

**KNOWLEDGE ECONOMIC CITY COMPANY  
(A SAUDI JOINT STOCK COMPANY)**

**UNAUDITED CONDENSED CONSOLIDATED INTERIM  
FINANCIAL STATEMENTS  
AND INDEPENDENT AUDITOR'S REVIEW REPORT  
FOR THE THREE-MONTH AND SIX-MONTH PERIODS  
ENDED 30 JUNE 2022**

**KNOWLEDGE ECONOMIC CITY COMPANY  
(A SAUDI JOINT STOCK COMPANY)  
UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE SIX-MONTH PERIOD ENDED 30 June 2022**

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## Report on review of Interim Condensed Consolidated Financial Statements

To the shareholders of Knowledge Economic City Company (A Saudi Joint Stock Company)

### Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Knowledge Economic City Company (the "Company") and its subsidiaries (together the "Group") as of June 30, 2022 and the related interim condensed consolidated statement of comprehensive income for the three-month and six-month periods then ended, and the interim condensed consolidated statements of changes in equity and cash flows for the six-month period then ended and other explanatory notes. Management is responsible for the preparation and presentation of this condensed consolidated interim financial statements in accordance with International Accounting Standard 34 - "Interim Financial Reporting" (IAS 34), as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on this condensed consolidated interim financial statement 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", as endorsed in the Kingdom of Saudi Arabia. A review of interim financial statements consist 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, as 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 condensed consolidated interim financial statements are not prepared, in all material respects, in accordance with IAS 34, as endorsed in the Kingdom of Saudi Arabia.

### PricewaterhouseCoopers

Ali A. Alotaibi  
License Number 379

August 24, 2022





**Knowledge Economic City Company**  
**(A Saudi Joint Stock Company)**  
**Interim condensed consolidated statement of financial position**  
(Amounts in Saudi Riyals unless otherwise stated)


	Note	30 June 2022 (Unaudited)	31 December 2021 (Audited)
<b>Assets</b>			
<b>Non-current assets</b>			
Property and equipment		48,589,316	48,796,461
Investment properties	4	2,771,802,268	2,608,768,661
Right-of-use asset		1,705,670	2,307,671
Intangible assets		116,196	461,458
Trade receivables	6	80,036,167	98,208,785
Investment held at amortised cost		124,772,398	124,772,392
<b>Total non-current assets</b>		<b>3,027,022,015</b>	<b>2,883,315,428</b>
<b>Current assets</b>			
Development properties	5	63,479,607	67,151,326
Trade receivables	6	59,213,991	63,126,630
Contract assets	7	12,863,769	4,537,667
Prepayments and other current assets		53,200,671	25,738,125
Financial assets at fair value through profit or loss		59,300,400	150,676,588
Short-term investments		50,100,000	-
Cash and cash equivalents		114,267,840	99,652,420
<b>Total current assets</b>		<b>412,426,278</b>	<b>410,882,756</b>
<b>Total assets</b>		<b>3,439,448,293</b>	<b>3,294,198,184</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital		3,393,000,000	3,393,000,000
Accumulated losses		(332,245,718)	(316,877,718)
<b>Equity attributable to equity holders of the parent</b>		<b>3,060,754,282</b>	<b>3,076,122,282</b>
Non-controlling interests		92,991,076	92,893,309
<b>Total equity</b>		<b>3,153,745,358</b>	<b>3,169,015,591</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Borrowings	9	145,040,140	-
Employee benefits		8,575,964	8,062,405
Payable to other unitholders of Fund		53,462,541	53,589,325
Lease liabilities		-	1,340,901
<b>Total non-current liabilities</b>		<b>207,078,645</b>	<b>62,992,631</b>
<b>Current liabilities</b>			
Lease liabilities		1,918,602	1,264,363
Trade payables		9,170,718	8,128,857
Contract liabilities		4,677,866	-
Accruals and other current liabilities		58,731,163	44,286,055
Zakat	10	4,125,941	8,510,687
<b>Total current liabilities</b>		<b>78,624,290</b>	<b>62,189,962</b>
<b>Total liabilities</b>		<b>285,702,935</b>	<b>125,182,593</b>
<b>Total equity and liabilities</b>		<b>3,439,448,293</b>	<b>3,294,198,184</b>

The attached notes from 1 to 15 form an integral part of these condensed consolidated interim financial statements.

These condensed consolidated interim financial statements including the accompanying notes were approved and authorized for issue by the Board of Directors and were signed on their behalf by:

  
Chief Financial Officer

  
Chief Executive Officer

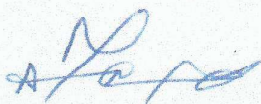
  
Chairman of Board of Directors


**Knowledge Economic City Company**  
**(A Saudi Joint Stock Company)**  
**Interim condensed consolidated statement of comprehensive income (Unaudited)**  
(Amounts in Saudi Riyals unless otherwise stated)


	Note	Three-month period ended		Six-month period	
		2022	30 June 2021	Ended 30 June 2022	2021
Revenue		13,691,952	7,385,015	29,422,837	32,016,561
Cost of revenue		(9,183,688)	(5,360,260)	(20,030,964)	(23,418,379)
<b>Gross profit</b>		<b>4,508,264</b>	<b>2,024,755</b>	<b>9,391,873</b>	<b>8,598,182</b>
Selling and marketing expenses		(2,763,970)	(2,807,143)	(5,208,762)	(4,504,138)
General and administrative expenses		(12,027,553)	(8,397,202)	(22,118,067)	(16,551,702)
Other income, net		2,747,061	15,875,523	4,521,841	17,023,009
<b>Operating (loss)/ profit</b>		<b>(7,536,198)</b>	<b>6,695,933</b>	<b>(13,413,115)</b>	<b>4,565,351</b>
Finance income		639,718	770,933	1,185,686	1,264,118
Unrealized gain from investments at fair value through profit or loss		623,812	-	623,812	-
Finance cost		(13,349)	(33,483)	(47,588)	(83,254)
<b>(Loss)/ profit before zakat</b>		<b>(6,286,017)</b>	<b>7,433,383</b>	<b>(11,651,205)</b>	<b>5,746,215</b>
Zakat expense	10	(2,249,189)	(3,000,000)	(3,619,028)	(6,086,421)
<b>Net (loss)/ profit for the period</b>		<b>(8,535,206)</b>	<b>4,433,383</b>	<b>(15,270,233)</b>	<b>(340,206)</b>
Other comprehensive income		-	-	-	-
<b>Total comprehensive (loss)/ profit for the period</b>		<b>(8,535,206)</b>	<b>4,433,383</b>	<b>(15,270,233)</b>	<b>(340,206)</b>
<i>Net (loss)/ profit and total comprehensive loss attributable to:</i>					
Equity holders of the parent		(8,639,723)	4,684,648	(15,368,000)	(71,691)
Non-controlling interests		104,517	(251,265)	97,767	(268,515)
		<b>(8,535,206)</b>	<b>4,433,383</b>	<b>(15,270,233)</b>	<b>(340,206)</b>
<b>(Loss)/profit per share attributable to equity holders of the Company:</b>					
Basic and diluted (losses)/profit in Saudi Riyals per share	11	(0.025)	0.014	(0.045)	(0.0002)

The attached notes from 1 to 15 form an integral part of these condensed consolidated interim financial statements.

These condensed consolidated interim financial statements including the accompanying notes were approved and authorized for issue by the Board of Directors and were signed on their behalf by:

  
\_\_\_\_\_  
Chief Financial Officer

  
\_\_\_\_\_  
Chief Executive Officer

  
\_\_\_\_\_  
Chairman of Board of Directors

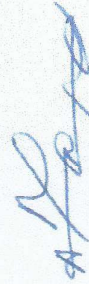
**Knowledge Economic City Company  
(A Saudi Joint Stock Company)**

**Interim condensed consolidated statement of changes in equity**  
(Amounts in Saudi Riyals unless otherwise stated)

	Attributable to the equity holders of the parent			Non-controlling interest	Total equity
	Share capital	Accumulated losses	Total		
Balance as at 1 January 2021 (audited)	3,393,000,000	(294,654,961)	3,098,345,039	93,333,504	3,191,678,543
Net loss for the period	-	(71,691)	(71,691)	(268,515)	(340,206)
Other comprehensive loss for the period	-	-	-	-	-
Total comprehensive loss for the period	-	(71,691)	(71,691)	(268,515)	(340,206)
Disposal of a subsidiary	-	87,202	87,202	21,799	109,001
<b>Balance as at 30 June 2021 (unaudited)</b>	<b>3,393,000,000</b>	<b>(294,639,450)</b>	<b>3,098,360,550</b>	<b>93,086,788</b>	<b>3,191,447,338</b>
Balance as at 1 January 2022 (audited)	3,393,000,000	(316,877,718)	3,076,122,282	92,893,309	3,169,015,591
Net loss for the period	-	(15,368,000)	(15,368,000)	97,767	(15,270,233)
Other comprehensive loss for the period	-	-	-	-	-
Total comprehensive loss for the period	-	(15,368,000)	(15,368,000)	97,767	(15,270,233)
<b>Balance as at 30 June 2022 (unaudited)</b>	<b>3,393,000,000</b>	<b>(332,245,718)</b>	<b>3,060,754,282</b>	<b>92,991,076</b>	<b>3,153,745,358</b>

The attached notes from 1 to 15 form an integral part of these condensed consolidated interim financial statements.

These condensed consolidated interim financial statements including the accompanying notes were approved and authorized for issue by the Board of Directors and were signed on their behalf by:



Chief Financial Officer



Chief Executive Officer



Chairman of Board of Directors

**Knowledge Economic City Company**  
**(A Saudi Joint Stock Company)**  
**Interim condensed consolidated statement of cash flows (unaudited)**  
(Amounts in Saudi Riyals unless otherwise stated)

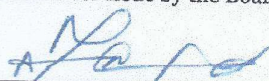
	Six-month period ended 30	
	2022	2021
<b>Operating activities</b>		
(Loss)/profit before zakat	(11,651,205)	5,746,215
<i>Adjustments to reconcile profit before zakat to net cash flows:</i>		
Finance income	(1,185,686)	(1,264,118)
Revaluation of payable to other unitholders of Fund	(127,968)	-
Unrealized gain from investments at fair value through profit or loss	(623,812)	-
Provision for employee benefits	644,221	868,472
Finance cost for lease liabilities	47,588	83,254
Depreciation of property and equipment	546,810	641,399
Depreciation of right-of-use assets	602,001	602,002
Amortization of intangible assets	345,263	250,869
	<u>(11,402,788)</u>	<u>6,928,093</u>
<i>Working capital adjustments:</i>		
Development properties	3,671,719	20,966,919
Trade receivables	22,085,257	(2,225,076)
Contract assets	(8,326,102)	543,999
Prepayments and other current assets	(27,462,546)	(4,105,248)
Trade payable	1,041,861	3,989,459
Contract liabilities	4,677,866	-
Accruals and other current and non-current liabilities	337,600	(16,123,788)
Cash (used in)/generated from operations	(15,377,133)	9,974,358
Employees' benefits paid	(130,662)	(9,109)
Zakat paid	(8,003,774)	(11,678,316)
<b>Net cash flows used in operating activities</b>	<u>(23,511,569)</u>	<u>(1,713,067)</u>
<b>Investing activities</b>		
Short-term investments made	(50,100,000)	-
Proceeds from short-term investments	-	46,000,000
Finance income received	1,933,446	1,352,285
Investment in financial assets at fair value through profit or loss	92,000,000	-
Adjustments of investment properties on settlement of partial lawsuit	-	26,773,966
Additions to investment properties	(148,926,099)	(14,904,557)
Additions to property and equipment	(1,086,248)	(257,710)
Additions to intangible asset	-	(19,688)
<b>Net cash flows (used in)/generated from investing activities</b>	<u>(106,178,901)</u>	<u>58,944,296</u>
<b>Financing activity</b>		
Borrowings obtained	145,040,140	-
Contribution by other unitholders of the Fund	-	55,000,000
Disposal of subsidiary	-	109,001
Payment of principal portion of lease liabilities	(734,250)	(673,063)
<b>Net cash flows generated from financing activities</b>	<u>144,305,890</u>	<u>54,435,938</u>
Net increase in cash and cash equivalents	14,615,420	111,667,167
Cash and cash equivalents at the beginning of the period	99,652,420	180,043,033
<b>Cash and cash equivalents at the end of the period</b>	<u>114,267,840</u>	<u>291,710,200</u>

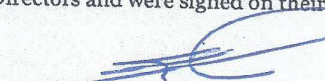
**SUPPLEMENTARY NON-CASH INFORMATION**


Additions in investment properties through accrued expenses 14,107,508

The attached notes from 1 to 15 form an integral part of these condensed consolidated interim financial statements.

These condensed consolidated interim financial statements including the attached notes were approved and authorized for issue by the Board of Directors and were signed on their behalf by:

  
Chief Financial Officer

  
Chief Executive Officer

  
Chairman of Board of Directors

**Knowledge Economic City Company**  
**(A Saudi Joint Stock Company)**  
**Notes to the interim condensed consolidated financial statements**  
**For the Six-month period ended 30 June 2022**  
(Amounts in Saudi Riyals unless otherwise stated)

**1. Corporate information**

Knowledge Economic City Company (“KEC” or the “Company”) and its subsidiaries (collectively the “Group”) consist of the Company and its various Saudi Arabian subsidiaries. The Group is engaged in developing real estate, economic cities and other development projects including infrastructure, telecommunication networks, electricity plants, water treatment plant and other works related to developing economic cities in the Kingdom of Saudi Arabia. The Company owns land parcels in Madinah Al-Munawarah and is the lead developer for transforming such land parcels into an economic city.

The Company is a Saudi joint stock company incorporated in the Kingdom of Saudi Arabia as per Ministry of Commerce resolution number 256/Q dated 15 Sha’ban 1431H (corresponding to 27 July 2010) and registered under commercial registration number 4650071196 issued in Madinah Al Munawarah dated 23 Sha’ban 1431H (corresponding to 4 August 2010). The Company’s shares are listed on the Saudi Stock Exchange Tadawul.

The registered address of the Company is Diwan Al Marefah, King Abdulaziz Road, P. O. Box 43033, Madinah Al Munawarah 41561, Kingdom of Saudi Arabia.

These condensed consolidated interim financial statements include the accounts of the Company, and its following subsidiaries operating under individual commercial registrations.

<b>Subsidiaries</b>	<b>Country of incorporation</b>	<b>Paid up capital</b>	<b>Effective ownership</b>	
			<b>30 June 2022</b>	<b>31 December 2021</b>
Mounshaat Al Maarifa Al Akaria Company Limited (“Mounshaat”)	Saudi Arabia	1,000,000	<b>100%</b>	100%
Mashariaa Al Maarifa Al Akaria Company Limited (“Mashariaa”)	Saudi Arabia	633,000,000	<b>100%</b>	100%
Al Garra International Company for Real Estate (“Al Garra”)	Saudi Arabia	467,765,000	<b>80%</b>	80%
Al Maarifa Al Akaria Company Limited (“Amaak”)	Saudi Arabia	10,000,000	<b>100%</b>	100%
Makarem Al Maarifa for Hospitality Company Limited (“Makarem”) (refer Note below)	Saudi Arabia	56,400,000	<b>100%</b>	100%
Riyadh Real Estate Development Fund - Madinah Gate (the “Fund”)	Saudi Arabia	220,000,000	<b>68.82%</b>	68.82%

During the six-month period ended 30 June 2021, the Group invested in a newly established private real estate fund namely Riyadh Real Estate Development Fund - Madinah Gate (the “Fund”). The Group transferred the entire ownership of Madinah Gate Co. that owned the real estate asset in favor of the Fund amounting to Saudi Riyals 68 million in exchange of units in the Fund. Moreover, the Group also invested Saudi Riyals 97 million in cash to subscribe units in the Fund. This total investment of Saudi Riyals 165 million represents 75% ownership of the Fund (44.1% is direct ownership, and 30.9% indirect ownership through the subsidiary Al Garra company as the Group owns 80% of it). The Group signed an agreement with Riyadh Capital for the management of the Fund.

Mounshaat and Mashariaa have not commenced their operations as at 30 June 2022.



**Knowledge Economic City Company**  
**(A Saudi Joint Stock Company)**  
**Notes to the interim condensed consolidated financial statements**  
**For the Six-month period ended 30 June 2022**  
(Amounts in Saudi Riyals unless otherwise stated)

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**1. Corporate information** (continued)

The Group signed an agreement with the Saudi Tourism Development Fund and Riyadh Bank to provide financing facility to an extent of Saudi Riyals 782 million for development execution of the KEC Hub project. Refer to note 9 for more details.

The Group has signed an agreement with Muslim World League (WML) and Down Syndrome Association Madinah (DSA) to develop a museum and hospital on parcel of lands through long-term lease contracts. As of issuance date of these financial statement, construction of museum and hospital have not yet started.

Furthermore, the Group also signed an agreement with MOBCO Group to develop an international school on a parcel of land that will be allocated for this investment through a long-term lease contract. As of issuance date of these financial statement, construction of the international school has not yet started.

These condensed consolidated interim financial statements were authorized for issue by the Group's Board of Directors on August 23, 2022.

**2. Basis of preparation**

**2.1 Statement of compliance**

The condensed consolidated interim financial statements for the six-month period ended 30 June 2022 have been prepared in accordance with International Accounting Standard 34 - "Interim Financial Reporting" ("IAS 34") as endorsed in the Kingdom of Saudi Arabia ("KSA") as well as other standards and pronouncements that are endorsed by Saudi Organization for Chartered and Professional Accountants ("SOCPA").

These condensed consolidated interim financial statements do not include all the information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2021.

**2.2 Basis of consolidation**

The condensed consolidated interim financial statements comprise the financial statements of the Company and its subsidiaries as at 30 June 2022 as mentioned in Note 1. Subsidiaries are entities controlled by the Group. Control exists when the Group is exposed to risks, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

**2.3 Basis of measurement**

These condensed consolidated interim financial statements are prepared under the historical cost convention, except for employee benefits, where actuarial present value calculations are used.

The Capital Market Authority ("CMA") announced on 30 December 2019 that obligates the listed entities to continue to use the cost model to measure property, plant and equipment (IAS 16) and investment properties (IAS 40) in the financial statements prepared for financial periods within fiscal years, which starts before the year of 2022. CMA also obligates listed entities to continue to use the cost model to measure equipment and intangible assets for five years starting from 1 January 2020. The Group has complied with the requirements in the accompanying condensed consolidated interim financial statements.

**2.4 Functional and presentation currency**

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

**2.5 Accounting policies**

The accounting policies and methods of computation adopted in the preparation of the condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2021 except for the policies mentioned in below.

**2. Basis of preparation** (continued)

**2.6 New and amended standards adopted by the Group**

A number of amended standards became applicable for the current reporting period. The group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these amended standards.

**2.7 Standards and interpretations issued but not yet effective and not applied by the Group**

There are no other relevant standards, amendments or interpretations issued by IFRS Interpretation Committee that are issued but not yet effective that would be expected to have a material impact on the Group's interim condensed consolidated financial statements.

**2.8 Borrowings**

Borrowings are initially recognised at the fair value (being proceeds received), net of eligible transaction costs incurred, if any. Subsequent to initial recognition, long-term borrowings are measured at amortised cost using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are removed from the consolidated statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in consolidated statement of comprehensive income as other income or finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

**2.9 Borrowing costs**

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

**3. Significant accounting judgements, estimates and assumptions**

The preparation of condensed consolidated interim financial statements requires the use of certain critical estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the reporting date and the reported amounts of revenues and expenses during the reporting period. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and the underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

The significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the annual consolidated financial statements for the year ended 31 December 2021.

**Knowledge Economic City Company**  
**(A Saudi Joint Stock Company)**  
**Notes to the interim condensed consolidated financial statements**  
**For the Six-month period ended 30 June 2022**  
(Amounts in Saudi Riyals unless otherwise stated)

**4. Investment properties**

	<b>30 June 2022 (Unaudited)</b>	<b>31 December 2021 (Audited)</b>
At the beginning of the period/year	<b>2,608,768,661</b>	2,565,716,142
Additions	<b>163,033,607</b>	69,826,485
Adjustments on settlement of claim	-	(26,773,966)
At the end of the period/year	<b>2,771,802,268</b>	2,608,768,661

The Group's investment properties consist of properties in Madinah, Kingdom of Saudi Arabia. The balances above are split into these categories as follows:

	<b>30 June 2022 (Unaudited)</b>	<b>31 December 2021 (Audited)</b>
Lands with infrastructures	<b>2,586,559,302</b>	2,565,045,767
Properties under development	<b>185,242,966</b>	43,722,894
	<b>2,771,802,268</b>	2,608,768,661

The Group determined that the investment properties consist of three classes of assets, land amounting to SAR 1.3 billion (31 December 2021: SAR 1.3 billion), infrastructure cost amounting to SAR 1.4 billion (31 December 2021: SAR 1.2 billion) and properties under development amounting to SAR 185.2 million (31 December 2021: SAR 44 million) based on the nature, characteristics, and risks of each property. The fair value of the Group's investment properties as at 31 December 2021 was valued at SAR 5.8 billion by independent professionally qualified valuers named Century21 Saudi Arabia ("Century21") using both the market comparable approach and the residual value approach. The Group's management has performed an assessment and concluded that there are no material change in circumstances between 31 December 2021 and 30 June 2022 that would require adjustment or revaluation to the fair value of the investment properties as at 30 June 2022.

During the period ended 30 June 2022, an amount of SAR 1.9 million was capitalised as borrowing cost and SAR 123,140 was capitalised as amortization of transaction cost for the construction.

At 30 June 2022, the Group's investment properties related to land plots of the project "KEC Hub" amounting to SAR 265 million were mortgaged as collateral to the Saudi Tourism Development Fund and Riyadh Bank. Refer to note 9 for the borrowings.

**Knowledge Economic City Company**  
**(A Saudi Joint Stock Company)**  
**Notes to the interim condensed consolidated financial statements**  
**For the Six-month period ended 30 June 2022**  
(Amounts in Saudi Riyals unless otherwise stated)

**5. Development properties**

	<b>30 June 2022 (Unaudited)</b>	<b>31 December 2021 (Audited)</b>
At the beginning of the period/year	<b>67,151,326</b>	85,808,790
Additions	<b>13,393,686</b>	7,766,847
Transfer to cost of revenue	<b>(17,065,405)</b>	(26,424,311)
At the end of the period/year	<b>63,479,607</b>	67,151,326

The fair value of the Group's development properties as per Century21 Saudi Arabia ("Century21") valuation report at 31 December 2021 approximates SAR 93.9 million. The Group's management has performed an assessment and concluded that there are no material change in circumstances between 31 December 2021 and 30 June 2022 that would require adjustment or revaluation to the fair value of the development properties as at 30 June 2022.

The balances above are split into these categories as follows:

	<b>30 June 2022 (Unaudited)</b>	<b>31 December 2021 (Audited)</b>
Lands with infrastructures	<b>43,009,356</b>	46,585,932
Properties under development	<b>20,470,251</b>	20,565,394
	<b>63,479,607</b>	67,151,326

**6. Trade receivables**

Trade receivables – billed (current)

	<b>30 June 2022 (Unaudited)</b>	<b>31 December 2021 (Audited)</b>
Trade customers for sale of residential villas	<b>15,279,052</b>	9,813,359
Trade customers for services	<b>6,471,812</b>	5,132,276
	<b>21,750,864</b>	14,945,635

Trade receivables – unbilled

	<b>30 June 2022 (Unaudited)</b>	<b>31 December 2021 (Audited)</b>
Trade customers for sale of residential villas	<b>117,499,294</b>	146,389,780
Less: current portion	<b>(37,463,127)</b>	(48,180,995)
Trade customers for sale of residential villas (non-current)	<b>80,036,167</b>	98,208,785

The Group accounted for significant financing component for all residential contracts discounted at a rate of 5% that reflects the financing component in contracts between the Group and the customers.

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**7. Contract asset**

	<b>30 June 2022 (Unaudited)</b>	<b>31 December 2021 (Audited)</b>
Contract assets	<b>12,863,769</b>	4,537,667

The Group accounted for significant financing component for all residential contracts discounted at a rate of 5% that reflects the financing component in contracts between the Group and the customers.

**8. Related party transactions and balances**

**8.1 Key management compensation**

	<u>Three-month period ended</u>		<u>Six-month period ended</u>	
	<u>30 June 2022</u>	<u>30 June 2021</u>	<u>30 June 2022</u>	<u>30 June 2021</u>
	----- (Unaudited) -----			
Board of Directors' remuneration and related expenses	<b>525,000</b>	1,512,000	<b>1,950,000</b>	1,962,000
Remuneration to the key management personnel	<b>1,310,750</b>	1,713,250	<b>2,358,747</b>	3,426,500
Employee benefits of key management personnel	<b>185,490</b>	83,056	<b>248,177</b>	153,464

There were no material transactions with other related parties during the for the six-month period ended 30 June 2022. Further, all transactions within the Group are eliminated for consolidation purposes. Pricing policies and terms of these transactions are approved by the Board of Directors of the Group.

**8.2 Balances due to related parties**

	<b>30 June 2022 (Unaudited)</b>	<b>31 December 2021 (Audited)</b>
Board of Directors' remuneration	-	1,833,000

**9. Borrowings**

	<b>30 June 2022 (Unaudited)</b>	<b>31 December 2021 (Audited)</b>
Murabaha facilities	<b>150,000,000</b>	-
Less: unamortized transaction costs	<b>(4,959,860)</b>	-
Accrued interest	<b>1,891,664</b>	-
	<b>146,931,804</b>	-

Borrowings are presented as follows:

Current maturity under current liabilities	<b>1,891,664</b>	-
Long-term borrowings	<b>145,040,140</b>	-
	<b>146,931,804</b>	-

Movements in unamortized transaction costs are as follows:

Transaction cost paid	<b>5,083,000</b>	-
Less: capitalised amortization	<b>(123,140)</b>	-
	<b>4,959,860</b>	-

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**9. Borrowings** (continued)

During the year ended 31 December 2021, the Group signed an agreement with the Saudi Tourism Development Fund (“STD”) and Riyadh Bank (the “agreement”) to provide financing facility to an extent of SAR 782 million for development execution of the KEC Hub project. According to the agreement, the STD and Riyadh Bank will provide financing to the Group for the cost of developing the first phase of the KEC Hub project. These facilities are principally secured by corporate guarantees provided by the Group. The Group provided collateral in the form of plots of land from the Group’s land portfolio (refer to note 4).

On March 8, 2022, the Group’s has withdrawn facilities from STD and Riyadh Bank amounting to SAR 75 million each with total withdrawn facilities of SAR of 150 million. The unused balance of this facility as of 30 June 2022 amounted to SAR 632 million.

The facilities are denominated in Saudi Riyals and bear financial charges based on prevailing market rates. The overall interest rates during the period is 3.95% for the six months from the withdrawal date of the facilities. The facilities are repayable in semi-annual instalments, commencing after 6 months grace period from the earlier of project completion date or 3 years from 31 December 2021.

The carrying amount and fair value of the above loans are not materially different.

**Maturity profile of Murabaha**

	<b>30 June 2022 (Unaudited)</b>	<b>31 December 2021 (Audited)</b>
Period ending June 30:		
2026	<b>15,000,000</b>	-
2027	<b>15,000,000</b>	-
2028	<b>15,000,000</b>	-
2029	<b>15,000,000</b>	-
2030	<b>15,000,000</b>	-
Thereafter	<b>75,000,000</b>	-
	<b>150,000,000</b>	-

**Loan covenants**

Under the terms of the borrowing facilities, the Group is required to comply with some financial and non-financial covenants. The Group has complied with the covenants throughout the reporting period.

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**10. Zakat**

The Company and its 100% owned subsidiaries file a combined zakat return on consolidated basis since the year 2017. The subsidiaries where the Company's ownership is less than 100% are required to file their separate zakat returns. Prior to the year 2017, the subsidiaries were filing separate zakat declarations on unconsolidated basis. The significant components of the zakat base of each subsidiary under zakat and income tax regulation are principally comprised of shareholders' equity, provisions at the beginning of year, adjusted income, less deductions for the adjusted net book value of property and equipment, investment properties, development properties and any other investments.

The movement in zakat provision is as follows:

	<b>30 June 2022 (Unaudited)</b>	<b>31 December 2021 (Audited)</b>
Balance at the beginning of the period/year	<b>8,510,687</b>	11,927,492
<i>Provision for:</i>		
Current period/year	<b>3,619,028</b>	7,929,090
Prior years	-	3,205,373
<i>Payments for:</i>		
Current period/year	<b>(8,003,774)</b>	(11,345,895)
Prior years	-	(3,205,373)
Balance at the end of the period/year	<b>4,125,941</b>	8,510,687

**Status of assessments**

**The Company and its 100% subsidiaries**

The Company and its subsidiaries have filed the zakat returns for the years up to 2021. For 2017 to 2021, the Company has filed a consolidated zakat returns for the Company and its 100% owned subsidiaries and has obtained a zakat certificate valid till 30 April 2023.

During 2020, the Zakat, Tax and Customs Authority ("ZATCA") issued an assessment for the years 2015 to 2018 claiming additional zakat liability of SAR 27.76 million and the Company settled SAR 1.17 million and objected against the remaining amount. The ZATCA revised the assessment to SAR 25.43 million. The Company decided to escalate the case through the General Secretariat of the Tax Committees ("GSTC") to assign a hearing session to discuss the Company's objection. The management believes that the Company has a strong position and the Company's view should prevail. Moreover, ZATCA has also issued an assessment for the years 2019 and 2020 claiming additional Zakat liability of SAR 11.5 million; the Company settled SAR 1,794 and objected against the remaining amounts for which the Company has paid 25% of the claims amounting to SAR 2.9 million. For the year 2019 & 2020 ZATCA had issued revised assessment of SAR 10.8 million Accordingly, the Company decides to escalate the case through the GSTC to assign a hearing session to discuss the Company's objection. The management believes that the Company has a strong position and the Company's view should prevail.

**Al Garra**

The Company filed its zakat return till 2021 and obtained the necessary zakat certificate valid till 30 April 2023. The Company has finalised its Zakat assessments till the year 2018.

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**10. Zakat (continued)**

**Amaak**

Amaak filed its zakat return for the year 2011 till 2016 and informational returns for the years 2017 to 2021. The Company obtained zakat certificate valid till 30 April 2023.

During 2017, the ZATCA issued an assessment for the years 2015 and 2016 for Amaak separately from the consolidated group assessment because it was not part of the approved consolidated zakat arrangement prior to 2017. The ZATCA claimed additional amount of SAR 1.56 million for 2015 and SAR 0.33 million for 2016. The assessment for the year 2015 was reduced to SAR 0.99 million during 2017. Amaak has filed an appeal against ZATCA for assessments for the years 2015 and 2016 with the GSTC. Amaak's management is confident that the decision of the above assessments will be finalized in Amaak's favour.

**Makarem**

Makarem filed its zakat return till 2021 and obtained the necessary zakat certificate valid till 30 April 2023. During 2021, ZATCA has issued a query in relation to the year 2016 and 2018 which management has already provided responses to ZATCA.

**11. (Losses) / profit per share**

The (losses) / profit per share calculation is given below:

	<b><u>Three-month period ended</u></b>		<b><u>Six-month period ended</u></b>	
	<b><u>30 June 2022</u></b>	<b><u>30 June 2021</u></b>	<b><u>30 June 2022</u></b>	<b><u>30 June 2021</u></b>
	<b><u>(Unaudited)</u></b>	<b><u>(Unaudited)</u></b>	<b><u>(Unaudited)</u></b>	<b><u>(Unaudited)</u></b>
<b><u>Losses per share:</u></b>				
Net (loss) / profit attributable to owners of the Company	<b>(8,639,723)</b>	4,684,648	<b>(15,368,000)</b>	(71,691)
Weighted average number of shares	<b>339,300,000</b>	339,300,000	<b>339,300,000</b>	339,300,000
Basic (losses) / profit per share (SAR per share)	<b>(0.025)</b>	0.014	<b>(0.045)</b>	(0.0002)

There has been no item of dilution affecting the weighted average number of ordinary shares.

**12. Segment information**

The Group has two reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different line of services and are managed separately because they require different marketing strategies. For each of the strategic business units, the Group's top management reviews internal management reports on at least a quarterly basis. The following summary describes the operations in each of the Group's reportable segments:

Real estate development segment represents activities related to developing real estate, economic cities and other development projects in the Kingdom of Saudi Arabia.

Investment segment represents financial position and financial results of Group's equity accounted investees and other short-term investments provided in the Kingdom of Saudi Arabia.

Segment results that are reported to the top management (Chairman Board of Directors, Chief Executive Officer (CEO) and Chief Financial Officer (CFO)) include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Information regarding the results of each reportable segment is included in the note. Performance is measured based on segment revenues and net (loss) income, as included in the internal management reports that are reviewed by the top management.



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**12. Segment information** (continued)

Selected financial information as at 30 June 2022 and 31 December 2021 and for the three-month and six month periods ended on 30 June 2022 and 2021, summarized by segment, is as follows:

	<b>Real estate development</b>	<b>Investment</b>	<b>Total</b>
<b>Interim Condensed consolidated interim statement of financial position</b>			
<b>As at 30 June 2022 (Unaudited)</b>			
Investment properties	2,771,802,268	-	2,771,802,268
Development properties	63,479,607	-	63,479,607
Short term investment	-	50,100,000	50,100,000
Investment held at amortised cost	-	124,772,398	124,772,398
<b>Total assets</b>	<b>3,264,575,895</b>	<b>174,872,398</b>	<b>3,439,448,293</b>
<b>Total liabilities</b>	<b>285,702,935</b>	<b>-</b>	<b>285,702,935</b>
<b>As at 31 December 2021 (Audited)</b>			
Investment properties	2,608,768,661	-	2,608,768,661
Development properties	67,151,326	-	67,151,326
Cash and cash equivalents	-	45,220,619	45,220,619
Investment held at amortised cost	-	124,772,392	124,772,392
<b>Total assets</b>	<b>3,124,205,173</b>	<b>169,993,011</b>	<b>3,294,198,184</b>
<b>Total liabilities</b>	<b>125,182,593</b>	<b>-</b>	<b>125,182,593</b>
<b>Interim Condensed consolidated interim statement of profit or loss Six-month period ended 30 June 2022 (Unaudited)</b>			
<u>Revenues derived from external customers</u>			
Revenue – At point in time	7,016,984	-	7,016,984
Revenue – Overtime	22,405,853	-	22,405,853
Finance income	-	1,185,686	1,185,686
Depreciation and amortization	(1,494,074)	-	(1,494,074)
Zakat expense	(3,619,028)	-	(3,619,028)
Net loss	(16,455,919)	1,185,686	(15,270,233)
<b>Six-month period ended 30 June 2021 (Unaudited)</b>			
<u>Revenues derived from external customers</u>			
Revenue – At point in time	29,516,172	-	29,516,172
Revenue – Overtime	2,500,389	-	2,500,389
Finance income	-	1,264,118	1,264,118
Depreciation and amortization	(892,268)	-	(892,268)
Zakat expense	(6,086,421)	-	(6,086,421)
Net loss	(1,604,324)	1,264,118	(340,206)

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**12. Segment information** (continued)

	Real estate development	Investment	Total
<b>Interim Condensed consolidated interim statement of profit or loss</b>			
<b>Three-month period ended 30 June 2022 (Unaudited)</b>			
<u>Revenues derived from external customers</u>			
Revenue – At point in time	950,976	-	950,976
Revenue – Overtime	12,740,976	-	12,740,976
Finance income	-	639,718	639,718
Depreciation and amortization	(506,984)	-	(506,984)
Zakat expense	(2,249,189)	-	(2,249,189)
Net loss	(9,279,441)	639,718	(8,639,723)
<b>Three-month period ended 30 June 2021 (Unaudited)</b>			
<u>Revenues derived from external customers</u>			
Revenue – At point in time	6,129,428	-	6,129,428
Revenue – Overtime	1,255,587	-	1,255,587
Finance income	-	770,933	770,933
Depreciation and amortization	440,524	-	440,524
Zakat expense	3,000,000	-	3,000,000
Net loss	3,662,450	770,933	4,433,383

**13. Contingencies and commitments**

As at 30 June 2022, capital and consultancy expenditures contracted by the Group, but not incurred on that date were approximately SAR 574.88 million (31 December 2021: SAR 350.37 million).

**14. Fair value measurement**

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

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

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

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

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

**14. Fair value measurement** (continued)

All financial instruments for which fair value is recognised or disclosed are categorised within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole, as follows:

- Level 1: quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2: valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3: valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

If the inputs used to measure the fair value of an asset or liability falls into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest input level that is significant to the entire measurement. The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. There were no transfers among the levels during the period.

There are no transfers in the fair value levels during the period ended 30 June 2022.

Cash and cash equivalents, trade receivables, contract assets, investment held at amortised cost are measured at amortised cost. Financial assets at fair value through profit or loss are measured at fair value at the quoted market prices (level 1) at the reporting date.

Borrowings, trade payables and other current liabilities are measured at amortised cost. Payable to other unitholders of the Fund are measured at fair value.

The carrying value of all the financial assets and liabilities classified as amortised cost approximates their fair value on each reporting date.

**15. Covid-19 impact**

In response to the spread of the Covid-19 in Saudi Arabia and its resulting disruptions to the social and economic activities over the last two years, the management continues to proactively assess its impacts on its operations. The preventive measures taken by the Group are still in effect including social distancing and rigorous cleaning of workplaces, limiting non-essential travel, self-health declarations and access of fully vaccinated individuals to office facilities to ensure the health and safety of its employees, customers and the wider community. All the employees of the Group have been fully vaccinated for at least two doses of vaccines and the management is encouraging for booster shots. Based on the financial position, the management does not believe any significant issues in relation to the going concern aspect. Please also refer to notes 4 for the impact of COVID-19 on the valuation of investment properties.