

AL-ANDALUS PROPERTY COMPANY
(A Saudi Joint Stock Company)
Condensed Consolidated Interim Financial Statements
(Unaudited)
For the three-month and six-month periods ended 30 June 2024
together with the
Independent Auditor's review report

Al-Andalus Property Company
(A Saudi Joint Stock Company)
Condensed Consolidated Interim Financial Statements (Unaudited)
Together with the Independent Auditor's Review Report
For the three-month and six-month periods ended 30 June 2024

	<u>Pages</u>
<u>Independent auditor's report on review of interim condensed consolidated financial statements</u>	-
Condensed Consolidated Statement of Financial Position (Unaudited)	1
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income (Unaudited)	2
Condensed Consolidated Statement of Changes in Equity (Unaudited)	3
Condensed Consolidated Statement of Cash Flows (Unaudited)	4
Notes to the condensed consolidated interim financial statements (Unaudited)	5 - 15



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كي بي إم جي للاستشارات المهنية

واجهة روشن، طريق المطار
صندوق بريد ٩٢٨٧٦
الرياض ١١٦٦٣
المملكة العربية السعودية
سجل تجاري رقم ١٠١٠٤٢٥٤٩٤
المركز الرئيسي في الرياض

Independent auditor's report on review of condensed consolidated interim financial statements

To the Shareholders of Al-Andalus Property Company (Saudi Joint stock Company)

Introduction

We have reviewed the accompanying 30 June 2024 condensed consolidated interim financial statements of Al-Andalus Property Company (the "Company") and its subsidiaries (the "Group") which comprise:

- The condensed consolidated statement of financial position as at 30 June 2024,
- The condensed consolidated statement of profit or loss and other comprehensive income for the three-month period and six-month periods ended 30 June 2024;
- The condensed consolidated statement of changes in equity for the six-month period ended 30 June 2024;
- The condensed consolidated statement of cash flows for the six-month period ended 30 June 2024
- The notes to the condensed consolidated interim financial statements.

Management is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with IAS 34 *Interim Financial Reporting* that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' that is endorsed in the Kingdom of Saudi Arabia. A review of interim financial 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 the 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.



Independent auditor's report on review of Condensed Consolidated Interim financial statements (continued)

To the Shareholders of Al-Andalus Property Company (Saudi Joint stock Company)

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 30 June 2024 condensed consolidated interim financial statements of Al-Andalus Property Company and its subsidiaries are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia.

KPMG Professional Services

Khalil Ibrahim Al Sedais
License No. 371



Date: 1 Safar 1446H
Corresponding to: 5 August 2024

Al-Andalus Property Company
(A Saudi Joint Stock Company)
Condensed Consolidated Statement of Financial Position (Unaudited)
As at 30 June 2024

(All amounts are expressed in Saudi Riyal unless otherwise stated)

	<i>Notes</i>	June 30 2024 (Unaudited)	31 December 2023 (Audited)
<u>ASSETS</u>			
Investment properties	6	1,269,257,642	1,253,363,451
Property and equipment	7	141,818,328	141,952,221
Right of use assets		67,578,332	70,654,069
Payments under investment	9	23,000,000	-
Equity accounted investees	8	506,252,180	527,085,565
Total non-current assets		2,007,906,482	1,993,055,306
Receivables from operating lease		72,071,753	72,265,806
Prepayments and other receivables		21,838,394	15,211,949
Due from related party	14	1,011,657	1,972,193
Financial instruments at FVTPL	10	63,661,556	-
Cash and cash equivalents	11	95,006,777	176,940,865
Total current assets		253,590,137	266,390,813
Total assets		2,261,496,619	2,259,446,119
<u>EQUITY</u>			
Share capital		933,333,330	933,333,330
Statutory reserve		100,624,786	100,624,786
Retained earnings		8,084,178	37,950,256
Equity attributable to the Company's Shareholders		1,042,042,294	1,071,908,372
Non-controlling interests		150,424,677	156,601,357
Total equity		1,192,466,971	1,228,509,729
<u>Liabilities</u>			
Employees' benefits – defined benefits obligations		11,758,322	10,873,929
Lease liabilities		96,532,507	98,159,287
Islamic finance facilities	12	809,647,845	798,367,365
Total non-current liabilities		917,938,674	907,400,581
Advances from lessees and deferred revenue		67,158,175	49,935,755
Lease liabilities – current portion		17,302,750	17,302,750
Islamic finance facilities - current portion	12	14,380,269	5,442,476
Due to related parties	14	20,719,200	16,020,364
Zakat provision		3,128,927	7,010,047
Accruals and other payables		28,401,653	27,824,417
Total current liabilities		151,090,974	123,535,809
Total liabilities		1,069,029,648	1,030,936,390
Total equity and liabilities		2,261,496,619	2,259,446,119

Fawaz Abdulaziz bin Huwail

Chief Financial Officer

Eng. Faisal Abdulrahman
Alnasser

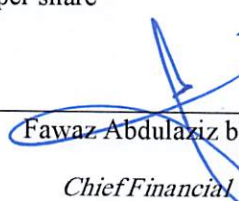
Chief Executive Officer

Mr. Omar bin Hamad Al Masha'al

Authorized board member

The accompanied notes from 1 to 19 are an integral part of these condensed consolidated interim financial statements.

Al-Andalus Property Company
(A Saudi Joint Stock Company)
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income
(Unaudited)
For the three-month and six-month periods ended 30 June 2024
(All amounts are expressed in Saudi Riyal unless otherwise stated)

	For the three months period ended 30 June		For the six-month period ended 30 June	
	2024	2023	2024	2023
Notes	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue	58,708,784	53,945,320	111,705,256	108,412,209
Cost of revenue	(21,784,006)	(18,177,455)	(42,560,599)	(37,241,229)
Gross profit	36,924,778	35,767,865	69,144,657	71,170,980
General and administrative expenses	(12,320,103)	(12,146,343)	(23,571,855)	(22,273,708)
Marketing expenses	(1,604,404)	(542,478)	(2,089,406)	(2,093,257)
Impairment loss on receivables from operating lease	(3,713,612)	(1,500,000)	(6,713,612)	(3,500,000)
Share in (loss) / profit of equity-accounted investees	8 (16,060,362)	5,136,067	(10,833,385)	12,225,108
Other income	3,279,624	2,131,020	4,211,116	4,103,490
Operating profit	6,505,921	28,846,131	30,147,515	59,632,613
Finance cost	(15,030,559)	(12,731,103)	(30,176,463)	(23,877,358)
(loss)/profit before Zakat	(8,524,638)	16,115,028	(28,948)	35,755,255
Zakat	(805,008)	(1,098,715)	(1,931,414)	(2,927,613)
(Loss)/ profit for the period	(9,329,646)	15,016,313	(1,960,362)	32,827,642
Attributable to:				
Shareholders of the Company	(11,248,126)	11,645,890	(6,532,745)	25,910,022
Non-controlling interests	1,918,480	3,370,423	4,572,383	6,917,620
	(9,329,646)	15,016,313	(1,960,362)	32,827,642
Other comprehensive income				
<i>Items that will not be reclassified subsequently to statement of profit or loss:</i>				
	-	-	-	-
Total comprehensive income	(9,329,646)	15,016,313	(1,960,362)	32,827,642
Total comprehensive income attributable to:				
Shareholders of the Company	(11,248,126)	11,645,890	(6,532,745)	25,910,022
Non-controlling interests	1,918,480	3,370,423	4,572,383	6,917,620
	(9,329,646)	15,016,313	(1,960,362)	32,827,642
Earnings per share				
Basic and diluted earnings/losses per share	13 (0.12)	0.12	(0.07)	0.28
	Fawaz Abdulaziz bin Huwail	Eng. Faisal Abdulrahman Alnasser	Mr. Omar bin Hamad Al Masha'al	
Chief Financial Officer	Chief Executive Officer	Authorized board member		

The accompanied notes from 1 to 19 are an integral part of these condensed consolidated interim financial statements.

Al-Andalus Property Company
(A Saudi Joint Stock Company)
Condensed Consolidated Statement of Changes in Equity (Unaudited)
For the six-month period ended 30 June 2024
(All amounts are expressed in Saudi Riyal unless otherwise stated)

	Share capital	Statutory reserve	Retained earnings	Equity attributable to the Company's Shareholders	Non-controlling interests	Total
Balance as at 1 January 2024 – (Audited)	933,333,330	100,624,786	37,950,256	1,071,908,372	156,601,357	1,228,509,729
(Loss)/ profit for the period	-	-	(6,532,745)	(6,532,745)	4,572,383	(1,960,362)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the period	-	-	(6,532,745)	(6,532,745)	4,572,383	(1,960,362)
Dividends during the period (Note 17)	-	-	(23,333,333)	(23,333,333)	(10,749,063)	(34,082,396)
Balance as at 30 June 2024- (Unaudited)	933,333,330	100,624,786	8,084,178	1,042,042,294	150,424,677	1,192,466,971
Balance as at 1 January 2023 (audited)	933,333,330	96,983,092	52,139,994	1,082,456,416	168,008,031	1,250,464,447
Profit for the period	-	-	25,910,022	25,910,022	6,917,620	32,827,642
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the period	-	-	25,910,022	25,910,022	6,917,620	32,827,642
Dividends during the period (Note 17)	-	-	(23,333,333)	(23,333,333)	(12,898,875)	(36,232,208)
Balance as at 30 June 2023 (unaudited)	933,333,330	96,983,092	54,716,683	1,085,033,105	162,026,776	1,247,059,881


Fawaz Abdulaziz bin Huwail

Chief Financial Officer


Eng. Faisal Abdulrahman Alnasser

Chief Executive Officer


Mr. Omar bin Hamaad Al Masha'al

Authorized board member

The accompanied notes from 1 to 19 are an integral part of these condensed consolidated interim financial statements.

Al-Andalus Property Company
(A Saudi Joint Stock Company)
Condensed Consolidated Statement of Cash Flows (Unaudited)
For the six-month period ended 30 June 2024
(All amounts are expressed in Saudi Riyal unless otherwise stated)

	For the six-month period ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
<u>Operating activities</u>		
Profit for the period before Zakat	(28,948)	35,755,255
Adjustments:		
Depreciation:		
- Investment properties	13,143,691	10,266,248
- Property and equipment	2,644,283	2,625,740
- Right of use assets	3,075,737	3,075,738
Interest on lease liabilities	5,603,220	5,809,077
Share in loss / (profit) of equity-accounted investees	10,833,385	(12,225,108)
Impairment loss on receivables from operating lease	6,713,612	3,500,000
Employees' benefits – defined benefit obligations	1,032,911	993,048
Gain from investment in financial instruments at FVTPL	(521,393)	(786,117)
Finance cost	24,573,243	18,068,281
	67,069,741	67,082,162
Changes in:		
Receivables from operating leases	(6,519,559)	(24,223,408)
Prepayments and other receivables	(6,626,445)	(3,819,963)
Related parties' balances, net	5,659,372	15,721,367
Advances from lessees and deferred revenue	17,222,420	7,465,699
Accruals and other payables	577,236	2,889,455
Dividends received from equity-accounted investees	10,000,000	11,250,000
Cash generated from operating activities	87,382,765	76,365,312
Employees' benefits – defined benefit obligation paid	(148,518)	(237,728)
Zakat paid	(5,812,534)	(7,709,658)
Net cash generated from operating activities	81,421,713	68,417,926
<u>Investing activities</u>		
Additions to property and equipment	(2,510,390)	(123,645)
Additions to investment properties	(29,037,882)	(29,739,270)
Repayment under investment account	(23,000,000)	-
Purchase of investments in financial instruments at FVTPL	(63,140,163)	(19,000,000)
Proceeds from sale of investments in financial instruments at FVTPL	-	50,611,678
Net cash (used in)/ generated from investing activities	(117,688,435)	1,748,763
<u>Financing activities</u>		
Proceeds from Islamic financing facilities	20,000,000	58,557,500
Payment of interest on Islamic financing facilities	(24,354,970)	(17,797,237)
Payment of lease liabilities	(7,230,000)	(6,725,000)
Dividends paid	(23,333,333)	(23,333,333)
Dividends paid to the non-controlling interests	(10,749,063)	(12,898,875)
Net cash used in financing activities	(45,667,366)	(2,196,945)
Net change in cash and cash equivalents during the period	(81,934,088)	67,969,744
Cash and cash equivalents at the beginning of the period	176,940,865	139,138,373
Cash and cash equivalents at the closing of the period	95,006,777	207,108,117

Fawaz Abdulaziz bin Huwail

Chief Financial Officer

Eng. Faisal Abdulrahman
Alnasser

Chief Executive Officer

Mr. Omar bin Hamad Al Masha'al

Authorized board member

The accompanied notes from 1 to 19 are an integral part of these condensed consolidated interim financial statements.

Al-Andalus Property Company
(A Saudi Joint Stock Company)
Notes to the Condensed Consolidated Interim Financial Statements (Unaudited)
For the six-month period ended 30 June 2024

1 REPORTING ENTITY

Al-Andalus Property Company (the “Company”) is a Saudi joint stock company established pursuant to the Ministerial Resolution No. 2509 dated 03/09/1427H corresponding to 26/09/2006 approving the declaration of the establishment of the Company. The Company is registered in Riyadh under the Commercial Registration No. 1010224110 dated 17/09/1427H corresponding to 10/10/2006.

The main activities of the Company include construction, ownership and management of centers, commercial and residential complexes in addition to general contracting of residential, commercial buildings, educational, recreational, health institutions, roads, dams, water and sewage projects, electrical and mechanical works. The activities also include maintenance and operation of real estate properties, buildings and commercial complexes as well as ownership, development and investment of lands and properties for the benefit of the Company and based on its purposes.

The Company’s share capital is SR 933,333,330 divided into 93,333,333 shares with a nominal value of SR 10 each.

On the 25th of Sha'ban 1445 AH (corresponding to 6 March 2024), the Extraordinary General Assembly of the company approved the amendment of the company's Article of association to align with the new Companies Law.

The Head office of the Company is located in Riyadh - Al Wadi District - Northern Ring Road - Al-Andalus Property Company Building.

The Company’s financial year starts on 1 January and ends on 31 December of each Gregorian year.

Al-Andalus Property Company is referred to as (the “Company”) or collectively with its subsidiaries disclosed in Note 3 as (the “Group”).

2 BASIS OF PREPARATION

2.1 Statement of compliance

These condensed interim consolidated financial statements (the “Interim Financial Statements”) for the six-month period ended 30 June 2024 have been prepared in accordance with the requirements of IAS 34 “Interim Financial Reporting” as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by Saudi Organization for Chartered and Professional Accountants (“SOCPA”) and should be read in conjunction with the Group’s last annual consolidated financial statements for the year ended 31 December 2023 (Prior Year Financial Statements).

These interim financial statements do not include all the information and disclosures required in the annual financial statements in accordance with requirements of International Financial Reporting Standards (IFRS Accounting Standards) issued by International Accounting Standards Board (“IASB”) as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by the Saudi Organization for Chartered and Professional Accountants (“SOCPA”). However, these interim condensed financial statements include certain disclosures to explain some significant events and transactions to understand the changes in the Group’s financial position and performance since the last annual consolidated financial statements.

The performance for the six-month period ended 30 June 2024 are not necessarily reflect the results that could be anticipated for the year ending on 31 December 2024.

2.2 Basis of measurement

The Interim financial statements have been prepared on a historical cost basis, except:

- Defined benefit obligation - employees’ benefits which are measured at present value using the projected unit credit method.
- Financial instruments - fair value through profit or loss (FVTPL).

2.3 Functional currency

The Functional currency of the Group is Saudi Riyals (SR).

Al-Andalus Property Company
(A Saudi Joint Stock Company)
Notes to the Condensed Consolidated Interim Financial Statements (Unaudited)
For the six-month period ended 30 June 2024

3 BASIS OF CONSOLIDATION OF THE INTERIM FINANCIAL STATEMENTS

The interim financial statements include the financial statements of the Company and its subsidiaries listed below as of and for the period ended 30 June 2024:

<u>Subsidiary's name</u>	<u>Country of Incorporation</u>	<u>% of shareholding</u>	
		<u>2024</u>	<u>2023</u>
Al-Ahli REIT Fund 1	Kingdom of Saudi Arabia	68.73 %	68.73 %
Manafea Al-Andalus Company for Real Estate Development	Kingdom of Saudi Arabia	70%	70 %

Details of subsidiaries are as follows:

1. Al-Ahli REIT Fund 1

Al Ahli REIT Fund 1 was formed in accordance with Capital Market Authority and the terms and conditions of the Fund were approved on 11 Rabi' Al Awwal 1439H (corresponding to 29 November 2017). The principal activities of the Fund are to make investments in investment properties. Currently, the Fund has made investments in the below properties which are located in Jeddah/ Riyadh:

<u>Name of property</u>	<u>Location</u>
Al-Andalus Mall	Jeddah
Al-Andalus Mall Hotel	Jeddah
Salama Tower	Jeddah
QBIC Plaza	Riyadh

2. Manafea Al-Andalus Company for Real Estate Development

Manafea Al-Andalus Company for Real Estate Development was formed as a limited liability company in the Kingdom of Saudi Arabia and operates under Commercial Registration No 1010700657 dated 22 Rajab 1438H (corresponding to 19 April 2017). The principal activities of Manafea include leasing, managing properties owned or leasing (residential and nonresidential), commission- based properties management activities, developments activities, and investment properties.

<u>Name of property</u>	<u>Location</u>
Al Marwah Plaza	Jeddah

4 AMENDMENTS TO STANDARDS AND INTERPRETATIONS

The accounting policies adopted in the preparation of the 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 2023.

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

Several amendments and interpretations apply for the first time in 2024, but these do not have an impact on the interim financial statements of the Group.

Al-Andalus Property Company
(A Saudi Joint Stock Company)
Notes to the Condensed Consolidated Interim Financial Statements (Unaudited)
For the six-month period ended 30 June 2024
(All amounts are expressed in Saudi Riyal unless otherwise stated)

5 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the interim financial statements requires management to use judgments, estimates and assumptions that affect the reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the judgments about the carrying amounts of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The significant estimates made by the management when applying the Group's accounting policies and the significant sources of uncertainties of the estimates were similar to those applied in the preparation in the Group's annual consolidated financial statements as at and for the year ended 31 December 2023.

6 INVESTMENT PROPERTIES

	30 June 2024 (Unaudited)	31 December 2023 (Audited)
<u>Cost:</u>		
Balance at the beginning of the period/ year	1,465,572,198	1,192,875,861
Additions *	29,037,882	272,696,337
Balance at the end of the period / year	1,494,610,080	1,465,572,198
<u>Accumulated depreciation:</u>		
Balance at the beginning of the period/ year	(212,208,747)	(189,437,038)
Depreciation charged during the period / year	(13,143,691)	(22,771,709)
Balance at the end of the period / year	(225,352,438)	(212,208,747)
Net carrying amount	1,269,257,642	1,253,363,451

The Group has pledged Al-Andalus Mall against Islamic financing facility that is obtained from the Saudi National Bank (note 12). It also pledged Yassmin Al-Andalus Tower against a long-term Islamic finance facility obtained from the Saudi Awwal Bank (Note 12).

The lands and the buildings classified as investment properties, were evaluated by external valuers to determine their fair value as at 31 December 2023. The fair values of the investment properties amounted to SR 2.2 billion as on that date. The fair value of investment properties related to (Al Ahli Reit Fund 1) the subsidiary was determined on 30 June 2023. The key assumptions used in determining the fair value of the investment properties represent the discount rates and the valuation approaches used are the income approach (discounted cash flows) and sales comparable method.

The evaluation was carried out by the external valuers accredited by the Saudi Authority for Accredited Valuers (TAQEEM), (Esnad: TAQEEM record No. 11000054), (Qaim: TAQEEM record No. 1210000052) (ValuStart: TAQEEM record No. 1210001039).

The management believes that the fair values of investment properties as at 30 June 2024 do not materially differ from the fair values determined as at 31 December 2023.

* During the period, a lease agreement was signed to lease Yassmin Al-Andalus building according to the contract concluded at 5 March 2024 with a total amount of SR 114,330,758 VAT for a period of five years. The Lease term of the building commenced in April 2024. Accordingly, revenue of SR 4.49 million was recorded during the period.

* Additions to the investment properties during the period mainly represent the expansion works for Al-Andalus Mall, including the capitalized borrowing costs amounting to SR 6.1 million during the period.

Al-Andalus Property Company
(A Saudi Joint Stock Company)
Notes to the Condensed Consolidated Interim Financial Statements (Unaudited)
For the six-month period ended 30 June 2024
(All amounts are expressed in Saudi Riyal unless otherwise stated)

7 PROPERTY AND EQUIPMENT

As of 30 June 2024, the cost of property and equipment amounted to SR 215.9 million (31 December 2023: SR 213.4 million) and the accumulated depreciation amounted to SR 74.1 million (31 December 2023: SR 71.4 million).

The Group pledged Al-Andalus Mall Hotel with net carrying amount of SR 138 million as of 30 June 2024 against Islamic finance facility obtained from the Saudi National Bank (Note 12).

8 INVESTMENTS IN EQUITY-ACCOUNTED INVESTEEES

The details of equity-accounted investments are summarized as follows:

	<u>Country of Incorporation</u>	<u>% of shareholding</u>		June 30	31 December
		June 30	31 December	2024	2023
		2024	2023	(Unaudited)	(Audited)
Alaswaq Almutatawerah Company**	Kingdom of Saudi Arabia	50%	50%	100,729,666	105,614,770
Hayat Real Estate Company	Kingdom of Saudi Arabia	25%	25%	197,481,232	192,011,638
Sorooh Al Marakiz Company*	Kingdom of Saudi Arabia	25%	25%	49,031,249	49,031,249
West Jeddah Hospital Company **	Kingdom of Saudi Arabia	50%	50%	45,591,677	62,052,533
Al-Jawhra Al-Kubra Company	Kingdom of Saudi Arabia	25%	25%	57,092,489	62,022,300
Massat Property Company *	Kingdom of Saudi Arabia	25%	25%	56,325,867	56,353,075
				506,252,180	527,085,565

* These companies have not commenced commercial operations yet.

** The Group owns 50% of the shareholding of some associates and does not have control or common control over these associates.

The movement in investments in equity-accounted investees is as follows:

	30 June 2024	31 December
	(Unaudited)	2023
		(Audited)
Balance at the beginning of the period/ year	527,085,565	515,034,291
Addition during the period / year	-	13,000,000
Share in loss/(profit) of equity-accounted investees for the period/year	(10,833,385)	24,051,274
Dividends received during the period/year	(10,000,000)	(25,000,000)
Balance at the end of the period / year	506,252,180	527,085,565

The Group's share in the (loss) / profit of equity-accounted investees for the period is as follows:

	For the Six-months period period ended	
	30 June 2024	30 June 2023
	(Unaudited)	(Unaudited)
Alaswaq Almutatawerah Company	114,896	2,959,484
Hayat Real Estate Company	10,469,594	11,218,120
West Jeddah Hospital Company *	(16,460,856)	(1,225,435)
Al-Jawhra Al-Kubra Company	(4,929,811)	(699,638)
Massat Property Company	(27,208)	(27,423)
	(10,833,385)	12,225,108

Al-Andalus Property Company
(A Saudi Joint Stock Company)
Notes to the Condensed Consolidated Interim Financial Statements (Unaudited)
For the six-month period ended 30 June 2024
(All amounts are expressed in Saudi Riyal unless otherwise stated)

8 INVESTMENTS IN EQUITY ACCOUNTED INVESTEEES (CONTINUED)

The Companies' financial information as at and for the period ended 30 June 2024, is derived from the management reports of the companies.

* West Jeddah Hospital Company was operational on 31 March 2024

9 PAYMENTS UNDER INVESTMENT

An amount of SR 23 million was paid in exchange of entering into a new investment transaction. The formalities to complete this transaction are in process.

10 FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

These investments represent investments in mutual funds as follows:

	30 June 2024		31 December 2023	
	Cost	Fair value	Cost	Fair value
Yaqeen SAR Murabha Fund	20,000,000	20,059,500	-	-
AlKhair Capital	40,140,163	40,481,349	-	-
Al-Ahli Investment Fund	3,000,000	3,120,707	-	-
	63,140,163	63,661,556	-	-

Profits of SR 521,393 were recorded during the period from these investments.

11 CASH AND CASH EQUIVALENTS

	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Cash at banks	36,808,610	176,940,865
Time deposits*	58,198,167	-
	95,006,777	176,940,865

* Time deposits are represented in deposits with the Saudi Awwal Bank with maturity of less than three months.

12 ISLAMIC FINANCE FACILITIES

Movement in Islamic finance facility during the period is as follows:

	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Balance at the beginning of the year	993,752,859	743,730,159
Proceeds during the period / year	20,000,000	214,236,995
Additions to the finance cost during the year	3,480,568	75,974,601
Finance costs repaid during the period / year	(24,354,970)	(40,188,896)
Total value of facilities	992,878,457	993,752,859
Less: Deferred finance cost	(168,850,343)	(189,943,018)
Balance at the end of the period / year	824,028,114	803,809,841
Non-Current portion	809,647,845	798,367,365
Current portion	14,380,269	5,442,476

Al-Andalus Property Company
(A Saudi Joint Stock Company)
Notes to the Condensed Consolidated Interim Financial Statements (Unaudited)
For the six-month period ended 30 June 2024
(All amounts are expressed in Saudi Riyal unless otherwise stated)

12 ISLAMIC FINANCE FACILITIES (CONTINUED)

During 2019, the Group obtained an Islamic financing facility amounting to SR 650 million from the Saudi National Bank. The facility agreement included adherence to specific financial covenants for the Saudi National Bank. The Group pledged the properties (Al-Andalus Mall and Al-Andalus Hotel) in favor of the Real Estate Development Company for Ownership and Management, a fully owned subsidiary of the Saudi National Bank as a guarantee against the financing. The tenor of Islamic financing facility is 15 years. The Islamic financing facility provides 5 years grace period during which only profit payments must be made. Following the grace period, the principal amount shall be repaid over 10 years on a quarterly basis. Further, an amendment to the Islamic financing agreement was signed and the type of facility was changed to Murabaha rather than Ijara. The tenor was revised and the outstanding financing balance was payable on July 2026. Accordingly, the financing balance was disclosed as non-current. The facility limit was increased to SR 760 million instead of SR 650 million. An additional amount of the facility of SR 20 million was used during the period ended 30 June 2024.

During the year 2023, the Group obtained an Islamic finance facility from the Saudi Awwal Bank to finance the acquisition transaction of Yassmin Al-Andalus Tower in Al-Yasmeen district, Riyadh city. The term of the facility is 7 years, and payments must be made after one year from the date of withdrawal in the form of incremental annual installments for a period of 7 years, with the last installment due on the date of maturity. The Group transferred the title deed Yassmin Al-Andalus Tower to the Saudi Awwal Bank as a guarantee against the financing. The Group also approved to waive the rental returns and transfer them directly to the Group account at the Saudi Awwal Bank.

The financing is subject to commission rates based on SIBOR plus an agreed commission rate ranging from 1 to 1.75% per annum. The increase in the finance cost is attributable to the increase in the commission rate during the period. The above facility agreements contain covenants, which among other things, require certain financial ratios to be maintained.

13 EARNINGS PER SHARE

Basic and diluted earnings per share is calculated by dividing the profit for the period attributable to the ordinary shareholders of the company by the weighted average number of ordinary shares outstanding during the period.

	For the six-month period ended	
	June 30 2024 (Unaudited)	30 June 2023 (Unaudited)
(Loss)/ profit for the period	(6,532,745)	25,910,022
Weighted average number of outstanding ordinary shares	93,333,333	93,333,333
Basic and diluted earnings per share (SR)	(0.07)	0.28

The diluted earnings per share is equal to the basic earnings per share for the periods ended 30 June 2024 and 30 June 2023 as there are no instruments with diluted impact on earnings per share.

Al-Andalus Property Company
(A Saudi Joint Stock Company)
Notes to the Condensed Consolidated Interim Financial Statements (Unaudited)
For the six-month period ended 30 June 2024
(All amounts are expressed in Saudi Riyal unless otherwise stated)

14 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Related parties of the Group comprise of shareholders having control or significant influence, key management personnel and associates where shareholders have control or significant influence. The transactions with related parties are made on terms approved by the Board of the Directors of the Group. The Group and its related parties transact with each other in the ordinary course of business. The transactions and the balances between the company and its subsidiaries and those between the subsidiaries have been eliminated in preparing these interim financial statements.

The details of significant transactions with related parties are mentioned below:

Related party name	Relationship	Nature of the transaction	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Hayat Real Estate Company	Associate	Operating income and expenses paid on behalf	4,887,058	10,362,519
Al-Ahli Capital	Fund manager of a subsidiary	Operating Services	4,698,836	10,846,217
Hilton Hotels and Resorts	Hotel Operator	Payment made on behalf of the Hotel	3,369,000	-

The details of balances with related parties are mentioned below:

	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Due from related party		
Hayat Real Estate Company	1,011,657	1,972,193
	1,011,657	1,972,193
Due to related party		
Al-Ahli Capital	20,719,200	16,020,364
	20,719,200	16,020,364

Al-Andalus Property Company
(A Saudi Joint Stock Company)
Notes to the interim condensed consolidated financial statements
For the six-month period ended 30 June 2024
(All amounts are in Saudi Riyal unless otherwise stated)

15 SEGMENTS REPORTING

The Group's activities include a number of segments as follows: -

<u>Reportable segments</u>	<u>Activity</u>
Retail and operation segment	This includes rented out commercial units of the investment properties utilized as malls and the operation of the malls.
Hospitality segment	This includes investment properties used for providing hospitality services (Al-Andalus Mall Hotel).
Office segment	This includes rented out for commercial units of the investment properties utilized for office premises (Salama Tower, QBIC Plaza, Yassmin Al-Andalus Tower).

The Group reviews internal reports for each segment on a quarterly basis as a minimum.

The information related to each reportable segment is as follows: Net sector profit before zakat is used to measure performance of that segment as the Group's management believes that this information is the most relevant in assessing the results of the relevant sector compared to other companies operating in the same industry.

	Retail and operation segments	Hospitality segments	Office segments	Other	Total
<u>For the six-month period ended 30 June 2024 (Unaudited)</u>					
Revenue	74,126,629	10,305,023	27,273,604	-	111,705,256
Cost of revenue	(22,640,856)	(11,930,916)	(7,988,827)	-	(42,560,599)
Share in loss of equity-accounted investees	-	-	-	(10,833,385)	(10,833,385)
Expenses	(20,000,141)	-	(24,573,242)	(11,264,341)	(55,837,724)
Impairment loss on receivables from operating lease	(6,713,612)	-	-	-	(6,713,612)
Other income	-	-	-	4,211,116	4,211,116
Profit / (Loss) before Zakat	24,772,020	(1,625,893)	(5,288,465)	(17,886,610)	(28,948)
<u>As at 30 June 2024</u>					
Total assets	739,851,742	132,056,736	687,372,132	702,216,009	2,261,496,619
Total liabilities	376,751,907	-	657,354,063	34,923,678	1,069,029,648

Group revenues are generated from contracts with customers by providing commercial unit rental services and hospitality services. Control over housing units rental services is transferred over time, while control over hospitality services is transferred at a point in time.

Information about geographic regions" All of the Group operating sectors operate within the borders of the Kingdom of Saudi Arabia.

Al-Andalus Property Company
(A Saudi Joint Stock Company)
Notes to the interim condensed consolidated financial statements
For the six-month period ended 30 June 2024
(All amounts are in Saudi Riyal unless otherwise stated)

15- REPORTING SEGMENTS (CONTINUED)

	Retail and operation sector	Hospitality sector	Office sector	Other	Total
<u>For the six-month period ended 30 June 2023 (unaudited)</u>					
Revenue	77,931,822	7,758,154	22,722,233	-	108,412,209
Cost of revenue	(22,479,957)	(9,741,830)	(5,019,442)	-	(37,241,229)
Share in profit of equity-accounted investees	-	-	-	12,225,108	12,225,108
Expenses	(17,862,646)	-	(18,068,281)	(12,313,396)	(48,244,323)
Impairment loss on receivables from operating lease	(3,500,000)	-	-	-	(3,500,000)
Other income	-	-	-	4,103,490	4,103,490
Profit / (Loss) before Zakat	34,089,219	(1,983,676)	(365,490)	4,015,202	35,755,255
<u>As at 31 December 2023</u>					
Total assets	708,870,685	132,646,133	694,173,006	723,756,295	2,259,446,119
Total liabilities	366,774,863	-	657,151,488	7,010,039	1,030,936,390

Al-Andalus Property Company
(A Saudi Joint Stock Company)
Notes to the interim condensed consolidated financial statements
For the six-month period ended 30 June 2024
(All amounts are in Saudi Riyal unless otherwise stated)

16 DETERMINATION OF FAIR VALUES, CLASSIFICATION AND RISK MANAGEMENT

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 and at prevailing market conditions regardless of the fact that price is directly identified or estimated using other valuation technique.

All assets and liabilities whether measured at fair value or not, are disclosed in the financial statements in accordance with the hierarchical levels of fair value measurements as stated below are classified into the respective hierarchy based on the lowest level of measuring input which is considered significant for measuring the fair value as a whole.

Level 1: Declared (unadjusted) and quoted market prices in active markets for the same or identical instruments.

Level 2: valuation techniques that use inputs that are directly or indirectly observable or tracked for an instrument other than declared / quoted prices mentioned in level 1.

Level 3: valuation techniques for which significant inputs that are used that are unobservable or not tracked for an instrument.

The Group is exposed to risks as a result of using financial instruments. The following explains the Company's objectives, policies and operations to manage these risks and methods used to measure them in addition to quantitative information related to these risks in the accompanying financial statements.

There were no significant changes that may expose the Group to financial instrument risks through its objectives, policies and operations to manage these risks and methods used that are different from what have been used in prior periods unless otherwise indicated.

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximate of fair value.

	Carrying amount	Fair value		
	Designated at fair value	Level 1	Level 2	Level 3
30 June 2024				
Financial instruments at fair value through profit or loss	63,661,556	63,661,556	-	-
31 December 2023				
Financial instruments at fair value through profit or loss	-	-	-	-

The fair value of the above-mentioned financial instruments was based on to the Parallel Market (Nomu).

17 DIVIDENDS

On 6 March 2024, the Board of Directors decided, pursuant to the authorization of the general assembly, to distribute interim dividends of SR 23.3 million (SR 0.25 per share) and such dividends were paid on 26 March 2024 (30 June 2023: SR 23.3 million - SR 0.25 per share).

Al-Andalus Property Company
(A Saudi Joint Stock Company)
Notes to the interim condensed consolidated financial statements
For the six-month period ended 30 June 2024
(All amounts are in Saudi Riyal unless otherwise stated)

18 SUBSEQUENT EVENTS

There have been no significant subsequent events after the reporting date that might require disclosure in or adjustment in these interim financial.

19 APPROVAL OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

These interim financial statements have been approved for issuance by the Board of Directors on 5 August 2024 (corresponding to 1 Safar 1446H).