

**DAR AL ARKAN  
REAL ESTATE DEVELOPMENT COMPANY  
SAUDI JOINT STOCK COMPANY  
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
AND INDEPENDENT AUDITOR'S REVIEW REPORT  
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2025**

**DAR AL ARKAN REAL ESTATE DEVELOPMENT COMPANY  
SAUDI JOINT STOCK COMPANY  
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITOR'S REVIEW REPORT  
FOR THE THREE- MONTH PERIOD ENDED 31 MARCH 2025**

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**Independent auditor's review report on the interim condensed consolidated financial statements  
To the shareholders of Dar Al Arkan Real Estate Development Company  
(A Saudi joint stock company)**

**Introduction**

We have reviewed the accompanying interim condensed consolidated statement of financial position of Dar Al Arkan Real Estate Development Company, A Saudi Joint Stock Company (the "Company") and its Subsidiaries (collectively referred to as the "Group") as at 31 March 2025 and the related interim condensed consolidated statements of profit or loss and other comprehensive income, changes in shareholders' equity and cash flows for the three-month period then ended, and a summary of material accounting policy information and other explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34 – "Interim Financial Reporting" ("IAS 34") that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

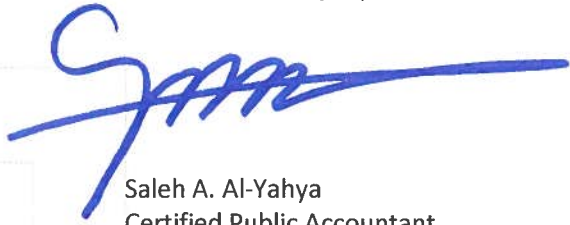
**Scope of review**

We conducted our review in accordance with International Standard on Review Engagements 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' that is endorsed in the Kingdom of Saudi Arabia. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 that is endorsed in the Kingdom of Saudi Arabia.

For Alluhaid & Alyahya Chartered Accountants



Saleh A. Al-Yahya  
Certified Public Accountant  
License No. 473

Riyadh: 03 Dhu al-Qa'dah 1446H  
(1 May 2025)



**DAR AL ARKAN REAL ESTATE DEVELOPMENT COMPANY**  
**SAUDI JOINT STOCK COMPANY**  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 MARCH 2025**

|                                                                    | Notes | 31 March<br>2025<br>(Unaudited)<br>SR 000 | 31 December<br>2024<br>(Audited)<br>SR 000 |
|--------------------------------------------------------------------|-------|-------------------------------------------|--------------------------------------------|
| <b>ASSETS</b>                                                      |       |                                           |                                            |
| <b>Non-current assets`</b>                                         |       |                                           |                                            |
| Investment properties, net                                         | 5     | 972,802                                   | 983,000                                    |
| Long-term development properties                                   | 6     | 20,411,924                                | 20,877,265                                 |
| Property and equipment, net                                        | 7&23a | 85,102                                    | 89,614                                     |
| Investments in associates and joint ventures                       | 8     | 2,629,882                                 | 2,628,356                                  |
| Investments in financial asset                                     | 9     | 191,100                                   | 190,890                                    |
| Loan to a related party                                            | 24    | 799,082                                   | 799,082                                    |
| Total non-current assets                                           |       | 25,089,892                                | 25,568,207                                 |
| <b>Current assets</b>                                              |       |                                           |                                            |
| Short-term development properties                                  | 6     | 111,938                                   | 111,874                                    |
| Trade receivables and others                                       | 10    | 4,357,316                                 | 4,503,476                                  |
| Inventories                                                        |       | 31,998                                    | 31,993                                     |
| Cash and cash equivalents                                          | 11    | 6,498,979                                 | 6,724,672                                  |
| Total current assets                                               |       | 11,000,231                                | 11,372,015                                 |
| <b>TOTAL ASSETS</b>                                                |       | <b>36,090,123</b>                         | <b>36,940,222</b>                          |
| <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>                        |       |                                           |                                            |
| <b>Non-current liabilities</b>                                     |       |                                           |                                            |
| Borrowings-non-current portion                                     | 12    | 7,839,984                                 | 8,085,826                                  |
| End of service indemnities                                         | 13    | 38,771                                    | 38,517                                     |
| Total non-current liabilities                                      |       | 7,878,755                                 | 8,124,343                                  |
| <b>Current liabilities</b>                                         |       |                                           |                                            |
| Borrowings-current portion                                         | 12    | 3,086,800                                 | 3,337,932                                  |
| Trade payables and others                                          | 14    | 3,492,973                                 | 4,061,716                                  |
| Zakat provision                                                    | 15a   | 321,328                                   | 315,517                                    |
| Total current liabilities                                          |       | 6,901,101                                 | 7,715,165                                  |
| <b>TOTAL LIABILITIES</b>                                           |       | <b>14,779,856</b>                         | <b>15,839,508</b>                          |
| <b>Shareholders' equity</b>                                        |       |                                           |                                            |
| Share capital                                                      | 16    | 10,800,000                                | 10,800,000                                 |
| Statutory reserve                                                  |       | 1,341,178                                 | 1,341,178                                  |
| Other reserves                                                     |       | (11,694)                                  | (11,904)                                   |
| Retained earnings                                                  |       | 9,175,063                                 | 8,965,334                                  |
| <b>Equity attributable to equity holders of the parent company</b> |       | <b>21,304,547</b>                         | <b>21,094,608</b>                          |
| Non-controlling interests                                          |       | 5,720                                     | 6,106                                      |
| <b>TOTAL SHAREHOLDERS' EQUITY</b>                                  |       | <b>21,310,267</b>                         | <b>21,100,714</b>                          |
| <b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>                  |       | <b>36,090,123</b>                         | <b>36,940,222</b>                          |

  
 Authorised Board of  
 Directors Member

  
 Chief Executive Officer

  
 Chief Financial Officer

The accompanying notes form an integral part of these interim condensed consolidated financial statements

**DAR AL ARKAN REAL ESTATE DEVELOPMENT COMPANY  
SAUDI JOINT STOCK COMPANY  
INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS  
AND OTHER COMPREHENSIVE INCOME  
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2025**

|                                                                                                  |       | Three-month period ended |                       |
|--------------------------------------------------------------------------------------------------|-------|--------------------------|-----------------------|
|                                                                                                  |       | 31 March<br>2025         | 31 March<br>2024      |
|                                                                                                  | Notes | (Unaudited)<br>SR 000    | (Unaudited)<br>SR 000 |
| Revenue                                                                                          | 17    | 932,007                  | 864,920               |
| Cost of revenue                                                                                  | 18    | (525,439)                | (509,123)             |
| <b>GROSS PROFIT</b>                                                                              |       | <b>406,568</b>           | <b>355,797</b>        |
| <b>Operating expenses:</b>                                                                       |       |                          |                       |
| General and administrative expenses                                                              | 19    | (68,977)                 | (50,579)              |
| <b>OPERATING PROFIT</b>                                                                          |       | <b>337,591</b>           | <b>305,218</b>        |
| Finance costs                                                                                    | 20    | (203,853)                | (217,056)             |
| Other income, net                                                                                | 21    | 79,890                   | 62,460                |
| Share of net profits from associates and joint ventures                                          | 8 a   | 1,526                    | 6,909                 |
| <b>PROFIT BEFORE ZAKAT</b>                                                                       |       | <b>215,154</b>           | <b>157,531</b>        |
| Zakat provisions                                                                                 | 15a   | (5,811)                  | (3,938)               |
| <b>NET PROFIT FOR THE PERIOD</b>                                                                 |       | <b>209,343</b>           | <b>153,593</b>        |
| <b>Net profit attributable to:</b>                                                               |       |                          |                       |
| Dar Al Arkan shareholders                                                                        |       | 209,729                  | 153,593               |
| Non-controlling interests                                                                        |       | (386)                    | -                     |
|                                                                                                  |       | <b>209,343</b>           | <b>153,593</b>        |
| <b>Other comprehensive income:</b>                                                               |       |                          |                       |
| Net gain/(loss) on equity instrument designated at fair value through other comprehensive income | 9     | 210                      | (15,330)              |
| <b>Total comprehensive income for the period</b>                                                 |       | <b>209,553</b>           | <b>138,263</b>        |
| <b>Total comprehensive income attributable to:</b>                                               |       |                          |                       |
| Dar Al Arkan shareholders                                                                        |       | 209,939                  | 138,263               |
| Non-controlling interests                                                                        |       | (386)                    | -                     |
|                                                                                                  |       | <b>209,553</b>           | <b>138,263</b>        |
| <b>Earnings per share ( in Saudi Riyal ):</b>                                                    |       |                          |                       |
| Basic and diluted                                                                                | 22    | 0.19                     | 0.14                  |

Authorised Board of  
Directors Member

Chief Executive Officer

Chief Financial Officer

The accompanying notes form an integral part of these interim condensed consolidated financial statements

**DAR AL ARKAN REAL ESTATE DEVELOPMENT COMPANY**  
**SAUDI JOINT STOCK COMPANY**  
**INTERIM CONDENSED CONSOLIDATED**  
**STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2025**

|                                                  | Attributable to owners of the parent |                   |                |                   |            | Non-                  |              |
|--------------------------------------------------|--------------------------------------|-------------------|----------------|-------------------|------------|-----------------------|--------------|
|                                                  | Share capital                        | Statutory reserve | Other reserves | Retained earnings | Total      | controlling interests | Total equity |
|                                                  | SR 000                               | SR 000            | SR 000         | SR 000            | SR 000     | SR 000                | SR 000       |
| <b>2025</b>                                      |                                      |                   |                |                   |            |                       |              |
| Balance as at 1 January 2025 (audited)           | 10,800,000                           | 1,341,178         | (11,904)       | 8,965,334         | 21,094,608 | 6,106                 | 21,100,714   |
| Net profit for the period                        | -                                    | -                 | -              | 209,729           | 209,729    | (386)                 | 209,343      |
| <b>Other comprehensive income</b>                |                                      |                   |                |                   |            |                       |              |
| Other comprehensive income                       | -                                    | -                 | 210            | -                 | 210        | -                     | 210          |
| <b>Total comprehensive income for the period</b> | -                                    | -                 | 210            | 209,729           | 209,939    | (386)                 | 209,553      |
| Balance as at 31 March 2025 (unaudited)          | 10,800,000                           | 1,341,178         | (11,694)       | 9,175,063         | 21,304,547 | 5,720                 | 21,310,267   |
| <b>2024</b>                                      |                                      |                   |                |                   |            |                       |              |
| Balance as at 1 January 2024 (audited)           | 10,800,000                           | 1,260,395         | 85,024         | 8,146,462         | 20,291,881 | -                     | 20,291,881   |
| Net profit for the period                        | -                                    | -                 | -              | 153,593           | 153,593    | -                     | 153,593      |
| <b>Other comprehensive income/(loss)</b>         |                                      |                   |                |                   |            |                       |              |
| Other comprehensive loss                         | -                                    | -                 | (15,330)       | -                 | (15,330)   | -                     | (15,330)     |
| Total comprehensive income/(loss) for the period | -                                    | -                 | (15,330)       | 153,593           | 138,263    | -                     | 138,263      |
| Acquisition of a subsidiary                      | -                                    | -                 | -              | -                 | -          | 5,750                 | 5,750        |
| Balance as at 31 March 2024 (unaudited)          | 10,800,000                           | 1,260,395         | 69,694         | 8,300,055         | 20,430,144 | 5,750                 | 20,435,894   |



Authorised Board of  
Directors Member



Chief Executive Officer



Chief Financial Officer

The accompanying notes form an integral part of these interim condensed consolidated financial statements

**DAR AL ARKAN REAL ESTATE DEVELOPMENT COMPANY  
SAUDI JOINT STOCK COMPANY  
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASHFLOWS  
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2025**

|                                                                 |           | Three-month period ended |                       |
|-----------------------------------------------------------------|-----------|--------------------------|-----------------------|
|                                                                 |           | 31 March<br>2025         | 31 March<br>2024      |
|                                                                 | Notes     | (Unaudited)<br>SR 000    | (Unaudited)<br>SR 000 |
| <b>OPERATING ACTIVITIES</b>                                     |           |                          |                       |
| Profit before zakat                                             |           | 215,154                  | 157,531               |
| Adjustment for:                                                 |           |                          |                       |
| Depreciation                                                    | 5,7 & 23a | 13,494                   | 13,457                |
| Provisions for end of service indemnities                       | 13        | 1,196                    | 810                   |
| Charge for expected credit losses                               | 10b       | 584                      | 2,370                 |
| Finance costs                                                   | 20        | 203,853                  | 217,056               |
| Share of profit from associates and joint ventures              | 8         | (1,526)                  | (6,909)               |
| <b>Operating cash flows before movements in working capital</b> |           | <b>432,755</b>           | <b>384,315</b>        |
| Development properties, net                                     |           | 467,105                  | (288,534)             |
| Trade receivables and others                                    |           | 145,576                  | (238,542)             |
| Inventories                                                     |           | (5)                      | (372)                 |
| Trade payables and others                                       |           | (567,930)                | 34,215                |
| <b>Cash from operations</b>                                     |           | <b>477,501</b>           | <b>(108,918)</b>      |
| Finance costs paid                                              |           | (196,460)                | (209,221)             |
| End-of-service indemnities paid                                 | 13        | (942)                    | (190)                 |
| <b>NET CASH FLOWS FROM / (USED IN) OPERATING ACTIVITIES</b>     |           | <b>280,099</b>           | <b>(318,329)</b>      |
| <b>INVESTING ACTIVITIES</b>                                     |           |                          |                       |
| Acquisition of a subsidiary, net of cash acquired               |           | -                        | (788)                 |
| Purchase of property and equipment                              | 7         | (612)                    | (1,069)               |
| <b>NET CASH FLOWS USED IN INVESTING ACTIVITIES</b>              |           | <b>(612)</b>             | <b>(1,857)</b>        |
| <b>FINANCING ACTIVITIES</b>                                     |           |                          |                       |
| Movement in long-term borrowings                                |           | (504,367)                | 530,010               |
| Payment of principal portion of lease liabilities               | 23b       | (813)                    | (471)                 |
| <b>NET CASH FLOWS (USED IN) / FROM FINANCING ACTIVITIES</b>     |           | <b>(505,180)</b>         | <b>529,539</b>        |
| <b>(Decrease) / increase in cash and cash equivalents</b>       |           | <b>(225,693)</b>         | <b>209,353</b>        |
| <b>CASH AND CASH EQUIVALENTS, BEGINNING OF THE PERIOD</b>       |           | <b>6,724,672</b>         | <b>5,449,833</b>      |
| <b>CASH AND CASH EQUIVALENTS, END OF THE PERIOD</b>             | 11        | <b>6,498,979</b>         | <b>5,659,186</b>      |
| <b>Non-cash transactions</b>                                    |           |                          |                       |
| Transfer of investment properties to development properties     | 5&6       | 1,828                    | 3,501                 |
| Net loss on equity instrument designated at FVOCI               | 9         | 210                      | (15,330)              |
| Additions to right-of-use assets and lease liabilities          | 23a       | -                        | 1,965                 |
| Transfer of equity interest in associates to a subsidiary       | 8&30      | -                        | 32,262                |

Authorised Board of  
Directors Member

Chief Executive Officer

Chief Financial Officer

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The accompanying notes form an integral part of these interim condensed consolidated financial statements

**DAR AL ARKAN REAL ESTATE DEVELOPMENT COMPANY  
SAUDI JOINT STOCK COMPANY  
NOTES TO THE INTERIM CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS (UNAUDITED)**

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**1. CORPORATE INFORMATION**

**DAR AL ARKAN REAL ESTATE DEVELOPMENT COMPANY** – (the “Company”), is a Saudi Joint Stock Company established under the Companies’ Laws of the Kingdom of Saudi Arabia. The Company is registered in Riyadh under Commercial Registration No. 1010160195 dated 16/04/1421H, corresponding to 18/07/2000 G. The Company is domiciled in the Kingdom of Saudi Arabia (K.S.A.) and its registered office address is P.O. Box No: 105633, Riyadh-11656, K.S.A.

The equity shares of the Company are listed with the security exchange of the Kingdom of Saudi Arabia. The Company and its subsidiaries are collectively referred to as “the Group” and is predominantly engaged in the business of development, sale and leasing of real estate projects and associated activities. The Company manages its activities through subsidiaries established for each line of business. These subsidiaries operate under their own commercial registration and are summarised below:

**DAR AL ARKAN PROPERTIES (REAL ESTATE) COMPANY** – is a limited liability company, a wholly owned subsidiary, registered in Riyadh under the Commercial Registration No. 1010254063, dated 25/7/1429 H (corresponding to 28/7/2008 G). It operates in development and acquisition of commercial and residential real estate. It provides management, operation and maintenance of residential and commercial buildings and public facilities.

**DAR AL-ARKAN COMMERCIAL INVESTMENT COMPANY** – is a limited liability company, a wholly owned subsidiary, registered in Riyadh under the Commercial Registration No. 1010247585, dated 28/3/1429 H (corresponding to 5/4/2008 G). It operates in purchase and acquisition, lease of real estate investments.

**DAR AL-ARKAN SUKUK COMPANY** – is a limited liability company, a wholly owned subsidiary, registered in Riyadh under the Commercial Registration No. 1010256421, dated 16/9/1429 H (corresponding to 16/9/2008 G). It operates in Real Estate investments and development.

**SUKUK AL-ARKAN COMPANY** – is a limited liability company, a wholly owned subsidiary, registered in Riyadh under the Commercial Registration No. 1010274407, dated 11/10/1430 H (corresponding to 01/10/2009 G). It operates in development, maintenance and management of real estates, purchase of land and general contracting.

**DAR SUKUK INTERNATIONAL COMPANY** – is a limited liability company, a wholly owned subsidiary, registered in Riyadh under the Commercial Registration No. 1010275448, dated 30/10/1430 H (corresponding to 19/10/2009 G). It operates in Real Estate investments and development.

**COMPASS PROJECT CONTRACTING COMPANY** – is a limited liability company, a wholly owned subsidiary, registered in Riyadh under the Commercial Registration No. 1010521509, 17/6/1438 H (corresponding to 16/3/2017 G). It operates in Real Estate investments and developments, leasing and property management.

**MAAQEL REAL ESTATE COMPANY** – is a limited liability company, a wholly owned subsidiary, registered in Riyadh under the Commercial Registration No. 1010600708, 24/2/1441 H (corresponding to 23/10/2019 G). It operates in Real Estate, leasing and property management.

**BAWADI FOR REAL ESTATE COMPANY** – is a limited liability company, a wholly owned subsidiary, registered in Riyadh under the Commercial Registration No. 1010600710, 24/2/1441 H (corresponding to 23/10/2019 G). It operate in general construction, and purchase and sale, acquisition, leasing of real estate and property management. During the year 2024, on 18/01/1446 H (corresponding to 24/07/2024 G) the Company has legally closed its operations.

**AL-ENTESHAR REAL ESTATE COMPANY** – is a limited liability company, a wholly owned subsidiary, registered in Riyadh under the Commercial Registration No. 1010600709, 24/2/1441 H (corresponding to 23/10/2019 G). It operates in sale, and purchase, acquisition, leasing of real estate and property management. During the year 2024, on 18/01/1446 H (corresponding to 24/07/2024 G) the Company has legally closed its operations.

**IKTIFA REAL ESTATE COMPANY** – is a limited liability company, a wholly owned subsidiary, registered in Riyadh under the Commercial Registration No. 1010600711, 24/2/1441 H (corresponding to 23/10/2019 G). It operates in sale, and purchase, acquisition, leasing of real estate and property management. During the year 2024, on 19/01/1446 H (corresponding to 25/07/2024 G) the Company has legally closed its operations.

**DAR AL ARKAN FOR REAL ESTATE DEVELOPMENT LLC**– is a limited liability company, a beneficially wholly owned subsidiary, established under the laws of the state Qatar, under the Commercial Registration No. 165584, 14/7/1443 H (corresponding to 15/02/2022 G). It mainly operates in real estate developments. During the year 2024, on 11/04/1446 H (corresponding to 14/10/2024 G) the Company has disposed of all its shares (Refer note 29).

Dar Al-Arkan Real Estate Development Company wholly owns directly and indirectly the above mentioned subsidiaries. The accompanying interim condensed consolidated financial statements include the assets, liabilities and the results of operations of the subsidiaries mentioned above.



**DAR AL ARKAN REAL ESTATE DEVELOPMENT COMPANY**  
**SAUDI JOINT STOCK COMPANY**  
**NOTES TO THE INTERIM CONDENSED CONSOLIDATED**  
**FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)**

**2 ACCOUNTING POLICIES**

**2.1 BASIS OF PREPARATION**

The interim condensed consolidated financial statements have been prepared in accordance with the International Accounting Standard 34, *Interim Financial Reporting* ("IAS 34") as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements endorsed by Saudi Organization for Chartered and Professional Accountants ("SOCPA").

These interim condensed consolidated financial statements are presented in Saudi Riyals (SR), which is the Group's functional currency.

**2.2 ADOPTION OF NEW AND REVISED STANDARDS AND INTERPRETATIONS**

*Standards and interpretations effective in the current period*

In the current period, the Group has adopted all amendments to standards issued by the International Accounting Standards Board ("IASB") as endorsed by SOCPA that are mandatory for adoption in the annual periods beginning on or after 1 January 2025 and are applicable to the Group.

|        |           |                                                                                                                                       |
|--------|-----------|---------------------------------------------------------------------------------------------------------------------------------------|
| IAS 21 | Amendment | - Amendment to assess whether a currency is exchangeable and the determination of spot exchange rate when exchangeability is lacking. |
|--------|-----------|---------------------------------------------------------------------------------------------------------------------------------------|

Generally, the adoption of this amendment to standards has not led to any changes in the Group's accounting policies and disclosures provided in the interim condensed consolidated financial statements.

**Standards, amendments and interpretations in issue but not yet effective**

The following standards, amendments and interpretations were in issue at the date of authorisation of these financial statements, but not yet effective, and therefore will be adopted if applicable, once endorsed by SOCPA.

The impact of the adoption of these standards is currently being assessed; however, the directors anticipate that the adoption of these standards, amendments and interpretations in future periods will not have a significant impact on the interim condensed consolidated financial statements of the Group.

|                    |                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|--------------------|---------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| IFRS 10 and IAS 28 | Amendment           | - Amendments related to the sale or contribution of assets between an investor and its associate or joint venture, effective date deferred Indefinitely.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| IFRS 9 and IFRS 7  | Amendment           | - Amendments clarifies derecognition of financial liabilities on "Settlement date" and settled through electronic payment system before settlement date with certain conditions, clarifies contractual cash flows characteristic linked with environmental, social and governance (ESG) features, clarifies treatment of non-recourse assets and contractually linked instruments, require additional disclosures financial assets and liabilities with contractual terms that reference a contingent event (including those that are ESG-linked), equity instruments classified at fair value through other comprehensive income and clarifies contracts referencing nature-dependent electricity. Applicable annual periods beginning on or after 1 January 2026. |
| Various IFRS       | Annual Improvements | - Clarification and amendments relating to various IFRSs under annual improvement program IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7. Applicable annual periods beginning on or after 1 January 2026.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| IFRS 18            | New Standard        | - New requirements on presentation within the statement of profit or loss, including specified totals and subtotals. It also requires disclosure of management-defined performance measures and includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements and the notes. Applicable annual periods beginning on or after 1 January 2027.                                                                                                                                                                                                                                                                                                                            |

## **2.3 ACCOUNTING CONVENTION**

The interim condensed consolidated financial statements have been prepared on the historical cost basis except for the revaluation of certain financial instruments at fair value and investment in associates and joint venture at equity method. The obligation of post-employment benefits is accounted for the present value of future obligation. The following are the material accounting policies applied by the Group in preparing its interim condensed consolidated financial statements. These policies have been consistently applied to the periods presented, unless otherwise stated.

## **2.4 BASIS OF CONSOLIDATION**

The Group consolidates the financial statements of the Company and entities where the group has power over the investees, it is exposed, or has rights, to variable return from its involvements and has the ability to use its power to control and affect its return from the investees or subsidiaries. The interim condensed consolidated financial statements of the Group consist of operations of the Company and entities controlled by the Company or its subsidiaries.

### **Subsidiaries**

Subsidiaries are entities that are controlled by the Group. The Group controls an entity when, it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over that entity. Subsidiaries are fully consolidated from the effective date of acquisition or up to the effective date of disposal, as appropriate.

The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are initially measured at fair value at the acquisition date irrespective of the extent of any non-controlling interests. The interests of non-controlling shareholders are stated at the non-controlling proportion of the fair values of the assets and liabilities recognised. Subsequently, any losses applicable to the non-controlling interests in excess of the non-controlling interests are allocated against the interests of the parent.

The excess of cost of acquisition over the fair value of the Group's share of identifiable net assets acquired is recognised as goodwill. Any deficiency of the cost of acquisition below the fair value of identifiable net assets acquired (i.e. discount on acquisition) is recognised directly in the interim condensed consolidated statement of profit or loss and comprehensive income.

All intra-group transactions, balances, and unrealised gains on transactions between Group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

### **Investments in associates and joint venture**

An associate is an entity over which the Group is in a position to exercise significant influence, but not control or joint control, through participation in the financial and operating policy decisions of the investee.

A joint venture is a joint arrangement where the parties to the joint venture have rights to the net assets of the joint arrangement and have contractually agreed sharing of joint control over the relevant activities through which the parties to the arrangement can participate to the decision making of the relevant activities require unanimous consents and joint control.

### **Equity method**

Under equity method of accounting, the investments in associates or a joint venture is initially recognised in the interim condensed consolidated financial position at cost and adjusted by the post-acquisition changes in the Group's share of the profit or loss and other comprehensive income and the net assets of the associate or a joint venture, less any impairment in the value of individual investments. The results, assets and liabilities of associates or joint ventures are incorporated in these interim condensed consolidated financial statements using the equity method of accounting except when classified as held for sale. Losses of the associates or joint control over a joint venture in excess of the Group's interests in those associates or joint venture are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in associates or a joint venture is accounted under equity method of accounting from the date of acquisition. Any excess of cost of acquisition over the Group's share of the fair values of identifiable net assets of the associate or a joint venture at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of that investment. Any deficiency of the cost of acquisition below the Group's share of the fair values of identifiable net assets of the associate or a joint venture at the date of acquisition (i.e. discount on acquisition) is recognised in the interim condensed consolidated statement of profit or loss and comprehensive income.

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When the investment in associates or a joint venture is classified as held for sale or ceases to be an associate or a joint venture, from that date, the group discontinue the use of equity accounting. When a partial sale of an associate or a joint venture which results in losing significant influence over that associate or a joint venture, the remaining investment is measured at fair value on the date of sale and recognised as a financial asset. The differences between the attributable shares of carrying amount for the retaining interest in that associate or a joint venture and its fair value is included in the determination of gain or loss of the disposal of the associates or a joint venture. In addition, the Group reclassifies the gains or losses from equity, previously recognised in the other comprehensive income to the statement of profit or loss and comprehensive income.

Where a Group company transacts with an associate or a joint venture of the Group, profits and losses are eliminated to the extent of the Group's interests in the relevant associate or a joint venture. Losses may provide evidence of an impairment of the asset transferred in which case appropriate provision is made for impairment.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognises the loss within 'Share of net profits from associates and joint ventures' in the statement of profit or loss.

**Investment in joint operation**

A joint operation is an arrangement where Group entities have joint control of an arrangement and have legally binding rights to the assets and obligations for the liabilities of the arrangement. A Joint control is a legally agreed sharing of control of an arrangement and all the relevant activities of the arrangement require unanimous consent of the parties sharing control.

When the Group entity carry out its activities under joint operations, the Group recognises its interest under the joint operation as follows:

- The asset belongs to the Group, including its share of any assets acquired and held jointly;
- The Liabilities associated with the Group, including its share of any liabilities incurred jointly;
- Group's share of revenue arising from the joint operation;
- Group's expenses, including the share of expenses incurred jointly in the joint operations.

The Group accounts for the assets, liabilities, revenues and expenses associated with its interest in a joint operation in accordance with IFRSs applicable to the particular assets, liabilities, revenues and expenses. When the Group entity is a joint operator and the Group is involved with a sale or asset contribution to the joint operation, the profit and losses resulting from such transitions are recognised in the Group's interim condensed consolidated financial statement only to the extent of other parties' share in the joint operation. When the Group entity is a joint operator and the Group is involved with a purchase transaction with the joint operation, the Group does not recognise the share of its gain or loss until such assets are resold to a third party.

**2.5 PROPERTY AND EQUIPMENT**

Property and equipment are stated at cost less accumulated depreciation and any recognised impairment loss. Cost includes all directly attributable expenses incurred in bringing the property and equipment to their present location, condition until the property and equipment is available for use. The management periodically review and reassess the estimated future useful life and residual value and accordingly may change or modify the depreciation rates.

Depreciation is charged so as to write off the cost less estimated residual value of assets, other than land, over their estimated useful lives, using the straight-line method, on the following rates:

|                        |           |
|------------------------|-----------|
| Buildings              | 3%        |
| Leasehold improvements | 5% - 20%  |
| Vehicles               | 25%       |
| Machinery and tools    | 20%       |
| Office equipment       | 20% - 25% |
| Fixtures and Fittings  | 20%       |

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The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the interim condensed consolidated profit or loss.

At each reporting date, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised in the interim condensed consolidated profit or loss immediately.

## **2.6 INVESTMENT PROPERTIES**

Investment properties principally comprise completed projects (including properties and developed land held for long term capital appreciation) and projects under development (including property projects under construction, land projects under development and land awaiting development). Investment properties are held to earn rentals and/or for capital appreciation or both, rather than for sale in the ordinary course of business or for use in production or administrative function. Projects under development include those properties in progress of development or awaiting development to commence. These properties are not used for generating sales revenues through normal business operations. The investment properties are initially recognised at cost and the cost of an acquisition is measured at fair value of the assets acquired / transferred. All developments costs (design, development and staff cost) that are directly attributable to the acquisition/ development of the properties are capitalized to derive the total cost.

An investment property is derecognised on sale or disposal when permanently withdrawn or transferred to development properties. Any gain or loss arising from de-recognition of the investment property is recognised in the interim condensed consolidated profit or loss immediately.

Investment properties are held to earn rentals and/or for capital appreciation, are stated at cost less accumulated depreciation and any recognised impairment loss. Depreciation is charged so as to write off the cost less estimated residual value of assets, other than land and properties under construction, over their estimated useful lives, using the straight-line method, on the following basis:

|           |    |
|-----------|----|
| Buildings | 3% |
|-----------|----|

Gains or losses arising from the retirement or disposal of investment properties being the difference between the net disposal proceeds and carrying value are included in the interim condensed consolidated profit or loss for the period of the retirement/disposal.

## **2.7 DEVELOPMENT PROPERTIES**

All development properties are initially measured at acquisition cost and subsequently measured and accounted for lower of cost and net realisable value. This principally consists of projects under progress and land parcels under development for sales in the ordinary course of business, rather than to be held for rental or capital appreciation. Cost comprises all directly attributable cost including direct material cost, direct labour costs, borrowing costs and those overheads that have been incurred in bringing the development properties to their present location and condition. Cost is calculated using the average method. Impairment is tested comparing with net realisable value, which represents the estimated selling price less all estimated costs to completion and selling costs to be incurred.

The operating cycle of development properties is such that the majority of development properties are held for longer period and will not be realised within 12 months. If there is a change in management intention and identify any development property for immediate sale, then the same is split between long-term and short-term development properties representing non-current and current portion of development properties respectively. At each reporting date management categorises development properties projects as long term or short-term depending on its estimated completion and realisation date. If the completion and realisation date of a project is expected to be within a year from the date of the interim condensed consolidated statement of financial position, the project is classified as short-term development properties.

## **2.8 IMPAIRMENT OF TANGIBLE ASSETS**

At each reporting date, the Group reviews the carrying amounts of its tangible assets for any indication that those assets have suffered impairment losses. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified. When such an indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised in the interim condensed consolidated profit or loss.

## **2.9 ISLAMIC BORROWING COSTS**

Islamic borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. During the period, the Group has not capitalised any portion of its borrowing cost. Accordingly, all borrowing costs are recognised as finance costs in the interim condensed consolidated profit or loss in the period in which they are incurred.

## **2.10 FINANCIAL INSTRUMENTS**

Financial assets and financial liabilities are recognised in the Group's interim condensed consolidated statement of financial position when the Group has become a party to the contractual provisions of the instrument.

The Group initially measure financial assets and financial liabilities at their fair value. All directly attributable transaction costs for the origination, acquisition or issuance of a financial assets and financial liabilities (except for financial assets and financial liabilities accounted at fair value through profit or loss) are added or deducted, as appropriate, from the respective fair value of the financial assets or financial liabilities on initial recognition. Transaction costs that are incurred for financial assets or financial liabilities accounted at fair value through profit or loss are recognised immediately in the interim condensed consolidated profit or loss.

### **Classification and measurement – financial assets**

Classification and measurement of financial assets are based on the underlying business model and estimated cash flows on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Any derivatives embedded in the contracts are not separated and is considered as a whole for classification. The financial assets are principally categorised as under;

- Amortised cost
- Fair value through other comprehensive income(FVTOCI)
- Fair value through profit or loss (FVTPL)

Financial assets that are initially recognised at fair value are subsequently measured at amortised cost based on expected credit loss (ECL) described below:

- 12-month expected credit losses- expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date.
- Lifetime expected credit losses- expected credit losses that result from all possible default events over the life of the financial instrument.

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model. The expected credit loss model requires the Group to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

Specifically, IFRS 9 requires the Group to recognise a loss allowance for expected credit losses on:

- Debt instruments measured subsequently at amortised cost or at FVTOCI;
- Lease receivables;
- Trade receivables and contract assets; and
- Financial guarantee contracts to which the impairment requirements of IFRS 9 apply.

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A loss allowance for lifetime expected credit losses is required for a financial instrument if the credit risk of that financial instrument has increased significantly since initial recognition, as well as to contract assets or trade receivables that do not constitute a financing transaction in accordance with IFRS 15.

**Trade receivables**

Trade receivables are classified as financial assets and are initially recognised at the amount of consideration/ transaction price unless they contain significant financing components, when they are recognised at fair value. The Group do not charge interest on trade receivable and holds the principal outstanding of the trade receivables with the objective to collect the contractual cash flows therefore measures them subsequently at amortised cost using the effective interest method less any provision for impairment for expected credit loss. The Group assesses receivables that are individually significant and receivables included in a group of financial assets with similar credit risk characteristics for impairment. This assessment of impairment requires judgment. In making this judgment, the Group evaluates credit risk characteristics that consider past default experience of the customer and analyse the general economic conditions of the industry in which the customers operate and current financial position specific to the customers and an assessment of both the current as well as the forecast direction of past-due status and other loss event factors being indicative of the ability to pay all amounts due as per contractual terms at the reporting date. A provision for credit loss is made where there is an objective evidence, including customers with financial difficulties or in default on payments, that amounts will not be recovered in accordance with original terms of the agreement and the carrying value of the receivable exceeds the present value of the future cash flow discounted using the original effective interest rate. The carrying value of the receivable is reduced with the provision for expected credit loss and any impairment loss is recognised in the interim condensed consolidated profit or loss.

Management applies the simplified approach in calculating ECLs. Therefore, management does not track changes in credit risk, but instead recognised a loss allowance base on lifetime ECL's at each reporting date. Management has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

**Cash and cash equivalents**

Cash and cash equivalents comprise cash in hand and at bank and other short-term deposits held by the Group with original maturities of three months or less.

**Held for trading investments**

Held for trading investments are recognised initially at fair value; transaction costs are taken directly to the interim condensed consolidated statement of profit or loss and other comprehensive income and thereafter stated at fair value by reference to exchange quoted market bid prices at the close of business on the interim condensed consolidated balance sheet date. The unrealized and realized gains and losses from sale of held for trading investments are recorded in the interim condensed consolidated statement of profit or loss and other comprehensive income.

**Financial liabilities**

Financial liabilities include Islamic Sukuk and Islamic Murabaha and are classified according to the substance of the respective contractual arrangement and are initially measured at their fair value, net of transaction costs. Financial liabilities are subsequently carried at their amortised cost, with commission cost being recognised on an effective yield basis in the interim condensed consolidated statement of profit or loss over the term of the instrument.

**Trade payables**

Trade payables are initially recognised at fair value and subsequently at amortised cost using the effective interest rate method.

**2.11 REVENUE RECOGNITION**

Revenue represents the sale of completed real estate properties, revenue from construction/ development of real estate properties and leasing of residential properties.

**Sale of completed properties – recognised at the point of sale**

Real estate properties which are sold as completed properties are immediately recognised as revenue at the point of sale. The revenue for these categories of assets are only recognised when the control with significant risks and rewards of ownership have been transferred to the buyer and the Group had enforceable right to payment for the performance completed. The transfer of ownership and the controls are assessed at the time of legal completion of the sale or transfer of assets. Revenue is measured at the fair value of consideration entitled in a contract.

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**Properties constructed/developed under contract with customer– recognised over the time**

The group develop and sale properties under long term construction/development contract or agreement. Usually such contracts are entered before the start of the construction and the terms of the contracts restrict the transfer of asset to another customer and has no other alternative use and the Group had enforceable right to payment for the performance completed to date where the objective and the outcome of such contracts can be estimated reliably, the revenue and cost of such developments are recognised in proportion to the performed/measured stages of completion against the total contractual obligations/miles stones including variation, claims and incentives at the end of each reporting period, except where the performed work are not a representative of the stage of completion.

Where the outcome of the contract cannot be estimated reliably, the contract revenue is recognised to the extent of cost incurred and probability recoverable against such contract.

The Group recognises all the incremental costs of obtaining or performing a contract as assets if it expects to recover those costs from the transaction price. The incremental costs are those costs that the Group would not have incurred if the contract had not been obtained. All costs to fulfil its obligations under an existing contract, or an anticipated contract, are capitalised in accordance with IFRS 15 if the costs:

- directly relates to such specific contract;
- are expected to be recovered.
- Create, enhance or generate the resources of the company which will be used in performing the current or future performance obligations

All asset recognised in relation to contract costs is systematically amortised on a basis consistent with the pattern or proportion of transfer of the obligation under the contract to which the asset relates.

If the overall amortisation period of such expenses is one year or less the Group may expense such cost when incurred. All advance payments and the milestone payment which received in excess of the revenue recognised to date are recognised as contract liability. Considering the short period between the milestone payment and revenue recognition under the cost-to-cost method, these are not considered to be a significant financing component in the construction contracts with customers.

The Group assesses the carrying value of such assets and when it is probable that the total contract cost will exceed total contract revenue, the estimated loss is recognised as expenses immediately

**Construction Management Services – recognised over the time**

Revenue from construction management services is measured on the considerations specified in the contract with customers. Contract revenues are recognized based on services provided to the customers (the services represent the performance obligation of the contract) over the terms of these agreements.

**Leases**

With respect to lease rental income, the Group recognises revenue on a straight-line basis over the lease term.

**2.12 ZAKAT**

Zakat is calculated pursuant to Zakat Regulation in the Kingdom of Saudi Arabia and recognised in the respective subsidiaries or in the interim condensed consolidated statement of profit or loss in each year. The provision is based on an estimate of Zakat that is adjusted in the financial year in which the final assessment of Zakat is issued by the Zakat, Tax and Customs Authority (“ZATCA”). Any change in the estimate resulting from the final assessment is recognised in that year when final assessments are received.

**2.13 FOREIGN CURRENCIES**

Transactions in currencies other than Saudi Riyals, the presentational and functional currency of each subsidiary within the Group, are recorded at the rates of exchange prevailing on the dates of the transactions. At the reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary assets and liabilities carried at fair value, that are denominated in foreign currencies, are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. The resulting exchange gains or losses are recognised in the interim condensed consolidated statement of profit or loss and comprehensive income.

**2.14 STATUTORY RESERVE**

According to the bylaws of the Company, the Group is required to retain 10% of net income in the statutory reserve. The Group may stop the transfers when this reserve reaches 30% of the share capital. This reserve is not available for dividend distribution.



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**2.15 END OF SERVICE INDEMNITIES**

The Group provides end of service benefits to its employees in accordance with the labour law provisions of Saudi Arabia. The entitlement to these indemnities is based upon the employee's final salary, length of service and the completion of a minimum service period. The costs of these indemnities are accrued over the period of employment, based on the estimated ultimate payment.

Re-measurements, comprising of actuarial gains and losses, are recognized immediately in the statement of financial position with a corresponding debit or credit to retained earnings through other comprehensive income, in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

**2.16 RETIREMENT BENEFIT COSTS**

The Group makes contributions in line with the General Organisation for Social Insurance Regulations and are calculated as a percentage of employees' wages. Payments made to state-managed retirement benefit schemes are dealt with as payments to defined contribution plans where the Group's obligations under the schemes are equivalent to those arising in a defined contribution retirement benefit plan. Payments made to defined contribution retirement benefit plans are charged as an expense as they fall due.

**2.17 PROVISIONS**

A provision is recognised if, as a result of past events, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefit will be required to settle the obligation.

**2.18 LEASING**

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

**Group as a lessor**

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rentals receivable under leases are recognised to the interim condensed consolidated profit or loss on a straight-line basis over the term of the relevant lease.

Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental revenue.

**Group as a lessee**

At the inception of non-cancellable leases an asset identified as "right-of-use assets" measured at cost with appropriate discounting applied on relevant components of lease term and payment obligations including initial direct cost, lease escalations and lease incentives mentioned in the underlying lease agreement. Subsequent to the initial measurement and recognition, the "right-of-use assets" are periodically measured by using cost model which comprises initially measured cost and any impairment adjustments less accumulated depreciation.

Corresponding to this commencement date a "lease liability" is measured at the net present value of all the unpaid lease payments as on that date discounted by using the rate implicit in the lease, if this rate cannot be readily determined, the Group uses its incremental borrowing rate. Subsequent to the initial measurements "lease liability" are periodically measured by increasing the carrying cost to reflect the interest charge on unpaid future lease liability and any re-measurement adjustment less lease payments made up to that date.

The depreciation cost for "right- of-use assets" and the interest cost for "lease liability" is charged to the interim condensed consolidated profit or loss as depreciation and finance charges.

In case of existing, short term, small value leases the entity continues to charge the periodic lease payments to the interim condensed consolidated profit or loss as an expense on straight-line basis over the term of the relevant lease.



### **3 SIGNIFICANT ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGMENTS**

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

#### **Revenue Recognition**

The Group recognises revenue (refer note 2.11) when the control with significant risks and rewards of ownership is transferred to the buyer. The Group measures the revenue based on the consideration entitled in a contract with a customer excluding amounts, if any, collected for and on behalf of third parties.

With respect to land properties/projects, the Group receives an initial non-refundable deposit upon signing the sale contract with the balance being paid on a deferred basis, which typically does not exceed three months. The Group recognises the full amount of the consideration as revenue at the point in time when the control of the property is transferred to the buyer through a legally enforceable sale contract which is signed between the buyer and the Group.

With respect to residential and commercial projects, the Group typically receives an initial deposit on the signature of the sales contract and the balance is collected over a period as per the terms of the contract. Revenue from the sale of these properties is only recognized at the point in time when the control of the property is transferred to the buyer through a legally enforceable sale contract which is signed between the buyer and the Group and the completed property is delivered to the purchaser.

With respect to residential and commercial projects sold under a construction contract, usually such contracts are entered before the start of the construction and the terms of the contracts restrict the transfer of asset to another customer and has no other alternative use and the Group had enforceable right to payment for the performance completed to date where the objective and the outcome of such contract or agreement can be estimated reliably, the revenue and cost of such developments are recognised when the control is passed with significant risks and rewards of ownership to the buyer. The revenue against these customer contracts is recognised over the time as per under IFRS 15 in proportion to the performed/measured stages of completion against the total contractual obligations/milestones including variation, claims and incentives at the end of each reporting period, except where the performed work are not a representative of the stage of completion.

A performance obligation is considered satisfied over the time when at least one of the following criteria is met:

- The customer receives and consumes the benefits of the Companies' performance as it performs.
- The performance creates and enhances the value of the customer-controlled asset.
- The Group has no alternative use to the asset being created and has the legally enforceable right to payment for all obligations performed or completed to date.

With respect to project management, cost management and construction management revenue recognition and profit is dependent upon a number of factors, including the accuracy of a variety of estimates made at the balance sheet date, such as material quantities, the achievement of milestones, penalty provisions if any, labour productivity and cost estimates. Variable consideration is included in the estimate of transaction price only to the extent that a significant reversal would not be probable. We continuously monitor factors that may affect the quality of our estimates, and material changes in estimates are disclosed accordingly.

With respect to lease rental income, the Group recognises revenue on a straight line basis over the lease term.

#### **Recognition of cost of sales**

The Group has development properties which typically contain a number of individual projects within each development. In order to determine cost of sales related to properties or units sold during the period, the management estimates and average the costs of the entire developments, including infrastructure costs and overall construction and other directly attributable costs to arrive the total estimated cost of the project. These estimated costs are allocated to each project within the development and each unit within a project. These estimates are reviewed regularly on a profit per project basis and revised as necessary. Any significant change in these estimates may result in additional costs being recorded in future periods related to revenue recognised in a prior period.

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**Measurement of contract assets and trade receivables**

The group management makes significant assumptions on the estimation of expected credit loss (ECL) in connection with contract assets and/or trade receivables which is assessed based on the terms of contracts. The Group assesses receivables that are individually significant and receivables included in a group of financial assets with similar credit risk characteristics for impairment. This assessment of impairment requires judgment. In making this judgment, the Group evaluates credit risk characteristics giving considerations for past default experience of the customer, analyse the general economic conditions of the industry in which the customers operate, current financial position specific to the customers and an assessment of both the current as well as the forecast direction of past-due status and other loss event factors being indicative of the ability to pay all amounts due as per contractual terms at the reporting date. A provision for expected credit loss is made where there is an objective evidence, including customers with financial difficulties or in default on payments, that amounts will not be recovered in accordance with original terms of the agreement and the carrying value of the receivable exceeds the present value of the future cash flow discounted using the original effective interest rate.

Based on such periodic assessment the Group recognise for full lifetime expected losses for all contract assets and/or all trade receivables with or without significant financing transaction using provision matrix and for lease receivables. For all other financial instruments, expected credit losses are measured at an amount equal to the 12-month expected credit losses.

**Classification of properties**

The Group's properties are classified as either investment properties or development properties. Management has made various judgments to determine whether a property qualifies as an investment property which is held to earn rentals and/or for capital appreciation or both. These are not used for generating sales revenues through normal business operations. A development property comprises completed properties, developed land, property projects under construction, land projects under development and land awaiting development predominantly identified for sale in the ordinary course of business. In making its judgment, management considers its intended use of property. When management assess that certain investment properties will be disposed as part of normal business operation, their carrying cost will be transferred to development properties for final completion of development and transfer.

**Subsequent transfer of investment properties**

Investment properties are the interests in land and/or buildings that are held for earning rentals or investment potential and not for sale in the ordinary course of business. Management assesses the intended use of its real estate properties on continuous basis and summarises the portfolio at every reporting period. When the periodic management assessment identifies any change in the use of a property previously classified as investment properties, their carrying cost is transferred to development properties for further development and final transfer under ordinary course of business. While re-assessing the intended use, management considers the holding period, possibility of further appreciations, related economic activities around such properties and need for further development to make the property ready for sale.

Transfers are made to investment property when, and only when, there is a change in use, evidenced by the end of owner occupation or commencement of an operating lease. Transfers are made from investment property when, and only when, there is a change in use, evidenced by commencement of owner occupation or commencement of development with the intent to sale.

**Carrying value of development properties**

The Group's principal activity is currently the development and sale of land, residential and commercial property. Due to the nature of this activity, much of the development is speculative in nature. Accordingly, the interim condensed consolidated statement of financial position at 31 March 2025 reflects assets that are not covered by forward sales contracts.

The development properties are stated at the lower of cost and net realisable value. The Group assesses the net realisable value of its development properties at each reporting date, through an internal tolerance check, which includes an assessment of profit per project basis and compares the carrying and estimated future costs to complete with the expected selling price per unit based on historical activities and available comparable in the surrounding location.

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For the determination of the expected net realisable value of the development properties, the Group extensively uses its management's subjective expertise and location knowledge together with comparable transactions recorded in the surrounding area for non-related arms lengths transactions. The estimated mark-up arrived using these methodologies disclosed as a percentage (%) of net-margin over the carrying cost.

To neutralise data risk, the Group also estimates the potential uplift in value of its development properties by using the Accounting Rate of Return ("ARR"). Under ARR method, the Group estimates return from assets considering future revenue streams, development costs and all directly attributable cost including financing cost, market risk and targeted profit. These assumptions and estimates are reviewed periodically based on the market conditions existing at the end of every reporting period.

Below are the key assumptions the Group used to estimate net realisable value of its development property portfolio:

|                                                         | <b>2025</b>      | <b>2024</b>      |
|---------------------------------------------------------|------------------|------------------|
|                                                         | <b>Range</b>     | <b>Range</b>     |
| Profit margin on carrying cost – development properties | <b>20% - 25%</b> | <b>20% - 25%</b> |
| Targeted ARR – development properties                   | <b>3-5%</b>      | <b>3-5%</b>      |

**Fair value measurements**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

While estimating the fair value of an asset or a liability the group take into consideration of the assumptions that market participants would use when pricing the asset or liability for their best economic interest.

Fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits from the best use or by selling it to another market participant for the best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

For the financial reporting purpose, The Group uses the following hierarchy for determining and disclosing the fair value of assets and liabilities;

- Level 1: Quoted prices in active markets for the same instrument (i.e., without modification or additions);
- Level 2: Quoted prices in active markets 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.

For the determination of the fair value of the investment properties, the Group engage third party independent real estate valuation experts using recognised valuation methods to value the investment properties wherever it is possible and practical. The fair value arrived using these methodologies are disclosed in note 5.

The valuation agencies mostly use capitalisation method, under this method the income under existing lease agreements are extrapolated to arrive at projected future rental revenues, which is capitalised at appropriate rates reflecting the investment market conditions at the valuation dates.

The groups future rental stream estimations are based on certain assumptions and are subject to market volatility, uncertainty and can materially differ from the actual results. The absence of well-developed and active market condition brings greater degree of uncertainty and volatility to estimated fair valuation of investment properties than which exists in a more active market.

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Below are the key assumptions the group used to estimate fair value of its investment properties:

|                                                           | <u>2025</u>  | <u>2024</u>  |
|-----------------------------------------------------------|--------------|--------------|
|                                                           | <b>Range</b> | <b>Range</b> |
| Estimated capitalisation of yields- investment properties | <b>6-8%</b>  | <b>6-8%</b>  |

**Determination of control, joint control and significant influence**

Subsidiaries are all investees over which the Group has control. Management considers that it controls an investee when the Group is exposed to or has rights to the majority of the variable returns from its involvement with the investee and the ability to use its power over the investee to affect the amount of those returns through its power to direct the relevant activities of the investees.

The determination about whether the Group has power depends on the way decisions about the relevant activities are made and the rights the Group has, in relation to the investees. It is generally presumed that the Group could exercise significant influence when the Group owns 20% shareholding. However, detailed evaluation and judgements are required for each investee, particularly when the Group owns shareholding and voting rights of more or less than 20% to assess whether the Group has 'significant influence' over such investees.

**4 REPORTING SEGMENTS**

For management purpose, the Group is organised into two segments. Management develops its strategic planning, resource allocation and business model around these segments and the Chief Operating Decision Maker (CODM) monitors the operating results of these segments separately for the purpose of making decisions about resource allocation and performance assessment, therefore, Group's reportable segment under IFRS 8 is as follows:

- **Development of Properties** – Under this segment, the Group categorises all its real estate properties under development which are acquired, developed and sold. It includes:
  - Residential and commercial properties whether completed or under development ("Residential and Commercial Projects")
  - Land and investment in land properties which are undeveloped, developed with or without infrastructure and the sale of such properties ("Land Projects").
- **Leasing of Properties** – leasing and management of properties that the Group has retained as rental properties including commercial and residential units on its Master-Planned Communities for generating recurring revenues.

All Other segments- the sale of luxury furniture items and project management & consulting are not reportable segments, as these are not separately included in the report provided to CODM or do not meet the criteria for quantitative threshold. The result of its operations is included in the "Other" column.

The Group does not allocate share of profits of associates, general administration, selling and marketing costs including directors' salaries, finance costs, other income and Zakat expense to its segments.

Substantially all of segment operating activity (including revenue and costs) for the period ended 31 March 2025 and 31 March 2024 was generated from the development properties segment. The Group provided breakdown of revenue, profit, assets and liabilities by operating segment.

The Group operates mainly in Saudi Arabia and all its revenues are derived from its portfolio of properties which the Group manages.

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The segment wise revenue, gross profit, operating expenses, operating profit, total assets and total liabilities from development properties (land, residential and commercial projects) and leasing of properties are presented below:

|                                                           | Notes | Three-month period ended 31 March 2025<br>(Unaudited) |                          |               |                |
|-----------------------------------------------------------|-------|-------------------------------------------------------|--------------------------|---------------|----------------|
|                                                           |       | Development<br>properties                             | Leasing of<br>properties | Other         | Group<br>total |
| SEGMENT WISE PROFIT &<br>LOSS                             |       | SR 000                                                | SR 000                   | SR 000        | SR 000         |
| Revenue                                                   | 17    | 855,360                                               | 37,365                   | 39,282        | 932,007        |
| Cost of revenue                                           | 18    | (489,831)                                             | (8,370)                  | (27,238)      | (525,439)      |
| <b>GROSS PROFIT</b>                                       |       | <b>365,529</b>                                        | <b>28,995</b>            | <b>12,044</b> | <b>406,568</b> |
| <b>Operating expenses:</b>                                |       |                                                       |                          |               |                |
| General and administrative<br>expenses                    | 19    |                                                       |                          |               | (68,977)       |
| <b>OPERATING PROFIT</b>                                   |       |                                                       |                          |               | <b>337,591</b> |
| Finance costs                                             | 20    |                                                       |                          |               | (203,853)      |
| Other income, net                                         | 21    |                                                       |                          |               | 79,890         |
| Share of net profit from associates<br>and joint ventures | 8 a   |                                                       |                          |               | 1,526          |
| <b>PROFIT BEFORE ZAKAT</b>                                |       |                                                       |                          |               | <b>215,154</b> |

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|                                                               | Notes | Three-month period ended 31 March 2024 |                          |                |                   |
|---------------------------------------------------------------|-------|----------------------------------------|--------------------------|----------------|-------------------|
|                                                               |       | (Unaudited)                            |                          |                | Group<br>Total    |
|                                                               |       | Development<br>Properties              | Leasing of<br>Properties | Other          |                   |
| SEGMENT WISE PROFIT &<br>LOSS                                 |       | SR 000                                 | SR 000                   | SR 000         | SR 000            |
| Revenue                                                       | 17    | 830,444                                | 33,974                   | 502            | 864,920           |
| Cost of revenue                                               | 18    | (500,326)                              | (8,471)                  | (326)          | (509,123)         |
| GROSS PROFIT                                                  |       | <u>330,118</u>                         | <u>25,503</u>            | <u>176</u>     | <u>355,797</u>    |
| Operating expenses:<br>General and administrative<br>expenses | 19    |                                        |                          |                | (50,579)          |
| OPERATING PROFIT                                              |       |                                        |                          |                | <u>305,218</u>    |
| Finance costs                                                 | 20    |                                        |                          |                | (217,056)         |
| Other income, net                                             | 21    |                                        |                          |                | 62,460            |
| Share of net profit from associates<br>and joint ventures     | 8 a   |                                        |                          |                | <u>6,909</u>      |
| PROFIT BEFORE ZAKAT                                           |       |                                        |                          |                | <u>157,531</u>    |
| <b><u>SEGMENT WISE ASSETS &amp; LIABILITIES</u></b>           |       |                                        |                          |                |                   |
| <b><u>AS AT 31 MARCH 2025</u></b>                             |       |                                        |                          |                |                   |
| TOTAL ASSETS                                                  |       | <u>34,908,369</u>                      | <u>1,015,116</u>         | <u>166,638</u> | <u>36,090,123</u> |
| TOTAL LIABILITIES                                             |       | <u>13,260,975</u>                      | <u>1,409,496</u>         | <u>109,385</u> | <u>14,779,856</u> |
| <b><u>AS AT 31 DECEMBER 2024</u></b>                          |       |                                        |                          |                |                   |
| TOTAL ASSETS                                                  |       | <u>35,714,687</u>                      | <u>1,045,652</u>         | <u>179,883</u> | <u>36,940,222</u> |
| TOTAL LIABILITIES                                             |       | <u>14,322,259</u>                      | <u>1,398,473</u>         | <u>118,776</u> | <u>15,839,508</u> |

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**5. INVESTMENT PROPERTIES, NET**

The movement in investment properties is as follows:

|                                                      | <b>31 March<br/>2025<br/>(Unaudited)<br/>SR 000</b> | <b>31 December<br/>2024<br/>(Audited)<br/>SR 000</b> |
|------------------------------------------------------|-----------------------------------------------------|------------------------------------------------------|
| <b>COST</b>                                          |                                                     |                                                      |
| At beginning of the period/year                      | 1,378,157                                           | 1,392,932                                            |
| Transfer to development properties (note 6)          | (2,514)                                             | (14,555)                                             |
| Write off                                            | -                                                   | (220)                                                |
| At end of the period/year                            | <u>1,375,643</u>                                    | <u>1,378,157</u>                                     |
| <b>ACCUMULATED DEPRECIATION</b>                      |                                                     |                                                      |
| At beginning of the period/year                      | 395,157                                             | 364,719                                              |
| Transfer to development properties (note 6)          | (686)                                               | (3,220)                                              |
| Charged during the period/year (note 18)             | 8,370                                               | 33,658                                               |
| At end of the period/year                            | <u>402,841</u>                                      | <u>395,157</u>                                       |
| <b>CARRYING AMOUNT AT THE END OF THE PERIOD/YEAR</b> | <u><u>972,802</u></u>                               | <u><u>983,000</u></u>                                |

Included within investment properties is land with an original cost of SR 270 million (31 December 2024: SR 270 million).

**Fair value estimation:**

Fair value of the investment properties for the purpose of disclosure is estimated by a recognised independent valuation agency not related to the Group (ValuStrat Saudi Arabia, a licensed member of Saudi Authority of Accredited Valuers) by using income capitalisation method in December 2024. The range of capitalisation rates are determined based on the nature and the highest and the best designated use of the assets and various external references for similar type of assets. There has been no change in the valuation technique during the period and the management believe that the last valuation is still relevant for the current reporting period. The annualised lease cash flows are estimated by extrapolating and adjusting current lease revenues for optimal occupancy and capitalising it at an annual rent yield of 6-8% (2024: 6-8%) between residential and commercial leased properties to arrive the fair value estimated as below:

|                                                         | <b>31 March<br/>2025<br/>(Unaudited)<br/>SR 000</b> | <b>31 December<br/>2024<br/>(Audited)<br/>SR 000</b> |
|---------------------------------------------------------|-----------------------------------------------------|------------------------------------------------------|
| <b>CARRYING AMOUNT</b>                                  | <u>972,802</u>                                      | <u>983,000</u>                                       |
| <b>ESTIMATED FAIR VALUE</b>                             |                                                     |                                                      |
| Estimated on annual rent yield on investment properties | <u><u>1,457,000</u></u>                             | <u><u>1,457,000</u></u>                              |

**Sensitivity in fair value estimation:**

|                                                      | <b>Increase in<br/>rate<br/>SR 000</b> | <b>Decrease in<br/>rate<br/>SR 000</b> |
|------------------------------------------------------|----------------------------------------|----------------------------------------|
| <b>Change in fair value of investment properties</b> |                                        |                                        |
| 50 basis points change in capitalisation rate        | <u>(61,000)</u>                        | <u>66,000</u>                          |
| <b>Sensitivity impact on estimated fair value</b>    | <u><u>(61,000)</u></u>                 | <u><u>66,000</u></u>                   |

The estimated fair value of Group's investment properties can be impacted by unobservable inputs determined based on existing market conditions. The impact of two unobservable inputs may not be off-setting each other; for example, an increase in capitalisation rate may off- set an increase in annual rent but an increase in annual rent with a decrease in capitalisation rate would boost the fair value.

The fair value of investment properties disclosed is categorised under Level 3 in the fair value hierarchy.

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**6. DEVELOPMENT PROPERTIES**

The movement in development properties, the principal operation of the Group, is summarised as follows:

|                                                     | 31 March 2025 (Unaudited)           |                                 |                                        |                                            |                   |
|-----------------------------------------------------|-------------------------------------|---------------------------------|----------------------------------------|--------------------------------------------|-------------------|
|                                                     | Short-term<br>developed<br>projects | Short-term<br>developed<br>land | Long-term<br>developed<br>land/project | Long-term<br>projects under<br>development | Total             |
|                                                     | SR 000                              | SR 000                          | SR 000                                 | SR 000                                     | SR 000            |
| <b>COST</b>                                         |                                     |                                 |                                        |                                            |                   |
| At beginning of the period                          | 2,407                               | 109,467                         | 980,161                                | 19,897,104                                 | 20,989,139        |
| Additions, net during the period                    | -                                   | 64                              | 117                                    | 22,545                                     | 22,726            |
| Transfer, net (note a)                              | -                                   | -                               | 1,828                                  | -                                          | 1,828             |
| Charged to cost of sales during the period (note 4) | -                                   | -                               | (10,519)                               | (479,312)                                  | (489,831)         |
| <b>CARRYING AMOUNT AT THE<br/>END OF THE PERIOD</b> | <b>2,407</b>                        | <b>109,531</b>                  | <b>971,587</b>                         | <b>19,440,337</b>                          | <b>20,523,862</b> |
| <b>Short-term development properties</b>            |                                     |                                 |                                        |                                            | <b>111,938</b>    |
| <b>Long-term development properties</b>             |                                     |                                 |                                        |                                            | <b>20,411,924</b> |

|                                                   | 31 December 2024 (Audited)          |                                 |                                        |                                            |             |
|---------------------------------------------------|-------------------------------------|---------------------------------|----------------------------------------|--------------------------------------------|-------------|
|                                                   | Short-term<br>developed<br>projects | Short-term<br>developed<br>land | Long-term<br>developed<br>land/project | Long-term<br>projects under<br>development | Total       |
|                                                   | SR 000                              | SR 000                          | SR 000                                 | SR 000                                     | SR 000      |
| COST                                              |                                     |                                 |                                        |                                            |             |
| At beginning of the year                          | 2,407                               | 109,071                         | 1,046,183                              | 19,215,626                                 | 20,373,287  |
| Additions, net during the year                    | -                                   | 396                             | 171,753                                | 2,663,792                                  | 2,835,941   |
| Disposal of a subsidiary (note 29)                | -                                   | -                               | (222,759)                              | -                                          | (222,759)   |
| Transfer, net (note a)                            | -                                   | -                               | 11,335                                 | -                                          | 11,335      |
| Charged to cost of sales during the year (note 4) | -                                   | -                               | (26,351)                               | (1,982,314)                                | (2,008,665) |
| CARRYING AMOUNT AT THE<br>END OF THE YEAR         | 2,407                               | 109,467                         | 980,161                                | 19,897,104                                 | 20,989,139  |
| Short-term development properties                 |                                     |                                 |                                        |                                            | 111,874     |
| Long-term development properties                  |                                     |                                 |                                        |                                            | 20,877,265  |

The properties held for development are stated at the lower of cost and net realisable value. Development properties are classified as current if they completed or expected to be completed/realised within 12 months, otherwise they are classified as non-current.

Projects under development include land with cost amounting to SR 16.2 billion (31 December 2024: SR 16.5 billion), which represents the Group's share in land with other investors according to the contract and agreements for investments and development of the land.

During the period ended 31 March 2025 the Group has not capitalised borrowing costs on qualifying assets (31 December 2024: SR nil).



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**Note (a)** – During the period ended 31 March 2025, investment properties with a net book value of SR 1,828 thousand (31 December 2024: SR 11,335 thousand) were transferred to development properties (note 5).

**Internal tolerance evaluation:**

During the period, the Group's management and directors conducted an internal tolerance evaluation on its development properties portfolio to identify the existence or indication of possible impairment. This internal tolerance evaluation is based on the market indications and margins achieved on similar parcels of properties. The internal tolerance evaluation for the reporting period demonstrated an estimated market value indicating an average uplift of 20% (31 December 2024: 20%) across the development property portfolio. The management believes that the resultant uplift on the book value is a conservative indication of the value of the development properties of the Group.

In view of the continuing volatility and uncertainty in the real estate sector, the transaction volumes are showing considerable stabilisation on lowering price trend. Hence, to normalise the internal value assumptions along with known comparable transaction between unrelated parties at arms-length around properties, the management included an additional valuation technique of average accounting rate of return ("ARR") in the range of 3-5% (2024: 3-5%) for development properties to arrive at the estimated values.

|                                          | 31 March 2025 (Unaudited)          |                                 |                                        |                                            |                   |
|------------------------------------------|------------------------------------|---------------------------------|----------------------------------------|--------------------------------------------|-------------------|
|                                          | Short-term<br>developed<br>project | Short-term<br>developed<br>land | Long-term<br>developed<br>land/project | Long-term<br>projects under<br>development | Total             |
|                                          | SR 000                             | SR 000                          | SR 000                                 | SR 000                                     | SR 000            |
| <b>COST</b>                              | <b>2,407</b>                       | <b>109,531</b>                  | <b>971,587</b>                         | <b>19,440,337</b>                          | <b>20,523,862</b> |
| <b>ESTIMATED VALUE</b>                   |                                    |                                 |                                        |                                            |                   |
| Estimated value @ 20%<br>margins on cost | <b>3,000</b>                       | <b>131,000</b>                  | <b>1,166,000</b>                       | <b>23,330,000</b>                          | <b>24,630,000</b> |
| Estimated value @ 3-5 %<br>ARR           | <b>3,000</b>                       | <b>135,000</b>                  | <b>1,170,000</b>                       | <b>22,397,000</b>                          | <b>23,705,000</b> |
| <b>Average value of land</b>             | <b>3,000</b>                       | <b>133,000</b>                  | <b>1,168,000</b>                       | <b>22,863,500</b>                          | <b>24,167,500</b> |
| <b>Estimated Value</b>                   | <b>3,000</b>                       | <b>134,000</b>                  | <b>1,166,000</b>                       | <b>22,857,000</b>                          | <b>24,160,000</b> |

|                                          | 31 December 2024 (Audited)         |                                 |                                        |                                            |            |
|------------------------------------------|------------------------------------|---------------------------------|----------------------------------------|--------------------------------------------|------------|
|                                          | Short-term<br>developed<br>project | Short-term<br>developed<br>land | Long-term<br>developed<br>land/project | Long-term<br>projects under<br>development | Total      |
|                                          | SR 000                             | SR 000                          | SR 000                                 | SR 000                                     | SR 000     |
| COST                                     | 2,407                              | 109,467                         | 980,161                                | 19,897,104                                 | 20,989,139 |
| ESTIMATED VALUE                          |                                    |                                 |                                        |                                            |            |
| Estimated value @ 20%<br>margins on cost | 3,000                              | 131,000                         | 1,176,000                              | 23,877,000                                 | 25,187,000 |
| Estimated value @ 3-5 %<br>ARR           | 3,000                              | 139,000                         | 1,205,000                              | 23,129,000                                 | 24,476,000 |
| Average value of land                    | 3,000                              | 135,000                         | 1,190,500                              | 23,503,000                                 | 24,831,500 |
| Estimated Value                          | 3,000                              | 136,000                         | 1,189,000                              | 23,495,000                                 | 24,823,000 |

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The result of this exercise has indicated a higher value than carrying cost stated in the interim condensed consolidated statement of financial position. A change in the basis of these estimates in the future could have an impact on the valuation of the development properties.

**Sensitivity analysis for internal tolerance valuation:**

The estimated net realisable value of Group's development properties can be impacted by the market conditions exists at the time of actual transaction. The following table shows the effect of changes in margin % and ARR on the estimated value of development properties:

|                                                          | <u>Increase</u>  | <u>Decrease</u>    |
|----------------------------------------------------------|------------------|--------------------|
|                                                          | SR 000           | SR 000             |
| <b>Change in value of development properties</b>         |                  |                    |
| 10% change in margins                                    | 2,052,000        | (2,052,000)        |
| 1% change in ARR                                         | <u>1,250,000</u> | <u>(1,180,000)</u> |
| <b>Average change in value of development properties</b> | <u>1,651,000</u> | <u>(1,616,000)</u> |

The above values represent the minimum impact on net realisable value of the development properties of the Group exclusively for the impairment study purposes. It is not the fair market value of the development properties.

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**7. PROPERTY AND EQUIPMENT, NET**

| <b>31 MARCH 2025</b><br><b>UNAUDITED</b>       | <b>Land and<br/>buildings</b><br><b>SR 000</b> | <b>Leasehold<br/>improvement</b><br><b>SR 000</b> | <b>Vehicles</b><br><b>SR 000</b> | <b>Machinery<br/>and tools</b><br><b>SR 000</b> | <b>Office<br/>equipment</b><br><b>SR 000</b> | <b>Total</b><br><b>SR 000</b> |
|------------------------------------------------|------------------------------------------------|---------------------------------------------------|----------------------------------|-------------------------------------------------|----------------------------------------------|-------------------------------|
| <b>COST</b>                                    |                                                |                                                   |                                  |                                                 |                                              |                               |
| Balance at 1 January 2025                      | 92,125                                         | 38,672                                            | 7,964                            | 27,088                                          | 63,192                                       | 229,041                       |
| Additions for the period                       | -                                              | 273                                               | -                                | -                                               | 339                                          | 612                           |
| Balance at 31 March 2025                       | <u>92,125</u>                                  | <u>38,945</u>                                     | <u>7,964</u>                     | <u>27,088</u>                                   | <u>63,531</u>                                | <u>229,653</u>                |
| <b>ACCUMULATED<br/>DEPRECIATION</b>            |                                                |                                                   |                                  |                                                 |                                              |                               |
| Balance at 1 January 2025                      | 56,862                                         | 19,058                                            | 7,760                            | 20,105                                          | 56,322                                       | 160,107                       |
| Depreciation for the period (note a)           | 626                                            | 1,651                                             | 17                               | 160                                             | 458                                          | 2,912                         |
| Balance at 31 March 2025                       | <u>57,488</u>                                  | <u>20,709</u>                                     | <u>7,777</u>                     | <u>20,265</u>                                   | <u>56,780</u>                                | <u>163,019</u>                |
| <b>CARRYING AMOUNT AT<br/>31 MARCH 2025</b>    | <u>34,637</u>                                  | <u>18,236</u>                                     | <u>187</u>                       | <u>6,823</u>                                    | <u>6,751</u>                                 | <u>66,634</u>                 |
| <b>31 DECEMBER 2024</b><br><b>AUDITED</b>      | <b>Land and<br/>buildings</b><br><b>SR 000</b> | <b>Leasehold<br/>improvement</b><br><b>SR 000</b> | <b>Vehicles</b><br><b>SR 000</b> | <b>Machinery<br/>and tools</b><br><b>SR 000</b> | <b>Office<br/>equipment</b><br><b>SR 000</b> | <b>Total</b><br><b>SR 000</b> |
| <b>COST</b>                                    |                                                |                                                   |                                  |                                                 |                                              |                               |
| Balance at 1 January 2024                      | 92,125                                         | 36,929                                            | 7,964                            | 27,088                                          | 64,455                                       | 228,561                       |
| Additions for the year                         | -                                              | 7,817                                             | -                                | -                                               | 1,607                                        | 9,424                         |
| Acquisition of a subsidiary (note 30)          | -                                              | 1,501                                             | -                                | -                                               | 2,042                                        | 3,543                         |
| Disposal of a subsidiary (note 29)             | -                                              | (7,039)                                           | -                                | -                                               | (339)                                        | (7,378)                       |
| Disposal                                       | -                                              | (536)                                             | -                                | -                                               | (4,573)                                      | (5,109)                       |
| Balance at 31 December 2024                    | <u>92,125</u>                                  | <u>38,672</u>                                     | <u>7,964</u>                     | <u>27,088</u>                                   | <u>63,192</u>                                | <u>229,041</u>                |
| <b>ACCUMULATED<br/>DEPRECIATION</b>            |                                                |                                                   |                                  |                                                 |                                              |                               |
| Balance at 1 January 2024                      | 54,357                                         | 14,535                                            | 7,690                            | 19,441                                          | 58,980                                       | 155,003                       |
| Depreciation for the year                      | 2,505                                          | 6,814                                             | 70                               | 664                                             | 1,932                                        | 11,985                        |
| Disposal of a subsidiary (note 29)             | -                                              | (1,953)                                           | -                                | -                                               | (17)                                         | (1,970)                       |
| Disposal                                       | -                                              | (338)                                             | -                                | -                                               | (4,573)                                      | (4,911)                       |
| Balance at 31 December 2024                    | <u>56,862</u>                                  | <u>19,058</u>                                     | <u>7,760</u>                     | <u>20,105</u>                                   | <u>56,322</u>                                | <u>160,107</u>                |
| <b>CARRYING AMOUNT AT<br/>31 DECEMBER 2024</b> | <u>35,263</u>                                  | <u>19,614</u>                                     | <u>204</u>                       | <u>6,983</u>                                    | <u>6,870</u>                                 | <u>68,934</u>                 |

**(Note a):** During the period ended 31 March 2025, depreciation for the period amounting to SR 2,752 thousand & SR 160 thousand is charged to general & administrative expenses and cost of revenue respectively.

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**8. INVESTMENTS IN ASSOCIATES AND JOINT VENTURE**

Investments in associates and joint venture represent equity ownership in the investee companies, where the Group exercises significant influence or joint control. The Group's ownership in these investee companies ranges from 18% to 88%. For entities where the equity interest is less than 20% or more than 50%, management believes that it is able to exert significant influence due to contractual arrangement and its involvement and representation at board level. Movement in investments in associates and joint ventures is as follows:

**a. Investments in associates and joint ventures:**

|                                                       | 31 March<br>2025<br>(Unaudited)<br>SR 000 | 31 December<br>2024<br>(Audited)<br>SR 000 |
|-------------------------------------------------------|-------------------------------------------|--------------------------------------------|
| Investments, beginning of the period/year             | 2,628,356                                 | 2,603,245                                  |
| Share of net profits during the period/year           | 1,526                                     | 63,513                                     |
| Addition due to acquisition of a subsidiary (note vi) | -                                         | 29                                         |
| Disposal, net (notes v & viii)                        | -                                         | (32,262)                                   |
| Other comprehensive loss during the period/year       | -                                         | (6,169)                                    |
| <b>Investments, end of the period/year</b>            | <b>2,629,882</b>                          | <b>2,628,356</b>                           |

**b. Summarised details of holding in respect of the Group's associates and joint venture is set out below:**

| Name of the entity                                        | 31 March<br>2025<br>(Unaudited) |         | 31 December<br>2024<br>(Audited) |         |
|-----------------------------------------------------------|---------------------------------|---------|----------------------------------|---------|
|                                                           | Amount                          | Holding | Amount                           | Holding |
|                                                           | SR 000                          | %       | SR 000                           | %       |
| Alkhair Capital Saudi Arabia (ACS) (i)                    | 422,000                         | 42.2%   | 422,000                          | 42.2%   |
| Khozam Real Estate Development Company (KDC) (ii)         | 525,547                         | 66.5%   | 525,547                          | 66.5%   |
| Dar Global PLC (DG PLC) (iii)                             | 1,255,123                       | 88%     | 1,255,123                        | 88%     |
| Other associates and joint venture                        | 52,298                          |         | 52,298                           |         |
| Accumulated share of profits & other comprehensive income | 374,914                         |         | 373,388                          |         |
| <b>Balance, end of the period/year</b>                    | <b>2,629,882</b>                |         | <b>2,628,356</b>                 |         |

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c. Summarised financial information in respect of the Group's associates and joint venture is set out below:

| <b>AS AT 31 MARCH 2025</b><br><b>(UNAUDITED)</b>                                              | <b>KDC</b>     | <b>ACS</b>     | <b>DG PLC</b><br><b>(note c)</b> | <b>OTHERS</b> | <b>TOTAL</b>     |
|-----------------------------------------------------------------------------------------------|----------------|----------------|----------------------------------|---------------|------------------|
|                                                                                               | <b>SR 000</b>  | <b>SR 000</b>  | <b>SR 000</b>                    | <b>SR 000</b> | <b>SR 000</b>    |
| Total assets                                                                                  | 544,121        | 1,190,252      | 5,399,488                        | 239,905       | 7,373,766        |
| Total liabilities                                                                             | (36,635)       | (26,295)       | (3,607,224)                      | (28,132)      | (3,698,286)      |
| Net assets                                                                                    | 507,486        | 1,163,957      | 1,792,264                        | 211,773       | 3,675,480        |
| Others - note a                                                                               | 171,603        | -              | -                                | -             | 171,603          |
| <b>Group's share of net assets</b>                                                            | <b>509,081</b> | <b>491,190</b> | <b>1,577,192</b>                 | <b>52,419</b> | <b>2,629,882</b> |
| <b>For the period ended 31 March 2025</b>                                                     |                |                |                                  |               |                  |
| Total revenue for the period                                                                  | -              | 23,039         | -                                | 1,247         | 24,286           |
| Total profit for the period                                                                   | 219            | 3,215          | -                                | 100           | 3,534            |
| Other adjustments - note b                                                                    | -              | (17)           | -                                | -             | (17)             |
| Total comprehensive income for the period                                                     | 219            | 3,198          | -                                | 100           | 3,517            |
| <b>Group's share of profit/loss &amp; other comprehensive income/loss for the period, net</b> | <b>146</b>     | <b>1,350</b>   | <b>-</b>                         | <b>30</b>     | <b>1,526</b>     |
| <b>AS AT 31 DECEMBER 2024</b><br><b>(AUDITED)</b>                                             | <b>KDC</b>     | <b>ACS</b>     | <b>DG PLC</b>                    | <b>OTHERS</b> | <b>TOTAL</b>     |
|                                                                                               | <b>SR 000</b>  | <b>SR 000</b>  | <b>SR 000</b>                    | <b>SR 000</b> | <b>SR 000</b>    |
| Total assets                                                                                  | 543,902        | 1,190,764      | 5,399,488                        | 239,271       | 7,373,425        |
| Total liabilities                                                                             | (36,635)       | (30,006)       | (3,607,224)                      | (27,599)      | (3,701,464)      |
| Net assets                                                                                    | 507,267        | 1,160,758      | 1,792,264                        | 211,672       | 3,671,961        |
| Others - note a                                                                               | 171,603        | -              | -                                | -             | 171,603          |
| <b>Group's share of net assets</b>                                                            | <b>508,936</b> | <b>489,840</b> | <b>1,577,192</b>                 | <b>52,388</b> | <b>2,628,356</b> |
| <b>For the year ended 31 December 2024</b>                                                    |                |                |                                  |               |                  |
| Total revenue for the year                                                                    | -              | 105,197        | 900,266                          | 51,512        | 1,056,975        |
| Total profit for the year                                                                     | 844            | 27,073         | 55,864                           | 2,781         | 86,562           |
| Other adjustments - note b                                                                    | -              | 145            | -                                | (21)          | 124              |
| Other comprehensive loss                                                                      | -              | -              | (7,010)                          | -             | (7,010)          |
| Total comprehensive income for the year                                                       | 844            | 27,218         | 48,854                           | 2,760         | 79,676           |
| <b>Group's share of profit &amp; other comprehensive income for the year, net</b>             | <b>561</b>     | <b>11,486</b>  | <b>42,992</b>                    | <b>2,305</b>  | <b>57,344</b>    |

Other notes - (a) KDC net assets includes SR 172 million of premium paid to obtain exclusivity right - refer note (ii);  
(b) Other adjustments pertain to the adjustment to retained earnings of the associates and joint venture.  
(c) The information provided for DG PLC is as of 31 December 2024.

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Details of transactions with associates and joint ventures are disclosed under note 24 of these interim condensed consolidated financial statements. The nature of relationship and operations of each reported entities are detailed below:

- (i) **Alkhair Capital Saudi Arabia (ACS):** The Group had originally invested SR 102 million representing 34% of the paid-up share capital of ACS and during 2019, ACS increased the paid-up share capital by additional SR 700 million. The Group has acquired additional capital by investing SR 320 million and accordingly, the investment's initial cost was SR 422 million which represents 42.2% equity interest. This investment has been accounted for as investment in associate under equity method of accounting.
- (ii) **Khozam Real Estate Development Company (KDC):** The Group investment in KDC is 66.5% with Jeddah Development and Urban Regeneration Company (JDURC). As per the arrangements, the power to govern the financial and operating activities which affect the returns of KDC is jointly bestowed with the shareholders. Accordingly, the Group does not have any right to variable returns or absolute power to control with the ability to affect the returns of the investee company and consequently, the Group's investment in KDC is accounted for as investment in joint venture under equity method.  
  
The KDC investment include SR 359 million as capital contributions fully paid in cash and SR 172 million premium paid to obtain exclusive right to participate in the Khozam project development. Based on assessment, the management believes that the value of the total investment in KDC has not impaired.
- (iii) **Dar Global PLC (DGPLC):** On 28 February 2023, Dar Global PLC, an indirectly wholly owned subsidiary of the Group, had listed its shares on the London Stock Exchange's main market for listed securities. Dar Global PLC offered 21,621,612 ordinary shares for subscription through a private placement at a price of USD 3.33 per share with a total value of USD 72 million. Due to issuance of new 21,621,612 shares by Dar Global PLC through private placement at the time of listing, the Group's equity interest diluted from 100% to 88%. Furthermore, due to listing requirements, the Group has lost control of the entity but exercise significant influence, hence the investment has been classified as associate and accounted for under equity method. The Group has recognised the initial investment in associate amounting to SR 1,255 million including SR 98.6 million which represents its share of other changes in equity of associate related to its share premium. The fair value of the Group's investment in DG PLC based on its trading price at 31 March 2025 is SR 2,970 million (31 December 2024: SR 4,396 million).

**OTHER ASSOCIATES THAT ARE NOT INDIVIDUALLY MATERIAL:**

- (iv) **Eastern Juman Company (Juman):** During 2016, the Group had invested in Eastern Juman Company, a Limited Liability Company established mainly for the development of Juman project located between Dammam and Ras Tanura. The Company is registered in Riyadh under the Commercial Registration No. 1010462791 dated 15/10/1437H, (corresponding to 20/07/2016) with a capital of SR 8.2 million. The Group has paid SR 1.5 million towards the 18.29% of its capital and management believe that the value of the total investment has not impaired.
- (v) **Compass Project Investments SPV Limited:** During 2022, the Group had invested SR 19.2 million representing 51% ownership of Compass Project Investments SPV Limited, a private company limited by shares incorporated in United Arab Emirates. However, during the year 2024, the Group has acquired additional shares to increase its shareholding to 90% and obtained control of the entity. The entity is established mainly for rendering technical support for project management, cost control, construction management and risk management (refer note 30).
- (vi) **Compass Arabia Project Holding Limited for Professional Consultation:** During 2024, in result of obtaining control of Compass Project Investment SPV Limited, the Group also obtained 30% shares in the entity conferring with significant influence over the entity. The Group's investment in the entity is accounted for as investment in associate under equity method. The Company operates in architectural and engineering consultancy activities, engineering consultation for urban planning, engineering consultation for landscape architecture.
- (vii) **Ibdaa Real Estate Company:** During 2022, the Group had invested SR 50.8 million representing 25% ownership of Ibdaa Real Estate Company, a limited liability company registered in Jeddah. The Company operates real estate activities including, selling and purchasing of lands, real estate managements, brokerage activities, constructions including general construction for civil buildings.

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**9. INVESTMENTS IN FINANCIAL ASSET**

**a) Fair value through other comprehensive income (FVOCI)**

This financial asset represents equity shares held in SHL Finance Company, a publicly listed entity for medium to long-term strategic purposes and are not held for trading, hence classified as fair value through other comprehensive income. The losses arising on these financial assets are recognised in the other comprehensive income.

The movement during the period are detailed below:

|                                                                                                   | 31 March<br>2025<br>(Unaudited)<br>SR 000 | 31 December<br>2024<br>(Audited)<br>SR 000 |
|---------------------------------------------------------------------------------------------------|-------------------------------------------|--------------------------------------------|
| Balance, beginning of the period/year                                                             | 190,890                                   | 191,730                                    |
| Unrealised fair value loss recognised in other comprehensive income/(loss) during the period/year | 210                                       | (840)                                      |
| <b>Balance, end of the period/year</b>                                                            | <b>191,100</b>                            | <b>190,890</b>                             |

The fair value of quoted securities is based on published market price and is categorised under Level 1 in the fair value hierarchy.

**b) Details of investments in financial assets**

| Equity Investments designated at FVTOCI-<br>Listed Securities | Percentage<br>ownership | 31 March<br>2025<br>(Unaudited)<br>SR 000 | 31 December<br>2024<br>(Audited)<br>SR 000 |
|---------------------------------------------------------------|-------------------------|-------------------------------------------|--------------------------------------------|
| SHL Finance Company                                           | 10.5%                   | 191,100                                   | 190,890                                    |

**10. TRADE RECEIVABLES AND OTHERS**

|                                                                                                                        | 31 March<br>2025<br>(Unaudited)<br>SR 000 | 31 December<br>2024<br>(Audited)<br>SR 000 |
|------------------------------------------------------------------------------------------------------------------------|-------------------------------------------|--------------------------------------------|
| Trade receivables – net of allowances for expected credit loss of SR 42.5 million (31 December 2024: SR 41.92 million) | 3,507,659                                 | 3,908,254                                  |
| Prepayments and others                                                                                                 | 249,308                                   | 251,894                                    |
| Advance payments to purchase land                                                                                      | 498,335                                   | 253,895                                    |
| Due from a related party (note 24a)                                                                                    | 78,791                                    | 63,182                                     |
| Accrued revenue                                                                                                        | 23,223                                    | 26,251                                     |
| <b>Total</b>                                                                                                           | <b>4,357,316</b>                          | <b>4,503,476</b>                           |

The fair value of financial assets included above approximates the carrying amount. No penalties or interests are charged for delayed payments by the customers.

**a) Ageing of trade receivables**

|                | 31 March<br>2025<br>(Unaudited)<br>SR 000 | 31 December<br>2024<br>(Audited)<br>SR 000 |
|----------------|-------------------------------------------|--------------------------------------------|
| 0-60 days      | 428,559                                   | 810,371                                    |
| 61-120 days    | 630,918                                   | 652,600                                    |
| 121-180 days   | 640,843                                   | 717,051                                    |
| Above 180 days | 1,807,339                                 | 1,728,232                                  |
| <b>Total</b>   | <b>3,507,659</b>                          | <b>3,908,254</b>                           |

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Ageing are from the date of invoice and the trade receivables include about 99% (31 December 2024: 99%) receivables against land and project sales which are fully secured against such land and project parcels.

**b) Expected Credit Loss ("ECL") evaluation of Account receivables**

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group has recognised expected credit loss in full against all receivables where the analysis has indicated that these receivables are generally not recoverable. The Group has not made any expected credit loss provisions against the receivables against the sale of land and projects and dues and lease receivables from government departments.

There has been no change in the expected credit loss methodology or significant assumptions during the current reporting period.

**Movement in ECL**

|                                                      | <b>31 March<br/>2025<br/>(Unaudited)<br/>SR 000</b> | <b>31 December<br/>2024<br/>(Audited)<br/>SR 000</b> |
|------------------------------------------------------|-----------------------------------------------------|------------------------------------------------------|
| Balance, beginning of the period/year                | 41,917                                              | 27,988                                               |
| Allowance for expected credit losses                 | 584                                                 | 11,713                                               |
| Allowance related to the acquisition of a subsidiary | -                                                   | 2,216                                                |
| <b>Balance, end of the period/year</b>               | <b>42,501</b>                                       | <b>41,917</b>                                        |

**11. CASH AND CASH EQUIVALENTS**

|                | <b>31 March<br/>2025<br/>(Unaudited)<br/>SR 000</b> | <b>31 December<br/>2024<br/>(Audited)<br/>SR 000</b> |
|----------------|-----------------------------------------------------|------------------------------------------------------|
| Cash in hand   | 168                                                 | 78                                                   |
| Cash with bank | 6,498,811                                           | 6,724,594                                            |
| <b>Total</b>   | <b>6,498,979</b>                                    | <b>6,724,672</b>                                     |

**12. BORROWINGS**

|                                                  | <b>31 March<br/>2025<br/>(Unaudited)<br/>SR 000</b> | <b>31 December<br/>2024<br/>(Audited)<br/>SR 000</b> |
|--------------------------------------------------|-----------------------------------------------------|------------------------------------------------------|
| Islamic Sukuk                                    | 5,250,000                                           | 7,500,000                                            |
| Islamic Murabaha                                 | 5,749,892                                           | 3,994,255                                            |
|                                                  | 10,999,892                                          | 11,494,255                                           |
| Less: Un-amortised transaction costs (note 12 a) | (73,108)                                            | (70,497)                                             |
| <b>Borrowings end of the period/year</b>         | <b>10,926,784</b>                                   | <b>11,423,758</b>                                    |
| Less: Borrowings - current portion               | (3,086,800)                                         | (3,337,932)                                          |
| <b>Borrowings - non-current portion</b>          | <b>7,839,984</b>                                    | <b>8,085,826</b>                                     |



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Repayable as follows:

|                                       | 31 March<br>2025<br>(Unaudited)<br>SR 000 | 31 December<br>2024<br>(Audited)<br>SR 000 |
|---------------------------------------|-------------------------------------------|--------------------------------------------|
| Within one year                       | 3,102,942                                 | 3,344,609                                  |
| In the second year                    | 2,916,889                                 | 2,125,307                                  |
| In the third to fifth years inclusive | 4,808,049                                 | 5,852,327                                  |
| Above five years                      | 172,012                                   | 172,012                                    |
| <b>Total</b>                          | <b>10,999,892</b>                         | <b>11,494,255</b>                          |

a) **Islamic borrowings transaction costs:**

|                                                   | 31 March<br>2025<br>(Unaudited)<br>SR 000 | 31 December<br>2024<br>(Audited)<br>SR 000 |
|---------------------------------------------------|-------------------------------------------|--------------------------------------------|
| Balance, beginning of the period/year             | 70,497                                    | 82,895                                     |
| Additions during the period/year                  | 10,004                                    | 19,311                                     |
| Amortisation charge for the period/year (note 20) | (7,393)                                   | (31,709)                                   |
| <b>Balance, end of the period/year</b>            | <b>73,108</b>                             | <b>70,497</b>                              |

b) **Analysis of borrowings:**

***Islamic Sukuk***

This represents SR 5.25 billion of Islamic Sukuk comprising:

- 1) SR 1.50 billion (USD 400 million) of Islamic Sukuk carried in the books of the Group, issued by Dar Al-Arkan Sukuk Company Ltd. at 6.88% and maturing in 2027.
- 2) SR 1.50 billion (USD 400 million) of Islamic Sukuk carried in the books of the Group, issued by Dar Al-Arkan Sukuk Company Ltd. at 7.75% and maturing in 2026.
- 3) SR 2.25 billion (USD 600 million) of Islamic Sukuk carried in the books of the Group, issued by Dar Al-Arkan Sukuk Company Ltd. at 8.00% and maturing in 2029.

Islamic Sukuks listed above are denominated in US dollars. Since the Saudi Arabian Riyal is exposed to limited fluctuations against the US Dollar, hence the Group is not exposed to significant foreign exchange risk. The investment profit is payable to Saudi SPVs, through which the Sukuk was issued, generated from the sale of properties that are owned by the Group, specifically Shams Ar Riyadh. The beneficial rights of the related properties are with Dar Al Arkan Real Estate Development Company and its subsidiaries with the option to buy back upon the settlement of the Sukuk in full. The Group has issued a corporate guarantee to the Sukuk holders.

The Sukuk agreements include financial covenants, which the Group was in compliance with as at 31 March 2025 and 31 December 2024.

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***Islamic Murabaha***

This represents the bilateral Murabaha facilities from local and international commercial banks secured against real estate properties, in the form of Islamic Murabaha, letters of guarantee and letters of credit. These facilities comprise of long-term and short-term maturities ranging from 6 months to 6 years with periodic repayment as detailed below.

**Summary of the Murabahas:**

| <b>Maturity date</b> | <b>Outstanding Balance</b> | <b>Short-term</b> | <b>Long-term</b> |
|----------------------|----------------------------|-------------------|------------------|
|                      | <b>SR 000</b>              | <b>SR 000</b>     | <b>SR 000</b>    |
| <b>2025</b>          | <b>408,333</b>             | <b>408,333</b>    | <b>-</b>         |
| <b>2027</b>          | <b>360,000</b>             | <b>67,500</b>     | <b>292,500</b>   |
| <b>2028</b>          | <b>1,001,783</b>           | <b>53,100</b>     | <b>948,683</b>   |
| <b>2029</b>          | <b>3,297,369</b>           | <b>971,930</b>    | <b>2,325,439</b> |
| <b>2030</b>          | <b>117,857</b>             | <b>21,428</b>     | <b>96,429</b>    |
| <b>2031</b>          | <b>564,550</b>             | <b>80,650</b>     | <b>483,900</b>   |
| <b>TOTAL</b>         | <b>5,749,892</b>           | <b>1,602,941</b>  | <b>4,146,951</b> |

The weighted average effective annual commission rate for the period ended 31 March 2025 is 7.25% (31 December 2024: 7.9%).

The facility agreements include certain financial covenants, which the Group was in compliance with as at 31 March 2025 and 31 December 2024.

**13. END OF SERVICE INDEMNITIES**

The Group provides a defined end of service benefit plan to its employees in line with the labour law provisions and requirement in the Kingdom of Saudi Arabia for respective entities under the Group. The payments under the plan are based on the employees' final salaries and allowances and their cumulative years of service at the date of cessation of their employment, as defined by the conditions stated in the labour laws of the Kingdom of Saudi Arabia. Employees' end of service benefit plans are unfunded plans where the respective entities meet the benefit payment obligations as it falls due.

The movement of the obligation accrued based on Saudi Labor Law is as follows:

|                                                  | <b>31 March<br/>2025<br/>(Unaudited)<br/>SR 000</b> | <b>31 December<br/>2024<br/>(Audited)<br/>SR 000</b> |
|--------------------------------------------------|-----------------------------------------------------|------------------------------------------------------|
| Balance, beginning of the period/year            | <b>38,517</b>                                       | <b>31,627</b>                                        |
| Charged to expenses during the period/year       | <b>1,196</b>                                        | <b>4,108</b>                                         |
| Related to acquisition of a subsidiary (Note 30) | <b>-</b>                                            | <b>5,236</b>                                         |
| Disposal of a subsidiary (Note 29)               | <b>-</b>                                            | <b>(110)</b>                                         |
| Re-measurement gain                              | <b>-</b>                                            | <b>(177)</b>                                         |
| Paid during the period/year                      | <b>(942)</b>                                        | <b>(2,167)</b>                                       |
| <b>Balance, end of the period/year</b>           | <b>38,771</b>                                       | <b>38,517</b>                                        |

**14. TRADE PAYABLES AND OTHERS**

|                                   | <b>31 March<br/>2025<br/>(Unaudited)</b> | <b>31 December<br/>2024<br/>(Audited)</b> |
|-----------------------------------|------------------------------------------|-------------------------------------------|
| Contract liabilities (note 14a)   | <b>2,481,927</b>                         | <b>2,667,911</b>                          |
| Accruals and others               | <b>293,046</b>                           | <b>466,641</b>                            |
| Unearned revenue                  | <b>259,904</b>                           | <b>457,714</b>                            |
| Trade payables                    | <b>243,066</b>                           | <b>254,230</b>                            |
| Due to a related party (note 24b) | <b>189,032</b>                           | <b>188,675</b>                            |
| Lease liability (note 23b)        | <b>17,706</b>                            | <b>18,253</b>                             |
| Dividend payable                  | <b>8,292</b>                             | <b>8,292</b>                              |
| <b>Total</b>                      | <b>3,492,973</b>                         | <b>4,061,716</b>                          |

The fair value of financial liabilities included above approximates the carrying amount.

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**a) Contract liabilities**

Contract liabilities represent the unrecognised portion of invoices issued towards a duly enforceable customer contracts for sale of properties against which the agreed performance obligations are not fully satisfied.

|                                                      | <b>31 March<br/>2025<br/>(Unaudited)<br/>SR 000</b> | <b>31 December<br/>2024<br/>(Audited)<br/>SR 000</b> |
|------------------------------------------------------|-----------------------------------------------------|------------------------------------------------------|
| Balance, beginning of the period/year                | 2,667,911                                           | 1,100,404                                            |
| Invoices issued/cancelled during the period/year     | 28,753                                              | 1,687,767                                            |
| Transfer to revenue during the period/year (note 17) | <u>(214,737)</u>                                    | <u>(120,260)</u>                                     |
| <b>Balance, end of the period/year</b>               | <b><u>2,481,927</u></b>                             | <b><u>2,667,911</u></b>                              |

**15. ZAKAT PROVISIONS**

**a) Movement in provision for Zakat:**

Zakat is recognized and provided for in the interim condensed consolidated financial statements and the related movement is as follows:

|                                                          | <b>31 March<br/>2025<br/>(Unaudited)<br/>SR 000</b> | <b>31 December<br/>2024<br/>(Audited)<br/>SR 000</b> |
|----------------------------------------------------------|-----------------------------------------------------|------------------------------------------------------|
| Balance beginning of the period/year                     | 315,517                                             | 308,789                                              |
| Charge for the period/year                               | 5,811                                               | 20,595                                               |
| Acquisition of a subsidiary (note 30)                    | -                                                   | 2,155                                                |
| Paid during the period/year                              | <u>-</u>                                            | <u>(16,022)</u>                                      |
| <b>Estimated Zakat provision, end of the period/year</b> | <b><u>321,328</u></b>                               | <b><u>315,517</u></b>                                |

- b) The zakat liability of the Company and its subsidiaries is calculated on a consolidated basis as part of the consolidated zakat return. The Company has received the assessments from ZATCA for the years 2003 to 2014 which have been finalised. Consolidated zakat returns for all remaining years until 2024 have been filed with ZATCA.

**16. SHARE CAPITAL**

|                                                    | <b>31 March<br/>2025<br/>(Unaudited)<br/>SR 000</b> | <b>31 December<br/>2024<br/>(Audited)<br/>SR 000</b> |
|----------------------------------------------------|-----------------------------------------------------|------------------------------------------------------|
| <i>Authorised:</i>                                 |                                                     |                                                      |
| 1,080,000,000 ordinary shares of SR 10 each        | <u>10,800,000</u>                                   | <u>10,800,000</u>                                    |
| <i>Issued and fully paid shares of SR 10 each:</i> |                                                     |                                                      |
| At the start of the period/year                    | <u>10,800,000</u>                                   | <u>10,800,000</u>                                    |
| <b>At the end of the period/year</b>               | <b><u>10,800,000</u></b>                            | <b><u>10,800,000</u></b>                             |

The Company has one class of ordinary shares.

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**17. REVENUE**

The Group derives its major revenue from development properties through contracts with customers for the transfer of properties at a point in time and over time. The below revenue details are consistent with the revenue information that is disclosed for each reportable segment (see note 4).

The Group signed contract for the significant portion of Shams Ar Riyadh project for SAR 6.7 billion and is waiting for final approval from respective regulatory authorities. Once confirmation is received based on the completed obligations, the respective revenue will be recognised as per the policy of the Group.

| Disaggregation of revenue      | Basis of Recognition  | Three-month period ended                  |                                           |
|--------------------------------|-----------------------|-------------------------------------------|-------------------------------------------|
|                                |                       | 31 March<br>2025<br>(Unaudited)<br>SR 000 | 31 March<br>2024<br>(Unaudited)<br>SR 000 |
| Sale of development properties | - At a point in time  | 459,857                                   | 815,651                                   |
| Sale of development properties | - Over the time       | 4,888                                     | -                                         |
| Sale of residential properties | - Over the time       | 214,737                                   | -                                         |
| Sale of residential properties | - At a point in time  | 175,878                                   | 14,793                                    |
| Leasing of properties          | - Straight-line basis | 37,365                                    | 33,974                                    |
| Others                         | - Over the time       | 39,282                                    | 502                                       |
| <b>Total</b>                   |                       | <b>932,007</b>                            | <b>864,920</b>                            |

**18. COST OF REVENUE**

|                                                | Three-month period ended                  |                                           |
|------------------------------------------------|-------------------------------------------|-------------------------------------------|
|                                                | 31 March<br>2025<br>(Unaudited)<br>SR 000 | 31 March<br>2024<br>(Unaudited)<br>SR 000 |
| Development properties                         | 242,926                                   | 489,935                                   |
| Residential properties                         | 246,905                                   | 10,391                                    |
| Direct cost on leasing – depreciation (note 5) | 8,370                                     | 8,471                                     |
| Others                                         | 27,238                                    | 326                                       |
| <b>Total</b>                                   | <b>525,439</b>                            | <b>509,123</b>                            |

**19. GENERAL AND ADMINISTRATIVE EXPENSES**

|                                     | Three-month period ended                  |                                           |
|-------------------------------------|-------------------------------------------|-------------------------------------------|
|                                     | 31 March<br>2025<br>(Unaudited)<br>SR 000 | 31 March<br>2024<br>(Unaudited)<br>SR 000 |
| General and administrative expenses | 64,013                                    | 45,593                                    |
| Depreciation (note 7 & 23a)         | 4,964                                     | 4,986                                     |
| <b>Total</b>                        | <b>68,977</b>                             | <b>50,579</b>                             |

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**20. FINANCE COSTS**

|                                               | Three-month period ended<br>31 March<br>2025<br>(Unaudited)<br>SR 000 | 31 March<br>2024<br>(Unaudited)<br>SR 000 |
|-----------------------------------------------|-----------------------------------------------------------------------|-------------------------------------------|
| Finance charges on Sukuk                      | 113,807                                                               | 136,814                                   |
| Finance charges on Islamic Murabaha           | 82,387                                                                | 72,018                                    |
| Finance charges on lease liability (note 23b) | 266                                                                   | 389                                       |
| Amortisation of transaction costs (note 12b)  | 7,393                                                                 | 7,835                                     |
| <b>Total</b>                                  | <b>203,853</b>                                                        | <b>217,056</b>                            |

**21. OTHER INCOME, NET**

|                | Three-month period ended<br>31 March<br>2025<br>(Unaudited)<br>SR 000 | 31 March<br>2024<br>(Unaudited)<br>SR 000 |
|----------------|-----------------------------------------------------------------------|-------------------------------------------|
| Finance income | 78,932                                                                | 61,907                                    |
| Other, net     | 958                                                                   | 553                                       |
| <b>Total</b>   | <b>79,890</b>                                                         | <b>62,460</b>                             |

**22. EARNINGS PER SHARE**

The calculation of the basic and diluted earnings per share is based on the following data:

|                                                                                      | Three-month period ended<br>31 March<br>2025<br>(Unaudited)<br>SR 000 | 31 March<br>2024<br>(Unaudited)<br>SR 000 |
|--------------------------------------------------------------------------------------|-----------------------------------------------------------------------|-------------------------------------------|
| <b>Earnings</b>                                                                      |                                                                       |                                           |
| For the purpose of basic earnings per share<br>(Net profit for the period)           | 209,343                                                               | 153,593                                   |
| <b>Number of shares</b>                                                              |                                                                       |                                           |
| Weighted average number of ordinary shares<br>For the purposes of earnings per share | 1,080,000,000                                                         | 1,080,000,000                             |
| <b>Basic/diluted earnings per share</b>                                              | <b>0.19</b>                                                           | <b>0.14</b>                               |

There is no dilution of ordinary shares and as such the basic and diluted earnings per share calculation are consistent.

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**23. LEASE ARRANGEMENTS**

**A: GROUP AS LESSEE**

**a) Right-of-use assets**

Below is the "right-of-use assets" for the lease arrangements entered and unexpired as at the reporting date. The details and movements for these assets are summarised as follows, and the depreciation charged to this asset is included in depreciation expenses.

|                                                     | <b>31 March<br/>2025<br/>(Unaudited)</b> | <b>31 December<br/>2024<br/>(Audited)</b> |
|-----------------------------------------------------|------------------------------------------|-------------------------------------------|
|                                                     | <b>SR 000</b>                            | <b>SR 000</b>                             |
| <b>COST</b>                                         |                                          |                                           |
| At beginning of the period/year                     | 37,751                                   | 42,316                                    |
| Disposal of a subsidiary (note 29a)                 | -                                        | (7,336)                                   |
| Acquisition of a subsidiary (note 30a)              | -                                        | 2,136                                     |
| Termination/retirements                             | -                                        | (3,166)                                   |
| Additions for the period/year                       | -                                        | 3,801                                     |
| <b>At end of the period/year</b>                    | <b>37,751</b>                            | <b>37,751</b>                             |
| <b>ACCUMULATED DEPRECIATION</b>                     |                                          |                                           |
| At beginning of the period/year                     | 17,071                                   | 12,105                                    |
| Charged during the period/year                      | 2,212                                    | 10,856                                    |
| Disposal of a subsidiary (note 29a)                 | -                                        | (2,970)                                   |
| Termination/retirements                             | -                                        | (2,920)                                   |
| <b>At end of the period/year</b>                    | <b>19,283</b>                            | <b>17,071</b>                             |
| <b>NET BOOK VALUE AT THE END OF THE PERIOD/YEAR</b> | <b>18,468</b>                            | <b>20,680</b>                             |

The balance in right of use assets are included within the property and equipment on the interim condensed consolidated statement of financial position.

**b) Lease liabilities**

Lease liabilities represent unexpired lease arrangements. Details of the movement of these lease liabilities is as below. The interest cost accrued is included in the finance costs.

|                                              | <b>31 March<br/>2025<br/>(Unaudited)</b> | <b>31 December<br/>2024<br/>(Audited)</b> |
|----------------------------------------------|------------------------------------------|-------------------------------------------|
|                                              | <b>SR 000</b>                            | <b>SR 000</b>                             |
| <b>LIABILITY</b>                             |                                          |                                           |
| At beginning of the period/year              | 41,350                                   | 45,267                                    |
| Disposal of a subsidiary (note 29a)          | -                                        | (7,802)                                   |
| Termination                                  | (364)                                    | (3,214)                                   |
| Additions for the period/year                | -                                        | 3,801                                     |
| Acquisition of a subsidiary (note 30a)       | -                                        | 1,715                                     |
| Finance cost for the period/year (note 20)   | 266                                      | 1,583                                     |
| <b>At end of the period/year</b>             | <b>41,252</b>                            | <b>41,350</b>                             |
| <b>PAYMENTS</b>                              |                                          |                                           |
| At beginning of the period/year              | 23,097                                   | 18,003                                    |
| Disposal of a subsidiary (note 29a)          | -                                        | (3,284)                                   |
| Termination                                  | (364)                                    | (3,214)                                   |
| Paid during the period/year                  | 813                                      | 11,592                                    |
| <b>At end of the period/year</b>             | <b>23,546</b>                            | <b>23,097</b>                             |
| <b>BALANCE AT THE END OF THE PERIOD/YEAR</b> | <b>17,706</b>                            | <b>18,253</b>                             |

The balance in lease liability is included within *Trade payables and others* in the interim condensed consolidated statement of financial position.

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**c) Minimum lease payments**

The minimum lease payments undiscounted under non-cancellable lease rentals are as follows:

|                            | <b>31 March<br/>2025<br/>(Unaudited)<br/>SR 000</b> | <b>31 December<br/>2024<br/>(Audited)<br/>SR 000</b> |
|----------------------------|-----------------------------------------------------|------------------------------------------------------|
| <b>Amounts due:</b>        |                                                     |                                                      |
| Within one year            | 9,136                                               | 9,437                                                |
| Between one and five years | 10,069                                              | 10,668                                               |
| <b>Total</b>               | <b>19,205</b>                                       | <b>20,105</b>                                        |

**B: GROUP AS LESSOR**

The Group has investment properties (refer note 5) consists of residential and commercial real estate properties that are retained in its master planned community with an intention to generate consistent recurring income. These properties are leased, both on short term and long term operating lease arrangements to various customers, including corporates, government and individuals for their residential and commercial requirements. For the relevant reporting period, the details of income generated and the direct cost of leasing is detailed in reporting segments note (refer note 4).

The minimum gross lease receivables under non-cancellable lease rentals are as follows:

|                            | <b>31 March<br/>2025<br/>(Unaudited)<br/>SR 000</b> | <b>31 December<br/>2024<br/>(Audited)<br/>SR 000</b> |
|----------------------------|-----------------------------------------------------|------------------------------------------------------|
| Within one year            | 132,894                                             | 138,434                                              |
| Between one and five years | 228,820                                             | 237,070                                              |
| After five years           | 82,966                                              | 87,074                                               |
| <b>Total</b>               | <b>444,680</b>                                      | <b>462,578</b>                                       |

**24. RELATED PARTY TRANSACTIONS**

During the normal course of its operations, the Group had the following significant transactions with related parties during the period ended 31 March 2025 and 31 March 2024 along with their balances.

| <b>Related party</b>                   | <b>Relationship</b> | <b>Nature of transactions</b>             | <b>Three-month period ended<br/>31 March<br/>2025<br/>(Unaudited)<br/>SR 000</b> | <b>31 March<br/>2024<br/>(Unaudited)<br/>SR 000</b> |
|----------------------------------------|---------------------|-------------------------------------------|----------------------------------------------------------------------------------|-----------------------------------------------------|
|                                        |                     |                                           |                                                                                  |                                                     |
| Dar Global PLC                         | Associate           | Financial support                         | 416                                                                              | -                                                   |
|                                        |                     | Interest on loan                          | 15,193                                                                           | -                                                   |
| Khozam Real Estate Development Company | Associate           | Management fee charged                    | 240                                                                              | 240                                                 |
| SHL Finance Company                    | Affiliate           | Sales to third party Customer<br>(Note e) | 1,072                                                                            | 1,113                                               |

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**a) Due from a related party**

The Group has transferred amount to finance the operations of Dar Global PLC, an associate company. The balance is as follows:

|                                          | 31 March<br>2025<br>(Unaudited)<br>SR 000 | 31 December<br>2024<br>(Audited)<br>SR 000 |
|------------------------------------------|-------------------------------------------|--------------------------------------------|
| Balance beginning of the period/year     | 63,182                                    | -                                          |
| Financial support during the period/year | 416                                       | 53,522                                     |
| Interest on loan during the period/year  | 15,193                                    | 9,660                                      |
| <b>Balance, end of the period/year</b>   | <b>78,791</b>                             | <b>63,182</b>                              |

**b) Due to a related party**

Khozam Real Estate Development Company (KDC) is a jointly controlled entity (note 8). KDC management has invested excess cash balance of KDC with the Group at a nominal profit rate. The balance is classified under trade payables and others (note 14) and repayable on demand. The balance payable at the period end is as follows:

|                                        | 31 March<br>2025<br>(Unaudited)<br>SR 000 | 31 December<br>2024<br>(Audited)<br>SR 000 |
|----------------------------------------|-------------------------------------------|--------------------------------------------|
| <b>Balance, end of the period/year</b> | <b>189,032</b>                            | <b>188,675</b>                             |

**c) Loan to a related party**

During the year ended 31 December 2024, the Group has extended a loan to Dar Global PLC, an associate company. The loan is interest bearing at arm's length commercial terms and will be settled over the period of three years.

|                                        | 31 March<br>2025<br>(Unaudited)<br>SR 000 | 31 December<br>2024<br>(Audited)<br>SR 000 |
|----------------------------------------|-------------------------------------------|--------------------------------------------|
| <b>Balance, end of the period/year</b> | <b>799,082</b>                            | <b>799,082</b>                             |

**d) Compensation of key management personnel**

The remuneration of directors and other members of key management personnel during the period are as follows:

|                                                                                 | Three-month period ended<br>31 March<br>2025<br>(Unaudited)<br>SR 000 | 31 March<br>2024<br>(Unaudited)<br>SR 000 |
|---------------------------------------------------------------------------------|-----------------------------------------------------------------------|-------------------------------------------|
| Short-term benefits                                                             | 4,039                                                                 | 2,344                                     |
| End-of-service benefits                                                         | 220                                                                   | 195                                       |
| Remunerations and attendance fees to Board of Directors and Executive Committee | -                                                                     | -                                         |
| <b>Total</b>                                                                    | <b>4,259</b>                                                          | <b>2,539</b>                              |

**e) SHL Finance Company:**

During the period ended 31 March 2025, the Group sold residential homes to individuals who sought financing from SHL. In these instances, SHL pays the consideration in respect of the residential property sale to the Group on behalf of the individual buyer of the property. There is no recourse to the Group if buyer of the property defaults against financing obtained from SHL.



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**25. RETIREMENT BENEFIT PLANS**

The Group makes payments to defined contribution retirement benefit plans in the form of contribution to the General Organisation of Social Insurance that are charged as an expense as they fall due. Payments are made on the basis of a percentage of qualifying salary for certain employees to this state-managed scheme.

The total cost charged to the interim condensed consolidated statement of profit or loss and other comprehensive income for the period ended 31 March 2025 was SR 1.2 million (31 December 2024: SR 4.1 million), and the outstanding contribution as at 31 March 2025 is SR 165 thousand (31 December 2024: SR 123 thousand).

**26. CAPITAL MANAGEMENT**

The executive committee reviews the capital structure of the Group on a semi-annual basis. As part of this review, the committee considers the cost of capital and the risks associated with each class of capital. The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to its shareholders through optimisation of debt and equity balances. The Group's overall strategy remains unchanged from 2007, when the Group diversified its sources of funding and issued two medium term Sukuks ranging from 3-5 years. Considering the track record of timely repayment of the first two Sukuk and the group expertise developed over the past five years to access international markets for shariah' compliant funding, the management continue to maintain its relationship with the financial institutions and monitor the markets for future issuance. The Group adhere to international best practices in corporate governance and consider the capital market transactions to create additional shareholders value.

The capital structure of the Group consists of net debt (borrowings adjusted with cash and cash equivalents) and equity (comprising share capital, statutory reserve, and retained earnings). The Group is not subject to any externally imposed capital requirements.

***Gearing ratio***

The Group consistently monitors its gearing ratio, to ensure compliance with external covenant requirements.

The gearing ratio at end of the reporting period was as follows:

|                                 | <b>31 March<br/>2025<br/>(Unaudited)<br/>SR 000</b> | <b>31 December<br/>2024<br/>(Audited)<br/>SR 000</b> |
|---------------------------------|-----------------------------------------------------|------------------------------------------------------|
| Islamic borrowings              | <b>10,926,784</b>                                   | 11,423,758                                           |
| Cash and cash equivalents       | <b>(6,498,979)</b>                                  | (6,724,672)                                          |
|                                 | <b>4,427,805</b>                                    | 4,699,086                                            |
| Shareholders' equity            | <b>21,310,267</b>                                   | 21,100,714                                           |
| <b>Net debt to equity ratio</b> | <b>21%</b>                                          | 22%                                                  |

**27. FINANCIAL RISK MANAGEMENT**

The Group's principal financial liabilities are mainly comprised of Islamic Murabaha (term and annual revolving) facilities taken from banks, issue of Islamic Sukuk, lease liabilities, due to related party, trade payable and other payables to contractors and suppliers. The paramount objectives of these financial instruments are to raise the funding base for various projects as well as for the working capital requirement of the Group.

The Group also has financial assets in the form of bank deposits, cash in hand, due from related parties and trade and other receivables, which are integral and directly derived out of its regular business. On the reporting date the Group has not entered into any non-Islamic financial variable instrument contracts by way of currency hedging, commission rate swap agreements or similar instruments.

The Group's financial operations are subject to the following risks:

1. Credit Risk
2. Commission Rate Risk
3. Liquidity Risk
4. Foreign Currency Risk
5. Price Risk

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**Credit Risk**

The Credit Risk can be defined as a loss of value of an asset as a result of a failure by a customer or a counter party to such commercially valid and legally enforceable contract to comply with its obligations.

The general sales policy of the Group is "No Credit" terms, but in some cases there are enhanced payment schedules or staggered payment request by selected customers which have been accommodated. In such cases the Group has an exposure of credit risk with respect to the amount due from those customers. However, in such cases the Group holds back the final delivery or possession of the property to mitigate the risk until the full amount due is paid to the satisfaction of the contract. The monitoring and follow up of balances is completed regularly and as a result the Group's exposure to losses is limited.

With respect to the credit risk exposure of other financial assets, namely, due from a related party, loan to a related party, bank deposits and trade and other receivables, the maximum credit risk of the Group is limited to their carrying values, in case there is a failure of the other party to meet its obligation.

The summary of financial assets subject to credit risk is detailed below:

|                           | <b>31 March<br/>2025<br/>(Unaudited)</b> | <b>31 December<br/>2024<br/>(Audited)</b> |
|---------------------------|------------------------------------------|-------------------------------------------|
|                           | <b>SR 000</b>                            | <b>SR 000</b>                             |
| Cash and cash equivalents | 6,498,979                                | 6,724,672                                 |
| Trade receivable, net     | 3,507,659                                | 3,908,254                                 |
| Loan to a related party   | 799,082                                  | 799,082                                   |
| Due from a related party  | 78,791                                   | 63,182                                    |
| <b>Total</b>              | <b>10,884,511</b>                        | <b>11,495,190</b>                         |

As of the reporting date, the Group does not have significant credit risk concentration with any single party or a group.

**Commission Rate Risk**

Commission Rate Risk is associated with a change in the commission rate available when renegotiating financial instruments that are influenced by the current global financial market conditions. The Group is exposed to commission rate risk with respect to its floating commission rate agreed for its Islamic Murabaha (revolving credit) facilities obtained from local banks.

The short-term revolving borrowings' rates are renegotiated at every renewal proposal to achieve the best possible commission rate to reflect the given financial credentials and related risk perception of the Group.

The Group's local borrowings are based on SAIBOR. Hence the commission rate exposure of the Group is variable according to the changes in the SAIBOR.

The commission rate sensitivity analysis is performed based on the commission rate exposure of the Group for floating rate liabilities outstanding at the reporting date. The calculations are done on floating commission rates assuming the liabilities outstanding for a whole year as at the reporting date.

During the period, the average rate of 3 months SAIBOR varied between 5.28% and 5.61% (5.37% and 5.80% for 2024).

The sensitivity of commission rate variance on the Group's external borrowings which affects the interim condensed consolidated financial statements of the Group is shown below:

|                   | <b>31 March<br/>2025<br/>(Unaudited)</b> | <b>31 December<br/>2024<br/>(Audited)</b> |
|-------------------|------------------------------------------|-------------------------------------------|
|                   | <b>SR 000</b>                            | <b>SR 000</b>                             |
| + 25 basis points | 14,375                                   | 9,986                                     |
| - 25 basis points | (14,375)                                 | (9,986)                                   |

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The net profit of the Group for the reported period would have been affected by the above amount as a result of such changes in floating commission rates. If there is any capitalisation of borrowing costs directly attributed to projects in progress, there would be timing differences on such an impact to the Group's current profit and loss account and the current impact would be nil as there were no capitalisation for the current period as explained in note 2.9.

**Liquidity Risk**

Liquidity Risk can result from a difficulty to meet the financial commitments and obligations of the Group as per the agreed terms and covenants.

To mitigate the liquidity risk and associated losses of business and brand value opportunities; the Group, where possible, keeps sufficient liquid assets in all business conditions. The Group refrains from funding its long term capital requirements through short term borrowings and related party current account transactions. Currently the long term projects are funded from long term or revolving borrowings only. The Group also has a dynamic cash flow assessment policy and system by which it can estimate and plan the maturities as well as required resources to meet such obligations.

The total weighted average effective annual commission rate for the period ended 31 March 2025 is 7.25% (31 December 2024: 7.9%).

The maturity profile of financial liabilities of the group with undiscounted gross cash flows for the remaining contractual maturities for both principal and interest, wherever applicable, as at 31 March 2025 and 31 December 2024 are as follows:

| <b><u>31 March 2025</u></b><br><b><u>(Unaudited)</u></b>  | <b>Within 3</b><br><b>Months</b> | <b>3 months</b><br><b>to 1 year</b> | <b>One year</b><br><b>to 2 years</b> | <b>3 year to</b><br><b>5 years</b> | <b>Above 5</b><br><b>years</b> | <b>No Fixed</b><br><b>Maturity</b> | <b>Total</b>      |
|-----------------------------------------------------------|----------------------------------|-------------------------------------|--------------------------------------|------------------------------------|--------------------------------|------------------------------------|-------------------|
|                                                           | <b>SR 000</b>                    | <b>SR 000</b>                       | <b>SR 000</b>                        | <b>SR 000</b>                      | <b>SR 000</b>                  | <b>SR 000</b>                      | <b>SR 000</b>     |
| <b><u>Financial Liabilities</u></b>                       |                                  |                                     |                                      |                                    |                                |                                    |                   |
| Islamic borrowings                                        | 609,899                          | 3,230,374                           | 3,569,050                            | 5,338,712                          | 182,412                        | -                                  | 12,930,447        |
| Trade payables and others                                 | 56,241                           | 2,918,486                           | 273,598                              | 4,667                              | 51,835                         | 189,644                            | 3,494,471         |
| <b>Total</b>                                              | <b>666,140</b>                   | <b>6,148,860</b>                    | <b>3,842,648</b>                     | <b>5,343,379</b>                   | <b>234,247</b>                 | <b>189,644</b>                     | <b>16,424,918</b> |
| <b><u>31 December 2024</u></b><br><b><u>(Audited)</u></b> | <b>Within 3</b><br><b>Months</b> | <b>3 months</b><br><b>to 1 year</b> | <b>One year</b><br><b>to 2 years</b> | <b>3 year to 5</b><br><b>years</b> | <b>Above 5</b><br><b>years</b> | <b>No Fixed</b><br><b>Maturity</b> | <b>Total</b>      |
|                                                           | <b>SR 000</b>                    | <b>SR 000</b>                       | <b>SR 000</b>                        | <b>SR 000</b>                      | <b>SR 000</b>                  | <b>SR 000</b>                      | <b>SR 000</b>     |
| <b><u>Financial Liabilities</u></b>                       |                                  |                                     |                                      |                                    |                                |                                    |                   |
| Islamic borrowings                                        | 2,821,298                        | 1,199,223                           | 2,733,719                            | 6,527,058                          | 182,412                        | -                                  | 13,463,710        |
| Trade payables and others                                 | 90,717                           | 3,255,774                           | 471,917                              | 4,757                              | 51,097                         | 189,307                            | 4,063,569         |
| <b>Total</b>                                              | <b>2,912,015</b>                 | <b>4,454,997</b>                    | <b>3,205,636</b>                     | <b>6,531,815</b>                   | <b>233,509</b>                 | <b>189,307</b>                     | <b>17,527,279</b> |

**Foreign Currency Risk**

Foreign Currency Risk is associated with the change in the value of the carrying value in the functional currency due to the variation of the underlying foreign currency obligation or right by way of transaction or translation reasons. The functional currency of the Group is the Saudi Riyal that is pegged against the US Dollar with a fixed exchange rate of 3.75 Saudi Riyals per US Dollar. Since transactions, other than US Dollars, are negligible; the Group does not assume any significant foreign currency risk.

**Price Risk**

Price Risk is associated to the fair value or future cash flows of a financial assets/securities that will fluctuate because of changes in market prices. It primarily stems from investments in securities' trading. The Group has limited exposure to price risk with such risk arising from investments in securities carried at fair value. However, the position in investments in securities, considering current and expected future economic trends, is regularly reviewed.

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**28. COMMITMENTS AND CONTINGENCIES**

To complete the long term construction and development of investment and development properties, the Group have committed to a number of contractual arrangements and agreements. The estimated uncompleted contracts outstanding as at 31 March 2025 amounts to SR 96 million (31 December 2024: SR 91 million) and performance commitment through a bank guarantee for SR 81 million against receivable collected (31 December 2024: SR 81 million).

These commitments are expected to be settled within the duration of the projects in progress and shall be funded through prospective property sales and external borrowings, if necessary.

During the normal course of business there are general litigations and legal claims. Management takes legal advice as to the likelihood of success of claims and no provision is made when the action is unlikely to succeed.

At 31 March 2025, there were no significant claims notified (31 December 2024: None).

**29. DISPOSAL OF A SUBSIDIARY**

During the prior year, on 14 October 2024, the Group has disposed of its all shares in Dar Al Arkan for Real Estate Development LLC, a beneficially wholly owned subsidiary of the Group established under the laws of the state Qatar, under the Commercial Registration No. 165584, 14/7/1443 H (corresponding to 1502/2022 G).

- a) The carrying amounts of assets and liabilities at the date of sale were:

|                                    | Note | 14 October 2024<br>SR 000 |
|------------------------------------|------|---------------------------|
| <b><u>Assets</u></b>               |      |                           |
| Development properties             | 6    | 222,759                   |
| Property and equipment, net        | 7    | 5,408                     |
| Right of use of assets, net        | 23 a | 4,366                     |
| Prepayments and others             |      | 15,461                    |
| Cash and cash equivalents (Note c) |      | 35,484                    |
| <b>Total assets</b>                |      | <b>283,478</b>            |
| <b><u>Liabilities</u></b>          |      |                           |
| Trade payables and others          |      | 303,945                   |
| Lease liabilities                  | 23 b | 4,518                     |
| End of service indemnities         | 13   | 110                       |
| <b>Total liabilities</b>           |      | <b>308,573</b>            |
| <b>Net liabilities</b>             |      | <b>(25,095)</b>           |

**30. ACQUISITION OF A SUBSIDIARY**

During the year ended 31 December 2024, the Group has increased its ownership in Compass Project Investments SPV ("Compass") to 90% as follows;

- a) During the prior year, on 20 February 2024 (the "Acquisition date"), the Group signed a share purchase agreement to acquire additional equity interest of 32.65% in Compass Project Investments SPV ("Compass"); a private company limited by shares incorporated in United Arab Emirates under Abu Dhabi Global Market (ADGM) regulations. Accordingly, the Group's equity interest increased from 51% to 83.65%. The Group's investment in Compass was previously accounted for as investment in an associate under equity method (Note 8). During the prior year 2024, the Group has obtained control, consequently, has commenced consolidating Compass. Compass is established mainly for rendering technical support for project management, cost control, construction management and risk management. This acquisition was in line with the Group's strategy of diversification and explore new opportunities in MENA region.

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**Assets acquired and liabilities assumed**

The fair values of the identifiable assets and liabilities of Compass Project Investments SPV as at the Acquisition date were summarised below.

|                                                    | <b>Note</b> | <b>Fair value<br/>recognised on<br/>acquisition<br/>SR 000</b> |
|----------------------------------------------------|-------------|----------------------------------------------------------------|
| <b>i) ASSETS &amp; LIABILITIES</b>                 |             |                                                                |
| <b>ASSETS</b>                                      |             |                                                                |
| Property and equipment, net                        | 7           | 3,543                                                          |
| Right of use of assets, net                        | 23 a        | 2,136                                                          |
| Investment in associate                            | 8           | 29                                                             |
| Trade receivables and others                       |             | 97,360                                                         |
| Cash and cash equivalents                          |             | 20,759                                                         |
| <b>Total assets</b>                                |             | <b>123,827</b>                                                 |
| <b>LIABILITIES</b>                                 |             |                                                                |
| Borrowings                                         |             | 4,000                                                          |
| End of service indemnities                         | 13          | 5,236                                                          |
| Trade payables and others                          |             | 66,523                                                         |
| Lease liabilities                                  | 23 b        | 1,715                                                          |
| Zakat Payable                                      | 15          | 2,155                                                          |
| <b>Total liabilities</b>                           |             | <b>79,629</b>                                                  |
| <b>Total identifiable net assets at fair value</b> |             | <b>44,198</b>                                                  |
| Non-controlling interest measured at fair value    |             | (7,226)                                                        |
| Investments in associate transferred (Note iii)    |             | (23,057)                                                       |
| Consideration transferred                          |             | (12,750)                                                       |
| <b>Gain on acquisition</b>                         |             | <b>1,165</b>                                                   |

**ii) ANALYSIS OF CASH FLOWS ON ACQUISITION**

|                                       |              |
|---------------------------------------|--------------|
| Net cash acquired with the subsidiary | 20,759       |
| Cash consideration                    | (12,750)     |
| <b>Net cash flow on acquisition</b>   | <b>8,009</b> |

**iii) FAIR VALUE LOSS ON REMEASURING THE PREVIOUSLY HELD EQUITY INTEREST**

|                                                           |               |
|-----------------------------------------------------------|---------------|
| Carrying amount of investments in associate transferred   | 32,262        |
| Fair value loss on remeasurement                          | (9,205)       |
| <b>Fair value of investments in associate transferred</b> | <b>23,057</b> |

**b) Acquisition of additional interest in subsidiary**

During the prior year 2024, Subsequent to the above acquisition, the share capital of the Compass was increased by SR 37.4 million in which SR 25.19 million and SR 1.6 million were invested by the Group and the non-controlling shareholder respectively. Due to this additional investment in share capital of the Compass, the Group's ownership increased by 6.35%.

Due to no change in control, the additional acquisition of the Group's ownership interest in Compass was accounted for as an equity transaction. Consequently, the excess consideration paid over the carrying value of Compass's additional ownership interest acquired was recognized in retained earnings.

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The Carrying value of the net assets of Compass as of the acquisition date was SR 44.2 million. The details of additional interest acquired in Compass were:

|                                                      | <b>31 December<br/>2024<br/>(Audited)</b> |
|------------------------------------------------------|-------------------------------------------|
|                                                      | <u>SR 000</u>                             |
| Carrying value of the additional interest in Compass | 2,806                                     |
| Consideration for non-controlling partner            | <u>(1,080)</u>                            |
| Difference recognized in retained earnings           | <u><u>1,726</u></u>                       |

**31. APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

The interim condensed consolidated financial statements were approved by the board of directors and authorized for issue on 1 May 2025.