to the categories of eligible investors mentioned in the regulations and rules of the Capital Market Authority, and the prospectus will be published sufficiently in advance of the launch date.

And the Capital Market Authority decided on date 5/9/1441 H corresponding 28/4/2020 to approve the company request to reduce the number of shares to be put on the secondary market to (1,250,000) share represent (5%) from the company capital. And on date 8/9/1441 H corresponding 11/5/2020 is inserted and started trading on behalf the company in the secondary market (Numo).

2. BASIS OF PREPRATION

2.1 *Statement of compliance with IFRS*

These financial statements have been prepared for the fiscal year ending on December 31, 2020 in accordance with the International Financial Reporting Standards endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements approved by the Saudi Organization for Certified Public Accountants.

Wherever the term "international financial reporting standards" appears in these notes, it refers to "international financial reporting standards adopted in the Kingdom of Saudi Arabia and other standards and issuances approved by the Saudi Organization for Certified Public Accountants".

The approved international standards are the international standards as issued by the International Council in addition to the requirements and disclosures that SOCPA added to some of these standards, according to what was mentioned in the document of approval of the international financial reporting standards. Standards and other publications are those standards and technical opinions of the Saudi Organization for Certified Public Accountants for topics not covered by international standards such as the subject of Zakat.

2.2 *Basis of measurement*

The financial statements have been prepared on a historical cost basis and accrual basis, unless otherwise noted

2.3 *Measuring fair value of financial instruments*

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. Within definition of fair value there is an assumption that the company is going concern since there is no intention or condition to materially reduce its operation or conduct a transaction on negative terms.

A financial instrument is considered listed on an active market if the quoted prices are easily and regularly available from a foreign exchange dealer, broker, industrial group, pricing services or a regulatory body and these prices represent market transaction that occurred effectively and regularly on a commercial basis.

When measuring fair value, the company uses observable market information whenever possible. Fair values are classified into different levels in the fair value hierarchy based on the inputs used in the valuation methods as follows:
Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
Level 3 inputs are unobservable inputs for the asset or liability.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in conformity with IFRS requires the use of management's judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, expenses and disclosures, at a reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

These estimates and assumptions are based upon experience and various other factors that are believed to be reasonable under the circumstances and are used to judge the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised or in the revision period and future periods if the changed estimates affect both current and future periods.

The key judgments estimate and assumptions that have a significant impact on the financial statements of the Company are discussed below:

Judgements

Satisfaction of performance obligations

The Company is required to assess each of its contracts with customers to determine whether performance obligations are satisfied over time or at a point in time in order to determine the appropriate method of recognizing revenue. The Company has assessed that based on the buying and selling agreements entered into with customers and the provisions of relevant laws and regulations. For contracts to provide real estate assets to clients, the Company does not create an asset with an alternative use to the Company and usually has an enforceable right to payment for performance completed to date. Based on this, the Company recognizes revenue over time. Where this is not the case, revenue is recognized at a point in time.

The Company has elected to apply the input method in allocating the transaction price to performance obligation where revenue is recognized over time. The Company considers that the use of the input method, which requires revenue recognition based on the Company's efforts to the satisfaction of the performance obligation, provides the best reference of revenue actually earned. In applying the input method, the Company uses the estimates of cost to complete the underlying real estate development in order to determine the amount of the project revenue to be recognized.

Classification of investment properties

The Company determines whether a property qualifies as an investment property in accordance with IAS 40 Investment Property. In making its judgment, the Company considers whether the property generates cash flows largely independent of the other assets held by the Company. The Company has determined that its share in real estate projects where its only involvement is the supervision of real estate development activities is an investment property as it not responsible for selling developed residential units.

Estimations and assumptions

Defined benefit plans

The cost of the defined benefit plan and the present value of the obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and employees' turnover rate. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. The most sensitive parameters are discount rate and future salary increases. In determining the appropriate discount rate, management considers the market yield on high quality corporate bonds. Future salary increases are based on expected future inflation rates, seniority, promotion, demand and supply in the employment market. The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at intervals in response to demographic changes. Further details about employee benefits obligations are provided in note (23).

Impairment in trade receivables and contract assets

The Company assesses receivables and contract assets that are individually significant and those assets that are included in a group of such assets with similar credit risk characteristics for impairment. Receivables and contract assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment. This assessment of impairment requires judgment. In making this judgment, the Company evaluates credit risk characteristics that consider past-due status and other loss event factors being indicative of the ability to pay all amounts due as per contractual terms. An estimate of the collectible amount of trade receivables and contract assets is made when collection of the full amount is no longer probable. The Company follows an expected credit loss model for the impairment of trade receivables, contract assets and other financial assets.

Useful lives of property and equipment and investment properties

The Company's management determines the estimated useful lives of its property and equipment and investment properties for calculating depreciation. This estimate is determined after considering the expected usage of the asset or physical wear and tear. The management periodically reviews estimated useful lives and the depreciation method to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from these assets.

Cost to complete the projects

The Company uses estimates of cost to complete the projects in order to determine the cost attributable to project revenue being recognized. These estimates include, amongst other items, the construction costs, variation orders and the cost of meeting other contractual obligations to the customers of the underlying real estate development projects. Such estimates are reviewed at regular intervals. Any subsequent changes in the estimated cost to complete may affect the results of the subsequent periods.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 The accounting policies used in the preparation of these financial statements are consistent with those used in the preparation of the annual financial statements for the year ended December 31, 2019.

4.2 New and revised international financial reporting standards issued

A. During the year, the company adopted the following international standards in effect of 1 January 2020 which had no material impact on the financial statement of the company:

Standard or Interpretation No.	Description	Effective date
Definition of materiality - Amendments to IAS (1) and IAS (8)	The amendments provide clarifications for the definition of materiality, where the information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific financial reporting entity. The amendments clarify that materiality depends on the nature of the information, its magnitude, or both. Information error is a significant matter if it is reasonably expected to influence the decisions made by the primary users.	January 1, 2020
Definition of a Business (Amendments to IFRS 3)	The amendments clarify that a business is considered a business if it includes at a minimum, an input and a substantive process that together significantly contribute to the ability of creating outputs, and it also clarifies that a business can exist without including all of the inputs and processes needed to create outputs.	January 1, 2020
Conceptual Framework for Financial Reporting (Revised)	The conceptual framework includes definitions on which all the requirements of IFRSs are based (definition of asset, liability, income, expense, objectives of general purpose financial statements ...). The revised framework improves these definitions.	January 1, 2020
Interest Rate Benchmark Reform Phase 1 (Amendments to IFRS 9, IAS 39 and IFRS 7)	These amendments provide some exemptions related to the standard reform of the interbank offered interest reference rate. The exemptions relate to hedge accounting. The reformulation of the interbank interest reference rate should not generally cause the discontinuance of hedge accounting.	January 1, 2020

Standard or Interpretation No.	Description	Effective date
Covid-19-Related Rent Concessions (Amendment to IFRS 16)	IFRS 16 has been amended to address rental concessions for lessees resulting from the COVID-19 epidemic, which meet the following characteristics: A. Change in lease payments leads to an amendment in the lease contract that is substantially the same or less than the lease consideration immediately preceding the change. B. The reduction is the rent payments so that it only affects the payments due on or before June 30, 2021. C. There is no material change in the other terms and conditions of the lease.	June 1, 2020

B. Standards and interpretation issued but no yet effective:

The company has not implemented any of the new and revised standards issued That have not yet become effective and the company does not expected to have an impact on the future periods.

Standard or Interpretation No.	Description	Effective date
Interest Rate Benchmark Reform Phase 2 (Amendments to IFRS 9, IFRS 7, IFRS 4, IFRS 16 and IAS 39)	The amendments provide temporary exemptions that address the effects of financial reporting when an Interbank Offered Rate (IBOR) is exchanged for a Risk-Free Alternative Interest Rate (RFR). Amendments include a practical expedient requiring contractual changes or changes in cash flows, which is necessary as a direct consequence of interest rate benchmark reform, to be dealt with as variables in the variable interest rate, equivalent to the movement in the interest rate in the market. Allowing the use of this practical expedient is provided with the condition that the transfer from IBOR to (RFR) takes place on an economically equivalent basis without the occurrence of value transfer.	January 1, 2021, or after
Annual improvements to IFRS 2018-2020 (amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41)	*IFRS 1 amendments, First-time Adoption of International Financial Reporting Standards* An extension of the optional exemption that allows the subsidiary which becomes an adopter of the IFRS for the first time after the parent company to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to IFRS Standards. Similar election is available for the associate and joint venture. *IFRS 9 amendments, Financial Instruments* The amendments clarify the fees an entity includes when it applies the '10 per cent' test in assessing whether to de-recognize a financial liability. *IFRS 16 amendments, Leases* The amendment to Illustrative Example 13 accompanying IFRS 16 removes from the example the illustration of the reimbursement of leasehold improvements. *IAS 41 amendments, Agriculture* The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.	January 1, 2022, or after

Standard or Interpretation No.	Description	Effective date
IFRS 3 amendments, Business Combinations - Reference to the Conceptual Framework	The amendments aim to update the reference to the conceptual framework without changing the accounting requirements of IFRS 3 Business Combinations.	January 1, 2022, or after
IAS 16 amendments, property, plant and equipment - proceeds before intended use	Amends the standard to prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss.	January 1, 2022, or after
IAS 37 amendments, Provisions, Contingent Assets and Liabilities – Onerous Contracts - Cost of Fulfilling a Contract	Amending the standard regarding costs a company should include as the cost of fulfilling a contract when assessing whether a contract will produce a loss.	January 1, 2022, or after
IFRS 17, Insurance Contracts	IFRS 17 supersedes IFRS 4, the new standard requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts.	January 1, 2023, or after
IAS 1 amendments, Presentation of Financial Statements	• Clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period. • Specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability. • Explain that rights are in existence if covenants are complied with at the end of the reporting period. • Introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services. • Are applied retrospectively.	January 1, 2023, or after
IFRS 10 and IAS 28 amendments — Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	The amendments address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28, in dealing with the sale or contribution of assets between an investor and its associate or joint venture.	Indefinite effective date

4.3 Foreign currency

A) Functional and presentation currency

Items included in the financial statements of the Company are measured in the currency of the primary economic environment in which the Company operates (functional currency). The financial statements are presented in Saudi Riyals, which is the functional and presentation currency of the Company.

B) Transactions and balances

Transactions are translated into Saudi Riyals using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies other than Saudi Riyals are recognized using the exchange rates prevailing at the yearend in the statement of profit or loss.
Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the date of the transactions.

4.4 Cash and bank balances

For the purpose of cash flow statement, cash and cash equivalents comprise cash and balances with banks with less than three months' maturity from the date of acquisition that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

4.5 Trade and other receivables:

Trade and other receivables are non-derivative financial assets with fixed or determinable payments. Trade receivables are recognized initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognized at fair value. The Company holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortized cost using the effective interest method. The carrying amount of these receivables is reduced through the use of an allowance account, and the amount of the loss is recognized in the statement of comprehensive income.

Trade receivables from provision of project management services and other similar receivables are subject to the expected credit loss model. The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for these receivables.

These receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Company, and a failure to make contractual payments for a period of greater than 120 days past due. Impairment losses on these receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

4.6 Investment properties

Investment properties include property held for the purpose of achieving an increase in its value or for rental income, or both, and are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Real estate investments also include property that is created or developed for future use as investment properties. . In addition, land, if any, held for unspecified use is classified as investment property and is not depreciated. Upon the commencement of development of investment properties, they are classified as "assets under construction" until completion of the development process. They are then transferred to the relevant category and depreciated using the straight-line method at rates calculated to reduce the cost of the asset to its estimated residual value over its useful lives. 4 years to 25 years. The fair value of these investment properties is disclosed in the notes.

4.7 Investment in associated company

Associates are all entities over which the Company has significant influence but not control or joint control. This is generally the case where the group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting after initially being recognized at cost.

Under the equity method of accounting, the investments are initially recognized at cost and adjusted thereafter to recognize the Company's share of the post-acquisition profits or losses of the investee in profit or loss, and the Company's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates are recognized as a reduction in the carrying amount of the investment. When the Company's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Company does not recognize further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealized gains on transactions between the Company and its associates are eliminated to the extent of the Company's interest in these entities. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Company. The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in note 4.9 below.

4.8 Property and equipment

Property and equipment are stated at historical cost less accumulated depreciation and impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Property and equipment are depreciated on a straight-line basis over their expected useful lives. The depreciation rates are summarized as follows:

	Percentage
1. Leasehold improvement	10% -33%
2. Office equipment	33.33%
3. Furniture and fixtures	25%
4. Vehicles	20%

Assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss. When revalued assets are sold, it is group policy to transfer any amounts included in other reserves in respect of those assets to retained earnings.

4.9 Impairment of non-financial assets

Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date. If an impairment loss subsequently reverses, the carrying amount of the asset (or CGU) is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognized for the asset (CGU) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

4.10 Accounts payable and other payables:

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial period which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method.

4.11 Borrowings

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any noncash assets transferred or liabilities assumed, is recognized in profit or loss as other income or finance costs.

4/12 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.

a) Financial assets

A financial asset is any asset that is:

- Cash
- A contractual right to receive cash or another financial asset from another entity.
- A contractual right to exchange financial instruments with another entity under conditions are potentially favorable to the entity.
- A non-derivative contract for which the entity is or may be obliged to receive a variable number of the entity's own equity instruments.

A/1 Classification and initial recognition

- The Entity classifies its financial assets in the following measuring categories:
- Those to be measured subsequently at fair value (either through income statement, or through other comprehensive income), and
- Those to be measured at amortized cost.
- The classification depends on the Eentity's business model for managing the financial assets and the contractual terms of the cash flows.
- For assets measured at fair value, gain and losses will either be recorded in income statement or other comprehensive income (OCI). For investment in debt instruments, this will depend on the business model in which investment is held. For investment in equity instruments, this will depend on whether the Entity has made an irrevocable election at the time of initial recognition to account for the equity instruments at fair value through OCI. The Entity reclassifies debt instruments when and only when its business model for managing those assets changes.
- At initial recognition, the Entity measures a financial asset at its fair value plus, in the case of financial asset not at fair value through income statement, transaction costs that are directly attributable to the acquisition of the financial asset. Transactions costs of financial assets carried at fair value through income statement are expensed in the Statement of comprehensive income.

A/2 Subsequent measurement

A/2/1 Equity instruments

- The Entity subsequently measures all equity investments at fair value. Where the Entity's management has elected to present fair value gains or losses on equity investments in OCI, there is no subsequent reclassification of fair value gains or losses to income statement. Dividends from such investments continue to be recognized in income statement as other income when the Entity's right to receive payments is established.
- Impairment losses and reversal of impairment losses on equity investments measured at FVOCI are not reported separately from other changes in fair value.
- Changes in the fair value of financial assets at fair value through income statement are recognized in other gain / (losses) in the Statement of comprehensive income as applicable.

A/2/2 Debt instruments

Subsequent measurement of debt instruments depends on the Entity's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Entity classified its debt instruments:

- Amortized cost:

  Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. A gain or loss on a debt instrument that is measured at amortized cost and is not part of a hedging relationship is recognized in income statement when the asset is de-recognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

- Fair value through other comprehensive income (FVOCI):
  Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represents solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains or losses which are recognized in income statement. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to income statement and recognized in the other gains / (losses). Interest income from these financial assets is included in finance income using the effective interest method.

- Fair value through income statement
  Assets that do not meet the criteria for amortized cost or FVOCI are measured at fair value through income statement. A gain or loss on a debt investment that is subsequently measured at fair value through income statement and is not part of a hedging relationship is recognized in income statement and presented net in the income statement within other gains / (losses) in the period in which it arises. Interest income from these financial assets is included in the finance income.

A/2/3 Effective interest method

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts the estimated future cash receipts through the expected life of the debt instrument, or, where appropriate, a shorter period to net the carrying amount on initial recognition.

A/2/4 Impairment

- The Entity assesses on a forward looking bases the expected credit losses associated with its assets carried at amortized cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.
- For trade receivables only, the entity applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the receivables.

b) **Financial liabilities**

A financial liability is any liability that is:

- Contractual obligation to deliver cash or another financial asset to another entity.
- Contractual obligation to exchange financial instruments with another entity under conditions that are potentially unfavorable.
- A non-derivative contract for which the entity is or may be obliged to deliver a variable number of the entity's own equity instruments.

B/1 Initial recognition

All financial liabilities are recognized initially at fair value. The Company's financial liabilities include trade and other payables and long-term loan from government at below market rate of interest.

B/2 Subsequent measurement

Entity classifies all financial liabilities subsequent to initial measurement at amortized cost.

C. Derecognition of financial instruments

- The Entity derecognize a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Entity neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Entity recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Entity retains substantially all the risks and rewards of ownership of a transferred financial asset, the Entity continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.
- On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in the income statement. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Entity has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.
- The Entity derecognizes financial liabilities when, and only when, the Entity's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the Statement of comprehensive income.

D- Derivative financial instruments

The company derivative does not conform to the scope of the accounting standards, so they are accounted for at the fair value through profit or loss.

4.13 Zakat

In accordance with the regulations of the General Authority for Zakat and Tax ("GAZT"), the Company is subject to zakat attributable to the Saudi shareholders. Provision for zakat is charged to the statement of comprehensive income. Additional amounts payable, if any, at the finalization of final assessments are accounted for when such amounts are determined in the comprehensive income statement.
Zakat is calculated on the share of Saudi shareholders and / or net income using the laws of the General Authority of Zakat and Income. Zakat recorded in these financial statements based on the best estimate of the expected annual average of the company for the fiscal year.

4.14 Long term employee benefits obligations

Employees' end of service benefits is accrued currently and are payable as a lump sum to all employees under the terms and conditions of Saudi Labor and Workmen Law on termination of their employment contracts. End of service payments are based on employees' final salaries and allowances and their cumulative years of service, as defined by the conditions stated in the laws of Saudi Arabia.

The liability or asset recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit or loss.

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 other comprehensive income. They are included in other reserves in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognized immediately in profit or loss as past service costs.

4.15 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognized for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognized as interest expense.

4.16 Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

4.17 Dividends Distribution

Provision is made for the amount of any dividend declared, being appropriately authorized and no longer at the discretion of the Company, on or before the end of the reporting period but not distributed at the end of the reporting period.

4.18 Revenue from contracts with clients in relation to the sale of real estate

The company recognizes revenue from contracts with customers based on a five-step model outlined in IFRS 15.

Step (1): Defining the contract with the customer: The contract is an agreement between two or more parties that results in mandatory rights and obligations and clarifies the criteria that must be fulfilled for each contract.

Step (2): Defining performance obligations in the contract: The performance obligation is a promise to the customer according to the contract in order to transport goods or provide services to the customer.

Step (3): Determine the transaction price: The transaction price is the price expected by the company in exchange for the movement of goods or services agreed upon with the customer, excluding the amounts collected on behalf of third parties.

Step (4): Distribute the transaction price to the performance obligations in the contract: For the contract that contains more than one performance obligation, the company distributes the transaction price to each performance obligation by an amount of an estimated amount of the price expected to be collected from the goods or services in return for performing the performance obligation.

Step (5): Income is recognized when (or whenever) the enterprise fulfills the performance obligation.

The company fulfills the performance obligation and recognizes revenue over the term of the contracts if it meets any of the following requirements:

1) The customer obtaining the benefits resulting from the company's performance and consuming those benefits at the same time or

2) The company's performance leads to the creation or improvement of an asset under the control of the customer at the time of the improvement or construction.

3) The company's performance of the obligation is not originally intended for other uses of the company, and the company has the right to collect the amount for the performance completed to date and enforceable.

For performance obligations that do not meet one of the above conditions, revenue is recognized at the time that the performance obligation is fulfilled.

A. Contract revenue:

Contract revenue is recognized using the percentage of completion method, which is measured by the ratio of the actual cost incurred to date to the total estimated cost of each contract. When the contract is in its initial stage and its results cannot be estimated reliably, revenue is recognized to the extent of the costs incurred that are recoverable. Contract costs include all direct material and labor costs and those indirect costs related to the contracts. Changes in cost estimates and losses are recognized on the unfinished contract in the period in which it is determined. The estimated costs and revenues in excess of the amounts for which invoices were issued for non-completed contracts are recognized as current assets, and the increase in invoices issued over the costs incurred and estimated revenues, if any, are included in current liabilities as contract work under implementation.

B. Real estate project management services revenue:

Revenue from real estate project management services is recognized in the accounting period in which the services are provided. The revenues mainly depend on the stage of completion of the real estate project.

C. Income from sale of shares in real estate projects:

Revenue from sale of the company's shares in real estate projects is recognized in proportion to the increase in units developed in real estate projects and is measured at fair value through profit or loss.

4.19 Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. Other borrowing costs are expensed in the period in which they are incurred.

4.20 Offsetting

Financial assets and liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liability simultaneously. Income and expense is not offset in the statement of profit or loss or other comprehensive income unless required or permitted by any accounting standard or interpretation.

4.21 Lease contracts

Operating lease payments are recognized as an expense on a straight-line basis, based on the lease term to which they relate which does not exceed (12) months, and there have been no rental obligations with significant impact as at 31 December 2020.

4.22 Segmental information

A segment is a distinguishable component of the Company that is engaged in providing products or services (a business segment), which is subject to risk and rewards that are different from those of other segments. For management purpose, the Company is organized into business units based on their products and services. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer (CEO) that makes strategic decisions. No inter-segment transactions occurred during the year. If any transaction were to occur, transfer prices between business segments are set on an arm's length basis in a manner similar to transactions with third parties. Segment income, expense and results will then include those transfers between business segments which will then be eliminated at the level of the financial statements of the Company.

5. CASH AND BANK BALANCES

This item consists of the following:	2020	2019
	SR.	SR.
Cash at banks	**1,383,521**	522,319
Restricted cash at banks	**6,251,491**	6,251,501
Total – Exhibit "A"	**7,635,012**	6,773,820
Restricted balance in escrow account – 5/1	**(6,251,491)**	(6,251,501)
Cash and cash equivalents	**1,383,521**	522,319

5/1. A restricted account for the Wafi project (Telal Makkah) is a land development under the supervision of the Ministry of Housing. The restricted amount cannot be disposed of until the land is sold and ownership is transferred to the buyers of those lands.

6. Accounts receivable

This item includes major client balance for the company amounting to SR 10,252,575. representing 91% of the total accounts receivable as 31st of December 2020.

7. Prepayments & other receivables:

This item consists of the following:	2020	2019
	SR.	SR.
Margin held against L/G (Note 27)	**4,800,000**	4,800,000
Staff advances	**311,575**	419,392
Other receivable	**684,416**	---
Total – Exhibit "A"	**5,795,991**	5,219,392

8. Real Estate Held for Sale:

A. This item represents lands held for sale in accordance with the company's board of directors' decision dated 28/11/2019. The lands are stated at cost and are not depreciated and will be recovered through sale. The company is making efforts for selling the lands; however, selling part of the lands without making profit is due to the circumstances affecting the real estate market arising from the COVID-19.

B. The company obtains a valuation for its real estate held for sale annually from an independent real estate evaluator. At each reporting date, the company updates the fair value for each real estate separately considering the latest independent valuation as at the date of preparing the financial statements for the year 2020. The company's lands were valued for 2020 at SR 12,390,644 (2019: SR 14,139,756) using level 1 fair value measurement. The fair value was determined based on a valuation performed by TAMEED for real estate valuation (CR 2252067740 – licensed valuator no. 1210000395).

C. The movements in this item are summarized as follows::	2020	2019
	SR.	SR.
Balance at the beginning of the year	**16,030,716**	---
Transfer from real estate investments	**---**	16,030,716
Sold during the year	**(3,640,072)**	---
Total – Exhibit "A"	**12,390,644**	16,030,716

9. INVESTMENT IN REAL ESTATE UNDER DEVELOPMENT

This item is summarized as follows:	**2020**	2019
	SR.	SR.
Lands- Note (9/1)	**60,220,776**	60,220,776
Total – Exhibit "A"	**60,220,776**	60,220,776

9/1 . The company obtains a valuation for its real estate held for sale annually from an independent real estate evaluator. At each reporting date, the company updates the fair value for each real estate separately considering the latest independent valuation as at the date of preparing the financial statements for the year 2020. The company's lands were valued for 2020 at SR 62,629,606 (2019: SR 65,378,925) using level 1 fair value measurement. The fair value was determined based on a valuation performed by TAMEED for real estate valuation (CR 2252067740 – licensed valuator no. 1210000395).

9/2 On the date of the statement of financial position the lands are pledged in favor of a local bank as collateral and it is registered in the name of a company affiliated with this local bank as explained in note 13.

10. INVESTMENT IN REAL ESTATE PROJECT UNDER DEVELOPMENT

	2020	2019
	SR.	SR.
A. The share of investment in real estate project	**174,139,747**	252,835,336
Total – Exhibit "A"	**174,139,747**	252,835,336

B. These investments are stated at cost and represent an ownership share in A'Ali Makka (Entrance) land for the purpose of development as real estate investment or for sale; accordingly, no depreciation is calculated.

C. On 30 December 2020, Sumou Real Estate Company and Sumou Holding entered into a shares exchange agreement under which Sumou Real Estate increased its additional contribution in Dahiat Al Gharbyah in Makkah through transferring part of Sumou Holding additional contributions in Dahiat Al Gharbyah in the amount of SR 78,695,589 and in exchange for that, Sumou Real Estate transferred a share of its ownership in A'Ali Makka (Entrance) land to Sumou Holding Company (note 11).

D. The Company obtained a valuation from an independent real estate appraisal (Topaz Real Estate Appraisal Office) – CR 4030595933 and license no. 1210001140- and received an appraisal report for plots of lands showing a fair value of the company's share in the project amounting to SR 184,835,000.

11. INVESTMENT IN ASSOCIATED COMPANY

This item is summarized as follows:	**2020**	2019
	SR.	SR.
Opening balance	**218,114,438**	228,222,680
Shares transferred from related party - additional contributions (note 10/c)	**78,695,589**	---
Share of loss – Exhibit B / (11/1)	**(345,449)**	(591,251)
Share in other comprehensive loss	**(10,326,860)**	(9,516,991)
Ending balance – Exhibit "A"	**286,137,718**	218,114,438

11/1 The company owns 25% of the net assets of the Western Suburb Company, which operates mainly in the Kingdom of Saudi Arabia.

11/2 The return on investment in the associate was calculated based on the financial statement audited for the year end on 31 December 2020. The financial information of the associated company is summarized as follows:

	2020	2019
	SR.	SR.
Total assets	**1,144,662,174**	1,187,297,859
Total liabilities	**111,300**	57,750
Equity	**1,144,550,874**	1,187,240,109
Earning	---	---
Expenses	**(1,381,796)**	(2,527,333)
Net loss	**(1,381,796)**	(2,527,333)
Other comprehensive loss	**(41,307,439)**	(38,067,960)

12. PROPERTIES AND EQUIPMENT

This item is summarized as follows:	**Leasehold improvement**	**Furniture & fixtures**	**Office equipment**	**Vehicles**	**Total**
Cost:	SR.	SR.	SR.	SR.	SR.
At January 1, 2019	4,173,915	4,058,136	1,359,761	3,524,300	13,116,112
Disposal	---	---	---	(110,000)	(110,000)
At December 31, 2019	**4,173,915**	**4,058,136**	**1,359,761**	**3,414,300**	**13,006,112**
At December 31, 2020	**4,173,915**	**4,058,136**	**1,359,761**	**3,414,300**	**13,006,112**
Accumulated depreciation:					
At January 1, 2019	2,869,648	4,037,928	1,221,940	3,200,785	11,330,301
Charge for the year (Note 22)	495,261	10,316	66,359	90,700	662,636
Relating to disposal	---	---	---	(110,000)	(110,000)
At December 31, 2019	**3,364,909**	**4,048,244**	**1,288,299**	**3,181,485**	**11,882,937**
Charge for the year (Note 22)	181,952	17,178	32,029	83,330	314,489
Reclassification	---	(19,696)	19,696	---	---
At December 31, 2020	**3,546,861**	**4,045,726**	**1,340,024**	**3,264,815**	**12,197,426**
Net book value – Exhibit "A"					
December 31, 2020	**627,054**	**12,410**	**19,737**	**149,485**	**808,686**
December 31, 2019	809,006	9,892	71,462	232,815	1,123,175

13. LOANS

Summarized the loan movement during the year as follows:	2020	2019
	SR.	SR.
Term loan	**110,000,000**	140,000,000
Less: current portion - Exhibit "A"	**110,000,000**	20,000,000
The non-current portion - Exhibit "A"	---	120,000,000

13/1 This item is summarized as follows:	2020	2019
	SR.	SR.
Balance, beginning of the year	**140,000,000**	170,000,000
Payments during the year	**(30,000,000)**	(30,000,000)
Balance, end of the year – Note (29)	**110,000,000**	140,000,000

This item represents facilities and loans granted by a local bank for use in investment properties. The loan bears interest at the SIBOR rate plus a margin of (3 - 3.5%), respectively. These loans are secured by company's lands and lands owned by the parent company and chairman of the board and personal guarantees from chairman of the board - Note 9/2, The company uses profit rate swap contracts to hedge against the cash flow interest risks of this loan and the company gets interest on the basis of the variable interest rate and is paid on the basis of a fixed interest rate based on an agreed nominal amount with the bank.

13/2. The finance cost amount includes the net interest of the swap contracts as a result of the decrease in the SIBOR rate for the loans granted to the company.

14. TRADE ACCOUNTS PAYABLE

This item represents the balance due to a subcontractor of the company which represents 100% of total accounts payable as at 31 December 2020.

15. ACCRUALS

A. This item is summarized as follows:	2020	2019
	SR.	SR.
Accrued vacation	**318,728**	168,014
Accrued finance interest	**2,589,427**	509,716
Other accruals	**745,489**	700,872
Accrued VAT	---	1,590,775
Total – Exhibit "A"	**3,653,644**	2,969,377

B/1 Movement of zakat provision

a. Movement of zakat provision for the year is as follows:

	2020	2019
	SR.	SR.
Balance, beginning of year	**1,806,645**	1,766,668
Charge for the year (b/2)	**1,853,524**	1,817,195
Paid during the year	**(1,806,645)**	(1,777,218)
Balance, end of year – Exhibit "A"	**1,853,524**	1,806,645

B/2 Zakat provision calculation	2020	2019
	SR.	SR.
Shareholders' equity	**344,391,469**	313,058,461
Accruals and provisions	**139,121,660**	179,232,762
Net adjusted income	**74,140,969**	72,687,776
Total Zakat Base	**557,654,098**	564,978,999
Less:		
Non-current assets	**(531,979,236)**	(543,366,972)
Net zakat base	**25,674,862**	21,612,027
Zakat according to regulation -Exhibit "B"	**1,853,524**	1,817,195

B/3 Zakat status:

- The company received letters of adjustment for the years 2010 to 2015 on 13 March 2018 and 28 February 2018 amounting to SR 26,845,084 and paid an amount of SR 7,619,442. A case was filed with the General Secretariat of Tax Committees on 21 May 2020 for an amount of SR 19,225,642. Sumou Holding (the parent company) will be liable for any amount resulting from this objection.
- The company received letters of adjustments for the years 2016 to 2018 on 16 July 2020 for an amount of SR 21,998,593 and paid SR 5,658,559. The company filed an objection with the Zakat Authority on 25/01/1442H corresponding to 13 September 2020 and also filed a case with the General Secretariat of Tax Committees on November 2020 for an amount of SR 16,330,034.

16. OTHER ACCOUNTS PAYABLE

This item is summarized as follows:

	2020	2019
	SR.	SR.
Subcontractors	---	28,974,831
Advances from clients	**4,800,000**	4,800,000
Other payable – Note 16/1	**10,518,750**	10,518,750
Total – Exhibit "A"	**15,318,750**	44,293,581

1/16 This amounts include performance retentions out of the subcontractors accrued amount.

17. Due to related parties

This item represents transactions made with entities related to the shareholders of the Company. Prices and terms of these transactions are approved by general assembly on 30/6/2020. This item is summarized as follows:

	Type of relation	Type of transaction	Opening balance Dr.	Total debit	Total credit	Balance as of 31/12/2020 Dr.
			SR.	SR.	SR.	SR
Sumou Holding Company	Shareholder	Financing	---	37,796,031	(52,375,236)	**(14,579,205)**
Due to related parties – Exhibit "A"			---			**14,579,205**

- **The most important dealing with a related party:**

	Nature of movement	2020
		SR.
Distributed profits	Withdrawals	34,665,000

Part of the company's liabilities is funded by the related party without any interest and no repayment periods

- **Bonuses and benefits to senior management and board of directors.**

	Nature of the movements	2020	2019
		SR.	SR
Senior management	Salaries	**1,930,000**	1,395,000
Board of director	Bonuses and benefits	**792,000**	---

18. CAPITAL

After the approval of listing the company on the parallel market (numo) on 11/5/2020, the company's capital consists of 25,000,000 shares of nominal value of SR 10 per share.

19. STATUTORY RESRVE

In accordance with Saudi regulation for Companies, the Company is required to transfer to statutory reserve at least 10% of its annual net income and may resolve to discontinue this appropriation when the balance of this reserve is equal to 30% of its contributed capital.

20. REVENUE

A. This item is summarized as follows:

	2020	2019
	SR.	SR.
Real estate project income	---	113,087,803
Revenue from sale of land	**3,640,072**	---
Project management fees-b	**93,518,527**	66,897,831
Total – Exhibit "B"	**97,158,599**	179,985,634

B. Project management fees include revenue from related parties for an amount SR 83,759,841

21. COST OF REVENUE

This item is summarized as follows:	2020	2019
	SR.	SR.
The cost of real estate project revenues	---	80,535,362
Cost of sold land	3,640,072	---
Project Management	1,214,141	2,145,908
Other	209,767	253,398
Total – Exhibit “B”	5,063,980	82,934,668

22. GENERAL, ADMINISTRTIVE AND SELLING EXPENSES

	2020	2019
	SR.	SR.
Salaries wages and related benefits	7,793,469	9,694,137
Board of directors bonuses	792,000	---
Rent*	386,100	304,480
Depreciation of property and equipment (Note 12)	314,489	662,636
Employee benefit obligation (Note 23)	560,770	481,317
Legal and professional fees	887,808	1,323,607
Others	1,337,865	1,087,773
Total – Exhibit “B”	12,072,501	13,553,950

* According to management estimates, the exemption provided by the International Financial Reporting Standard No. (16) “Rentals” applies to the lease contract for the company's offices, as it expires within a period of 12 months and it is not clear if the company’s management will renew it.

23. EMPLOYEE BENEFITS OBLIGATIONS

The following tables summarize the provision for end of service benefits recorded in the statement of comprehensive income and the statement of financial position as follows:

	2020	2019
Amount recognized in the statement of financial position	SR.	SR.
Present value for employee benefits obligations	2,895,180	2,077,633
Net obligations end of the year - Exhibit “A”	2,895,180	2,077,633

Benefit expenses (recognized in profit and loss)	2020	2019
	SR.	SR.
The current service cost	501,597	397,870
Interest cost	59,173	83,447
Benefit expenses - Note 22	560,770	481,317

Movement in the present value of defined benefit obligation	2020	2019
	SR.	SR.
Beginning of the year	2,077,633	2,035,296
The current service cost	501,597	397,870
Interest cost	59,173	83,447
Actuarial (gain) of the defined benefit plan	372,922	(72,945)
Paid during the year	(116,145)	(366,035)
Balance, end of the year	2,895,180	2,077,633

Principal actuarial assumptions		
Discount rate	**2,25%**	**2,93%**
Salary increase rate	**3,00%**	**4,00%**
Return on the asset plan	N/A	N/A

	Change in assumption		**Impact on employs benefit obligation**	
-	**Increase in assumption**	**Increase in assumption**	**decrease in assumption**	**decrease in assumption**
Discount rate	1%	1%	(182,606)	207,369
Rate of future salary increases	1%	1%	203,652	(183,026)

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24. BASIC AND DILUTED EARNING PER SHARE

	2020	2019
	SR.	SR.
Income for the year	**71,381,226**	69,798,013
Other comprehensive (loss)	**(10,699,782)**	(9,444,045)
Total comprehensive income for the year	**60,681,444**	60,353,968
Weighted average shares issued during the year	**25,000,000**	25,000,000
Basic and diluted earning per share – Exhibit "B"	**2,86**	2.79

Basic and diluted earning per share is calculated using net income for the related periods divided by the weighted average shares issued during the year.

25. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial instruments carried on the statement of financial position include financial assets and financial liabilities. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

25.1 Capital risk management

The Company's objectives when managing capital is to safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders. Capital of the company comprise of shareholders' equity and long-term financing. The company has complied with all externally imposed capital requirements pursuant to the financing agreements with the banks.

Liability to capital ratio	**2020**	2019
	SR.	SR.
Total debt	**157,321,014**	191,147,236
Less: cash and cash equivalents	**(7,635,012)**	(6,773,820)
Net debt	**149,686,002**	184,373,416
Adjusted capital	**401,116,415**	377,934,971
Net debt to adjusted capital ratio	**37%**	49%

25.2 Market risk

a) Foreign currency risk

Foreign currency risk is the risk that the value of a financial instrument may fluctuate due to changes in foreign exchange rates. The Company's transactions are principally in Saudi Riyals. Management believes that the currency risk is not material.

b) Interest rate risk

Interest rate risk is the risk of changes in the fair value of future cash flows of financial instruments due to a change in the market interest rate. The sensitivity analysis below shows the effect on the net shareholders equity resulting from the change in interest rate bank facilities using the interest 0,05%:

	2020	2019
	SR.	SR.
Interest rate – increase by 0,05%	**55,000**	70,000
Interest rate - decrease by 0,05%	**(55,000)**	(70,000)

25.3 Credit risk

Credit risk refers to the risk that counterparty may default on its contractual obligations resulting in financial loss to the Company. For all classes of financial assets held by the Company, the maximum exposure to credit risk to the Company is the carrying value before any allowances as disclosed in the statement of financial position.

Key areas where the Company is exposed to credit risk are:

- Other receivables including intercompany balances
- Cash equivalents

The Company has adopted a policy of dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The Company's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst counterparties.

The credit risk on liquid funds is limited because most of the counterparties are either banks with high credit-ratings assigned by international credit-rating agencies or related parties of the Company. Ongoing credit evaluation is performed on the financial condition of these financial assets.

The Company seeks to limit its credit risk with respect to customers by setting credit limits for individual customers and monitoring outstanding receivables.

25.4 Liquidity risk

Liquidity risk is the risk that the Company may encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from the inability to sell a financial asset quickly at an amount close to its fair value. Liquidity risk is managed by monitoring on regular basis that sufficient funds are available to meet any future commitments as well as obtaining continued financial support from shareholders (if needed). The following table shows the maturities of assets and financial liabilities:

Financial assets	Balance	365 day	More than 365 day
Cash and cash equivalents	7,635,012	7,635,012	---
Account receivable	11,308,855	11,308,855	---
Advance payments and other receivables	5,795,991	5,795,991	---
Total	24,739,858	24,739,858	---

Financial liabilities	Balance	365 day	More than 365 day
Banks loans	110,000,000	110,000,000	---
Account payable	9,020,711	9,020,711	---
Other account payable	15,318,750	---	15,318,750
Total	134,339,461	119,020,711	15,318,750

The company manages the working capital deficit through

- Managing the expected cash flows from activity revenues
- Utilizing available investment and opportunities to pay off existing obligations

25.5 Fair value of financial instruments

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 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.

Determination of fair value and fair value hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments:

Level 1: Quoted market prices in active market for the identical instrument (i.e., without modification or adjustment);

Level 2: Quoted market prices in active market for similar assets and liabilities or other valuation techniques for which all significant inputs are based on observable market data; and

Level 3: Valuation techniques for which any significant input is not based on observable market data.

Carrying amounts of all financial instruments approximates fair value either due to their short-term maturity or they are subject to variable interest rates.

26. SEGMENT INFORMATION:

In compliance with the company's internal reporting system, business sectors have been approved by the company's management in compliance with the company's business, the information is based on the reports of the management. The company has developed the following reports and sectors which all operate in the Kingdom of Saudi Arabia:

26/1 Real estate projects: This section of business deals with real estate projects mostly accomplished by the company with the help of subcontractors.

26/2 Real Estate Project Management: This sector constitutes real estate project management. These project are owned by real estate developers and the company charges them only for management fees.

26/3 Investments: This represents the company's direct and indirect investments in real estate and project development, which can be sold before or after the completion of development work.

Statement of financial position	2020				
	Real estate construction	Real estate project management	Investment	Unallocated	Total
ASSETS	SR.	SR.	SR.	SR.	SR.
Current assets					
Cash and cash bank balances	---	6,251,491	---	1,383,521	7,635,012
Account receivable	---	11,308,855	---	---	11,308,855
Advance payments and other receivable	---	4,800,000	---	995,991	5,795,991
Real estate held for sale	---	---	12,390,644	---	12,390,644
Total current assets	---	22,360,346	12,390,644	2,379,512	37,130,502
Non-current assets					
Investment properties under development	---	---	60,220,776	---	60,220,776
Investment in real estate project under developments	---	---	174,139,747	---	174,139,747
Investment in associated company	---	---	286,137,718	---	286,137,718
Property and equipment	---	---	---	808,686	808,686
Total non-current assets	---	---	520,498,241	808,686	521,306,927
Total assets	---	22,360,346	532,888,885	3,188,198	558,437,429
LIABILITIES					
Current liabilities					
Accounts payable	9,020,711	---	---	---	9,020,711
Long-term loans -current portion	---	---	110,000,000	---	110,000,000
Accruals	---	---	---	3,653,644	3,653,644
Zakat provisions	---	---	---	1,853,524	1,853,524
Total current liabilities	9,020,711	---	110,000,000	5,507,168	124,527,879

Statement of financial position			**2020**		
	Real estate construction	**Real estate project management**	**Investment**	**Unallocated**	**Total**
Non-current liabilities	SR.	SR.	SR.	SR.	SR.
Other accounts payables	10,518,750	4,800,000	---	---	15,318,750
Due to related party	---	---	---	14,579,205	14,579,205
Employee benefits obligations	---	---	---	2,895,180	2,895,180
Total non-current liabilities	10,518,750	4,800,000	---	17,474,385	32,793,135
Total liabilities	19,539,461	4,800,000	110,000,000	22,981,553	157,321,014
SHAREHOLDERS' EQUITY					
Capital	---	---	---	250,000,000	250,000,000
Statutory reserve	---	---	---	27,353,971	27,353,971
Retained earnings	---	---	---	138,418,724	138,418,724
Other reserves	---	---	(14,656,280)	---	(14,656,280)
NET SHAREHOLDERS' EQUITY	---	---	(14,656,280)	415,772,695	401,116,415
TOTAL LIABILITIES AND NET SHAREHOLDERS' EQUITY	19,539,461	4,800,000	95,343,720	438,754,248	558,437,429

Statement of financial position			2019		
	Real estate construction	Real estate project management	Investment	Unallocated	Total
ASSETS	SR.	SR.	SR.	SR.	SR.
Current assets					
Cash and cash bank balances	---	6,251,491	---	522,329	6,773,820
Account receivable	1,876,827	6,887,727	---	---	8,764,554
Advance payments and other receivable	---	4,800,000	---	419,392	5,219,392
Real estate held for sale	---	---	16,030,716	---	16,030,716
Total current assets	1,876,827	17,939,218	16,030,716	941,721	36,788,482
Non-current assets					
Investment properties under development	---	---	60,220,776	---	60,220,776
Investment in real estate project under development	---	---	252,835,336	---	252,835,336
Investment in associated company	---	---	218,114,438	---	218,114,438
Property and equipment	---	---	---	1,123,175	1,123,175
Total non-current assets	---	---	531,170,550	1,123,175	532,293,725
Total assets	1,876,827	17,939,218	547,201,266	2,064,896	569,082,207
LIABILITIES					
Current liabilities					
Short term loans -current portion	---	---	20,000,000	---	20,000,000
Accruals	---	---	---	2,969,377	2,969,377
Zakat provisions	---	---	---	1,806,645	1,806,645
Total current liabilities	---	---	20,000,000	4,776,022	24,776,022

Statement of financial position			**2019**		
Non-current liabilities	**Real estate construction** SR.	**Real estate project management** SR.	**Investment** SR.	**Unallocated** SR.	**Total** SR.
Long term loans – non-current portion	---	---	120,000,000	---	120,000,000
Other accounts payable	39,493,581	4,800,000	---	---	44,293,581
Employee benefits obligations	---	---	---	2,077,633	2,077,633
Total non-current liabilities	39,493,581	4,800,000	120,000,000	2,077,633	166,371,214
Total liabilities	39,493,581	4,800,000	140,000,000	6,853,655	191,147,236
SHAREHOLDERS' EQUITY					
Share capital	---	---	---	250,000,000	250,000,000
Statutory reserve	---	---	---	20,215,848	20,215,848
Retained earnings	---	---	---	111,675,621	111,675,621
Other reserves	---	---	(3,956,498)	---	(3,956,498)
NET SHAREHOLDERS' EQUITY	---	---	(3,956,498)	381,891,469	377,934,971
TOTAL LIABILITIES AND NET SHAREHOLDER'S EQUITY	39,493,581	4,800,000	136,043,502	388,745,124	569,082,207

Statement of comprehensive income	2020					
	Real estate project management	Construction project	Sold lands	Investment	other	Total
	SR.	SR.	SR.	SR.	SR.	SR.
Revenue	93,518,527	---	3,640,072	---	---	97,158,599
Cost of revenue	(1,423,908)	---	(3,640,072)	---	---	(5,063,980)
Gross profit	92,094,619	---	---	---	---	92,094,619
General, administrative and selling expenses	(12,072,501)	---	---	---	---	(12,072,501)
Finance cost	(7,406,596)	---	---	---	---	(7,406,596)
Share of loss from associate	---	---	---	(345,449)	---	(345,449)
Other income	---	---	---	---	964,677	964,677
Net profit for the period before zakat provision	72,615,522	---	---	(345,449)	964,677	73,234,750
Zakat provision	(1,853,524)	---	---	---	---	(1,853,524)
Net income	70,761,998	---	---	(345,449)	964,677	71,381,226
Actuarial (loss) for the year	(372,922)	---	---	---	---	(372,922)
Unrealized (Loss) from investments in mutual funds in associated company	---	---	---	(10,326,860)	---	(10,326,860)
Total other comprehensive income for the year	(372,922)	--	---	(10,326,860)	---	(10,699,782)
Income of the year added	70,389,076	---	---	(10,672,309)	964,677	60,681,444

Statement of comprehensive income	2020					
	Real estate project management	Construction project	Sold lands	Investment	other	Total
	SR.	SR.	SR.	SR.	SR.	SR.
Revenue	41,492,038	99,334,333	---	27,835,336	11,323,927	179,985,634
Cost of revenue	(2,399,306)	(80,535,362)	---	---	---	(82,934,668)
Gross profit	39,092,732	18,798,971	---	27,835,336	11,323,927	97,050,966
General, administrative and selling expenses	(3,124,588)	(7,480,445)	---	(2,096,160)	(852,757)	(13,553,950)
Finance cost	(2,606,497)	(6,240,105)	---	(1,748,594)	(711,361)	(11,306,557)
Share of loss from associate	---	---	---	(591,251)	---	(591,251)
Other income	---	---	---	---	16,000	16,000
Net profit for the period before zakat provision	33,361,647	5,078,421	---	23,399,331	9,775,809	71,615,208
Zakat provision	(418,917)	(1,002,913)	---	(281,035)	(114,330)	(1,817,195)
Net income	32,942,730	4,075,508	---	23,118,296	9,661,479	69,798,013
Actuarial (loss) for the year	---	---	---	-	72,945	72,945
Unrealized (Loss) from investments in mutual funds in associated company	---	---	---	(9,516,991)	---	(9,516,991)
Total other comprehensive income for the year	---	---	---	(9,516,991)	72,945	(9,444,046)
Income of the year	32,942,730	4,075,508	---	13,601,305	9,734,424	60,353,967

27. Contingent liabilities:

- On the statement of financial position date the company had contingent liabilities against outstanding letters of bank guarantees in the amount of SR 41,558,051 (in 2019 the amount of SR. 4,800,000) and the bank withheld an amount of SR 4,800,000 as security - note 7.

28. Significant events:

- During the year 2020, fears of the spread of the virus (Covid 19) have affected the company's business, given that the regulatory authorities took some precautionary measures during the month of March 2020 that led to the continued stagnation in the real estate market and weak demand for buying and selling because there were no current buyers and the company expects its revenues to be significantly affected as of the second quarter of 2020. The impact and duration of these events cannot be accurately predicted at the present time and due to the continuing economic fluctuations, the impact of these events cannot be estimated reliably as at the date of approval of these financial statements. These events can affect the financial results, future cash flows, and future financial position of the company. Management will continue to evaluate the impact based on future developments.
  However, these events are not expected to have a material impact on the company's ability to continue operating in accordance with the going concern principle.

- On 23 August 2020 AD, the company entered into a sub-real estate development agreement with the National Housing Company for the Khayala residential project located in the city of Jeddah - Al-Hamdaniya neighborhood to build 404 villas on the lands of the Ministry of Housing allocated to Sumou Real Estate Company at an estimated cost of 300 million Saudi riyals and that the completion period of this project is three and a half years.

- On 25 October 2020 AD, the company entered into a four-year credit facility agreement compatible with Islamic Sharia with the Saudi France Bank, with a total value of SR 64,000,000, secured by promissory notes for a full amount in favor of the financier in addition to a mortgage owned by the Chairman of the Board of Directors. The aim of the agreement is to finance the Khayala residential project (Dar Sumou) with the National Housing Company.

- On 10 December 2020 AD, the company entered into a contract to develop raw land in the Eastern Province with AWJ for Development and Real Estate Investment. There is no specific value for the contract. Rather, the company charges according to the contract a percentage of the sales value of the developed lands in exchange for bearing the costs of implementing and developing the project land.

29. Subsequent event:

The company has fully paid its loan obligations on 2/16/2021 from its own resources - note (13).

30. Approval of the financial statements:

The financial statements were approved by the Board of Directors on 16 Rajab 1442 H, corresponding to 28 February 2021.