



**TAIBA INVESTMENT COMPANY  
(A Saudi Joint Stock Company)**

**INTERIM CONDENSED CONSOLIDATED FINANCIAL  
STATEMENTS (UNAUDITED)  
AND INDEPENDENT AUDITOR'S REVIEW REPORT**

**For six-month period ended 30 June 2022**

TAIBA INVESTMENT COMPANY  
(A SAUDI JOINT STOCK COMPANY)

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INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(UNAUDITED)  
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022

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## INDEPENDENT AUDITOR'S REVIEW REPORT ON THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF TAIBA INVESTMENT COMPANY (A SAUDI JOINT STOCK COMPANY)

### Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Taiba Investment Company, a Saudi Joint Stock Company (“the Company”), and its subsidiaries (collectively referred to as “the Group”) as at 30 June 2022, and the related interim condensed consolidated statements of income and comprehensive income for the three-month and six-month periods ended 30 June 2022 and related interim condensed consolidated statements of changes in equity and cash flows for the six-month period then ended, and a summary of significant accounting policies 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”) 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” endorsed in the Kingdom of Saudi Arabia. A review of interim financial statements 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 endorsed in the Kingdom of Saudi Arabia.

for Ernst & Young Professional Services

Abdullah Ali AlMakrami  
Certified Public Accountant  
License No. 476



Jeddah: 20 Muharram 1444H  
18 August 2022G

TAIBA INVESTMENT COMPANY  
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
(UNAUDITED)

As at 30 June 2022

(In Saudi Arabian Riyals)

	Note	30 June 2022 (Unaudited)	31 December 2021 (audited)
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5	2,395,564,112	2,386,709,709
Intangible assets		2,383,914	2,759,445
Investment properties	6	468,970,285	234,509,438
Right-of-use assets		-	3,917,313
Financial assets at FVOCI	7	403,289,132	361,982,793
Investments in associates	8	3,545,555	80,002,423
Other non-current assets		7,145,374	8,770,053
<b>Total non-current assets</b>		<b>3,280,898,372</b>	<b>3,078,651,174</b>
<b>Current assets</b>			
Inventories		1,134,887	1,179,219
Biological assets		-	885,488
Trade receivables	9	22,327,629	15,142,320
Amounts due from related parties	10	-	19,237,231
Short-term investments	11	160,000,000	-
Prepayments and other current assets		113,481,322	19,128,925
Financial assets at FVOCI	7	183,228,113	402,228,398
Cash and cash Equivalents	11	143,902,653	402,012,254
<b>Total current assets</b>		<b>624,074,604</b>	<b>859,813,835</b>
Assets held for disposal	18	62,973,467	-
<b>Total assets</b>		<b>3,967,946,443</b>	<b>3,938,465,009</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital	1	1,604,574,830	1,604,574,830
Statutory reserve		1,000,000,000	1,000,000,000
Other reserve		208,791,276	208,791,276
Reserves		84,495,716	234,668,533
Retained earnings		693,041,493	557,800,915
<b>Equity attributable to equity holders of parent</b>		<b>3,590,903,315</b>	<b>3,605,835,554</b>
Non-controlling interests		27,990,745	35,371,209
<b>Total equity</b>		<b>3,618,894,060</b>	<b>3,641,206,763</b>
<b>Non-current liabilities</b>			
Long term loan	17	75,226,600	-
Employees' defined benefit obligations		14,192,699	13,514,111
<b>Total non-current liabilities</b>		<b>89,419,299</b>	<b>13,514,111</b>
<b>Current liabilities</b>			
Current portion of lease liabilities		-	6,016,037
Current portion of long-term loan	17	566,040	-
Trade accounts and other payables		125,000,722	122,612,522
Dividends payable	15	118,481,623	120,627,400
Amounts due to related parties	10	3,689,065	5,019,472
Zakat payable	12	10,888,183	29,468,704
<b>Total current liabilities</b>		<b>258,625,633</b>	<b>283,744,135</b>
Liabilities associated with the assets held for disposal	18	1,007,451	-
<b>Total liabilities</b>		<b>349,052,383</b>	<b>297,258,246</b>
<b>Total equity and liabilities</b>		<b>3,967,946,443</b>	<b>3,938,465,009</b>

These interim condensed consolidated financial statements have been authorized for issuing, including accompanying notes by the Board of Directors, and signed on behalf of the Board by:

Mr. Ayman Bin Hamza Saeed  
VP of Finance

Eng. Saleh Bin Habdan Alhabdan  
CEO

Dr. Walid Bin Mohamed Al-Issa  
Chairman of the Board of Directors

The attached notes 1 to 20 form part of these interim condensed consolidated financial statements.

TAIBA INVESTMENT COMPANY  
(A SAUDI JOINT STOCK COMPANY)

Interim condensed consolidated statement of comprehensive income (unaudited)

For the three-month and six-month periods ended 30 June 2022

(In Saudi Arabian Riyals)

	Note	Three-months period ended 30 June		Six-months period ended 30 June	
		2022	2021	2022	2021
<b>Continuing operations</b>					
Revenues		<b>81,174,174</b>	32,154,993	<b>133,728,180</b>	65,835,591
Cost of revenue		<b>(34,469,551)</b>	(21,598,202)	<b>(64,957,127)</b>	(40,126,342)
<b>Gross profit</b>		<b>46,704,623</b>	10,556,791	<b>68,771,053</b>	25,709,249
General and administration expenses		<b>(12,733,930)</b>	(11,061,226)	<b>(25,830,799)</b>	(22,189,699)
Selling and marketing expenses		<b>(72,000)</b>	-	<b>(191,000)</b>	-
Other operating (expenses)/income - net		<b>2,694,531</b>	(26,988,570)	<b>12,984,193</b>	(29,895,876)
<b>Operating profits (losses)</b>		<b>36,593,224</b>	(27,493,005)	<b>55,733,447</b>	(26,376,326)
Dividends on investments in equity instruments designated at fair value through other comprehensive income		<b>5,164,280</b>	16,974,696	<b>5,164,280</b>	16,974,696
Group's share of results of associates		<b>(155,595)</b>	(156,672)	<b>(936,054)</b>	(228,441)
Other income (expense), net		<b>3,451,135</b>	(569,575)	<b>9,806,291</b>	(876,925)
<b>Income (loss) before zakat from continuing operations</b>		<b>45,053,044</b>	(11,244,556)	<b>69,767,964</b>	(10,506,996)
Zakat	12	<b>(1,752,447)</b>	(1,779,532)	<b>(5,975,912)</b>	(4,008,741)
<b>Net income (loss) for the period from continuing operations</b>		<b>43,300,597</b>	(13,024,088)	<b>63,792,052</b>	(14,515,737)
<b>Discontinued operations</b>					
Loss (income) after Zakat for the period from discontinued operations	18	<b>(16,067,122)</b>	214,846	<b>(16,328,089)</b>	(585,880)
<b>Net income/(loss) for the period</b>		<b>27,233,475</b>	(12,809,242)	<b>47,463,963</b>	(15,101,617)
<b>Net income/(loss) attributable to:</b>					
Shareholders of the parent company		<b>34,495,890</b>	(12,881,890)	<b>54,844,427</b>	(14,791,080)
Non-controlling interests		<b>(7,262,415)</b>	72,648	<b>(7,380,464)</b>	(310,537)
		<b>27,233,475</b>	(12,809,242)	<b>47,463,963</b>	(15,101,617)
<b>Earnings (loss) per share (Saudi Riyals):</b>					
Basic share	14	<b>0.21</b>	(0,08)	<b>0.34</b>	(0,09)
Diluted share	14	<b>0.21</b>	(0,08)	<b>0.34</b>	(0,09)

These interim condensed consolidated financial statements have been authorized for issuing, including accompanying notes by the Board of Directors, and signed on behalf of the Board by:

Mr. Ayman Bin Hamza Saeed  
VP of Finance

Eng. Saleh Bin Habdan Alhabdan  
CEO

Dr. Walid Bin Mohamed Al-Issa  
Chairman of the Board of Directors

The attached notes 1 to 20 form part of these interim condensed consolidated financial statements.

TAIBA INVESTMENT COMPANY  
(A SAUDI JOINT STOCK COMPANY)

Interim condensed consolidated statement of comprehensive income (unaudited)

For the three-month and six-month periods ended 30 June 2022

(In Saudi Arabian Riyals)

	Note	Three-months period ended 30 June		Six-months period ended 30 June	
		2022	2021	2022	2021
<b>Net income/(loss) attributable to:</b>					
shareholders of the parent company		<u>34,495,890</u>	<u>(12,881,890)</u>	<u>54,844,427</u>	<u>(14,791,080)</u>
Non-controlling interests		<u>(7,262,415)</u>	<u>72,648</u>	<u>(7,380,464)</u>	<u>(310,537)</u>
		<u>27,233,475</u>	<u>(12,809,242)</u>	<u>47,463,963</u>	<u>(15,101,617)</u>
<b>Other comprehensive income:</b>					
<i>Items that will not be reclassified to statement of income in subsequent periods</i>					
Net unrealized (losses) gains on revaluation of investments in equity instruments designated at fair value through other comprehensive income	7	<u>(113,843,928)</u>	<u>254,640,699</u>	<u>(69,776,666)</u>	<u>482,230,598</u>
<b>Total other comprehensive (loss) income</b>		<u>(113,843,928)</u>	<u>254,640,699</u>	<u>(69,776,666)</u>	<u>482,230,598</u>
<b>Total comprehensive (loss)/income for the period</b>		<u>(86,610,453)</u>	<u>241,831,457</u>	<u>(22,312,703)</u>	<u>467,128,981</u>
<b>Total income/(loss) attributable to:</b>					
shareholders of the parent company		<u>(79,348,039)</u>	<u>241,758,809</u>	<u>(14,932,239)</u>	<u>467,438,346</u>
Non-controlling interests		<u>(7,262,414)</u>	<u>72,648</u>	<u>(7,380,464)</u>	<u>(309,365)</u>
		<u>(86,610,453)</u>	<u>241,831,457</u>	<u>(22,312,703)</u>	<u>467,128,981</u>

These interim condensed consolidated financial statements have been authorized for issuing, including accompanying notes by the Board of Directors, and signed on behalf of the Board by:

Mr. Ayman Bin Hamza Saeed  
VP of Finance

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CEO

Dr. Walid Bin Mohamed Al-Issa  
Chairman of the Board of Directors

The attached notes 1 to 20 form part of these interim condensed consolidated financial statements.

TAIBA INVESTMENT COMPANY  
(A SAUDI JOINT STOCK COMPANY)

Interim condensed consolidated statement of changes in equity (unaudited)

For Six-month period ended 30 June 2022

(In Saudi Arabian Riyals)

	<i>Equity attributable to equity holders of parent</i>						<i>Non-controlling interests</i>	<i>Total equity</i>
	<i>Capital</i>	<i>Statutory reserve</i>	<i>Other reserve</i>	<i>Reserves</i>	<i>Retained earnings</i>	<i>Total</i>		
Balance as at 31 December 2020	1,604,574,830	1,000,000,000	208,791,276	(199,202,305)	1,041,606,914	3,655,770,715	41,892,559	3,697,663,274
Net loss for the period	-	-	-	-	(14,791,080)	(14,791,080)	(310,537)	(15,101,617)
Other comprehensive income for the period	-	-	-	482,229,426	-	482,229,426	1,172	482,230,598
Total comprehensive income (loss) for the period	-	-	-	482,229,426	(14,791,080)	467,438,346	(309,365)	467,128,981
Dividends (Note 15)	-	-	-	-	(80,228,742)	(80,228,742)	-	(80,228,742)
Disposals of investments in equity instruments at FVTOCI (Note 7)	-	-	-	(12,125,077)	12,125,077	-	-	-
Change in non-controlling interests	-	-	-	-	-	-	(5,680)	(5,680)
<b>Balance as at 30 June 2021</b>	<b>1,604,574,830</b>	<b>1,000,000,000</b>	<b>208,791,276</b>	<b>270,902,044</b>	<b>958,712,169</b>	<b>4,042,980,319</b>	<b>41,577,514</b>	<b>4,084,557,833</b>
Balance as of 31 December 2021	<b>1,604,574,830</b>	<b>1,000,000,000</b>	<b>208,791,276</b>	<b>234,668,533</b>	<b>557,800,915</b>	<b>3,605,835,554</b>	<b>35,371,209</b>	<b>3,641,206,763</b>
Net income/(loss) for the period	-	-	-	-	54,844,427	54,844,427	(7,380,464)	47,463,963
Other comprehensive income for the period	-	-	-	(69,776,666)	-	(69,776,666)	-	(69,776,666)
Total comprehensive income (loss) for the period	-	-	-	(69,776,666)	54,844,427	(14,932,239)	(7,380,464)	(22,312,703)
Dividends (Note 15)	-	-	-	-	-	-	-	-
Disposals of investments in equity instruments at FVTOCI (Note 7)	-	-	-	(80,396,151)	80,396,151	-	-	-
Change in non-controlling interests	-	-	-	-	-	-	-	-
<b>Balance as at 30 June 2022</b>	<b>1,604,574,830</b>	<b>1,000,000,000</b>	<b>208,791,276</b>	<b>84,495,716</b>	<b>693,041,493</b>	<b>3,590,903,315</b>	<b>27,990,745</b>	<b>3,618,894,060</b>

These interim condensed consolidated financial statements have been authorized for issuing, including accompanying notes by the Board of Directors, and signed on behalf of the Board by:

Mr. Ayman Bin Hamza Saeed  
VP of Finance

Eng. Saleh Bin Habdan Alhabdan  
CEO

Dr. Walid Bin Mohamed Al-Issa  
Chairman of the Board of Directors

The attached notes 1 to 20 form part of these interim condensed consolidated financial statements.

**TAIBA INVESTMENT COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**

**Interim condensed consolidated statement of cashflows (unaudited)**

For Six-month period ended 30 June 2022

(In Saudi Arabian Riyals)

	<i>Note</i>	<i>Six-month period ended 30 June</i>	
		<i>2022</i>	<i>2021</i>
Net income (loss) before zakat from continuing operations		<b>69,767,964</b>	(10,506,996)
Net loss before zakat from discontinued operations		<b>(16,328,089)</b>	(585,880)
<b>Income / (Loss) before Zakat</b>		<b>53,439,875</b>	(11,092,876)
<b>Adjustments to reconcile income before zakat to net cashflows:</b>			
Depreciation of property plant, and equipment	5	<b>12,385,634</b>	9,320,075
Depreciation of right-of-use asset		-	2,594,674
Depreciation of investments properties	6	<b>1,992,355</b>	2,570,664
Amortization of intangible assets		<b>375,531</b>	378,312
Gains from disposal of property plant and equipment		<b>(50,139)</b>	(285,723)
Provision for employees' benefits charged to the period		<b>1,709,499</b>	1,159,736
(Reversal of) impairment losses of trade receivables		<b>(27,324,411)</b>	22,429,208
(Reversal of) impairment losses in due from related parties		<b>(3,259,267)</b>	-
Losses in investments in associates		<b>936,054</b>	228,441
Revenues from revaluation of other non-current assets		<b>(287,379)</b>	(528,262)
(Reversal of) provision of losses of investment in associates		<b>(3,512,278)</b>	3,620,077
Dividends declared from investments at FVTOCI		<b>(5,164,280)</b>	(16,974,696)
		<b>31,241,194</b>	13,419,630
<i>Working capital adjustments:</i>			
Trade receivables		<b>20,139,102</b>	(28,870,590)
Prepayments and other debit balances		<b>(13,804,403)</b>	(14,169,907)
Inventories		<b>(44,332)</b>	1,849,296
Trade accounts and other payables		<b>1,848,399</b>	2,967,204
Due from related parties		<b>22,496,498</b>	-
Due to related parties		<b>(1,330,407)</b>	(1,308,894)
<b>Cash used in operations</b>		<b>60,546,051</b>	(26,113,261)
Employees' benefit paid		<b>(1,030,911)</b>	(820,138)
Zakat paid	12	<b>(24,556,433)</b>	(9,235,114)
<b>Net cash flow from/(used in) operating activities</b>		<b>34,958,707</b>	(36,168,513)
<b><u>Cash flows from investing activities</u></b>			
Short term investments		<b>(160,000,000)</b>	200,000,000
Additions to property, plant and equipment	5	<b>(92,565,998)</b>	(21,551,419)
Addition to investment properties	6	<b>(236,500,000)</b>	(340,000)
Additions to intangible assets		-	(146,655)
Net movement in biological assets		<b>(885,488)</b>	(2,407,185)
Advances to suppliers for implementing projects under development		<b>(78,636,936)</b>	-
Proceeds from disposal of investment		<b>178,938,095</b>	-
Proceeds from disposal of investments in equity instruments		-	86,865,775
Proceeds from disposal of property, plant and equipment		<b>52,174</b>	429,783
Proceeds of distribution of capital surplus of investees		<b>4,500,000</b>	-
Net movement in assets and liabilities held for sale		<b>(61,966,016)</b>	-
Dividends received from investments at fair value through OCI		<b>5,164,280</b>	7,943,750
Disposal of property, plant and equipment and transferred to assets held for sale		<b>75,896,083</b>	-
<b>Net cash flow (used in) generated from investing activities</b>		<b>(366,003,806)</b>	270,794,049
<b><u>Cash flows from financing activities</u></b>			
Received long term loan		<b>75,226,600</b>	-
Dividend paid	15	<b>(2,145,777)</b>	(79,612,776)
Changes in minority interests		<b>(145,325)</b>	(5,680)
Net changes in lease liabilities		-	(661,021)
<b>Net cash flows from (used in) financing activities</b>		<b>72,935,498</b>	(80,279,477)
<b>Net change in cash and cash equivalents</b>		<b>(258,109,601)</b>	154,346,059
Cash and cash equivalents at the beginning of the period		<b>402,012,254</b>	124,030,113
<b>Cash and cash equivalents at the end of the period</b>		<b>143,902,653</b>	278,376,172

The attached notes 1 to 20 form part of these interim condensed consolidated financial statements.

TAIBA INVESTMENT COMPANY  
(A SAUDI JOINT STOCK COMPANY)

Interim condensed consolidated statement of cash flows (unaudited) "Continued"

For Six-month period ended 30 June 2022

(In Saudi Arabian Riyals)

	<i>Note</i>	<i>Six-month period ended 30 June</i>	
		<i>2022</i>	<i>2021</i>
<b><u>Significant non-cash transactions</u></b>			
Unrealized (losses) gains on revaluation of financial asset at FVOCI	7	<b>(69,776,666)</b>	227,591,749
Additions to property, plant and equipment	5	<b>4,644,254</b>	289,107,946

These interim condensed consolidated financial statements have been authorized for issuing, including accompanying notes by the Board of Directors, and signed on behalf of the Board by:

Mr. Ayman Bin Hamza Saeed  
VP of Finance

Eng. Saleh Bin Habdan Alhabdan  
CEO

Dr. Walid Bin Mohamed Al-Issa  
Chairman of the Board of Directors

# TAIBA INVESTMENT COMPANY

## (A Saudi Joint Stock Company)

### Notes to the interim condensed consolidated financial statements (Unaudited)

For the six month period ended 30 June 2022

(In Saudi Arabian Riyals)

#### 1- CORPORATE INFORMATION

Taiba Investment Company (“Taiba”, “The Company” or “Parent Company”) has been formed as per the Royal Decree number M/41 dated 16 Jumada’ II 1408H. Its formation has been declared according to the decision of His Excellency the Minister of Trade and Investment No. 134 dated 13 Safar 1409H, corresponding to 24 September 1988 and Commercial Register No. 4650012403. The Extraordinary General Assembly held on 14 May 2019 agreed to amend article (2) of the Company's By-laws regarding changing the name of Taiba Holding Company to Taiba Investment Company. The Company's articles of association were amended on 21 May 2019.

The Company’s head office is located at Madinah Munawarah, P.O. Box 7777, Post Code 41472 - Kingdom of Saudi Arabia.

The Company's main activity is owning real estate, hotels, hospitals, recreational and tourism facilities and investing in them by selling or buying, renting, managing and operating, operating management of cities, facilities, public facilities and contracting in architectural, civil, mechanical, electrical, agricultural, industrial, mining, credit and mortgage service. The Company practices its activities in accordance with the applicable regulations and after obtaining the necessary licenses from the concerned authorities, if any.

The Company may have an interest or participate in any way with bodies, companies or individuals that engage in similar activities or which may assist in achieving its purpose as it may merge or incorporate or purchased and may invest funds that achieves its interests.

As at 31 June 2022, the share capital of the Company amounting to SR 1,605 million (31 December 2021: SR 1,605 million), consisting of 160,5 shares (31 December 2021: 160,5 shares) fully paid up, with a par value of SR 10 each.

As at 31 June 2022 and 31 December 2021, the Company has investments in the following subsidiaries (collectively referred to as the “Group”):

**a) Companies subject to the control of Taiba Investment Company, which are consolidated in these financial statements:**

<i>Subsidiary</i>	<i>Country of Incorporation</i>	<i>Main activity</i>	<i>Effective ownership</i>	
			<i>30 June 2022</i>	<i>31 December 2021</i>
Al Aqeeq Real Estate Development Company	Kingdom of Saudi Arabia	Real estate development	100%	100%
Arab Resorts Areas Company (ARAC)*	Kingdom of Saudi Arabia	Hospitality and tourism	99,96%	99,96%
Taiba Agriculture Development Company – TADEC**	Kingdom of Saudi Arabia	Agriculture	54,80%	54,80%

\* At 17 Dhul Qidah 1442H (corresponding to 27 June 2021), the 14th Extraordinary General Assembly of the shareholders of Arab Resorts Areas Company (ARAC) decided to approve the recommendation of the company’s board of directors for voluntary liquidation, and accordingly, it was agreed to appoint Dr. Mohamed Al-Amri & Co. (BDO – Chartered and Public Accountants) in order to liquidate Arab Resorts Areas Company (ARAC) according to Companies’ Law as of 1 July 2021. Tourism activity will continue to be managed by Al Aqeeq Real Estate Development Company, which is wholly owned by the Group.

\*\* On 21 June 2022, the 36th Ordinary Assembly of Taiba Agriculture Development Company decided to approve the recommendation of the company’s board of directors for voluntary liquidation, and accordingly, the appointment of Allied Abdullatif bin Suleiman Lawyers and Legal Consultants and Al-Thunayan Professional Consulting Company is approved for appointing as a liquidator of company's business in light of the provisions of the Companies’ Law. The procedures for appointing the liquidator are still under progress until the date of preparing the interim condensed consolidated financial statements.

**a) Subsidiaries controlled by subsidiaries:**

<i>Subsidiary</i>	<i>Country of Incorporation</i>	<i>Main activity</i>	<i>Effective ownership</i>	
			<i>30 June 2022</i>	<i>31 December 2021</i>
Tawd Real Estate Management and Marketing Company (Tawd)	Kingdom of Saudi Arabia	Real Estate Management and Marketing	100%	100%

The initial condensed consolidated financial statements were authorized for issuance by Company’s Board Directors on 19 Muharram 1444H (corresponding to 17 August 2022G).

# TAIBA INVESTMENT COMPANY

## (A Saudi Joint Stock Company)

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### Notes to the interim condensed consolidated financial statements (unaudited) (continued)

For the six month period ended 30 June 2022

(In Saudi Arabian Riyals)

#### **2- Basis of preparation**

##### **2-1 Statement of compliance**

These interim condensed consolidated 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").

These interim condensed consolidated financial statements do not include all the information and disclosures required in full set of annual consolidated financial statements and should therefore be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2021 (See Note 2.5).

These interim condensed consolidated financial statements for the six-month period ended 30 June 2022 include investments in subsidiaries under liquidation, the lists of which were made on a cash basis and grouped on such basis.

The CMA announced on 30 December 2019 that it obliges listed companies to continuously follow the cost model for measuring properties, plant and equipment (IAS 16) and investment properties (IAS 40) in financial statements prepared for financial periods within the financial years which begin before 2022 and it permits listed companies to use the fair value or revaluation model to measure real estate and investment properties for the financial periods of the fiscal year beginning during or after 2022. The CMA also requires listed companies to follow the cost model to measure equipment and intangible assets for five years starting from 1 January 2020. The group continues to follow the cost model for measuring property, plant and equipment, and the Group complies with the requirements contained in the accompanying interim condensed consolidated financial statements.

##### **2-2 Basis of consolidation**

The interim condensed consolidated 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 that are controlled by the Group. Control is achieved when the Group is exposed, 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**

The interim condensed consolidated financial statements have been prepared in accordance with the principle of historical cost, except for equity instruments at fair value through other comprehensive income and biological assets at fair value. Employee benefit obligation accruals prepared at the current value of future obligations are recognized using the expected actuarial credit unit method.

##### **2-4 Functional and presentation currency**

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

##### **2-5 Significant accounting judgements, estimates and assumptions**

The preparation of the Company's interim condensed consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets, liabilities, and the accompanying disclosures and the disclosure of contingent liabilities. The management's estimates in the application of accounting policies, calculation methods and main sources of estimates are the same applied in the financial statements for the year ended 31 December 2021. However, in the light of the current uncertainty regarding Covid-19, any future change in assumptions and estimates could lead to results that may require a significant adjustment in the carrying amount listed for assets and liabilities affected in future periods. As the situation continues to evolve with the future uncertainty, management will continue to assess the impact based on future developments (see Note 18).

# TAIBA INVESTMENT COMPANY

## (A Saudi Joint Stock Company)

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### Notes to the interim condensed consolidated financial statements (unaudited) (continued)

For the six month period ended 30 June 2022

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#### 3- Changes to the Company's accounting policies

The accounting policies adopted in the preparation of the interim condensed consolidated 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 assets held for sale and discontinued operations, and the adoption of new standards which are effective from 1 January 2022.

##### 3-1 Assets held for sale and discontinued operations

The Group classifies assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Property, plant and equipment and intangible assets are not depreciated or amortized once classified as held for sale .

Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position .

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after zakat from discontinued operations in the statement of profit or loss.

All other notes to the financial statements include amounts for continuing operations, unless indicated otherwise.

##### 3-2 Standards effective from 1 January 2022

###### ***Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16***

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). The amendments include the following practical expedients:

A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest

Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued

Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

This amendments did not have any impact on the Company's interim condensed consolidated financial statements.

The Group intends to use the practical expedients in future periods if they become applicable.

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

**TAIBA INVESTMENT COMPANY**  
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**Notes to the interim condensed consolidated financial statements (unaudited) (continued)**

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**3- SEGMENT INFORMATION**

For administrative purposes, the Group consists of business units based on products and services provided by it and it has several sectors for which the report is prepared as follows:

- a) Real estate sector - includes leasing services and commercial centers owned by the Group, and this is one of the major sectors of the Group.
- b) Tourism sector - includes the operation and accommodation of hotels, hotel suites and tourist resorts.
- c) Agriculture sector - includes the activity of planting and selling dates and some other agricultural products.
- d) Head office - includes the Company's head office and the financial information regarding other investments owned by the Group.

The sectors' performance is evaluated based on income or loss and measured based on fixed basis in accordance with income or loss in the consolidated financial statements. However, the Group's financing (including financial burdens) are managed on the Group level basis and not distributed to the operating sectors and revenues.

The Group and its subsidiaries activities occur in KSA. The following is an analysis of the sector information:

	<i>Real Estate</i>	<i>Tourism</i>	<i>Agriculture</i>	<i>Head Office</i>	<i>Elimination of inter-segment operations</i>	<i>Total</i>
<b>For the period ended 30 June 2022 (unaudited)</b>						
Revenues	46,336,745	89,138,787	-	-	(1,747,352)	133,728,180
Revenues cost (without depreciation)	(8,837,141)	(45,428,509)	-	-	1,747,352	(52,518,298)
Depreciation and amortization	(2,045,226)	(10,393,603)	-	-	-	(12,438,829)
Gross profit (loss) for the segment	35,454,378	33,316,675	-	-	-	68,771,053
Segment assets	549,448,087	1,102,939,795	62,973,467	2,526,421,572	(273,836,478)	3,967,946,443
Segment liabilities	55,800,422	29,985,602	1,007,451	536,095,386	(273,836,478)	349,052,383
<b>For the period ended 30 June 2021 (unaudited)</b>						
Revenues	47,363,530	19,056,944	-	-	(584,883)	65,835,591
Revenues cost (without depreciation)	(7,988,290)	(22,484,461)	-	-	584,883	(29,887,867)
Depreciation and amortization	(1,759,191)	(8,479,283)	-	-	-	(10,238,475)
Gross profit (loss) for the segment	37,616,049	(11,906,800)	-	-	-	25,709,249
Segment assets	264,862,789	1,222,883,346	93,073,233	2,955,607,565	(219,763,900)	4,316,663,033
Segment liabilities	33,896,718	57,236,403	1,111,241	359,624,738	(219,763,900)	232,105,200
<b>As at 31 December 2021 (audited)</b>						
Segment assets	237,642,726	1,284,344,928	79,072,592	2,379,901,464	(42,496,701)	3,938,465,009
Segment liabilities	17,146,864	43,558,483	843,735	278,205,865	(42,496,701)	297,258,246

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Notes to the interim condensed consolidated financial statements (unaudited) (continued)

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(In Saudi Arabian Riyals)

**5) PROPERTY, PLANT AND EQUIPMENT**

For the purposes of preparing interim condensed consolidated of statement of cash flows, movement in properties, plant and equipment during the the six-month period ended 30 June are as follows:

	<i>2022</i> <i>(unaudited)</i>	<i>2021</i> <i>(unaudited)</i>
Balance at beginning of the period	<b>2,386,709,709</b>	1,967,615,847
Cash additions during the period	<b>92,565,998</b>	21,551,419
Non-cash additions during the period	<b>4,644,254</b>	289,107,946
Transferred to assets held for disposal	<b>(71,231,936)</b>	-
Depreciations during the period	<b>(12,385,634)</b>	(9,320,075)
Disposals during the period	<b>(4,738,279)</b>	(144,057)
Balance at the end of period	<b>2,395,564,112</b>	2,268,811,080

The property includes a plot of land owned by the Group, in Riyadh, with a book value of SR 96 million mortgaged to a local bank against a loan to carry out a commercial project thereon.

**6) INVESTMENT PROPERTIES**

For the purposes of preparing interim consolidated of statement of cash flows, movement in investments properties during the six-month period ended 31 June are as follows:

	<i>2022</i> <i>(unaudited)</i>	<i>2021</i> <i>(unaudited)</i>
Balance at beginning of the period	<b>234,509,438</b>	528,178,907
Additions during the period	<b>236,500,000</b>	340,000
Depreciations during the period	<b>(1,992,355)</b>	(2,570,664)
Disposals during the period	<b>(46,798)</b>	-
Transferred to property, plant and equipment	-	(289,107,946)
Balance at the end of period	<b>468,970,285</b>	236,840,297

As at 31 December 2021, the fair value of investment properties amounted to SR 3,60 billion (31 December 2020: SR 4,28 billion). The fair value was determined by an independent external real estate evaluator (Value Strat) accredited by the Saudi Authority for Accredited Valuers (“TAQEEM”) to determine the investment properties fair value. The fair value was determined using the market value of the property. The market value of real estate has been defined using the cost approach and income capitalization approach (net initial return). Any significant change in the assumptions used in the fair valuation of investment properties, such as the discount rate, return, rental growth, etc. will result in a significantly lower / higher fair value for these assets. The Group’s management considers that there are no significant impact during the six-month period ended 30 June 2022 on the estimations above. During 2021, a hotel leased from investment properties was reclassified to property, plant and equipment as a result of the termination of the leaser's contract and the hotel's self-operation.

On 12 March 2020, through the sale agreement of TACOMA, the Group transferred the land and buildings thereon with a value of SR 4,3 million for the Group under the terms of the agreement, and therefore the land and buildings thereon have been reclassified under investment properties. The legal formalities to transfer the ownership of the land and buildings are still under process up to the date of the financial statements.

During the period, the group closed a deal at a cost of SR 236.5 million to purchase a commercial center in Riyadh. The legal formalities related to the transfer of the title deed were completed.

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**7) FINANCIAL ASSETS AT FAIR VALUE THROUGH OCI (“FVOCI”)**

Financial assets at fair value through OCI (“FVOCI”) represent as following:

	<i>30 June 2022</i> <i>(unaudited)</i>	<i>31 December 2021</i> <i>(audited)</i>
Quoted financial assets (a)	405,477,829	667,194,206
Unquoted financial assets (b)	181,039,416	97,016,985
Total	<u>586,517,245</u>	<u>764,211,191</u>
Less: Current portion	<u>183,228,113</u>	<u>402,228,398</u>
Non-current portion	<u>403,289,132</u>	<u>361,982,793</u>

The movement for financial assets at fair value through OCI were as follows:

	<i>30 June 2022</i> <i>(unaudited)</i>	<i>31 December 2021</i> <i>(audited)</i>
Balance at beginning of the period / year	764,211,191	932,108,261
Unrealized (losses) gains	(69,776,666)	788,173,711
Disposals (a)	(178,938,094)	(944,552,221)
Transfer (note 8)	71,020,814	-
Compensation against reduction of capital	-	(11,518,560)
Balance at the end of the period / year	<u>586,517,245</u>	<u>764,211,191</u>

**a) Quoted financial assets**

	<i>Percentage of direct ownership</i>		<i>30 June 2022</i> <i>(unaudited)</i>	<i>31 December 2021</i> <i>(audited)</i>
	<i>30 June 2022</i>	<i>31 December 2021</i>		
<i>Investees</i>				
SABIC Agri-Nutrients Company	0,28%	0,48%	183,228,113	402,228,398
Makkah Construction and Development Company	0,72%	0,72%	85,196,516	89,468,208
Knowledge Economic City Company (8a)	3,20%	3,20%	<u>137,053,200</u>	<u>175,497,600</u>
			<u>405,477,829</u>	<u>667,194,206</u>

During 2021, it was decided to start selling shares owned by Taiba in SABIC Agri-Nutrients Company, therefore during the period ended 30 June 2022, 0,948 million shares were sold, resulting in a realized gains of SR 80 million (31 December 2021: 5,7 million shares were sold, where realized gains of SR 355,5 million), which was directly recognized in the retained earnings, and the remaining 1,4 million shares were classified in the current assets.

**b) Unquoted financial assets**

	<i>Percentage of direct ownership</i>		<i>30 June 2022</i> <i>(unaudited)</i>	<i>31 December 2021</i> <i>(audited)</i>
	<i>30 June 2022</i>	<i>31 December 2021</i>		
<i>Investee</i>				
Kinan International For Real Estate Development Company	2,33%	2,33%	29,264,824	29,264,824
Development Company Knowledge Economic City (Note 8)	14,34%	5,01%	<u>151,774,592</u>	<u>67,752,161</u>
			<u>181,039,416</u>	<u>97,016,985</u>

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**8) INVESTMENTS IN ASSOCIATES**

Details of the Group's investments in associates are as follows:

<i>Name</i>	<i>Country of Incorporation</i>	<i>Main activity</i>	<i>Effective ownership</i>		<i>30 June 2022 (unaudited)</i>	<i>31 December 2021 (audited)</i>
			<i>30 June 2022</i>	<i>31 December 2021</i>		
Al-Seera City Company for Real Estate Development (a)	Kingdom of Saudi Arabia	Properties	20%	20%	147,947	71,854,815
Saudi Heritage Hospitality Company (a)	Kingdom of Saudi Arabia	Hotels and tourism	30%	30%	3,397,608	8,147,608
Madinah Dates Company For dates	Kingdom of Saudi Arabia	Industries	-	35%	-	-
Madinah Airport Hotel Company (c)	Kingdom of Saudi Arabia	Hotel services	33,33%	33,33%	-	-
					<b>3,545,555</b>	<b>80,002,423</b>

Movement of the Group's investments in associates are as follows:

	<i>30 June 2022 (unaudited)</i>	<i>31 December 2021 (audited)</i>
Balance at the beginning of the period / year	80,002,423	83,080,300
Transfer of shares between investments (a)	(71,020,814)	-
Share of statutory reserve and profits / (losses)	(5,436,054)	(3,077,877)
Balance at the end of the period / year	<b>3,545,555</b>	<b>80,002,423</b>

- a) Al-Seera City Company for Real Estate Development has waived its shares in Development Company Knowledge Economic City in favor of its partners, and the number of shares assigned to the Group was 7.74 million shares, with a total nominal value of SR 77.4 million. Accordingly, the Group's total shares in Development Company Knowledge Economic City amounted to 11.9 million shares, with a total nominal value of SR 119 million.
- b) The partners agreed to liquidate Saudi Heritage Hospitality Company during the extraordinary assembly meeting of the Company held on 21 August 2019. The legal formalities for liquidation are under process to the date of the financial statements, During the period, the liquidator distributed an amount of SR 15 million, and the group's share of those distributions was SR 4.5 million, The carrying amount of the investment was reduced by that amount.
- c) During the period ended 30 June 2022, the partner's loan granted to Madinah Airport Hotel Company was transferred for the purpose of amortization of the Company's accumulated losses and the Group's share of the loan amounting to SR 22,4 million were settled, which is recorded in the Group's books as a debt to the related parties as an offset with the balance of the provision of losses set aside until 31 December 2021 for this regard, resulting in the reversal of allowance of SR 4,9 million in investment losses in Madinah Airport Hotel Company, also the provision for measuring the impairment in the debt of the related parties amounted to SR 3,2 million was reversed. As of 30 June 2022, the total balance of the provision is SR 5 million (31 December 2021: SR 31,1 million) due to legal and contractual obligations related to financial support of that company to meet its financial obligations when due. Taiba has a contingent liability of SR 37,3 million, which represents the value of the guarantee granted by the Group to The Banque Saudi Fransi to secure the loan of Madinah Airport Hotel Company, and the Group has not registered any provision for this contingent liability, and the Group's management does not consider that there is a need to make any provisions for the potential liability.

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**9) TRADE RECEIVABLES**

	<i>30 June 2022 (unaudited)</i>	<i>31 December 2021 (audited)</i>
Trade receivables	<b>130,692,333</b>	153,428,249
Less: Provision for impairment of trade receivables	<b>(108,364,704)</b>	(138,285,929)
	<b><u>22,327,629</u></b>	<u>15,142,320</u>

The movement of provision for impairment of trade receivables is as follows:

	<i>30 June 2022 (unaudited)</i>	<i>31 December 2021 (audited)</i>
Balance at 1 January	<b>138,285,929</b>	78,925,905
(Reversal) of provision during the period / year	<b>(27,324,411)</b>	61,277,406
Write off of provision	<b>(2,566,592)</b>	(1,917,382)
Portion transferred to assets held for disposal	<b>(30,222)</b>	-
	<b><u>108,364,704</u></b>	<u>138,285,929</u>

**10) RELATED PARTIES' TRANSACTIONS AND BALANCES**

Related parties represent the shareholders, directors and key management personnel of the Company and entities under their control or significantly influenced by them, Pricing policies and terms of these transactions are approved by the Company's management. The significant transactions with related parties and its balances in the Company are as follows:

**Amounts due from related parties:**

<i>Description</i>	<i>Relationship type</i>	<i>Nature of transactions</i>	<i>Amount of transactions</i>		<i>Ending balance</i>	
			<i>30 June 2022 (unaudited)</i>	<i>31 December 2021 (audited)</i>	<i>30 June 2022 (unaudited)</i>	<i>31 December 2021 (audited)</i>
Madinah Airport Hotel Company (note 8)	Associated company	Funding	-	-	-	22,496,498
Less: Impairment provision of related parties					-	(3,259,267)
					<u>-</u>	<u>19,237,231</u>

**Amounts due to related parties:**

<i>Description</i>	<i>Relationship type</i>	<i>Nature of transactions</i>	<i>Amount of transactions</i>		<i>Ending balance</i>	
			<i>30 June 2022 (unaudited)</i>	<i>31 December 2021 (audited)</i>	<i>30 June 2022 (unaudited)</i>	<i>31 December 2021 (audited)</i>
Owners of Taiba Residential and Commercial Center	Associated foundation	Services Maintenance and operating	<b>2,173,921</b>	8,096,041	<b>3,689,065</b>	5,019,472
					<b><u>3,689,065</u></b>	<u>5,019,472</u>

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**10- RELATED PARTIES' TRANSACTIONS AND BALANCES (continued)**

**Key Management Personnel Compensation**

	<b>30 June 2022 (Unaudited)</b>	31 December 2021 (audited)
Allowances, tickets and directors remunerations	<b>2,313,451</b>	4,399,182
Allowances and subsidiaries' directors remunerations	-	391,500
Salaries, allowances and senior executives remunerations	<b>6,258,657</b>	10,697,405
	<b>8,572,108</b>	15,488,087

**11- CASH AND CASH EQUIVALENTS AND SHORT TERM INVESTMENTS**

	<b>30 June 2022 (Unaudited)</b>	31 December 2021 (audited)
Cash at banks (a)	<b>143,902,653</b>	402,012,254
Murabaha deposits (b)	<b>160,000,000</b>	-
	<b>303,902,653</b>	402,012,254

- a) Balances at banks include restricted cash held by the Group amounted to SR 104,7 million (31 December 2021: SR 106,4 million) related to dividends due to the Group's shareholders and this balance is not available for the general use of the Company.
- b) As at 30 June 2022, the value of the deposits amounted to SR 160 million (31 December 31 2021 : nil). These represent investments in Islamic Murabaha at a rate ranging between 2.3% and 2.7% and mature within a period ranging from 97 days to 102 days.

**12- ZAKAT**

As of 2019, the Company and its fully owned subsidiaries shall submit a consolidated Zakat declaration on a consolidated basis. For subsidiaries where the ownership of the company is less than 100%, they shall file separate Zakat declarations. Before 2019, subsidiaries used to file separate zakat declarations on an unconsolidated basis. The main components of the Zakat base for each company according to the Zakat and income tax regulations consist of shareholders' equity, provisions at the beginning of the year and adjusted income less discounts for the adjusted net book value of property, equipment, investment properties and properties under development and investments.

Zakat charge for the period ended at 30 June comprise of the following:

	<b>30 June 2022 (Unaudited)</b>	30 June 2021 (unaudited)
Current period	<b>5,171,930</b>	4,365,487
Prior periods	<b>803,982</b>	(356,746)
	<b>5,975,912</b>	4,008,741

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**12 ZAKAT (continued)**

**Movement in zakat provision**

	<b>30 June 2022 (Unaudited)</b>	31 December 2021 (audited)
Balance at the beginning of the period / year	<b>29,468,704</b>	18,914,325
Charged on the period / year	<b>5,975,912</b>	20,265,077
Repaid during the period / year	<b>(23,752,451)</b>	(9,627,246)
Reconciliations	<b>(803,982)</b>	(83,452)
Balance at the end of the period / year	<b><u>10,888,183</u></b>	<u>29,468,704</u>

**Zakat status:**

**Company and its fully owned subsidiaries**

A consolidated Zakat declaration was submitted for both to Taiba Investment Company and Al Aqeeq Real Estate Development Company for the year ended 31 December 2021 and the Company received a Zakat certificate valid until 30 April 2023.

During 2020, the Company received assessments of ZATCA for the years from 2015 to 2018 claiming a total difference of SR 8,1 million and the assessment was reviewed by the Company and its Zakat advisor, as well as submitting an appeal to ZATCA during the legal period. ZATCA issued the amended Zakat assessments for the above years at an amount of SR 7,9 million, and an appeal was submitted before Tax Committees for Resolution of Tax Violations and Disputes, and it was partially accepted and settled with ZATCA.

During 2020, Al-Theraa Almakeen Industrial Company (a branch of Taiba Investment Company) received the estimated zakat assessment from the ZATCA for the years 2017 and 2018 which showed an additional Zakat of SR 40 million for the year 2017 and SR 40 million for the year 2018. The Company submitted an appeal before Tax Committees for Resolution of Tax Violations and Disputes. A hearing session was held on 28 March 2022 and the decision was issued by accepting Taiba's appeal.

**Arab Resorts Areas Company (ARAC)**

The Company submitted and paid the zakat return for the year ended 31 December 2021 and obtained a Zakat certificate valid till 30 April 2023.

**Taiba Agriculture Development Company – TADEC**

Taiba Agricultural Development Company (TADC) submitted the Zakat returns for the year ended 31 December 2020. ZATCA has issued the final assessments for the Company until 2018.

**Tawd Real Estate Management and Marketing Company (Tawd)**

ZATCA issued the Company's final assessments until 2017. The Company submitted and paid the zakat returns for the year ended 31 December 2021 and obtained zakat certificate valid until 30 April 2023.

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**Notes to the interim condensed consolidated financial statements (unaudited) (continued)**

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**13- FINANCIAL INSTRUMENTS**

The Group measures financial instruments at fair value as at the date of the financial statements, Fair value is the selling price of an asset or the transfer of a liability in a systematic transaction between two parties to the market at the measurement date, The fair value measurement is based on the assumption that selling an asset or transferring an obligation will take 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 may use when pricing the asset or liability and assuming that the participants act for their best interest.

When measuring the fair value of a non-financial asset, the market participant's ability to generate economic benefits arising from the best use of the asset or its sale to another market participant who may be using the best use is taken into account.

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.

All assets and liabilities for which fair values are measured or disclosed in the interim condensed consolidated financial statements are classified within the fair value hierarchy, which is illustrated below, on the basis of the minimum inputs that are important to measure the fair values as a whole:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Valuation techniques so that the minimum limit that can be determined for significant inputs to measure fair value can be observed directly or indirectly.

Level 3: Valuation techniques so that the minimum limit that can be determined for significant inputs to measure fair value cannot be observed.

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**13 FINANCIAL INSTRUMENTS (continued)**

The following table illustrates the book value and fair value of financial assets and liabilities, including their levels and hierarchy of fair value, the fair value information does not include financial assets and liabilities that are not measured at fair value if the book value is a reasonable approximated value of fair value.

	30 June 2022			31 December 2021				
	<i>Total</i>	<i>Amortized cost</i>	<i>Fair Value through Income Statement</i>	<i>Fair value through other comprehensive income</i>	<i>Total</i>	<i>Amortized cost</i>	<i>Fair Value through Income Statement</i>	<i>Fair value through other comprehensive income</i>
<b>Financial assets</b>								
Financial assets at FVOCI	586,517,245	-	-	586,517,245	764,211,191	-	-	764,211,191
Trade receivables	3,694,241	3,694,241	-	-	15,142,320	15,142,320	-	-
Due from related parties	-	-	-	-	19,237,231	19,237,231	-	-
Cash and cash Equivalents	143,902,653	143,902,653	-	-	402,012,254	402,012,254	-	-
Short-term investments	160,000,000	160,000,000	-	-	-	-	-	-
<b>Total</b>	<b>894,114,139</b>	<b>307,596,894</b>	<b>-</b>	<b>586,517,245</b>	<b>1,200,602,996</b>	<b>436,391,805</b>	<b>-</b>	<b>764,211,191</b>
<b>Financial liabilities</b>								
Trade accounts and other payables	106,367,334	106,367,334	-	-	121,249,515	121,249,515	-	-
Long term loan	75,226,600	75,226,600	-	-	-	-	-	-
Dividends payable	118,481,623	118,481,623	-	-	120,627,400	120,627,400	-	-
<b>Total</b>	<b>300,075,557</b>	<b>300,075,557</b>	<b>-</b>	<b>-</b>	<b>241,876,915</b>	<b>241,876,915</b>	<b>-</b>	<b>-</b>

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## (A Saudi Joint Stock Company)

### Notes to the interim condensed consolidated financial statements (unaudited) (continued)

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#### 14- EARNINGS (LOSS) PER SHARE

##### *Basic earnings (loss) per share*

Basis earnings (loss) per share is calculated on distributable income to shareholders for ordinary shares and using weighted average number of ordinary shares at the report date amounted SR 160,457,483 shares (31 March 2021: 160,457,483 shares).

##### *Diluted earnings (loss) per share*

During the period, there are no transactions that reduce the earnings (loss) per share and therefore the diluted earnings (loss) per share is not different from basic earnings (loss) per share.

#### 15- DIVIDEND PAYABLE

Dividends announced during the period ended 30 June 2022 are Nil (31 December 2021: SR 80,2 million, SR 0,50 per share).

Following is the movement in dividends payable account:

	<b>30 June 2022 (unaudited)</b>	31 December 2021 (audited)
Balance at 1 January	<b>120,627,400</b>	107,935,443
Dividends declared during the period / year	-	722,058,674
Dividends paid during the period / year	<b>(2,145,777)</b>	(709,366,717)
Balance at the end of the period / year	<b><u>118,481,623</u></b>	<u>120,627,400</u>

The cash restricted at an amount of SR 104,7 million as at 30 June 2022 is held in bank accounts separated from operating accounts and not available for general use by the Group (31 December 2021: SR 106.4 million).

#### 16- SEASONAL CHANGES

The results of business for the three-month period do not necessarily represent an accurate indicator of the actual results of the whole year operations, as the revenues from operating apartments and hotel rooms increase during the hajj and umrah seasons and during summer holidays, and decrease during the rest of the year and these changes are reflected in the Group's financial results during the year. Therefore, the business results for this initial period may not be an accurate indication of the actual results of the whole year operations.

#### 17- LOAN AND FACILITIES

On 23 July 2020, the Group signed a credit facility agreement with a local bank to obtain a long-term loan amounted to SR 1,4 billion in accordance with the Tawaroq form in compliance with Islamic Shariah, for a period of Gregorian fourteen years, with a grace period of four years, with real estate guaranteed later and a note payable with the amount of financing, in order to finance some of the Group's real estate projects. During the first quarter of 2022, the first tranche of the loan amounted to SR 64,627,600 was withdrawn and during the second quarter of 2022, the second tranche of the loan amounting to SR 10,599,000 was withdrawn.

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**18- ASSETS HELD FOR SALE**

On June 21, 2022, the 36th Ordinary Assembly of Taiba Agricultural Development Company decided to approve the recommendation of the company's board of directors for voluntary liquidation. Accordingly, the appointment of Messrs. alliance of Abdul Latif bin Suleiman Lawyers and Legal Consultants and Al-Thunayan Professional Consulting Company was approved as liquidator of the company's business in light of the provisions of the Law, procedures for appointing the liquidators are still being implemented until the date of preparing the interim condensed consolidated financial statements.

The following is a summary of the company's business during the period and comparative year:  
Statement of financial position

	<b>30 June 2022</b> <b>(unaudited)</b>	31 December 2021 <b>(audited)</b>
	<b>SR</b>	<b>SR</b>
<b>Current assets</b>		
Cash and cash Equivalents	<b>66,151</b>	199,419
Trade receivables	<b>391</b>	5,414
Prepayments and other current assets	<b>17,705</b>	43,111
Biological assets	<b>2,977,441</b>	885,488
Inventories, net	<b>22,640</b>	422,023
Property, plant and equipment	<b>59,889,139</b>	77,517,135
<b>Total current assets</b>	<b>62,973,467</b>	79,072,590
<b>Current liabilities</b>		
Trade payables	<b>34,000</b>	-
Accruals and other payables	<b>404,299</b>	328,260
Amounts due to related parties	<b>65,250</b>	-
Zakat payable	<b>101,143</b>	69,819
Employees' defined benefit obligations	<b>468,009</b>	445,656
<b>Total Current Liabilities</b>	<b>1,072,701</b>	843,735
<b>Equity</b>		
Share capital	<b>50,000,000</b>	50,000,000
Statutory reserve	<b>25,000,000</b>	25,000,000
Retained earnings	<b>(13,142,788)</b>	3,185,301
Accumulated other comprehensive income	<b>43,554</b>	43,554
<b>Total equity</b>	<b>61,900,766</b>	78,228,855
<b>Total equity and current liabilities</b>	<b>62,973,467</b>	79,072,590

Statement of profit or loss

	Three-months period ended 30 June		Six-months period ended 30 June	
	2022 <b>(unaudited)</b> <b>SR</b>	2021 <b>(unaudited)</b> <b>SR</b>	2022 <b>(unaudited)</b> <b>SR</b>	2021 <b>(unaudited)</b> <b>SR</b>
Revenues	<b>16,113</b>	415,450	<b>79,202</b>	999,028
Cost of revenue	<b>(92,833)</b>	(586,131)	<b>(358,707)</b>	(1,666,416)
<b>Gross profit</b>	<b>(76,720)</b>	(170,681)	<b>(279,505)</b>	(667,388)
Selling and marketing expenses	<b>(10,966)</b>	(34,248)	<b>(25,547)</b>	(127,885)
General and administration expenses	<b>(198,691)</b>	(158,265)	<b>(332,057)</b>	(368,647)
Other operating (expenses)/income - net	<b>246,871</b>	578,040	<b>347,288</b>	578,040
Impairment losses from revaluation of assets	<b>(16,006,944)</b>	-	<b>(16,006,944)</b>	-
<b>Net (Loss) income before zakat</b>	<b>(16,046,450)</b>	214,846	<b>(16,296,765)</b>	(585,880)
Zakat	<b>(20,672)</b>	(55,842)	<b>(31,324)</b>	(102,326)
<b>Net (Loss) income for the period</b>	<b>(16,067,122)</b>	159,004	<b>(16,328,089)</b>	(688,206)

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Notes to the interim condensed consolidated financial statements (unaudited) (continued)  
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### 18- ASSETS HELD FOR SALE (continued)

Condensed cash flow statement

	<b>30 June 2022</b>	30 June 2021
	<b>(unaudited)</b>	(unaudited)
	<b>SR</b>	SR
Net cash flow used in operating activities	<b>(520,768)</b>	(721,171)
Net cash flow generated from (used in) investing activities	<b>387,500</b>	(477,651)
Net cash flows from financing activities	<b>-</b>	-
<b>Net change in cash and cash equivalents during the period</b>	<b>(133,268)</b>	(1,198,822)

Management classified the company as a discontinued operation and recorded an impairment loss in assets held for sale with amount of SR 16 million, by reducing the carrying amounts of these assets to the fair value less costs to sell. The impairment loss was recognised within discontinued operations.

### 19- IMPACT OF COVID-19

The spread of the COVID-19 was confirmed across many geographical areas in early 2020, causing fundamental uncertainty about macroeconomics, disrupting business and economic activities, During March 2020, the Government of Saudi Arabia took several initiatives until beyond March 2020 to contain the spread of the virus, which included restrictions on travel, gatherings and curfews.

The extent of COVID-19 pandemic affects the group's business, operations and financial results is confirmed, but without knowing to what extent, which depends on many future factors and developments that the Group may not be able to reliably estimate during the current period, These factors include the rate of virus transmission, the duration of its outbreak and precautionary measures that government may take to reduce the spread of the epidemic, and the impact of these measures on the economic activity, as well as the group's customers business and other factors.

Although it is now difficult to predict the overall impact and to how extent on business and economy, the Group's management has made an assessment to the level of this impact on the Group's overall operations, and estimated liquidity requirements and business, including travel restrictions and demand on the Group's properties... etc. The Group cannot confirm that its used assumptions above in estimates will be correct due to these uncertain situations. In addition, the size, duration and speed of the global epidemic are uncertain, and therefore the management has taken several steps to mitigate the effects of the epidemic, including cost-cutting measures. The Group's management has recalculated the expected credit losses by introducing macroeconomic factors, therefore, as at 30 June 2022, the ECL provision reached SR 108 million, and the provision for compensation cases related to tenants affected by the pandemic amounted to SR 4 million, as well as ceasing any record for rental revenues expected not to continue or to be collected. It also assessed the status of cash flows including banking facilities, the continuity of existing leases and the readiness of operational procedures when the situation improves.

During the second quarter of 2022, the Kingdom lifted all restrictions on performing Umrah, which revived the economy and increased the revenues of tourism and hotel activities.

In the light of the current uncertainty, any future changes in assumptions and estimates could lead to results that may require substantial adjustments to the book values listed for assets or liabilities affected by these results in future periods. The Group's management will continue to assess the impact based on foreseen developments, and will keep shareholders updated as more information becomes available. Based on financial position and assessing potential scenarios, management does not believe that there are any significant risks related to the going concern basis.

### 20- COMPARATIVE FIGURES

Certain the prior year numbers have been reclassified for the period to conform with the presentation in the current period.