ADEER REAL ESTATE COMPANY

(Saudi Closed Joint Stock Company)

Kingdom of Saudi Arabia

FINANCIAL STATEMENTS
For the year ended December 31, 2022
with
INDEPENDENT AUDITOR'S REPORT

ADEER REAL ESTATE COMPANY
(Saudi Closed Joint Stock Company)
Kingdom of Saudi Arabia

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INDEPENDENT AUDITOR'S REPORT

82541

The shareholders
Adeer Real Estate Company
Saudi Closed Joint Stock Company
Kingdom of Saudi Arabia

Report on the audit of financial statements

Opinion

We have audited the accompanying financial statements of **Adeer Real Estate Company – Saudi Closed Joint Stock Company,** which comprise of the statement of financial position as at December 31, 2022, the statement of income, statement of comprehensive income, statement of changes in 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 December 31, 2022 and its financial performance and its 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 Chartered and Professional Accountants (SOCPA).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the 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.

Emphasis of matter

Our audit report was previously issued on January 28, 2023 on the accompanying financial statements for the year ending December 31, 2022. Based on the company's request, the independent auditor's report on the aforementioned financial statements was signed by the partner accredited by the Capital Market Authority for the purposes of listing on the parallel market (Nomu). There were no amendments to those financial statements and their disclosures or any subsequent events that had a material impact on these statements up to the date of re-signing by the relevant partner.

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 the Kingdom of Saudi Arabia as well as other standards and other pronouncements issued by SOCPA and Companies Regulations and Company's bylaws 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.

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برج ناصر سعيد الهاجري - الطابق العاشر،
طريق الملك فهد بن عبدالعزيز، الراكة الجنوبية، الخبر
هاتف: ٩٢٠٠١٣٠٢٢ ٩٦٦+
فاكس: ٨١٤٧٧٢٦ ١٣ ٩٦٦+
ص.ب: ٣١٨٧، الخبر ٣١٩٥٢، المملكة العربية السعودية

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 that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

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

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 articles of association that come to his attention. During our current audit, no contraventions to the Regulations for Companies or the Company's articles of association came to our knowledge.

For Talal Abu Ghazaleh & Co.

Waleed Ahmed Bamarouf
(License No. 408)
4 Dhul-Hijjah 1445H
June 10, 2024

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

ADEER REAL ESTATE COMPANY
Saudi Closed Joint Stock Company
Kingdom of Saudi Arabia
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2022

EXHIBIT "A"

ASSETS	Note	2022 SR.	2021 SR.
Current assets			
Cash and cash equivalents	(5)	77,747,599	39,088,640
Trade accounts receivable	(6)	1,019,638	--
Prepaid expenses and other receivable balances	(7)	3,212,525	263,498
Total current assets		81,979,762	39,352,138
Non-current assets			
Property, plant and equipment	(8)	4,669,843	5,457,620
Intangible assets	(9)	461,341	615,121
Investments in real-estate projects	(11)	30,400,000	35,400,000
Total non-current assets		35,531,184	41,472,741
Total assets		117,510,946	80,824,879
LIABILITIES AND EQUITY			
Current liabilities			
Accrued expenses and other payable balances	(12)	1,082,140	728,641
Zakat provision	(13)	2,066,457	1,086,949
Total current liabilities		3,148,597	1,815,590
Non-current liabilities			
Employee benefits obligations	(14)	2,882,432	2,908,632
Liabilities provision	(15)	5,000,000	5,000,000
Total non-current liabilities		7,882,432	7,908,632
Total liabilities		11,031,029	9,724,222
Equity			
Capital	(16)	50,000,000	50,000,000
Statutory reserve	(17)	6,326,104	2,221,623
Retained earnings		51,435,576	19,495,246
Other reserves		(1,281,763)	(616,212)
Net equity – Exhibit "D"		106,479,917	71,100,657
Total liabilities and net equity		117,510,946	80,824,879

The accompanying notes from (1) to (27) constitute an integral part of these financial statements.

ADEER REAL ESTATE COMPANY
Saudi Closed Joint Stock Company
Kingdom of Saudi Arabia
STATEMENT OF INCOME
FOR THE YEAR ENDED DECEMBER 31, 2022

EXHIBIT "B"

	Note	2022 SR.	2021 SR.
Revenue	(18)	**81,961,387**	40,645,854
Cost of revenue	(19)	**(28,342,075)**	(2,571,632)
Gross profit		**53,619,312**	38,074,222
General and administrative expenses	(20)	**(9,749,644)**	(13,983,200)
Depreciation and amortization		**(986,607)**	(1,185,490)
Income from operations		**42,883,061**	22,905,532
Other income		**156,393**	184,357
Bank expenses		**(2,240)**	(10,769)
Income before Zakat		**43,037,214**	23,079,120
Zakat	(13)	**(1,992,403)**	(1,012,895)
Income for the year – Exhibit "C"		**41,044,811**	22,066,225
Basic and diluted earnings per share from income for the year	(21)	**8/21**	4/41

The accompanying notes from (1) to (27) constitute an integral part of these financial statements

ADEER REAL ESTATE COMPANY
Saudi Closed Joint Stock Company
Kingdom of Saudi Arabia
STATEMENT OF COMPREHESIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2022

EXHIBIT "C"

	2022	2021
	SR.	SR.
Income for the year – Exhibit "B"	**41,044,811**	22,066,225
Other Comprehensive (loss):		
Items that will not be subsequently reclassified to profit or (loss):		
The effect of re-measurement of defined employee benefits	**(665,551)**	(113,301)
Total other comprehensive (loss) for the year	**(665,551)**	(113,301)
Total comprehensive income – Exhibit "D"	**40,379,260**	21,952,924

The accompanying notes from (1) to (27) constitute an integral part of these financial statements

ADEER REAL ESTATE COMPANY
Saudi Closed Joint Stock Company
Kingdom of Saudi Arabia
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2022

EXHIBIT "D"

	Capital	Statutory reserve	Retained earnings	Other reserves	Total
	SR.	SR.	SR.	SR.	SR.
Balance at 1.1.2021	30,000	15,000	25,192,244	(485,744)	24,751,500
Effect of re-measurement of defined employee benefits	---	--	--	(113,301)	(113,301)
Income for the year 2021 – Exhibit "B"	---	--	22,066,225	--	22,066,225
Total comprehensive income	---	--	22,066,225	(113,301)	21,952,924
Increase in capital	49,970,000	--	(25,556,600)	--	24,413,400
Adjustment of the difference in the Company's share in the net results of other comprehensive income of associates	--	--	--	(17,167)	(17,167)
Transferred to statutory reserve	--	2,206,623	(2,206,623)	--	--
Balance at 31.12.2021 - Exhibit "A"	**50,000,000**	**2,221,623**	**19,495,246**	**(616,212)**	**71,100,657**
Effect of re-measurement of defined employee benefits	--	--	--	**(665,551)**	**(665,551)**
Income for the year 2022 – Exhibit "B"	--	--	**41,044,811**	--	**41,044,811**
Total comprehensive income	--	--	**41,044,811**	**(665,551)**	**40,379,260**
Transferred to statutory reserve	--	**4,104,481**	**(4,104,481)**	--	--
Dividend distribution *	--	--	**(5,000,000)**	--	**(5,000,000)**
Balance at 31.12.2022 – Exhibit "A"	**50,000,000**	**6,326,104**	**51,435,576**	**(1,281,763)**	**106,479,917**

* On 22/5/2022, the board of directors resolved to distribute dividends in the amount of SR. 5,000,000 from retained earnings up to the end of 2021 to the shareholders according to their share in the capital.

The accompanying notes from (1) to (27) constitute an integral part of these financial statements.

ADEER REAL ESTATE COMPANY
Saudi Closed Joint Stock Company
Kingdom of Saudi Arabia
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022

EXHIBIT "E"

	2022	2021
	SR.	SR.
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before Zakat	43,037,214	23,079,120
Adjustments for:		
Depreciation of property, plant and equipment	832,827	1,031,710
Obligations of employee benefits charged to expenses	451,058	390,681
Contingent liabilities	--	3,000,000
Amortization of intangible assets	153,780	153,780
Changes in operating working capital		
Trade accounts receivable	(1,019,638)	590,085
Prepaid expenses and other receivable balances	(2,949,027)	(4,150)
Accrued expenses and other payable balances	353,499	(1,239,389)
Cash generated from operation	40,859,713	27,001,837
Zakat paid	(1,012,895)	(426,457)
Employee benefits obligations paid	(13,892)	--
Transferred from employee benefits obligations to related party	(1,128,917)	--
Net cash provided by operating activities	38,704,009	26,575,380
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property and equipment	(45,050)	(301,076)
Additions to intangible assets	--	(768,901)
Investments in real-estate projects.	5,000,000	---
Net cash provided by/(used in) investing activities	4,954,950	(1,069,977)
CASH FLOWS FROM FINANCING ACTIVITIES		
Due to related parties	--	(25,394,302)
Additional capital contributions/ Movements during the year	--	(17,167)
Dividend distribution	(5,000,000)	--
Net cash (used in) financing activities	(5,000,000)	(25,411,469)
Net change in cash and cash equivalents during the year	38,658,959	93,934
Cash and cash equivalents at the beginning of the year	39,088,640	38,994,706
Cash and cash equivalents at the end of the year – Exhibit "A"	77,747,599	39,088,640
Non-cash transactions:		
Net accrued revenue	--	3,440,594
Projects under construction	--	717,757
Accrued commission	--	(10,030,774)
Leased assets – right-of-use	--	127,681,919
Obligation against leased assets right of use	--	(143,230,537)
Increase in capital	--	49,970,000
Transferred from retained earnings against increase in capital	--	(25,556,600)
Real estate under development	--	64,981,544
Investment real estate projects	--	(31,091,541)
Investors' shares	--	(6,374,903)
Net balance closed in related parties	--	(30,507,459)

The accompanying notes from (1) to (27) constitute an integral part of these financial statements.

1. ORGANISATION AND PRINCIPAL ACTIVITIES

Adeer Real Estate Company (the "Company") is a Saudi Closed Joint Stock Company, duly registered under Commercial Registration No. 2051049506 dated 10 Sha'ban, 1433 AH (June 30, 2012 AD) issued by the Ministry of Commerce and Investment in Dammam (Al-Khobar register). The Company is engaged in the following activities: selling fixed and movable assets; buying, selling and planning lands and properties; off plan sale activities; management and lease of residential properties; management and lease of non-residential properties; management and operation of hotel apartments; brokers' agent activity; real estate management activities in return for a commission.

Adeer Real Estate Company branch is a Saudi Closed Joint Stock Company, duly registered under Commercial Registration No. 2051065217 issued by the Ministry of Commerce and Investment, in Al-Khobar dated 15 Rabi' al-Awwal, 1439H. The company's activity is to do wood carpentry work. This C.R. was cancelled on 7/6/2022.

The attached financial statements include the assets and liabilities and business activities for the main C.R. and sub C.R. mentioned above.

The Company is located at the following address:
Al-Khobar - Sumou Tower
P.O. Box 250
Postal code 31952
Kingdom of Saudi Arabia.

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, 2022 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 Chartered and Professional Accountants (SOCPA).

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 Chartered and Professional Accountants".

The approved international standards are the international standards as issued by the International Accounting Standards Board (IASB) 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 Chartered and Professional 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.

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.

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 (14).

Useful lives of property and equipment and investment properties

The Comp any'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.

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, 2020.

4.2 New and revised International Financial Reporting Standards issued that became effective

The Company has adopted all the applicable new and revised International Financial Reporting Standards and interpretations that are relevant to its operations and effective for the period beginning on or after 1 January 2022. These amendments had no impact on the financial statements of the Company.

IFRS or Interpretation	Effective Date
Amendments to International Financial Reporting Standard (16) Property, plant and equipment proceeds before use.	January 1, 2022
Rental benefits related to the COVID-19 pandemic after June 30, 2021. Amendments to International Financial Reporting Standard (16).	January 1, 2022
Reference to the conceptual framework. Amendments to International Financial Reporting Standard No. (3) Business combination.	January 1, 2022
Onerous contracts – cost of enforcing the contract. Amendments to International Accounting Standard No. (37) Provisions, contingent liabilities and contingent assets.	January 1, 2022
Annual improvements to International Financial Reporting Standards for the years 2018 to 2020.	January 1, 2022

- **New and Revised IFRSs and Interpretations that are not effective yet:**

The Company did not adopt any of the following new and amended standards that were issued but not yet effective:

Standard or Interpretation No.	Effective date
International Financial Reporting Standard No. (17) Insurance Contracts	January 1, 2023 (deferred from January 1, 2021)
Classification of liabilities as current and non-current Amendments to International Accounting Standard No. (1)	January 1, 2023 (deferred from January 1, 2021)
Disclosure of accounting policies Amendments to International Accounting Standard No. (1) and Statement of Practice No. (2)	January 1, 2023
Definition of accounting estimates Amendments to International Accounting Standard No. (8)	January 1, 2023
Deferred taxes related to assets and liabilities arising from a single transaction Amendments to International Accounting Standard No. (12) Income Taxes.	January 1, 2023
Initial application of IFRS 17 and IFRS 9 - Comparative Figures (Amendment to IFRS 17)	January 1, 2023
Amendments to International Financial Reporting Standard No. (10) and International Accounting Standard No. (28) Sale or Contribution to Assets between investors and an associate or joint venture	Indefinite effective date/ early adoption permitted.

The management of the company does not expect that these standards will have material impact on the financial statements when applied in future financial period.

4.3 Foreign currencies

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 of 4 years to 25 years. The fair value of these investment properties is disclosed in the notes.

4.7 Investments in real estate projects

Real estate that is acquired, constructed or contributed with other parties or in the process of construction or development for the purpose of sale is classified as development real estate and is stated at cost or net realizable value whichever is lower. The net realizable value is the estimated selling price in the ordinary course of business less estimated costs of completion and selling expenses. The fair value of these investments is disclosed in the notes.

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:

Assets	Depreciation rate
Building	5%
Office equipment	25%
Furniture and fixtures	25%
Computers	25%
Leasehold improvement	5%-10%

There are other properties that are presented in sequence and their depreciation rate.

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.

4.9 Right-of-use assets

The Company recognizes right-of-use assets on the lease commencement date (The date on which the contract assets becomes available for use). Right-of-use assets are measured at the cost less any accumulated depreciation, any impairment losses and adjusted for any re-measurement in lease obligations. Right-of-use asset would include the following amounts, where relevant: Lease commitments recognized, initial direct costs, and lease payments (made within or before the lease commencement) less any lease incentives received.
The Company is reasonably certain about obtaining ownership of the leased asset at the end of the lease term. The recognized right-of-use assets are depreciated, according to the fixed installment method, over its useful life or the lease term stated in the terms of the contracts. Right-of-use assets are subject to impairment.
The Company used an annual discount rate of 2% to 4%.

4.10 Lease obligation

Lease are classified as finance leases whenever the terms of the transfer substantially all the risks and rewards of ownership of the leased assets to the Company. All other leases are classified as operating leases.

Rights to assets held under finance leases are recognized as assets of the group at the fair value of the leased property (or, if lower, the value of minimum lease payments) at the inception of the lease. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are deducted in measuring profit or loss. Assets held under finance leases are included in property, plant and equipment or investment property as appropriate, and depreciated and assessed for impairment losses in the same way as owned assets.
Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease.

4.11 Impairment of non-financial assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized by finding the difference between the carrying amount of the asset and its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows (cash-generating unit). Non-financial assets that have suffered impairment are reviewed for possible reversal of the impairment at each financial statement date.

4.12 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.

4.13 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.

4.14 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) <u>Financial assets</u>

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 entity'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.

4.15 Zakat

In accordance with the regulations of the Zakat, Tax and Customs Authority ("ZATCA"), 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 Zakat, Tax and Customs Authority.

4.16 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.

4.17 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.

4.18 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.

4.19 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.

4.20 Revenue from contracts with customers

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.

Commission income:
Revenue from collection commissions and project unit sales marketing services are recognized based on the agreements concluded with customers, where the commission ranges between 10% to 15% in relation to collection income and 2.5% in relation to the activity of marketing services selling project units to clients

Revenue from the sale of real-estate investments:
Revenues from the sale of investment lands prepared for sale (developed or undeveloped) are recognized upon execution or completion of the sale process and the transfer of significant ownership risks and rewards to the buyer. Revenues resulting from the sale of land contributions (under development) are recognized upon conclusion of the sale contract and issuance of the new shareholder's contribution certificate.

4.21 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.

4.22 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.

4.23 Segment information
Business segment:
For the management reporting purpose, service lines are disclosed according to the Company's operating segment and service activities, which are as follows:
- Management and lease of owned or leased real estate
- Brokerage activities

For the purpose of decision-making and performance evaluation, the board of directors monitors performance of operating sector based on revenues generated by each sector.

The following is a statement of the segmental information.

2022	**Real estate marketing**	**Rental**	**Other**	**Total**
Revenue	56,352,430	4,967,932	20,641,025	81,961,387
Cost of revenue	(16,404,438)	---	(11,937,637)	(28,342,075)
General and admin expenses	---	(288,000)	(9,461,644)	(9,749,644)
Depreciation and amortization	---	---	(986,607)	(986,607)
Bank expenses	---	---	(2,240)	(2,240)
Other income	---	---	156,393	156,393
Net profit before Zakat	**39,947,992**	**4,679,932**	**(1,590,710)**	**43,037,214**
Total assets	**81,979,762**	---	**35,531,184**	**117,510,946**
Total liabilities	**2,882,432**	---	**8,148,597**	**11,031,029**

2021	**Real estate marketing**	**Rental**	**Other**	**Total**
Revenue	35,995,854	4,650,000	--	40,645,854
Cost of revenue	(2,571,632)	--	--	(2,571,632)
General and admin expenses	(1,685,490)	(282,000)	(12,015,710)	(13,983,200)
Depreciation and amortization	--	--	(1,185,490)	(1,185,490)
Bank expenses	--	--	(10,769)	(10,769)
Other income	--	--	184,357	184,357
Net profit before Zakat	**31,738,732**	**4,368,000**	**(13,027,612)**	**23,079,120**
Total assets	**39,352,138**	--	**41,472,741**	**80,824,879**
Total liabilities	**2,908,632**	--	**6,815,590**	**9,724,222**

Geographical segments:
The Company operates in the regions located in the Kingdom of Saudi Arabia. The Company does not have any subsidiaries outside the Kingdom.

5. CASH AND CASH EQUIVALENTS

This item consists of the following:

	2022 SR.	2021 SR.
Cash at banks – local currency	77,747,599	39,088,640
Total – Exhibit "A"	77,747,599	39,088,640

6. TRADE ACCOUNTS RECEIVABLE

This item consists of the following:

	2022 SR.	2021 SR.
Accounts receivables – customers	1,019,638	--
Net– Exhibit "A"	1,019,638	--

7. PREPAID EXPENSES AND OTHER RECEIVABLE BALANCES

This item consists of the following:

	2022 SR.	2021 SR.
Staff advances	101,281	263,498
Prepaid expenses – auctions	2,567,066	--
VAT	422,490	--
Other	121,688	--
Total – Exhibit "A"	3,212,525	263,498

8. PROPERTY, PLANT AND EQUIPMENT

a. The details of cost, accumulated depreciation and net book value is as follows:

2022	Buildings-b	Office equipment	Furniture and fixtures	Computers	Leasehold improve-ments	Total
	SR.	SR.	SR.	SR.	SR.	SR.
Cost:						
At January 1, 2022	2,500,000	438,363	930,531	1,326,895	6,052,760	11,248,549
Additions during the year	---	40,250	---	4,800	---	45,050
At December 31, 2022	**2,500,000**	**478,613**	**930,531**	**1,331,695**	**6,052,760**	**11,293,599**
Accumulated depreciation:						
At January 1, 2022	527,084	325,284	909,791	1,181,653	2,847,117	5,790,929
Depreciation for the year	125,000	31,006	12,041	70,945	593,835	832,827
At December 31, 2022	**652,084**	**356,290**	**921,832**	**1,252,598**	**3,440,952**	**6,623,756**
Net book value -Exhibit "A" December 31, 2022	**1,847,916**	**122,323**	**8,699**	**79,097**	**2,611,808**	**4,669,843**

b. This item represents the value of a villa owned by the company under title deed in the Makkah Al-Mukarramah region.

2021	Buildings	Office equipment	Furniture and fixtures	Computers	Leasehold improve-ments	Total
	SR.	SR.	SR.	SR.	SR.	SR.
Cost:						
At January 1, 2021	2,500,000	319,331	930,531	1,144,851	6,052,760	10,947,473
Additions during the year	--	119,032	--	182,044	--	301,076
At December 31, 2021	**2,500,000**	**438,363**	**930,531**	**1,326,895**	**6,052,760**	**11,248,549**
Accumulated depreciation:						
At January 1, 2021	402,084	230,827	831,700	1,041,326	2,253,282	4,759,219
Depreciation for the year	125,000	94,457	78,091	140,327	593,835	1,031,710
At December 31, 2021	**527,084**	**325,284**	**909,791**	**1,181,653**	**2,847,117**	**5,790,929**
Net book value – Exhibit "A" December 31, 2021	**1,972,916**	**113,079**	**20,740**	**145,242**	**3,205,643**	**5,457,620**

9. INTAGIBLE ASSETS

	Program software	
This item is summarized as follows:	**2022**	**2021**
	SR.	SR.
Cost		
At 1 January	**768,901**	--
Additions during the year	--	768,901
At 31 December	**768,901**	768,901
Less: Accumulated depreciation		
At 1 January	**153,780**	--
Amortization during the year	**153,780**	153,780
At 31 December	**307,560**	153,780
Net book value, 31 December – Exhibit "A"	**461,341**	615,121

10. RIGHT OF USE ASSETS

This item represents right of use assets and the deprecation as follow :	2022	2021
	SR.	SR.
Cost:		
At January 1	--	163,372,865
Transfer to related party	--	(163,372,865)
At December 31	--	--
Less: Accumulated depreciation:		
At January 1	--	35,690,946
Charge for the year	--	--
Transfer to related party	--	(35,690,946)
At December 31	--	--
Net book value in the end of the year – Exhibit "A"	--	--

Lease obligations as at the end of the year:

	2022	2021
	SR.	SR.
Opening balance	--	143,230,537
Addition during the year	--	--
Paid during the year	--	--
Interest charged	--	--
Transfer to related party	--	(143,230,537)
At December 31, 2021	--	--
Long term commitments – **Exhibit "A"**	--	--
Short term commitments – **Exhibit "A"**	--	--

11. INVESTMENT IN REAL-ESTATE UNDER DEVELOPMENT

a. This item is summarized as follows:	2022	2021
	SR.	SR.
Investment in land, Arar (Al Mubarakiya) – b	**20,000,000**	20,000,000
Investment of the heights of Mecca – c	**5,000,000**	5,000,000
Investment in Al Nawras project – d	**5,400,000**	5,400,000
Investment in Al Jawza project – e	--	5,000,000
Total – Exhibit "A"	**30,400,000**	35,400,000

b. The Company's share is stated at cost of acquisition of SR. 20,000,000 under an investor share certificate and an evaluation was obtained from an accredited evaluator (Topaz Real Estate Evaluation Office under Commercial Registration No. 3040595933 Licensed Resident No. 1210001140) and the fair market value amounted to SR. 21,158,307.

c. It was stated at cost of acquisition of SR. 5,000,000 under an investor share certificate granted by Sumou Holding Company and an evaluation was obtained from an accredited evaluator (Topaz Real Estate Evaluation Office under Commercial Registration No. 3040595933 Licensed Resident No. 1210001140) and the fair market value amounted to SR. 14,028,315.

d. It was stated at cost of acquisition of SR. 5,400,000 under an investor share certificate granted by Sumou Holding Company and an evaluation was obtained from an approved evaluator (Topaz Real Estate Evaluation Office under Commercial Registration No. 3040595933 Licensed Resident No. 1210001140) and the fair market value amounted to SR. 5,789,319.

e. During the year, the company's share in the Al-Jawzaa project was sold for cash in the amount of SR. 2,062,362 in addition to granting lands through deeds valued at SR. 6,937,638 which were also sold during the year as indicated in Note 18/a and Note 19.

12. ACCRUED EXPENSES AND OTHER PAYABLE BALANCES

This item is summarized as follows:	**2022**	2021
	SR.	SR.
Accrued bonus	**500,000**	300,000
Accrued vacations	**251,837**	267,527
Other payable balances	**330,303**	161,114
Total – Exhibit "A"	**1,082,140**	728,641

13. ZAKAT PROVISION

A. Zakat provision calculation

	2022	2021
	SR.	SR.
Equity	**66,680,869**	50,015,000
Provisions and others	**6,839,868**	6,478,704
Adjusted net profit	**43,488,272**	25,028,092
Total Zakat base	**117,009,009**	81,521,796
Less:		
Non-current assets	**35,531,184**	41,472,741
Net Zakat base	**81,477,825**	40,049,055
Zakat according to regulation	**2,066,457**	1,012,895

B. Movement of Zakat provision for the year is as follows:

	2022	2021
	SR.	SR.
Balance, beginning of year	**1,086,949**	500,511
Charge for the year – Exhibit "B"	**1,992,403**	1,012,895
Paid during the year	**(1,012,895)**	(426,457)
Balance, end of year – Exhibit "A"	**2,066,457**	1,086,949

C. Zakat position :

The Company obtained a Zakat certificate for the year ending December 31, 2021 (valid until April 30, 2023).

The Company also has a Zakat appeal with the General Secretariat of the Tax Committees, amounting to SR 19,359,061. The Company has filed a lawsuit under No (17519-2021-Z) on 29/09/2021, The First Committee for the Adjudication of Income Tax Violations and Disputes in Dammam issued its Decision No.(1328-2021-IZD) Subject to appeal regarding this lawsuit, which includes reducing the amount of Zakat due on the Company for the years 2015 to 2018 to become SR 2,706,844.

14. EMPLOYEE BENEFITS OBLIGATIONS

14/1 The Company has an end-of-service scheme for its employees (the "members"). The scheme entitles the members to a lump sum payment related to length of service and salary at the time of retirement, resignation or death. The scheme is un-funded in that no fund is currently accumulated (whether from contribution by the employer and/or employees) towards the discharge of Company's obligation under the scheme.

The scheme is governed by the labor regulations of the Kingdom of Saudi Arabia. The obligation recognized in the statement of financial position related to end of service indemnity represents the present value of the defined benefit obligations at the end of the reporting period.

14/2 Movement in the present value of defined benefit obligation	2022	2021
	SR.	SR.
Beginning of the year	2,908,632	2,404,650
Paid during the year	(13,892)	--
Charged during the year (Note 20)	451,058	390,681
Actuarial loss of the defined benefit plan	665,551	113,301
Transferred to related party (Adeer Holding)	(1,128,917)	--
Balance, end of the year – Exhibit "A"	**2,882,432**	2,908,632

14/3 Amount recognized in the statement of other comprehensive income	2022	2021
	SR.	SR.
Current service-cost	378,515	324,553
Interest cost	72,543	66,128
Total – Note 20	**451,058**	390,681

14/4 Charged to the statement of other comprehensive income	2022	2021
	SR.	SR.
The effect of re-measurement of employee benefits–Exhibit C	665,551	113,301
Total	**665,551**	113,301

14/5 Principal actuarial assumptions		
Discount rate	4.35%	2,75%
Salaries' increase rate	5%	3%
Employee turnover rate	Medium	Medium
Presumed retirement age	60 years	60 years

14/6 Sensitivity Analysis:	2022	2021
	SR.	SR.
Discount rate:		
Decrease by 1%	3,229,998	3,299,732
Base	2,882,432	2,908,632
Increase by 1%	2,586,859	2,579,935
Rate of future salary increase:		
Decrease by 1%	2,585,940	2,578,457
Base	2,882,432	2,908,632
Increase by 1%	3,224,133	3,293,582

15. LIABILITIES PROVISION

a. This item includes:	2022 SR.	2021 SR.
Provision against other liabilities	1,000,000	1,000,000
Provision against Zakat assessment – b	4,000,000	4,000,000
Total – Exhibit "A"	5,000,000	5,000,000

b. The movement on the provision summarized as follow:	2022	2021
Opening balance	5,000,000	2,000,000
Charged during the year – Note 20	--	1,558,291
Provision transferred – c	--	2,000,000
Paid during the year	--	(558,291)
End of year balance – Exhibit "A"	5,000,000	5,000,000

c. As stated in Note 13/C, on 29/9/2021, the First Committee for the Adjudication of Income Tax Violations and Disputes in Dammam issued its Decision No. (1328-2021-IZD), subject to appeal, issued by lawsuit No. (17519-2021-Z), which includes a reduction of the amount of Zakat due on the Company for the years 2015 to 2018 to become SR 2,706,844 Saudi riyals. As the Company did not receive any Zakat assessments for the years 2019 to 2021.

16. CAPITAL

The Company's capital is SR. 50,000,000, which is divided into 5,000,000 shares of equal value, the value of each share is SR. 10, and it has been distributed among the shareholders as follows:

	Number of shares	Share value (SR)	Total share value (SR)	Percentage
Adeer Holding Company	4,050,500	10	40,505,000	81.01%
Adeer Society and Real Estate Co. (One person company)	236,500	10	2,365,000	4.73%
Sumou Sociate Company (One person company)	240,000	10	2,400,000	4.80%
Bisan Commercial and Real Estate Investment Co.	236,500	10	2,365,000	4.73%
Adeer for Properties Co. (One person company)	236,500	10	2,365,000	4.73%
Total – Exhibit "A"	5,000,000		50,000,000	100%

17. STATUTORY RESERVE

According to the companies law in Saudi Arabia and the company's articles of association, 10% of the net income at the end of the fiscal year after deducting accumulated losses is set aside to form a statutory reserve as stipulated in Article 176 of the companies law until it reaches the equivalent of 30% of the company's paid-up capital, which represents the minimum legal limit required by the law and that this reserve is not distributable to shareholders.

18. REVENUE

a. This item consists of the following:

	2022	2021
	SR.	SR.
Revenue from sale of real estate investment shares – 11/e	9,000,000	--
Revenue from sale of land acquired during the year – 11/e	11,641,025	--
Real-estate marketing revenue	56,352,430	35,995,854
Property management income	4,967,932	4,650,000
Total – Exhibit "B"	81,961,387	40,645,854

b. Revenues includes income from related parties, as shown in Note (25).

19. COST OF REVENUE

This item is summarized as follows:

	2022	2021
	SR.	SR.
Cost of sale of real estate investment shares - Note (11/e)	5,000,000	--
Cost of sale of land acquired during the year– Note (11/e)	6,937,638	--
Brokers' commissions	7,199,860	194,673
Bidding expenses	9,204,577	2,376,959
Total – Exhibit "B"	28,342,075	2,571,632

20. GENERAL, ADMINISTRTIVE EXPENSES

	2022	2021
	SR.	SR.
Salaries, wages and related benefits	4,739,616	7,388,696
Employee benefit obligation – Note (14-3)	451,058	390,681
GOSI	668,326	695,550
Transportation allowance	726,790	--
Government expenses	217,463	280,965
Insurance	---	476,620
Telephone, post, water and electricity	242,716	91,931
Travel and relocation	---	89,878
Subscriptions	---	299,097
Hospitality and cleaning expenses	117,526	181,117
Professional and legal fees	561,121	960,548
Provision for liabilities expenses – Note (15/b)	---	1,558,291
Senior management bonus	803,500	--
Miscellaneous expenses	1,221,528	1,569,826
Total – Exhibit "B"	9,749,644	13,983,200

21. BASIC AND DILUTED EARNING PER SHARE

	Dec. 31, 2022	Dec. 31, 2021
	SR.	SR.
Income for the year	**41,044,811**	22,066,225
Weighted average shares issued during the year	**5,000,000**	5,000,000
Basic and diluted earnings per share -- Exhibit "B"	**8/21**	4/41

Basic earnings per share is calculated based on the weighted average number of shares outstanding during the periods. The calculation for the prior period has been adjusted to reflect the issuance of new shares.

The diluted earnings per share are the same as the basic earning per share as the company has no dilutive instruments.

22. FINANCIAL INSTRUMENTS

22/1 Capital Management

The Company manages its capital to ensure its ability to continue as a going concern while maximizing the return to shareholders through improvement in value of equity. The Company's overall strategy remains unchanged from the previous year.

The Company's capital consists of shareholders' equity, debts that include the Company's capital, additional partners' contributions, statutory reserves and retained earnings.

22/2 Classification of financial instruments

	2022	2021
Financial assets		
Amortized cost	**SR.**	SR.
Cash and bank balances	**77,747,599**	39,088,640
Trade accounts receivable	**1,019,638**	--
Other receivable balances	**101,281**	263,498
Financial liabilities		
Amortized cost		
Other payable balances	**1,082,140**	728,641

23. FINANCIAL RISK MANAGEMENT

Financial Risk Factors:

The Company's operations are exposed to market risks (foreign exchange risks, commission rate risks (interest), credit risks and liquidity risks).

The Company's comprehensive risk management program focuses on the unpredictability of financial markets and seeks to minimize potential negative effects on the Company's financial performance.

Risk Management Framework

Management bears full responsibility for setting and overseeing the Company's risk management framework. The Company's risk management policies and procedures are established to identify and analyze the risks faced by the Company, set appropriate risk limits and controls, and monitor risks and adherence to limits. Risk management policies, systems and procedures are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations through training, management framework standards and procedures.

Market risk
Market risk is the risk of the potential impact of changes in the market price, such as foreign exchange rates and commission rates. The objective of market risk management is to manage and control exposure to market risks within acceptable limits while achieving the highest possible return.

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.

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. The financial instruments exposed to credit risk consists of cash at bank, and accounts receivable. Cash is deposited with reputable financial institutions.

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 schedule shows the maturities of financial assets and liabilities.

2 0 2 2 **Financial assets**	**Balance**	**365 Days**	**More than 365 days**
	SR.	**SR.**	**SR.**
Cash and bank balance	77,747,599	77,747,599	---
Account receivable	1,019,638	1,019,638	---
Prepaid expenses and other receivable	3,212,525	3,212,525	---
Total	81,979,762	81,979,762	---
Financial liabilities	**Balance**	**365 Days**	**More than 365 days**
	SR.	**SR.**	**SR.**
Accrued expenses and other payable balances	1,082,140	1,082,140	---
Zakat provision	2,066,457	2,066,457	---
Total	3,148,597	3,148,597	---

2 0 2 1 **Financial assets**	**Balance**	**365 Days**	**More than 365 days**
	SR.	**SR.**	**SR.**
Cash and bank balance	39,088,640	39,088,640	--
Prepaid expenses and other receivable	263,498	263,498	--
Total	39,352,138	39,352,138	--
Financial liabilities	**Balance**	**365 Days**	**More than 365 days**
	SR.	**SR.**	**SR.**
Accrued expenses and other payable balances	728,641	728,641	--
Zakat provision	1,086,949	1,086,949	--
Total	1,815,590	1,815,590	--

24. 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 Company's financial assets consist of cash, accounts receivable and some other assets, while its financial liabilities consist of trade payables and some accrued expenses and other liabilities. The fair value of financial instruments does not differ materially from their book value.

25. TRANSACTIONS WITH RELATED PARTIES

Transactions between related parties represent transactions with shareholders, senior management and related parties. The following is a statement of related party transactions and the balances resulting from them:

Name of related party	Nature of transaction	Type of transaction	2022	2021
			SR.	SR.
Sumou Holding Company	Financing	Related to shareholders	---	105,191,719
	Increase in capital		---	(24,413,400)
	Revenue generated		**7,836,952**	6,808,268
Adeer Holding Company	Transfer of leased right of use assets and liabilities and associated amount	Shareholder	---	60,046,807
	Conversion of real-estate under development		---	90,828,568
	Shares in real-estate projects investments		---	(35,400,000)
	Revenue generated		**10,119,693**	4,650,000
	Costs		**4,382,526**	---
Sumou Real-Estate Company, through Sumou Holding Company	Revenue generated	Related to shareholders	---	6,095,819
Sumou Real Estate Co.	Revenue generated	Related to shareholders	**2,256,814**	---
Tanal Development Company	Revenue generated	Related to shareholders	**8,482,479**	17,681,028
Riyada Gulf Management Co.	Expenses	Related to shareholders	**400,000**	---
Senior management and board of director	Salaries and benefits	Company's senior management and BOD	**1,500,000**	1,060,000

26. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved by the Board of Directors on 4 Dhul-Hijjah 1445H corresponding to June 10, 2024.

27. GENERAL

- Some of the comparative figures have been reclassified to conform to the presentation in the current year.
- The figures in the financial statements are rounded to nearest Saudi Riyal.