

JABAL OMAR DEVELOPMENT COMPANY
(A Saudi Joint Stock Company)

**CONDENSED CONSOLIDATED INTERIM
FINANCIAL STATEMENTS (UNAUDITED)**

with

INDEPENDENT AUDITOR'S REVIEW REPORT

For the three-month and six-month periods ended 30 June 2024

JABAL OMAR DEVELOPMENT COMPANY
(A Saudi Joint Stock Company)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three-month and six-month periods ended 30 June 2024

Index	Page
Independent auditor's review report	1 – 2
Condensed consolidated statement of financial position	3 – 4
Condensed consolidated statement of profit or loss and other comprehensive income	5
Condensed consolidated statement of changes in equity	6
Condensed consolidated statement of cash flows	7 – 8
Notes to the condensed consolidated interim financial statements	9 – 31



KPMG Professional Services

Zahran Business Center
Prince Sultan Street
P.O. Box 55078
Jeddah 21534
Kingdom of Saudi Arabia
Commercial Registration No 4030290792

Headquarters in Riyadh

كي بي إم جي للاستشارات المهنية

مركز زهران للأعمال
شارع الأمير سلطان
ص.ب 55078
جدة 21534
المملكة العربية السعودية
سجل تجاري رقم 4030290792
المركز الرئيسي في الرياض

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

To the Shareholders of Jabal Omar Development Company

Introduction

We have reviewed the accompanying 30 June 2024 condensed consolidated interim financial statements of Jabal Omar Development Company ("the Company") and its subsidiaries ("the Group") which comprises:

- 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 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; and
- 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 condensed consolidated 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 30 June 2024 condensed consolidated interim financial statements of Jabal Omar Development 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, a professional closed joint stock company registered in the Kingdom of Saudi Arabia with a paid-up capital of SAR40,000,000 (previously known as "KPMG Al Fozan & Partners Certified Public Accountants") and a non-partner member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

كي بي إم جي للاستشارات المهنية شركة مهنية مساهمة مقفلة، مسجلة في المملكة العربية السعودية، رأسمالها (40,000,000) ريال سعودي مدفوع بالكامل، المسماة سابقاً "شركة كي بي إم جي الفوزان وشركاء محاسبون ومراجعون قانونيون". وهي عضو غير شريك في الشبكة العالمية لشركات كي بي إم جي المستقلة والتابعة لـ كي بي إم جي العالمية المحدودة، شركة انجليزية محدودة بضمان. جميع الحقوق محفوظة.

Commercial Registration of the headquarters in Riyadh is 1010425494.

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

To the Shareholders of Jabal Omar Development Company (continued)

Emphasis of Matter

We draw attention to note 2.4 of the condensed consolidated interim financial statements, which indicates that as at the six-month period ended 30 June 2024, the Group's current liabilities exceeded its current assets by SR 560 million. Moreover, the Group's forecasted cash flows for the twelve months subsequent to the reporting date, that depict a net positive cashflow position, are dependent upon the sale of certain parcels of land as well as upon obtaining sufficient debt financing. As stated in note 2.4, these events and conditions along with other matters set forth therein, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

KPMG Professional Services



Ebrahim Oboud Baeshen
License No. 382

Jeddah, 8 August 2024
Corresponding to: 4 Safar 1446H

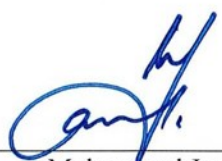


JABAL OMAR DEVELOPMENT COMPANY
(A Saudi Joint Stock Company)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

	<u>Note</u>	30 June 2024 SR'000 (Unaudited)	31 December 2023 SR'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	5	21,425,551	21,356,632
Intangible assets		1,128	359
Investment properties	6	3,531,101	3,507,787
Equity-accounted investee		133,504	127,982
Other non-current assets		16,038	16,509
Restricted cash	7	109,950	109,950
Total non-current assets		25,217,272	25,119,219
Current assets			
Financial investments		258,010	267,259
Properties for development and sale		--	21,069
Trade and other receivables	8	332,658	342,608
Other current assets		17,828	13,743
Restricted cash-current portion	7	530,344	296,596
Cash and cash equivalents	7	635,739	298,848
Asset held for sale		923,356	923,356
Total current assets		2,697,935	2,163,479
Total assets		27,915,207	27,282,698
EQUITY AND LIABILITIES			
Equity			
Share capital		11,545,342	11,545,342
Share premium		627,596	627,596
Statutory reserve		108,506	108,506
Retained earnings		88,157	35,822
Reserve for advances to certain founding shareholders		(285,514)	(285,674)
Equity attributable to Owners of the Company before subordinated perpetual instrument		12,084,087	12,031,592
Subordinated perpetual instrument	9(a)	689,668	689,668
Net equity attributable to Owners of the Company after subordinated perpetual instrument		12,773,755	12,721,260
Non-controlling interest		1,544	1,560
Total equity		12,775,299	12,722,820



Muhammad Jawad
Chief Financial Officer



Saad Mushabab Ben Aiban
Acting Chief Executive Officer



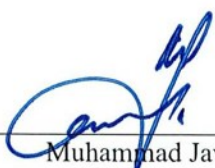
Saeed Mohammed AlGhamdi
Chairman of the Board of
Director


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

JABAL OMAR DEVELOPMENT COMPANY
(A Saudi Joint Stock Company)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)
As at 30 June 2024

	<u>Note</u>	30 June 2024 SR'000 (Unaudited)	31 December 2023 SR'000 (Audited)
Liabilities			
Non-current liabilities			
Loans and borrowings	9	11,029,761	11,048,007
Provision for employees' terminal benefits		46,955	40,959
Other non-current liabilities		805,048	834,782
Total non-current liabilities		11,881,764	11,923,748
Current liabilities			
Loans and borrowings-current portion	9	1,474,339	678,503
Trade payables and other current liabilities		1,303,292	1,471,941
Zakat payable	12	480,513	485,686
Total current liabilities		3,258,144	2,636,130
Total liabilities		15,139,908	14,559,878
Total equity and liabilities		27,915,207	27,282,698


Muhammad Jawad
Chief Financial Officer


Saad Mushabab Ben Aiban
Acting Chief Executive Officer


Saeed Mohammed AlGhamdi
Chairman of the Board of
Director

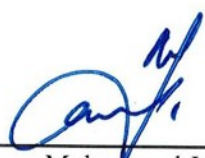
The accompanying notes from 1 to 19 are an integral part of these condensed consolidated interim financial statements.

JABAL OMAR DEVELOPMENT COMPANY
(A Saudi Joint Stock Company)

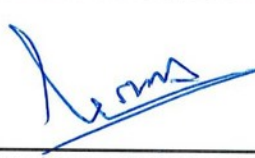
**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME (UNAUDITED)**

For the three-month and six-month periods ended 30 June 2024

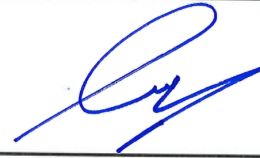
	Note	Three-month period ended 30 June 2024 SR'000		Six-month period ended 30 June 2024 SR'000	
		2024	2023	2024	2023
Revenue	10	625,120	454,456	1,217,972	771,544
Costs of revenue		(329,033)	(217,778)	(667,607)	(412,612)
Gross profit		296,087	236,678	550,365	358,932
Selling and marketing expenses		(1,012)	(187)	(2,860)	(515)
General and administration expenses		(73,672)	(36,407)	(147,245)	(87,408)
(Charge) / reversal for allowance for expected credit losses		(6,535)	16,183	(6,822)	44,328
Other operating income		2,331	2,421	3,152	2,622
Operating profit		217,199	218,688	396,590	317,959
Finance costs	11	(193,214)	(94,136)	(332,181)	(185,562)
Finance income		7,661	3,079	12,502	5,939
Change in fair value of financial instruments carried at fair value through profit or loss		5,498	(8,390)	(14,314)	(8,390)
Share of results from equity-accounted investee		1,157	(5,230)	5,522	(4,008)
Profit for the period before Zakat		38,301	114,011	68,119	125,938
Zakat	12	(5,000)	(193,847)	(15,800)	(193,847)
Profit / (loss) for the period		33,301	(79,836)	52,319	(67,909)
Other comprehensive income		--	--	--	--
Total comprehensive income / (loss) for the period		33,301	(79,836)	52,319	(67,909)
<i>Attributable to:</i>					
Shareholders of the Parent Company		33,317	(79,836)	52,335	(67,909)
Non-controlling interests		(16)	--	(16)	--
		33,301	(79,836)	52,319	(67,909)
Earnings / (loss) per share (Saudi Riyals):					
Basic and diluted earnings / (loss) per share	13	0.03	(0.07)	0.05	(0.06)



Muhammad Jawad
Chief Financial Officer



Saad Mushabab Ben Aiban
Acting Chief Executive Officer



Saeed Mohammed AlGhamdi
Chairman of the Board of
Director

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

JABAL OMAR DEVELOPMENT COMPANY
(A Saudi Joint Stock Company)


CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six-month period ended 30 June 2024

	Attributable to Owners of the Company						Net equity attributable to Owners of the Company after subordinated perpetual instrument SR'000	Non-controlling interests SR'000	Total Equity SR'000
	Share capital SR'000	Share premium SR'000	Statutory reserve SR'000	Retained earnings SR'000	Reserve for advances to certain founding shareholders SR'000	Equity attributable to Owners of the Company before subordinated perpetual instrument SR'000			
Balance at 1 January 2023	11,545,342	627,596	108,506	--	(285,960)	11,995,484	689,668	1,560	12,686,712
(Audited)	--	--	--	(67,909)	--	(67,909)	--	--	(67,909)
Loss for the period	--	--	--	--	--	--	--	--	--
Other comprehensive income	--	--	--	--	--	--	--	--	--
<i>Total comprehensive income for the period</i>	--	--	--	(67,909)	--	(67,909)	--	--	(67,909)
Balance at 30 June 2023	11,545,342	627,596	108,506	(67,909)	(285,960)	11,927,575	689,668	1,560	12,618,803
(Unaudited)	--	--	--	--	--	--	--	--	--
Balance at 1 January 2024	11,545,342	627,596	108,506	35,822	(285,674)	12,031,592	689,668	1,560	12,722,820
(Audited)	--	--	--	52,335	--	52,335	--	(16)	52,319
Profit for the period	--	--	--	--	--	--	--	--	--
Other comprehensive income	--	--	--	--	--	--	--	--	--
<i>Total comprehensive income for the period</i>	--	--	--	52,335	--	52,335	--	(16)	52,319
Payments received against advance to certain founding shareholders	--	--	--	--	160	160	--	--	160
Balance at 30 June 2024	11,545,342	627,596	108,506	88,157	(285,514)	12,084,087	689,668	1,544	12,775,299
(Unaudited)	--	--	--	--	--	--	--	--	--


Muhammad Jawad
Chief Financial Officer


Saad Mushabab Ben Aiban
Acting Chief Executive Officer


Saeed Mohammed AlGhamdi
Chairman of the Board of Director


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


JABAL OMAR DEVELOPMENT COMPANY
(A Saudi Joint Stock Company)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

For the six-month period ended 30 June 2024

	Note	For the six-month period ended 30 June	
		2024 SR' 000	2023 SR' 000
Cash flows from operating activities			
Profit for the period before Zakat		68,119	125,938
<u>Adjustments for:</u>			
Depreciation on property, plant and equipment	5	162,441	104,089
Depreciation on investment properties	6	7,564	13,382
Amortization of intangible assets		161	358
Impairment of property, plant and equipment		59,172	--
Provision for employees' terminal benefits		13,075	5,011
Allowance / (reversal) of expected credit loss on financial assets		6,822	(44,328)
Share of results from equity-accounted investee		(5,522)	4,008
Finance costs	11	332,181	185,562
Change in fair value of financial instruments carried at fair value through profit or loss		14,314	8,390
Loss / (gain) from disposal of property, plant and equipment		357	(152)
		<u>658,684</u>	<u>402,258</u>
<u>Changes in:</u>			
Other non-current assets		471	2,972
Properties for development and sale		21,069	--
Other current assets		(4,085)	40,556
Trade and other receivables		3,128	(69,959)
Other non-current liabilities		(29,734)	(61,451)
Trade payables and other current liabilities		(196,935)	(129,186)
Cash generated from operations		<u>452,598</u>	<u>185,190</u>
Zakat paid		(21,660)	--
Finance costs paid		(427,341)	(160,927)
Employees' termination benefits paid		(7,079)	(421)
Net cash (used in) / generated from operating activities		<u>(3,482)</u>	<u>23,842</u>
Cash flows from investing activities			
Additions to property, plant and equipment	5	(134,869)	(472,435)
Purchase of intangible assets		(928)	(273)
Proceeds from disposal of property, plant and equipment		48	161
Net change in restricted cash balances		(233,748)	84,119
Net cash used in investing activities		<u>(369,497)</u>	<u>(388,428)</u>


Muhammad Jawad
Chief Financial Officer


Saad Mushabab Ben Aiban
Acting Chief Executive Officer


Saeed Mohammed AlGhamdi
Chairman of the Board of
Director

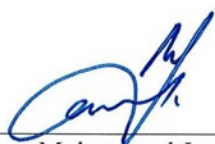
The accompanying notes from 1 to 19 are an integral part of these condensed consolidated interim financial statements.

JABAL OMAR DEVELOPMENT COMPANY
(A Saudi Joint Stock Company)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)
(continued)

For the six-month period ended 30 June 2024

		For the six-month period ended 30 June	
	<u>Note</u>	<u>2024</u>	<u>2023</u>
		SR' 000	SR' 000
Cash flows from financing activities			
Payments received against advances to certain founding shareholders		160	--
Proceeds from loans and borrowings		849,610	413,648
Repayment of loans and borrowings		(139,900)	(26,235)
Net cash generated from financing activities		709,870	387,413
Net increase in cash and cash equivalents		336,891	22,827
Cash and cash equivalents at beginning of the period		298,848	340,384
Cash and cash equivalents at end of the period	7	635,739	363,211
Major non-cash supplemental information:			
Capitalization of borrowing costs on property, plant and Equipment	5(a)	156,068	233,282
Capitalization of borrowing costs on investment properties	6(a)	30,879	46,610



Muhammad Jawad
Chief Financial Officer



Saad Mushabab Ben Aiban
Acting Chief Executive Officer



Saeed Mohammed ALGhamdi
Chairman of the Board of
Director

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

JABAL OMAR DEVELOPMENT COMPANY
(A Saudi Joint Stock Company)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the six-month period ended 30 June 2024

1. CORPORATE INFORMATION

Jabal Omar Development Company (“the Company” or “the Parent Company”), a Saudi Joint Stock Company, was established under the Regulations for Companies in the Kingdom of Saudi Arabia (“KSA”) as per Royal Decree No. M/63, dated 18 October 2006 (corresponding to 25 Ramadan 1427H). The Ministerial Resolution No. 253/S dated 28 October 2007 (corresponding to 16 Shawal 1428H) declared the incorporation of the Company. The Company is registered in Makkah Al Mulkaramah City under Commercial Registration number 4031051838 dated 25 November 2007 (corresponding to 15 Dhul Qida 1428H).

The Company and its subsidiaries (collectively referred to as the “Group”) main activity is to own Jabal Omar area adjacent to the western side of the Holy Mosque in Makkah and develop it into plots of land to manage, invest, sell and lease them for the Group’s interest (“Project”) along with carrying out operations necessary for construction, maintenance, management, demolishing, surveying, and furnishing hotels, commercial facilities and staff residences, as well as importing and exporting hotels’ equipment and furniture and operating the hotels. For administrative purposes the Project has been disaggregated into different phases and zones with the latter being consistent with the master title deed approved by the Makkah Development Authority.

These condensed consolidated interim financial statements comprise the financial statements of the Group. Subsidiaries are entities controlled by the Group. The Group is incorporated in the Kingdom of Saudi Arabia except for Jabal Omar Sukuk Company Limited which is incorporated in the Cayman Island. The Company has the following dormant subsidiaries as at 30 June 2024:

<i>Name of the Subsidiary</i>	<i>Registration Number</i>	<i>Registration date</i>	<i>Ownership interest</i>	<i>Financial year end</i>	<i>Principal Activities</i>
Sahat For Facility Management Company	4031210499	22 October 2017 corresponding to 02 Safar 1439H	100%	31 December	Real estate services
Warifat Hospitality Company	4030298569	1 January 2018 corresponding to 14 Rabi II 1439H	90%	31 December	Hospitality services
Jabal Omar Sukuk Company Limited	334209	12 March 2018 corresponding to 24 Jumada Al Thani 1439H	100%	31 December	Issuance of sukuks

The Company’s 100% owned subsidiaries Ishrakat for Logistic services Company and Alyaat for Marketing Company were liquidated during the year ended 31 December 2023.

The Company has branch commercial registrations to engage in hospitality activities as per the Saudi Commission for Tourism and National Heritage’s (“SCTA”) letters. These condensed consolidated interim financial statements include the results of the operating activities relating to the following hotels in addition to its three non-operational branches bearing commercial registration numbers 4030291056, 4031097883 and 4031098207 respectively.

JABAL OMAR DEVELOPMENT COMPANY
(A Saudi Joint Stock Company)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the six-month period ended 30 June 2024

1. CORPORATE INFORMATION (continued)

<i>Name</i>	<i>Commencement of operation</i>	<i>Registration number</i>	<i>Registration date</i>	<i>SCTA's-letter No.</i>	<i>SCTA's-letter date</i>
Jabal Omar Hilton Suites Hotel (Hilton Suites Makkah)	01 July 2014 (corresponding to 4 Ramadan 1435H)	4031077081	25 May 2013 (corresponding to 15 Rajab 1434H)	AVM/5887/34	04 March 2013 (corresponding to 22 Rabi II 1434H)
Jabal Omar Hyatt Regency Hotel (Hyatt Regency)	22 June 2015 (corresponding to 5 Ramadan 1436H)	4031087547	09 September 2014 (corresponding to 14 Dhul Qida 1435H)	8957	25 May 2014 (corresponding to 26 Rajab 1435H)
Jabal Omar Conrad Hotel (Conrad)	30 July 2016 (corresponding to 25 Shabaan 1437H)	4031091636	29 April 2015 (corresponding to 10 Rajab 1436H)	9347	16 March 2015 (corresponding to 25 Jumada I 1436H)
Jabal Omar Hilton Hotel (Hilton Convention)	31 March 2017 (corresponding to 3 Rajab 1438H)	4031097174	10 August 2016 (corresponding to 07 Dhul Qida 1437H)	16474	19 July 2016 (corresponding to 14 Shawwal 1437H)
Jabal Omar Doubletree by Hilton Hotel (Double Tree by Hilton)	01 August 2019 (corresponding to 29 Dhul Qida 1440H)	4031214815	15 May 2018 (corresponding to 29 Shaban 1439H)	1651	14 May 2018 (corresponding to 28 Shaban 1439H)
Jabal Omar Marriott Hotel	22 June 2015 (corresponding to 5 Ramadan 1436H)	4031085088	07 May 2014 (corresponding to 8 Rajab 1435H)	AVM/8332/35	17 March 2014 (corresponding to 16 Jumada I 1435H)
Jabal Omar Address Al Bawaba Makkah (Address) ¹	06 June 2023 (corresponding to 17 Dhul Qidah 1444H)	4031215100	28 May 2018 (corresponding to 9 Ramadan 1439H)	10006429	16 May 2023 (corresponding to 26 Shawwal 1444H)
Jabal Omar Jumeirah Hotel ¹	03 September 2023 (corresponding to 18 Safar 1445H)	4031247845	28 February 2021 (corresponding to 16 Rajab 1442H)	10002521	28 August 2023 (corresponding to 12 Safar 1445)

¹Both hotels were inaugurated during the year ended 31 December 2023.

2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

2.1 Statement of compliance

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

These condensed consolidated interim financial statements do not include all the information and disclosures required for a complete set of financial statements prepared in accordance with IFRS Accounting Standards as endorsed in the KSA and should therefore be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2023 ("last annual consolidated financial statements"). However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual consolidated financial statements. In addition, results for the interim period ended 30 June 2024 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2024.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the six-month period ended 30 June 2024

2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE (continued)

2.2 Basis of Measurement

These condensed consolidated interim financial statements have been prepared under the historical cost basis using the accrual basis of accounting except for the following items which are measured as follows:

<u>Items</u>	<u>Measurement basis</u>
Provisions for employee terminal benefits	Present value of the defined benefit obligation using projected credit unit method
Financial instruments at fair value through profit or loss	Fair value

2.3 Functional and presentation currency

These condensed consolidated interim financial statements are presented in Saudi Riyals (SR), which is also the functional currency of the Group. All figures are rounded off to the nearest thousands (SR '000) unless when otherwise stated.

2.4 Going concern basis of accounting

The condensed consolidated interim financial statements have been prepared on a going concern basis, which assumes that the Group will be able to discharge its liabilities including the mandatory repayment terms of the banking facilities as disclosed in note 9.

As of 30 June 2024, the Group's current liabilities exceed its current assets by SR 560 million (31 December 2023: SR 473 million). Furthermore, the Group significantly relies on debt financing to fund the construction of the under development properties that form part of its Project, while historically the operating cashflows from the Group's hotels and commercial malls have been insufficient to meet its debt servicing requirements. Accordingly, the Group has entered into different loan restructuring agreements in prior years and further financing avenues continue to be explored on a need basis. Such financing arrangements, as well as the Group's capital expenditure and working capital requirements, necessitate the generation and availability of sufficient cash inflows through operations and sale of properties in order to meet all financial obligations as and when they fall due. These conditions and events indicate that a material uncertainty exists which may cast significant doubt on the Group's ability to continue as a going concern and therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business.

In assessing the appropriateness of Group's going concern assessment, management has developed a plan (the "Plan") to enable the Group to meet its obligations as and when they become due. While management is actively pursuing the Plan for the next twelve months from the reporting date, certain material uncertainties exist and therefore the Group's ability to continue as a going concern is dependent on the successful execution of the Plan.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the six-month period ended 30 June 2024

2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE (continued)

2.4 Going concern basis of accounting (continued)

This Plan principally includes:

- 1) To sell certain plots of undeveloped land and generate aggregate cash inflows amounting to SR 3.6 billion before 31 December 2024. In this respect, during the prior year ended 31 December 2023, the Board of Directors approved the sale of certain plots of land situated in phase 5 and 6 of the Project. Pursuant to this, during the six months period ended 30 June 2024, the Group has received a non-binding offer for one such plot of land which has been approved by the Board of Directors and the corresponding sale is expected to be executed in due course. Moreover, the Group has appointed a bidding agent for the sale of other two more plots of land. As at the reporting date, some of the foregoing plots of land meet the criteria for being classified as asset held for sale under IFRS 5 and have been presented as such at the reporting date.
- 2) To fully operationalize hotels that were inaugurated during 2023 (note 1), which are expected to increase the operating revenue and cashflows of the Group. During the period ended 30 June 2024, two new hotels, Jabal Omar Address Al Bawaba Makkah and Jabal Omar Jumeirah Hotel have been fully commissioned and management expects to generate incremental revenues therefrom.
- 3) To enter into new lending arrangements to meet the Group's financing requirements. During the period ended 30 June 2024, the Group has entered into Murabaha facility arrangement of SR 1.9 billion with a local bank comprising of both revolving and long-term financing facilities secured against two properties in phase 6 of the Project.

Based on the foregoing, the Group's cash flow forecast for the 12-month period from the reporting date indicates a net positive position. Accordingly, management believes that the Group continues to be going concern and therefore these condensed consolidated interim financial statements have been prepared on that basis.

2.5 Significant accounting judgments, estimates and assumptions

The preparation of the Group's condensed consolidated interim financial statements requires management to make judgments and estimates that affect the application of accounting policies and the reported amounts of income, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

The significant judgments made by management in applying the Group's accounting policies, the methods of computation and the key sources of estimation uncertainty were the same as those described in the last annual consolidated financial statements.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the six-month period ended 30 June 2024

3. CHANGES TO THE GROUP'S ACCOUNTING POLICIES

The accounting policies and methods of calculation adopted in the preparation of the condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group's last annual consolidated financial statements, except for the adoption of new standards given below effective from 1 January 2024. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

3.1 Amendments to standards and standards issued and standards issued but not yet effective

Amendments to Standards

The following table lists the recent changes to the Standards that are required to be applied for annual period beginning after 1 January 2024. The adoption of the following amendments to the existing standards had no significant impact on the condensed consolidated interim financial statements of the Group on the current period or prior periods and is expected to have no significant effect in the future periods.

<u>Standard / Interpretation</u>	<u>Description</u>	<u>Effective from periods beginning after the following date</u>
IAS 1	Classification of liabilities as current or non-current - Amendments to IAS 1	1 January 2024
IAS 1	Non-current liabilities with covenants - Amendments to IAS 1	1 January 2024
IFRS 16	Lease Liability in a Sales and Leaseback - Amendments to IFRS 16	1 January 2024
IAS 7 and IFRS 7	Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7	1 January 2024

Following are the new IFRS sustainability disclosure standards effective for annual periods beginning on or after 1 January 2024 subject to endorsement of the standards by SOCPA.

<u>Standard / Interpretation</u>	<u>Description</u>	<u>Effective from periods beginning after the following date</u>
IFRS S1	General Requirements for Disclosure of Sustainability-related Financial Information	1 January 2024
IFRS S2	Climate-related Disclosures	1 January 2024

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the six-month period ended 30 June 2024

3. CHANGES TO THE GROUP'S ACCOUNTING POLICIES (continued)

3.1 Amendments to standards and standards issued and standards issued but not yet effective (continued)

Standards and Amendments Issued but Not Yet Effective

The standards, interpretations and amendments issued, but not yet effective up to the date of issuance of the condensed interim financial statements are disclosed below. The Group intends to adopt these standards, where applicable, when they become effective.

<u>Standard / Interpretation</u>	<u>Description</u>	<u>Effective from periods beginning after the following date</u>
IAS 21	Lack of Exchangeability	1 January 2025
IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures	1 January 2026
IFRS 18	IFRS 18 Presentation and Disclosure in Financial Statements	1 January 2027
IFRS 19	IFRS 19 Subsidiaries without Public Accountability: Disclosures	1 January 2027
IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)	Available for optional adoption / effective date deferred indefinitely

4. BASIS OF CONSOLIDATION

These condensed consolidated interim financial statements comprise of the condensed consolidated statement of financial position, condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity, condensed consolidated statement of cash flows and notes to the condensed consolidated interim financial statements of the Group and include assets, liabilities and the results of the operations of the Company and its subsidiaries, as set out in note 1.

JABAL OMAR DEVELOPMENT COMPANY
(A Saudi Joint Stock Company)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six-month period ended 30 June 2024

5. PROPERTY, PLANT AND EQUIPMENT

	<u>Lands</u> SR' 000	<u>Buildings</u> SR' 000	<u>Central District Cooling System</u> SR' 000	<u>Equipment</u> SR' 000	<u>Furniture and fixtures and other assets</u> SR' 000	<u>Infra- structure assets</u> SR' 000	<u>Capital work in progress</u> SR' 000	<u>Total</u> SR' 000
Cost:								
Balance at 1 January 2023 (Audited)	2,887,794	4,207,847	1,019,022	1,971,810	492,011	429,057	10,390,950	21,398,491
Additions during the year	--	39	18,861	692	6,159	--	1,485,669	1,511,420
Disposals during the year	--	--	--	--	(466)	--	--	(466)
Transfers, net (note 5 (b))	--	3,244,879	--	1,440,543	453,337	--	(5,138,759)	--
Transfer to assets held for sale	(377,842)	--	--	--	--	--	(545,514)	(923,356)
Transfer to properties for development and sale	--	--	--	--	--	--	(6,845)	(6,845)
Transfer from investment properties (note 6)	--	394,237	--	188,961	--	38,371	1,083,282	1,704,851
Balance at 31 December 2023 (Audited)	2,509,952	7,847,002	1,037,883	3,602,006	951,041	467,428	7,268,783	23,684,095
Additions during the period	--	--	--	690	6,354	--	283,893	290,937
Disposals during the period	--	--	--	--	(1,688)	--	--	(1,688)
Transfers, net (note 5 (b))	--	899,171	--	417,022	131,236	40,187	(1,487,616)	--
Balance at 30 June 2024 (Unaudited)	2,509,952	8,746,173	1,037,883	4,019,718	1,086,943	507,615	6,065,060	23,973,344
Accumulated depreciation and impairment losses:								
Balance at 1 January 2023 (Audited)	--	434,795	187,908	443,681	264,175	62,359	504,034	1,896,952
Impairment / transfers, net (note 5 (c))	--	(7,294)	--	(1,357)	(349)	--	80,166	71,166
Depreciation for the year	--	66,031	34,856	96,744	56,713	8,423	--	262,767
Disposals / write off during the year	--	--	--	--	(457)	--	--	(457)
Transfers to investment properties and properties for development and sale	--	31,581	--	57,936	--	7,518	--	97,035
Balance at 31 December 2023 (Audited)	--	525,113	222,764	597,004	320,082	78,300	584,200	2,327,463
Impairment / transfers, net (note 5 (c))	--	224,770	--	135,063	44,122	(8,553)	(336,230)	59,172
Depreciation for the period	--	41,636	18,295	55,885	42,195	4,430	--	162,441
Disposals during the period	--	--	--	--	(1,283)	--	--	(1,283)
Balance at 30 June 2024 (Unaudited)	--	791,519	241,059	787,952	405,116	74,177	247,970	2,547,793
Net book value:								
At 30 June 2024 (Unaudited)	2,509,952	7,954,654	796,824	3,231,766	681,827	433,438	5,817,090	21,425,551
At 31 December 2023 (Audited)	2,509,952	7,321,889	815,119	3,005,002	630,959	389,128	6,684,583	21,356,632

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the six-month period ended 30 June 2024

5. PROPERTY, PLANT AND EQUIPMENT (continued)

- a) During the six months period ended 30 June 2024, an amount of SR 156 million (31 December 2023: SR 523.9 million) was capitalized as borrowing cost for the construction of property plant and equipment included in capital work in progress. Further, the capitalization rate used to determine the amount of borrowing cost to be capitalized is the weighted average interest rate applicable to the Group general borrowing during the period, in this case 8.4% per annum (31 December 2023: 7.9% per annum).
- b) These represent transfers between capital work in progress and other components of property, plant and equipment based on commissioning of new properties.
- c) In lieu to the matters set out in note 2.4, the management had identified the existence of indicators of impairment and has carried out an impairment testing exercise for its properties held as part of property, plant and equipment and investment properties, in current as well as in prior periods. As part of this assessment, management has engaged valuation experts accredited by the Saudi Authority for Accredited Valuers (TAQEEM) for the determination of the value in use and fair value less cost to disposal ("fair values") of the relevant CGUs to which its properties correspond. Management has considered such fair values and value-in-use for assessing the recoverable amounts of the properties which have then been compared with the respective carrying amounts of the CGUs (represented by different zones in case of fair value less cost to disposal and in case of value in use, hotels and commercial centers). In the determination of fair values, management has taken into account a market participant's ability to generate economic benefits by using the properties in their highest and best use or by selling it to another market participant that would use the properties in its highest and best use'. Such highest and best use assessment considers possible uses of the properties that are physically possible, legally permissible and financially feasible. Moreover, any costs ancillary to or associated with the possible uses are also estimated and considered in the valuation assessment.

As such, as at the reporting date, management has determined that the fair values of certain properties/CGUs are maximized in the event of the sale of associated land less any associated cost of demolition of adjacent structures. Accordingly, while different zones (note 1) may include one or more properties that are capable of generating largely independent cashflows, however, from the perspective of the highest and best use, it has been determined that the relevant CGUs are represented by each distinct zones, whereby such distinct zones represents specific parcel / plot of land (over which construction may or may not have been carried out) and such zones are distinctly physically separated by surrounding infrastructure such roads, pathways, etc. This is because any structures constructed over such zones that include developments such as hotels and commercial centers are physically interconnected. Moreover, management has identified that the infrastructure assets constructed and located across all phases/zones are not reasonably allocable to any specific zone since these provide benefits pervasively to all the zones of the Company. As such, for impairment testing purposes such infrastructure has been assessed on an aggregate basis.

The fair value measurement for all of the property, plant and equipment has been categorised as a Level 3 fair value based on the inputs to the valuation technique used.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six-month period ended 30 June 2024

5. PROPERTY, PLANT AND EQUIPMENT (continued)

S.No.	CGU description	Carrying amount 30 June 2024 SR'000	Accumulated impairment 30 June 2024 SR'000	Valuation approach	Key assumption
1	Operating hotel and commercial center ¹	8,161,208	585,478	Market approach - Recoverable amount based on immediate sale of lands under fair value less cost of disposal method. Income Approach - Recoverable amount based on income approach Discounted Cash Flow model (DCF).	<ul style="list-style-type: none"> • Relevant comparable transactions • Adjustments applied and weightages allocated to comparable transaction. • Overall market situation and growth • Demolition Cost • Discount rate • Average occupancy rate • Average daily rate • Budgeted EBITDA • Cost to complete • Commercial lease rate per square meter • Growth rate of cashflows including terminal growth rate
2	Operating hotel	3,630,634	244,859		

¹This includes certain hotel and commercial center currently under construction/development.

<u>Valuation approach</u>	<u>Input/assumption description</u>	<u>Value</u>	<u>Sensitivity</u>
Market approach	Demolition cost rate per square meter (in SR)	130	+/- 0.5%
	Relevant comparable transactions (actual transactions) *	SR 170,000 per square meter to SR 323,000 per square meter	N/A
	Adjustments applied to comparable transaction	Various adjustments applied based on the similarity / dissimilarity of the subject property with the comparable	+/- 5%
Income approach	Discount rate *	8.11%	+/- 1%
	Average occupancy rate *	35% - 91.7%	+/- 1%
	Average daily rate (in SR) *	642 – 3,003	+/- 5%
	EBITDA *	44% - 54%	+/- 1%
	Commercial lease rate per square meter (in SR)	39,546 - 147,658	+/- 1%
	Growth rate of cashflows and land value at disposal	2%	+/- 1%
	Overall market situation and growth	0 - 15%	+/- 5%

*Represents sensitive assumptions

JABAL OMAR DEVELOPMENT COMPANY
(A Saudi Joint Stock Company)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six-month period ended 30 June 2024

6. INVESTMENT PROPERTIES

	<u>Land</u> SR' 000	<u>Buildings</u> SR' 000	<u>Equipment</u> SR' 000	<u>Infrastructure</u> <u>assets</u> SR' 000	<u>Capital</u> <u>work in</u> <u>progress</u> SR' 000	<u>Total</u> SR' 000
Cost:						
Balance at 1 January 2023 (Audited)	1,339,673	879,983	370,336	92,335	2,556,016	5,238,343
Transfer to property, plant and equipment (note 5)	--	(394,237)	(188,961)	(38,371)	(1,083,282)	(1,704,851)
Additions during the period	--	--	--	--	88,443	88,443
Balance at 31 December 2023 (Audited)	1,339,673	485,746	181,375	53,964	1,561,177	3,621,935
Additions during the period	--	--	--	--	30,878	30,878
Transfers, net (note 6(b))	--	388,889	198,567	--	(587,456)	--
Balance at 30 June 2024 (Unaudited)	1,339,673	874,635	379,942	53,964	1,004,599	3,652,813
Accumulated depreciation:						
Balance at 1 January 2023 (Audited)	--	60,578	107,975	21,949	--	190,502
Transfer to property, plant and equipment (note 5)	--	(31,581)	(57,936)	(7,518)	--	(97,035)
Depreciation for the period	--	7,788	11,406	1,487	--	20,681
Balance at 31 December 2023 (Audited)	--	36,785	61,445	15,918	--	114,148
Depreciation for the period	--	2,925	4,115	524	--	7,564
Balance at 30 June 2024 (Unaudited)	--	39,710	65,560	16,442	--	121,712
Net book value:						
At 30 June 2024 (Unaudited)	1,339,673	834,925	314,382	37,522	1,004,599	3,531,101
At 31 December 2023 (Audited)	1,339,673	448,961	119,930	38,046	1,561,177	3,507,787

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the six-month period ended 30 June 2024

6. INVESTMENT PROPERTIES (continued)

- a) During six-month period ended 30 June 2024 SR 30.8 million (31 December 2023: SR 88.4 million) was capitalized as borrowing costs due to construction of investment properties included in capital work in progress. Furthermore, the capitalization rate used to determine the amount of borrowing costs to be capitalized is the weighted average interest rate applicable to the Group's general borrowings during the period, in this case 8.4% per annum (31 December 2023: 7.9% per annum).
- b) These represent transfers between capital work in progress and other components of investment properties based on commissioning of new properties.
- c) Capital work in progress represents assets under construction relating to commercial centers and infrastructure development work on the land.
- d) Refer note 5 for key assumptions and information about fair value measurements using significant unobservable input.

7. CASH AND CASH EQUIVALENTS

	30 June 2024 (Unaudited) SR'000	31 December 2023 (Audited) SR'000
Cash on hand	371	1,545
Cash at banks	818,531	593,899
Term deposits less than three months (see note (a) below)	457,131	109,950
	1,276,033	705,394
Less: Restricted cash – non-current (see note (a) below)	(109,950)	(109,950)
Less: Restricted cash – current (see note (a) below)	(530,344)	(296,596)
	635,739	298,848

- a) These represent deposit placed in Murabaha deposits with commercial banks having original maturity of three months or less and yielding profit at prevailing market rate. Further, these Murabaha deposits are restricted under reserve accounts as per the agreements under corresponding arrangements with commercial banks.
- b) The cash is held in accounts with banks having sound credit ratings. The fair value of cash and cash equivalent and restricted cash approximates the carrying value at 30 June 2024 and 31 December 2023.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the six-month period ended 30 June 2024

8. TRADE AND OTHER RECEIVABLES

	30 June 2024 (Unaudited) SR'000	31 December 2023 (Audited) SR'000
Receivables from contract with customers	88,188	26,874
Receivables from rental arrangements	107,956	106,061
Contract assets	48,530	24,683
Advances to suppliers	74,904	75,538
Other receivables	66,420	156,848
	385,998	390,004
Less: Allowance for expected credit losses (note 8.1)	(53,340)	(47,396)
	332,658	342,608

Trade receivables are non-derivative financial assets carried at amortised cost and are generally on terms of 90 to 180 days. The carrying value may be affected by changes in the credit risk of the counterparties. It is not the practice of the Group to obtain collateral over third party trade receivables and these are, therefore, unsecured. The Group's trade receivables are concentrated in the Kingdom of Saudi Arabia. As at 30 June 2024, five largest customers accounted for 50% (31 December 2023: 58%) of the outstanding trade receivables. Due to short-term nature of the trade receivables, their carrying amounts are considered to approximate their fair values.

8.1 Movement in allowance for credit losses against trade and other receivables are as follows:

	30 June 2024 (Unaudited) SR'000	31 December 2023 (Audited) SR'000
Opening balance	47,396	99,801
Charge / (reversal) for the period / year	7,698	(47,790)
Provision written off against receivables	(1,754)	(4,615)
Closing balance	53,340	47,396

9. LOANS AND BORROWINGS

The following notes provides information about the contractual terms of the Group's interest-bearing loans and borrowings, which are measured at amortized cost.

	30 June 2024 (Unaudited) SR'000	31 December 2023 (Audited) SR'000
Loans and borrowings	12,152,642	11,433,470
Accrued commission	400,072	345,238
Less: Deferred financial charges	(48,614)	(52,198)
	12,504,100	11,726,510
Current portion	(1,474,339)	(678,503)
Non-current portion	11,029,761	11,048,007

JABAL OMAR DEVELOPMENT COMPANY

(A Saudi Joint Stock Company)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six-month period ended 30 June 2024

9. LOANS AND BORROWINGS (continued)

Below is the summary of the loans and borrowings arrangement of the Company along with details of any associated collateral:

<u>30 June 2024</u>	<u>Non-current portion*</u>	<u>Current portion*</u>	<u>Facility limit SR '000</u>	<u>Last restructuring date</u>	<u>Repayment period</u>	<u>Repayment term</u>	<u>Collateral</u>	<u>Carrying amount of the Collateral SR '000</u>
Secured bank loans								
Government loan (note (a))	1,509,518	58,445	1,500,057	14-Nov-21	31-Mar-31	Bullet payment	Refer note (a)	6,451,474
Syndicate loan (note (b))	5,859,957	247,693	5,898,890	23-Oct-21	31-Dec-24 to 30-Sep-30	Quarterly	Refer note (b)	8,323,016
Facility from a local bank (note (c))	714,400	173,492	1,000,000	--	23-Jan-23 to 27-Jan-30	Semi-Annual	Refer note (c)	304,139
Facility from a local bank (note (d))	1,394,500	206,208	1,600,000	28-Aug-22	28-Feb-24 to 28-Aug-27	Semi-Annual	Refer note (d)	1,839,872
Facility from a local bank (note (f))	--	773,594	1,900,000	--	Earlier of sale of collateral assets or 24-Jan-26	Bullet payment	Refer note (f)	757,811
Unsecured bank loans								
Facility from a local bank (note (e))	1,600,000	14,907	1,600,000	--	3-Nov-24 to 3-May-36	Semi-Annual	--	--
Less: Deferred financial charges	(48,614)	--						
	<u>11,029,761</u>	<u>1,474,339</u>						
<u>31 December 2023</u>	<u>Non-current portion*</u>	<u>Current portion*</u>	<u>Facility limit SR '000</u>	<u>Last restructuring date</u>	<u>Repayment period</u>	<u>Repayment term</u>	<u>Collateral</u>	<u>Carrying amount of the Collateral SR '000</u>
Secured bank loans								
Government loan (note (a))	1,500,057	--	1,500,057	14-Nov-21	31-Mar-31	Bullet payment	Refer note (a)	6,451,474
Syndicate loan (note (b))	5,891,811	225,988	5,898,890	23-Oct-21	31-Dec-24 to 30-Sep-30	Quarterly	Refer note (b)	8,323,016
Facility from a local bank (note (c))	785,800	176,234	1,000,000	--	23-Jan-23 to 27-Jan-30	Semi-Annual	Refer note (c)	304,139
Facility from a local bank (note (d))	1,463,000	216,077	1,600,000	28-Aug-22	28-Feb-24 to 28-Aug-27	Semi-Annual	Refer note (d)	1,839,872
Unsecured bank loans								
Facility from a local bank (note (e))	1,451,361	68,380	1,600,000	--	3-Nov-24 to 3-May-36	Semi-Annual	--	--
	11,092,029	686,679						
Less: Deferred financial charges	(44,022)	(8,176)						
	<u>11,048,007</u>	<u>678,503</u>						

*these balances include accrued commission

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the six-month period ended 30 June 2024

9. LOANS AND BORROWINGS (continued)

- a) During 2021, the Group entered into a loan restructuring agreement with MoF that involved significant modifications of the loan terms, including waiver of the accrued commission, capitalization of commission for certain period before commencing repayments, revision in commission rates and conversion of SR 1.5 billion of the total existing loan amount into a new unsecured Shariah-compliant subordinated perpetual instrument ("Perpetual instrument"), and maturity extension of the remaining secured SR 1.5 billion to 31 March 2031, with bullet payment ("Bullet Loan").

The SR 1.5 billion Perpetual instrument includes the following main features:

1. Waiver of the entire accrued and unpaid profit amounting to SR 457 million.
2. The Perpetual instrument do not carry a contractual maturity nor does the government entity hold a contractual right to redemption or repayment in the ordinary course of Group's business.

Moreover, the Group may elect not to make any of the profit payments, except in the event of distribution of dividend to ordinary shareholders, and such non-payment of profit shall neither accumulate nor be considered an event of default.

The Group has analysed the Perpetual Instrument having features of an equity instrument under IAS-32 and hence classified the instrument under equity at its fair value on the date of debt conversion.

Pursuant to receipt of binding term sheets from MoF, confirmation from the facility agent and approval of Board of Directors (BoD) of acceptance of term sheets, the Group derecognized the old facility and recognized new facilities during 2021.

The Group has pledged its properties in phase 3 and certain plots of land in phase 7 to the lender as mortgage against the loan. There are no financial debt covenants related to the facility.

- b) The Group has pledged its properties in phase 2, phase 4 and phase 5 to the lender as mortgage against the loan. Furthermore, the Group has also issued a promissory note in favor of the syndicate amounting to SR 6.1 billion.

The above facility contains certain financial covenants; however, the Group is in compliance with these covenants as at 30 June 2024.

- c) The Group has pledged certain plots of land in phase 7 to the lender as mortgage against the loan. The above facility contains certain financial covenants; however, the Group is in compliance with these covenants as at 30 June 2024.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the six-month period ended 30 June 2024

9. LOANS AND BORROWINGS (continued)

- d) During the year ended 31 December 2022, the Group has restructured its facilities with a local bank amounting to SR 1,000 million and SR 600 million, respectively, and pursuant to this restructuring, the Group entered into a new facility agreement amounting to SR 1,600 million through modification of the previously obtained facilities. The Group recognized modification losses amounting to SR 79.2 million, as a result of facilities rescheduled during the year ended 31 December 2022.

The Group has pledged one property in phase 1 to the lender as mortgage against the loan.

The above facility contains certain financial covenants; however, the Group is in compliance with these covenants as at 30 June 2024.

- e) This loan is secured against the guarantee provided by the Government to the lender. There are no financial debt covenants related to the facility.
- f) During the period ended 30 June 2024, the Group has entered into Murabaha facility arrangement of SR 1.9 billion with a local bank comprising of both revolving and long-term financing facilities secured against two properties in phase 6 as mortgage against the loan. This loan is secured against the guarantee provided by the Government to the lender. There are no financial debt covenants related to the facility.

10. REVENUE

	For the six-month period ended 30 June	
	<u>2024</u>	<u>2023</u>
	(Unaudited)	(Unaudited)
	SR'000	SR'000
Revenue from contract with customers	1,143,964	715,775
Revenue from rental income	74,008	55,769
	<u>1,217,972</u>	<u>771,544</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six-month period ended 30 June 2024

10. REVENUE (continued)

10.1 Disaggregation of revenue

Set out below is the revenue disaggregated by type of revenue and timing of revenue recognition. The table also includes a reconciliation of the disaggregated revenue with the Group's reportable segments. Further, the Group's revenue is earned in Kingdom of Saudi Arabia.

For the six-month period ended 30 June (Unaudited)								
	<u>Operating Hotels</u>		<u>Commercial centers</u>		<u>Properties for development and sale</u>		<u>Total</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
	SR'000	SR'000	SR'000	SR'000	SR'000	SR'000	SR'000	SR'000
<u>Revenue from contract with customers:</u>								
Sale of properties for development and sale	--	--	--	--	111,520	32,373	111,520	32,373
Hotel's operations	1,032,444	683,402	--	--	--	--	1,032,444	683,402
<u>Revenue from rental income:</u>								
Lease of commercial center	--	--	74,008	55,769	--	--	74,008	55,769
	<u>1,032,444</u>	<u>683,402</u>	<u>74,008</u>	<u>55,769</u>	<u>111,520</u>	<u>32,373</u>	<u>1,217,972</u>	<u>771,544</u>
<u>Timing of revenue recognition:</u>								
Point-in-time	176,777	150,098	--	--	104,720	30,716	281,497	180,814
Over time	855,667	533,304	74,008	55,769	6,800	1,657	936,475	590,730
Total revenue	<u>1,032,444</u>	<u>683,402</u>	<u>74,008</u>	<u>55,769</u>	<u>111,520</u>	<u>32,373</u>	<u>1,217,972</u>	<u>771,544</u>

10.2 The customers for operating hotels are represented by various diversified members of general public from all over the world. The customers for commercial centers are represented by shop owners in KSA. While the customer for properties for development and sale are largely represented by members of general public. There is no significant concentration of revenue to specific customers in any of the segments.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the six-month period ended 30 June 2024

11. FINANCE COSTS

	For the six-month period ended 30 June	
	<u>2024</u>	<u>2023</u>
	(Unaudited)	(Unaudited)
	SR'000	SR'000
Finance cost on leasing arrangement and other non-current liabilities	23,221	19,030
Finance cost on loan arrangements	308,960	166,532
	<u>332,181</u>	<u>185,562</u>

12. ZAKAT

During six-month period ended 30 June 2024, the Group has recorded Zakat charge of SR 15.8 million for the current period (30 June 2023: SR 193.8 million).

Status of assessments

The Group has filed Zakat returns for all years up to and including 31 December 2023. Zakat assessments have been finalized with Zakat, Tax and Customs Authority ("ZATCA") for all years up to 31 December 2018.

During the period ended 30 June 2024, ZATCA issued new Zakat regulations through Ministerial Resolution No. 1007, dated 29 February 2024. These regulations became effective from 1 January 2024 and provided Zakat payers the option to apply the new rules to financial years prior to 1 January 2024, subject to ZATCA's approval. Accordingly, the Company has chosen to adopt the new Zakat regulations and has submitted a corresponding application to ZATCA, along with revised returns for the years 2019 to 2022, which have been accepted by ZATCA. Subsequent to the foregoing, all previous assessments and decisions by ZATCA's various committees, including the Settlement Committee, have been rescinded for the years for which revised returns were filed under the new regulations, however, these resubmissions remain open for assessment in future.

13. EARNINGS PER SHARE

Basic earnings per share for the six month period ended 30 June 2024 and 30 June 2023, have been computed by dividing the profit for the period attributable to the shareholders of the Parent Company by weighted average the number of shares outstanding during such year. As there are no dilutive shares outstanding, basic and diluted losses per share are identical.

	For the six-month period ended 30 June	
	<u>2024</u>	<u>2023</u>
	SR'000	SR'000
Profit / (loss) for the period attributable to shareholders of the Parent Company	52,335	(67,909)
Weighted average number of outstanding shares (number in thousand)	1,154,534	1,154,534
Earnings / (loss) per share (Saudi Riyals) - Basic and diluted	<u>0.05</u>	<u>(0.06)</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the six-month period ended 30 June 2024

13. EARNINGS PER SHARE (continued)

13.1 Weighted-average number of shares

	For the six-month period ended 30 June	
	2024	2023
	SR'000	SR'000
<i>In thousand of shares</i>		
Issued shares at 1 January	1,154,534	1,154,534
Weighted-average number of shares at 30 June	1,154,534	1,154,534

14. RELATED PARTIES TRANSACTIONS AND BALANCES

Related parties include key management personnel of the Group, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Group's Board of Directors and transactions with related parties are carried out at agreed terms. Following is the list of certain key related party transactions and balances of the Group.

Key management personnel comprise chief executive officer and heads of departments. Compensation of the group's key management personnel includes salaries, non-cash benefits and contributions to a post-employment defined Benefit plan.

<u>Related party</u>	<u>Relationship</u>
Central District Cooling Company ("CDCC")	Joint venture
Key management personnel	Responsible for planning, directing, and controlling the activities of the entity

In addition to related party transactions disclosed in notes to these condensed consolidated interim financial statements, significant transactions with related parties in the ordinary course of business included in the condensed consolidated interim financial statements for the period ended 30 June and balances arising there from are summarized below:

		For the six-month period ended 30 June	
		2024	2023
		(Unaudited)	(Unaudited)
<u>Related party</u>	<u>Nature of transaction</u>	SR'000	SR'000
Key Management Personnel Compensation	- Short term employee benefits	4,777	4,536
	- Post-employment benefits	289	198
Central District Cooling Company	Cooling charges	10,349	37,861
	Concession payable related finance charges	21,933	19,030
	Rental income	2,028	2,028

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the six-month period ended 30 June 2024

14. RELATED PARTIES TRANSACTIONS AND BALANCES (continued)

Balances arising from transactions with related parties are as follows:

<u>Related party</u>	<u>Nature</u>	For the six-month period ended 30 June 2024 (Unaudited) SR'000	For the year ended 31 December 2023 (Audited) SR'000
Central District Cooling Company	Other non-current liabilities	724,293	734,412
	Other non-current assets	16,038	16,509
	Trade and other receivables	31,849	27,763
	Trade payable and other current liabilities*	280,913	259,848

* During the prior year ended 31 December 2023, the Board of Directors of the Company resolved to settle the amount payable to CDCC amounting to SR 237 million by way of share capital issuance. The management expects the transaction to be completed during the year ending 31 December 2024.

<u>Description</u>	<u>Nature of transaction</u>	For the six-month period ended 30 June 2024 SR'000	2023 SR'000
Board of Directors	Meeting attendance fee	1,168	588

15. SEGMENT REPORTING

Basis for segmentation

The Group has the following three strategic divisions which are its reportable operating segments. These divisions offer different products and/or services and are managed separately as they require different operational and marketing strategies. The Group's Chairman and Group Chief Executive Officer (CEO) monitor the results of the Group's operations for the purpose of making decisions about resource allocation and performance assessment. They are collectively the Chief Operating Decision Makers (CODM) for the Group. The following summary describes the operations of each reportable segment.

<u>Reportable segments</u>	<u>Operations</u>
Operating Hotels	Includes leasing of rooms, parking facilities and selling food and beverages ("the Hotels").
Commercial centers	Includes operating and leasing of commercial shopping malls ("the Commercial Centers").
Properties for development and sale	Includes construction and development of property and sale of completed dwellings.

Non-current assets of the Group are based in Saudi Arabia.

JABAL OMAR DEVELOPMENT COMPANY
(A Saudi Joint Stock Company)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the six-month period ended 30 June 2024

15. SEGMENT REPORTING (continued)

The following table represent the segment information for the period ended 30 June:

<u>Particulars</u>	<i>As at 30 June 2024 (Unaudited)</i>					
	<u>Operating hotels</u> SR'000	<u>Commercial centers</u> SR'000	<u>Properties for development and sale</u> SR'000	<u>Total for reportable segments</u> SR'000	<u>Other unallocated amounts</u> SR'000	<u>Consolidated total</u> SR'000
Property, plant and equipment	21,316,420	45,248	--	21,361,668	63,883	21,425,551
Investment properties	--	3,531,101	--	3,531,101	--	3,531,101
Asset held for sale	--	--	--	--	923,356	923,356
Other non-current assets (total)	214	--	--	214	260,406	260,620
Other current assets (total)	769,990	49,197	14,599	833,786	940,793	1,774,579
Segment assets	22,086,624	3,625,546	14,599	25,726,769	2,188,438	27,915,207
Segment liabilities	571,414	30,184	48,886	650,484	14,489,424	15,139,908

The condensed consolidated statement of profit or loss and other comprehensive income items for the six-month period ended 30 June 2024 (unaudited):

	<u>Operating hotels</u> SR'000	<u>Commercial centers</u> SR'000	<u>Properties for development and sale</u> SR'000	<u>Total for reportable segments</u> SR'000	<u>Other unallocated amounts</u> SR'000	<u>Consolidated total</u> SR'000
Revenue – external customers	1,032,444	74,008	111,520	1,217,972	--	1,217,972
Cost of revenue	(604,469)	(37,019)	(26,119)	(667,607)	--	(667,607)
Segment profit / (loss)	358,196	32,082	85,401	475,679	(423,360)	52,319

The following table represent the segment information for the year ended 31 December 2023:

<u>Particulars</u>	<i>As at 31 December 2023 (Audited)</i>					
	<u>Operating hotels</u> SR'000	<u>Commercial centers</u> SR'000	<u>Properties for development and sale</u> SR'000	<u>Total for reportable segments</u> SR'000	<u>Other unallocated amounts</u> SR'000	<u>Consolidated total</u> SR'000
Property, plant and equipment	21,224,600	45,161	--	21,269,761	86,871	21,356,632
Investment properties	--	3,507,787	--	3,507,787	--	3,507,787
Asset held for sale	--	--	--	--	923,356	923,356
Other non current assets (total)	257	--	--	257	254,543	254,800
Other current assets (total)	446,235	43,487	17,806	507,528	732,595	1,240,123
Segment assets	21,671,092	3,596,435	17,806	25,285,333	1,997,365	27,282,698
Segment liabilities	216,856	27,483	170,965	415,304	14,144,574	14,559,878

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the six-month period ended 30 June 2024

15. SEGMENT REPORTING (continued)

The condensed consolidated statement of profit or loss and other comprehensive income items for the six-month period ended 30 June 2023 (unaudited):

	Operating <u>hotels</u> SR'000	Commercial <u>centers</u> SR'000	Properties for development <u>and sale</u> SR'000	Total for reportable <u>segments</u> SR'000	Other unallocated <u>amounts</u> SR'000	Consolidated <u>total</u> SR'000
Revenue – external customers	683,402	55,769	32,373	771,544	--	771,544
Cost of revenue	(386,394)	(16,223)	(9,995)	(412,612)		(412,612)
Segment profit / (loss)	257,235	34,823	29,490	321,548	(389,457)	(67,909)

Revenue from operating business segment is generated from Kingdom of Saudi Arabia only.

16. FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT

16.1 Accounting classification and fair values

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

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group.

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

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

All assets and liabilities for which fair value is measured or disclosed in the condensed consolidated interim financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the six-month period ended 30 June 2024

16. FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT (continued)

16.1 Accounting classification and fair values (continued)

For assets and liabilities that are recognized in the condensed consolidated interim financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. As at 30 June 2024 and 31 December 2023, the fair values of the Group's financial instruments are estimated to approximate their carrying values.

Fair value hierarchy

As at 30 June 2024 and 31 December 2023, financial assets of the Group are classified under level 1 of the fair value hierarchy except for financial investments at fair value through profit or loss which is classified under level 3.

As at 30 June 2024 and 31 December 2023 the fair values of financial assets and financial liabilities carried at amortised cost approximate their respective fair values.

17. COMMITMENTS AND CONTINGENCIES

- a) As at 30 June 2024, the outstanding capital commitments in respect of development of the Project amounted to SR 2,489 million (31 December 2023: SR 2,533 million).
- b) Zakat and tax related contingencies (note 12).
- c) As at 30 June 2024, the contingencies against banks' letter of guarantees issued on behalf of the Group amounted to SR 50 million (31 December 2023: SR 50 million).

18. RECLASSIFICATION IN PRIOR PERIOD

During the period ended 30 June 2024, the Group reclassified certain comparative amounts to conform to the current period classification. The table below summarizes the impacts on the Group's condensed consolidated interim financial statements:

Condensed consolidated statement of financial position:

<u>As at 31 December 2023</u>	<u>Note</u>	<u>Impact of reclassification</u>		
		<u>As previously reported</u> SR'000	<u>Adjustments</u> SR'000	<u>As reclassified</u> SR'000
Property, plant and equipment	18.1	21,356,632	--	21,356,632
Total non-current assets		25,119,219	--	25,119,219
Total assets		27,282,698	--	27,282,698

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the six-month period ended 30 June 2024

18. RECLASSIFICATION IN PRIOR PERIOD (continued)

Condensed consolidated statement of profit or loss and other comprehensive income:

<u>For the period ended 30 June 2023</u>	<u>Note</u>	<u>Impact of reclassification</u>		
		<u>As previously reported</u> SR'000	<u>Adjustments</u> SR'000	<u>As reclassified</u> SR'000
Other operating income	18.2	8,561	(5,939)	2,622
Other operating expenses	18.3	(8,390)	8,390	--
Operating profit		315,508	2,451	317,959
Finance income	18.2	--	5,939	5,939
Change in fair value of financial instruments carried at fair value through profit or loss	18.3	--	8,390	8,390
Profit for the period before Zakat		125,938	--	125,938
Loss for the period		(67,909)	--	(67,909)
Total comprehensive loss for the period		(67,909)	--	(67,909)

The reclassification does not have an impact on the net profit of the Group, hence, there is no impact on basic or diluted earnings per share and total operating, investing, or financing cashflows for the period ended 30 June 2023.

- 18.1 This represents reclassification of an amount of SR 545 million between categories of property, plant and equipment.
- 18.2 This represents reclassification of an amount of SR 5.9 million for the period ended 30 June 2023 representing finance income from other operating income to a separate line-item titled Finance income.
- 18.3 This represents reclassification of an amount of SR 8.4 million for the period ended 30 June 2023 representing mark to market loss on financial instruments carried at fair value through profit or loss from other operating expenses to a separate line-item titled Change in fair value of financial instruments carried at fair value through profit or loss.

19. APPROVAL OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

These condensed consolidated interim financial statements have been approved and authorized to issue by the Board of Directors on 2 August 2024, corresponding to 27 Muharram 1446H.