JABAL OMAR DEVELOPMENT COMPANY
(A Saudi Joint Stock Company)

CONSOLIDATED FINANCIAL STATEMENTS
with
INDEPENDENT AUDITOR’S REPORT
For the year ended 31 December 2023

JABAL OMAR DEVELOPMENT COMPANY
(A Saudi Joint Stock Company)

CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2023

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
جده 21534
المملكة العربية السعودية
سجل تجاري رقم 4030290792

المركز الرئيسي في الرياض

Independent Auditor's Report

To the Shareholders of Jabal Omar Development Company

Qualified Opinion

We have audited the consolidated financial statements of Jabal Omar Development Company ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2023, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, comprising material accounting policies and other explanatory information.

In our opinion, except for the possible effects on the corresponding figures for the year ended 31 December 2022 of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards") that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA).

Basis for Qualified Opinion

As of 31 December 2023, the Group's total assets include Property, Plant and Equipment and Investment Properties (collectively referred to as the 'Properties') stated at SR 21,357 million and SR 3,508 million respectively (31 December 2022: SR 19,502 million and SR 5,048 million respectively).

As disclosed in note 5, due to the presence of impairment indicators identified in the current and previous financial periods, management performed an impairment exercise in those respective periods. Pursuant to management's impairment assessment carried out during the year ended 31 December 2023 which included a retrospective review of recoverable amount of the Properties in prior periods, management identified that certain properties required an impairment adjustment of SR 0.7 billion as at 1 January 2022. Accordingly, management recognized the adjustment by restating the corresponding balances of Property, Plant and Equipment and Accumulated Losses as of that date. The effect of the restatement is disclosed in note 29. In management's view, the estimates of recoverable amount used in carrying out the foregoing impairment assessment and the resulting restatement are based on assumptions and judgments existing as of the date of such restatement i.e., 1 January 2022. However, due to the elapse of time and significant changes in market conditions since the date of restatement, we are unable to conclude whether those assumptions and judgments were reasonable as at 1 January 2022 and unaffected by the events, circumstances and information arising subsequent to the restatement date and therefore do not incorporate any hindsight. Accordingly, we were unable to conclude whether any adjustment is required to the reported amounts of the Properties and Accumulated Losses as of 1 January 2022 as well as to the amount of expenses reported in the consolidated statement of profit or loss and other comprehensive income for the comparative year ended 31 December 2022. Our report for the current year is qualified due to the effects of these matters on the comparability of the current year's figures and the corresponding figures.

Basis for Qualified Opinion (continued)

We conducted our audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards), that is endorsed in the Kingdom of Saudi Arabia, that are relevant to our audit of the consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with the Code's requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Material Uncertainty Related to Going Concern

We draw attention to note 2.4 of the consolidated financial statements, which indicates that the Group generated negative operating cash flows amounting to SR 335 million during the year ended 31 December 2023 and, as of that date, the Group's current liabilities exceeded its current assets by SR 473 million. Moreover, the Group's forecasted cash flows showing a net positive cash flow position for the next twelve months, from the reporting date, are significantly dependent upon debt financing and the Group's ability to sell certain land parcels, including those classified under Assets Held for Sale in the consolidated statement of financial position as at 31 December 2023. 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 opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matters described in the *Basis for Qualified Opinion* section and the *Material Uncertainty Related to Going Concern section* of our report, we have determined the matter described below to be the key audit matters to be communicated in our report.

Adequacy of Zakat Provision

The key audit matter	How the matter was addressed in our audit
As detailed in note 18 to the consolidated financial statements, the Group has filed Zakat returns for all years up to and including 31 December 2022. Zakat assessments have been finalized with the Zakat, Tax and Customs Authority (ZATCA) for the years up to 31 December 2018. In prior years, ZATCA had raised additional Zakat demands in respect of certain prior years against which the Group has filed appeals with appropriate competent authorities and is awaiting conclusion.	• We obtained an understanding of management's process in estimating the Zakat provision for current and prior years including open assessments and their impact on years not yet assessed by ZATCA. • We involved our relevant subject matter specialist who challenged the significant assumptions and judgments used by the Group's management and its external Zakat consultant in determination of Zakat provision. • We inspected correspondences between the Group and ZATCA, and it's various committees, regarding the assessments made by ZATCA. • We assessed the adequacy of the provision recognized by the management in respect of both current and prior years

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Independent Auditor's Report

To the Shareholders of Jabal Omar Development Company (continued)

Adequacy of Zakat Provision (continued)	
The key audit matter	**How the matter was addressed in our audit**
As at 31 December 2023, management has recognized a provision representing its best estimate of the amount required to settle all Zakat exposures, including pending assessments and appeals thereagainst, up to and including the year ended 31 December 2023. However, there continues to exist Zakat contingencies due to the uncertainty associated with the timing and / or amount of eventual settlement for the year with open assessment, as well as unassessed years. Hence, adequacy of Zakat provision has been considered a key audit matter.	

Valuation of Non-financial Assets	
The key audit matter	**How the matter was addressed in our audit**
As detailed in note 4.4 and note 5 of the consolidated financial statements, in lieu of impairment triggers being identified, management has carried out an impairment testing ("valuation assessment") exercise in respect of the Group's property, plant and equipment and investment property (the "Properties"). The aggregate balance of the Properties amounts to SR 24.9 billion as at 31 December 2023 (31 December 2022: SR 24.6 billion) which represents a significant balance in the Group's consolidated statement of financial position. For the purposes of the valuation assessment, management has compared the carrying value of the Properties (as the level of each cash generating unit) with the corresponding recoverable amount (being the higher of fair value less cost of disposal and value in use). The determination of recoverable amount is inherently a complex process that involves the use of various assumptions and the exercise of considerable judgment. Such assumptions and judgments are set out in note 5 to the consolidated financial statements. Accordingly, the determined recoverable amount is often highly sensitive to such assumptions and judgments, and variations therein may have a material impact on the consolidated financial statements. Due to the factors set out above, we have identified the valuation assessment of Properties to be a key audit matter.	We obtained the valuation assessment carried out by management and performed the following audit procedures: • Evaluated management's assessment of the existence of impairment indicators. • Assessed the appropriateness of the process of identification of CGUs, and the identified CGUs, for which the valuation assessment was performed. • Assessed the competence, capabilities and objectivity of the Valuer engaged by management. • Tested the mathematical accuracy of the calculations included within management's valuation assessment. • Involved our internal valuation specialist who performed the following procedures: - Reviewed the methodology applied by the Valuer and management, to ensure the valuation approach used and methodology adopted by the Valuer is appropriate; and - Assessed the reasonableness and appropriateness of underlying assumptions and judgments used by the Valuer and management. • Checked the accuracy of the input data used by management to estimate the value-in-use based on discounted cash flow models. • Assessed management's sensitivity analysis around the impact of any change in key assumptions used on the recoverable amount of the CGUs • Assessed the adequacy and appropriateness of the related disclosures in the accompanying consolidated financial statements.

Independent Auditor's Report

To the Shareholders of Jabal Omar Development Company (continued)

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, when made available to us, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and shareholders.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, the applicable requirements of the Regulations for Companies and Company's By-laws and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, Audit Committee, are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 'Reasonable assurance' is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

Independent Auditor's Report

To the Shareholders of Jabal Omar Development Company (continued)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, then we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit of Jabal Omar Development Company ("the Company") and its subsidiaries ("the Group").

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

KPMG Professional Services

Ebrahim Oboud Baeshen
License No. 382

Jeddah, 2 April 2024
Corresponding to: 23 Ramadan 1445h

كي بي إم جي للإستشارات المهنية
Lic No. 46
C.R. 4030290792
J : 1
KPMG
ترخيص رقم ٤٦
س.ت: ٤٠٣٠٢٩٠٧٩٢
KPMG Professional Services

JABAL OMAR DEVELOPMENT COMPANY
(A Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2023

	Note	2023 SR'000	2022 SR'000 (Restated)*
ASSETS			
Non-current assets			
Property, plant and equipment	5	**21,356,632**	19,501,539
Intangible assets		**359**	573
Investment properties	6	**3,507,787**	5,047,841
Equity-accounted investee	7	**127,982**	126,652
Financial investments	8	--	283,762
Other non-current assets	10	**16,509**	17,453
Restricted cash	9	**109,950**	242,590
Total non-current assets		**25,119,219**	25,220,410
Current assets			
Financial investments	8	**267,259**	--
Properties for development and sale	11	**21,069**	21,069
Trade and other receivables	12	**342,608**	389,634
Other current assets	10	**13,743**	63,937
Restricted cash-current portion	9	**296,596**	346,288
Cash and cash equivalents	9	**298,848**	340,384
Assets held for sale	5 (b)	**923,356**	130,749
Total current assets		**2,163,479**	1,292,061
Total assets		**27,282,698**	26,512,471
EQUITY AND LIABILITIES			
Equity			
Share capital	13.1	**11,545,342**	11,545,342
Share premium	13.2	**627,596**	627,596
Statutory reserve	13.3	**108,506**	108,506
Retained earnings		**35,822**	--
Reserve for advances to certain founding shareholders	13.4	**(285,674)**	(285,960)
Equity attributable to Owners of the Company before subordinated perpetual instrument		**12,031,592**	11,995,484
Subordinated perpetual instrument	14(a)	**689,668**	689,668
Equity attributable to Owners of the Company after subordinated perpetual instrument		**12,721,260**	12,685,152
Non-controlling interest		**1,560**	1,560
TOTAL EQUITY		**12,722,820**	12,686,712

Muhammad Jawad	Khaled Mohmmed Al Amoudi	Saeed Mohammed AlGhamdi
Acting Chief Financial Officer	Chief Executive Officer	Chairman of the Board of Director

The accompanying notes from 1 to 32 form an integral part of these consolidated financial statements

JABAL OMAR DEVELOPMENT COMPANY
(A Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)
As at 31 December 2023

	Note	2023 SR'000	2022 SR'000 (Restated)*
Liabilities			
Non-current liabilities			
Loans and borrowings	14	**11,048,007**	10,502,424
Provision for employees' terminal benefits	15	**40,959**	32,675
Other non-current liabilities	16	**834,782**	934,078
Total non-current liabilities		**11,923,748**	11,469,177
Current liabilities			
Loans and borrowings-current portion	14	**678,503**	478,621
Trade payable and other current liabilities	17	**1,471,941**	1,592,903
Zakat payable	18	**485,686**	285,058
Total current liabilities		**2,636,130**	2,356,582
Total liabilities		**14,559,878**	13,825,759
Total equity and liabilities		**27,282,698**	26,512,471

*The comparative is restated on account of adjustments disclosed in note 29 and 31.

Muhammad Jawad Acting Chief Financial Officer	Khaled Mohmmed Al Amoudi Chief Executive Officer	Saeed Mohammed AlGhamdi Chairman of the Board of Director

JABAL OMAR DEVELOPMENT COMPANY
(A Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2023

	Note	2023 SR'000	2022 SR'000
Revenue	20	1,326,723	849,501
Cost of revenue	21	(925,673)	(820,034)
Gross profit		401,050	29,467
Other operating income	23	397,713	13,984
Selling and marketing expenses		(4,190)	(2,099)
General and administration expenses	22	(218,188)	(155,066)
Reversal / (allowance) of expected credit losses on financial assets	12.2	47,790	(49,079)
Other operating expenses		(738)	(12,864)
Operating profit / (loss)		623,437	(175,657)
Net gain on extinguishment of loan	14	--	259,618
Other income		22,000	--
Finance costs	24	(385,942)	(425,970)
Finance income	9 (a)	14,541	5,106
Net change in fair value of financial investments	8	(16,503)	(20,360)
Share of results from equity-accounted investee		1,330	4,890
Profit / (loss) for the year before Zakat		258,863	(352,373)
Zakat	18	(221,383)	--
Profit / (loss) for the year		37,480	(352,373)
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Re-measurement loss on employees' terminal benefits	15	(1,658)	(3,156)
Total comprehensive income / (loss) for the year		35,822	(355,529)
Profit / (loss) for the year attributable to:			
Shareholders of the Parent Company		37,480	(352,430)
Non-controlling interest		--	57
		37,480	(352,373)
Total comprehensive income / (loss) for the year attributable to:			
Shareholders of the Parent Company		35,822	(355,586)
Non-controlling interest		--	57
		35,822	(355,529)
Earnings / (loss) per share:			
Basic and diluted earnings / (loss) per share:	25	0.03	(0.35)

Muhammad Jawad	Khaled Mohmmed Al Amoudi	Saeed Mohammed AlGhamdi
Acting Chief Financial Officer	Chief Executive Officer	Chairman of the Board of Director

JABAL OMAR DEVELOPMENT COMPANY
(A Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2023

	Attributable to the equity holders of the Company									
	Share capital SR'000	Share premium SR'000	Statutory reserve SR'000	(Accumulated losses) / 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	Subordinated perpetual instrument SR'000	Equity attributable to Owners of the Company after subordinated perpetual instrument SR'000	Non-controlling interests SR'000	Total Equity SR'000
Balance at 1 January 2022, as previously reported	9,294,000	–	108,506	(1,179,491)	(285,960)	7,937,055	689,668	8,626,723	1,503	8,628,226
Adjustment (note 29)	–	–	–	(700,000)	–	(700,000)	–	(700,000)	–	(700,000)
Balance at 1 January 2022 (Restated)	9,294,000	–	108,506	(1,879,491)	(285,960)	7,237,055	689,668	7,926,723	1,503	7,928,226
Loss for the year	–	–	–	(352,430)	–	(352,430)	–	(352,430)	57	(352,373)
Other comprehensive income	–	–	–	(3,156)	–	(3,156)	–	(3,156)	–	(3,156)
Total comprehensive loss for the Year	–	–	–	(355,586)	–	(355,586)	–	(355,586)	57	(355,529)
Issue of share capital under debt to equity swap	2,251,342	2,917,739	–	–	–	5,169,081	–	5,169,081	–	5,169,081
Set off of accumulated losses against share premium (note 13.2)	–	(2,290,143)	–	2,290,143	–	–	–	–	–	–
Dissolution of subsidiary	–	–	–	(55,066)	–	(55,066)	–	(55,066)	–	(55,066)
Balance at 31 December 2022 (Restated)	11,545,342	627,596	108,506	–	(285,960)	11,995,484	689,668	12,685,152	1,560	12,686,712
Profit for the year	–	–	–	**37,480**	–	**37,480**	–	**37,480**	–	**37,480**
Other comprehensive income	–	–	–	**(1,658)**	–	**(1,658)**	–	**(1,658)**	–	**(1,658)**
Total comprehensive profit for the year	–	–	–	**35,822**	–	**35,822**	–	**35,822**	–	**35,822**
Payments received against advance to certain founding shareholders	–	–	–	–	**286**	**286**	–	**286**	–	**286**
Balance at 31 December 2023	**11,545,342**	**627,596**	**108,506**	**35,822**	**(285,674)**	**12,031,592**	**689,668**	**12,721,260**	**1,560**	**12,722,820**

Muhammad Jawad
Acting Chief Financial Officer

Khaled Mohmmed Al Amoudi
Chief Executive Officer

Saeed Mohammed AlGhamdi
Chairman of the Board of Director

The accompanying notes from 1 to 32 form an integral part of these consolidated financial statements

JABAL OMAR DEVELOPMENT COMPANY
(A Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2023

	Note	2023 SR'000	2022 SR'000
Cash flows from operating activities			
Profit / (loss) for the year before Zakat		**258,863**	(352,373)
Adjustments for:			
Depreciation on property, plant and equipment	5	**262,767**	232,811
Depreciation on investment properties	6	**20,681**	29,626
Amortization of intangible assets		**524**	4,238
Impairment of property, plant and equipment	22	**71,166**	--
(Reversal) / allowance for expected credit losses	12.2	**(47,790)**	49,079
(Gain) / loss from write-off / disposal of property, plant and equipment		**(152)**	75,650
Share of results from equity-accounted investee	7	**(1,330)**	(4,890)
Finance costs	24	**385,942**	425,970
Net gain on extinguishment of loan	14	--	(259,618)
Gain on disposal of asset held for sale	23	**(390,427)**	--
Net change in fair value of financial investments		**16,503**	20,360
		576,747	220,853
Changes in:			
Other non-current assets		**943**	943
Properties for development and sale		--	41,294
Other current assets		**50,194**	31,293
Trade and other receivables		**83,840**	(122,596)
Other non-current liabilities		**(150,300)**	(172,837)
Trade payable and other current liabilities		**(377,531)**	246,364
Provisions for employees' terminal benefits	15	**6,626**	2,210
Cash generated from in operating activities		**190,519**	247,524
Finance costs paid		**(525,526)**	(396,746)
Zakat paid	18	--	(16,710)
Net cash used in operating activities		**(335,007)**	(165,932)
Cash flows from investing activities			
Additions to property, plant and equipment	5	**(780,780)**	(1,215,505)
Additions to investment properties	6	--	(483)
Additions to intangible assets		**(310)**	(165)
Proceeds from disposal of asset held for sale	5 (b)	**521,176**	--
Proceeds from disposal of property, plant and equipment	5	**161**	--
Net change in restricted cash balances	9	**182,332**	370,232
Net cash used in investing activities		**(77,421)**	(845,921)

Muhammad Jawad	Khaled Mohmmed Al Amoudi	Saeed Mohammed AlGhamdi
Acting Chief Financial Officer	Chief Executive Officer	Chairman of the Board of Director

CONSOLIDATED STATEMENT OF CASH FLOWS (continued)
For the year ended 31 December 2023

	Note	2023 SR'000	2022 SR'000
Cash flows from financing activities			
Payments received against advance to certain founding shareholders	13.4	**286**	--
Proceeds from loans and borrowings	14	**750,516**	1,992,907
Repayment of loans and borrowings	14	**(379,910)**	(969,097)
Net cash generated from financing activities		**370,892**	1,023,810
Net (decrease) / increase in cash and cash equivalents		**(41,536)**	11,957
Cash and cash equivalents at 1 January	9	**340,384**	328,427
Cash and cash equivalents at 31 December	9	**298,848**	340,384
Major non-cash supplemental information:			
Capitalization of borrowing cost on property, plant and equipment	5 (e)	**523,852**	106,133
Capitalization of borrowing cost on investment property	6 (a)	**88,443**	51,431
Transfer from investment properties to property to property, plant and equipment	6	**1,607,816**	--
Transfer to asset held for sale from property, plant and equipment	5	**923,356**	130,749
Transfer from property, plant and equipment to investment properties	5	--	2,638
Transfer from property, plant and equipment to properties for development and sale	5	**6,845**	37,557
Issue of share capital under debt-to-equity swap	13	--	2,251,342

Muhammad Jawad
Acting Chief Financial Officer

Khaled Mohmmed Al Amoudi
Chief Executive Officer

Saeed Mohammed AlGhamdi
Chairman of the Board of Director

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 Mukkaramah City under Commercial Registration number 4031051838 dated 25 November 2007 (corresponding to 15 Dhul Qida 1428H).

The Company's and its subsidiaries' (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 consolidated financial statements include the financial statements of the Company and its subsidiaries (together referred to as 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:

Name of the Subsidiary	*Registration Number*	*Registration date*	*Ownership interest*	*Financial year end*	*Principal activities*
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

Alinma Makkah Real Estate Fund and Shamikhat Company for Investment and Development, the subsidiaries where the Company had ownership interest of 16.42% and 100%, respectively, were liquidated during the year ended 31 December 2022. In addition to above, 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 consolidated 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, 40301097883 and 40301098207.

1. CORPORATE INFORMATION (continued)

Name	*Commencement of operation*	*Registration number*	*Registration date*	*SCTA's-letter No.*	*SCTA's-letter date*
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) *	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*	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)

** Both hotels started partial operations during the year ended 31 December 2023.*

2. BASIS OF ACCOUNTING

2.1 Statement of compliance

The consolidated financial statements of the Group have been prepared in accordance with IFRS accounting standards ("IFRS") as endorsed in the Kingdom of Saudi Arabia ("KSA") and other standards and pronouncements issued by Saudi Organization for Chartered and Professional Accountants (SOCPA) (collectively referred to "IFRS as endorsed in KSA").

2. BASIS OF ACCOUNTING (continued)

2.1 Statement of compliance (continued)

The Group has elected to present a single statement of profit or loss and other comprehensive income (herein after also referred to as “Statement of profit or loss”) and presents its expenses by function.

The new Companies Law issued through Royal Decree M/132 on 1/12/1443H (corresponding to 30 June 2022) (hereinafter referred as "the Law”) came into force on 26/6/1444 H (corresponding to 19 January 2023). For certain provisions of the Law, full compliance is expected not later than two years from 26/6/1444H (corresponding to 19 January 2023). The management has assessed the impact of the New Companies Law and accordingly amended its By-Laws to align the articles to the provisions of the Law. The Group will present the amended By-Laws to the shareholders in their General Assembly meeting for their ratification.

2.2 Basis of preparation

These consolidated 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:

Items	Measurement basis
Provisions for employees’ terminal benefits	Present value of the defined benefit obligation using projected credit unit method
Financial investment at fair value through profit or loss	Fair value

The consolidated financial statements of the Group are presented in Saudi Riyals (SR), which is also the functional currency of the Group. All amounts have been rounded off to the nearest thousands (SR ‘000), unless when otherwise stated.

2.3 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries as at 31 December 2023. The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption, and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group’s voting rights and potential voting rights

2. BASIS OF ACCOUNTING (continued)

2.3 Basis of consolidation (continued)

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. The financial statements of the subsidiaries are included in the consolidated financial statements from the date on which the control commences until the date on which control ceases. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of OCI are attributed to the Owners of the Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiary to bring their accounting policies into line with the Group's accounting policies.

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated. Unrealized gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognized in consolidated Statement of profit or loss. Any investment retained is recognized at fair value.

2.4 Going concern basis of accounting

The consolidated 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 14.

As at 31 December 2023, the Group's current liabilities exceeds its current assets by SR 473 million (31 December 2022: SR 1,065 million) and during the year then ended, the Group has generated negative operating cash flows amounting to SR 335 million. Moreover, the Group has absorbed accumulated losses amounting to SR 2.3 billion against share premium reserve until 31 December 2022. Furthermore, the Group significantly relies on debt financing to fund construction of its Project's under development and historically the operating cashflows from hotels and commercial malls have been insufficient to meet the debt servicing requirements. Accordingly, the Group entered into different loan restructuring agreements during financial year 2022 and further financing avenues are continuously being explored on a need basis. The existing and new financing arrangements, as well as the Group's capital expenditure and working capital requirements, require the Group to generate sufficient cashflows through operations and sale of properties in order to meet all financial obligations when they fall due without significant curtailment of operations. These conditions and events indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern and therefore that 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, 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.

2. BASIS OF ACCOUNTING (continued)

2.4 Going concern basis of accounting (continued)

This Plan principally includes:

i) To sell certain plots of undeveloped land and generate aggregate cash inflows amounting to SR 3.6 billion within 12 months from the date of the consolidated statement of financial position. In this respect, during the 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. Accordingly, the Group has received a non-binding offer for one such plot of land while 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.

ii) To fully operationalize hotels that were inaugurated during 2023 (Jabal Omar Address Al Bawaba Makkah and Jabal Omar Jumeirah Hotel), which are expected to increase the operating revenue and cashflows of the Group.

iii) To enter into new lending arrangements to meet the Group's financing requirements. Subsequent to the year ended 31 December 2023, 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 property in phase 6 as mortgage against the loan.

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

2.5 Significant accounting judgments, estimates and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. Although these estimates are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates.

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

Other disclosures relating to the Group's exposure to risks and uncertainties includes:

- Sensitivity analysis pertaining to valuation of property, plant and equipment, and investment properties ("Properties") (note 5).
- Sensitivity analysis pertaining to employees' terminal benefits (note 15).
- Financial instruments risk management and fair value measurement (note 27).

2. BASIS OF ACCOUNTING (continued)

2.5 Significant accounting judgments, estimates and assumptions (continued)

Judgements and estimates

Information about judgments and estimates made in applying accounting policies that have the most significant effects on the amounts recognized in the consolidated financial statements are as follows:

Allocation of cost of land, construction and infrastructure assets to operating properties
The Group exercises judgment in determining reasonable basis for allocating cost of land, construction and infrastructure assets to operating and under development properties for the purpose of determining carrying values of operating and under development properties. This includes consideration of factors such as the nature of items of infrastructure assets, covered and built-up areas as well as respective market values.

Determining the timing of recognition of gain and presentation on the sale of non-current assets
The Group has evaluated the timing of revenue recognition on the sale of non-current assets based on a careful analysis of the rights and obligations under the terms of the contract and legal advice from the Group's external counsels in various jurisdictions.

The Group has generally concluded that contracts relating to the sale of completed non-current assets are recognised at a point in time when control transfers. For unconditional exchanges of contracts, control is generally expected to transfer to the customer together with the legal title. For conditional exchanges, this is expected to take place when all the significant conditions are satisfied. The Group exercises judgement in determining the appropriate presentation of gain / loss on disposal of non-current assets (note 4.17).

Going concern
The Group exercises judgement in assessing its ability to continue as a going concern. For details refer note 2.4.

Impairment of non-financial assets
The Group assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. The non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable from its continued use or sale. The recoverable amount is determined by the management using its fair value less cost of disposal and its value in use.

During the current year it was determined that indicators of impairment continued to exist in relation to Group's Properties (note 5) and as such a detailed impairment assessment has been performed. Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located (herein after referred to as "Demolition Cost"), and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on a Discounted Cash Flow ("DCF") model. The cash flows for operating and underdeveloped non-financial assets are derived from the approved budgets and / or expert third party independent forecasts and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. The key assumptions used to determine the recoverable amount for the different CGUs, including a sensitivity analysis, are disclosed and further explained in note 5.

2. BASIS OF ACCOUNTING (continued)

2.5 Significant accounting judgments, estimates and assumptions (continued)

Useful lives and residual value of property, plant and equipment, intangibles and investment properties
The Group's management determines the estimated useful lives of its property, plant and equipment, intangible and investment properties for calculating depreciation and amortisation. These estimates are determined after considering the expected usage of the assets and their physical wear and tear and technical obsolescence. Management periodically reviews the useful lives, residual value, depreciation and amortization method to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from these assets.

Impairment for expected credit losses (ECL) in financial assets at amortized cost
The Group uses a provision matrix to calculate ECLs for trade and other receivables, other current assets and non-current assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

The Group's determination of ECL in trade and other receivables, other current assets and non-current assets requires the Group to take into consideration certain estimates for forward-looking factors while calculating the probability of default. These estimates may differ from actual circumstances.

The Group considers a financial asset to be in default when:

- the financial asset is more than 150 days past due for contract assets and receivables in relation to Hotel's customers; and
- the financial asset is more than 360 days past due for contract assets and receivables from rental income and properties for development and sale.

The provision matrix is initially based on the Group's historical observed default rates. The Group calibrates the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the real estate sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The Group has identified GDP growth rate to be the most relevant macro-economic factor of forward-looking information that would impact the credit risk of its customers, and accordingly adjusted the historical loss rates based on expected changes in this factor using different scenarios. The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of respective counter party's actual default in the future. The information about the ECLs on the Group's trade receivables and contract assets is disclosed in note 27.

Zakat
The determination for Zakat provision involves significant management judgement that involves calculation of the Zakat base and Zakatable profits in accordance with the Zakat and income tax regulations enforced in the Kingdom of Saudi Arabia, which may be subject to different interpretations. The final assessment amount could be significantly different from the declarations and appeals filed by the Group. In determining the best estimate of the amount payable to Zakat, Tax and Customs Authority ("ZATCA"), the Group has applied judgement and interpretation of the ZATCA requirements for calculating Zakat.

2. BASIS OF ACCOUNTING (continued)

2.5 Significant accounting judgments, estimates and assumptions (continued)

Employees' terminal benefits plan
The cost of the employees' terminal benefit plan and the present value of the obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary growth, withdrawal rate, mortality rates, normal retirement age and employees' turnover rate. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each year end. The most sensitive parameters are discount rate and future salary growth. In determining the appropriate discount rate, the management considers the market yield on high quality corporate/government bonds. Future salary growth is based on expected future inflation rates, seniority, promotion, demand and supply in the employment market. The mortality rate is based on publicly available mortality tables for the country. Those mortality tables tend to change only at intervals in response to demographic changes. Refer note 15 for sensitivity related to employee benefits obligations.

Fair value measurement of non-financial assets
The Group has an established control framework with respect to measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurement, including level 3 fair values, and reports directly to chief financial officer.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure the fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of the accounting standards, including the level in the fair value hierarchy in which the valuations should be classified.

Significant valuation issues are reported to the Group's audit committee.

Revenue recognition from sale of residential units / off-plan sales
The Group exercises judgment in determining whether the performance obligation(s) included in contracts for sale of Properties for development and sale are satisfied at a point in time or over time. This includes careful consideration of the relevant terms of each sale agreement to assess whether:

- the customer simultaneously receives and consumes the benefit provided by the Group's performance as the Group performs
- the Group's performance creates or enhances an asset (for example, work in progress) that the customer controls as the asset is created or enhanced
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date

When one or more of the aforementioned criteria is met, the Group recognizes revenue over time.

In addition to the stand-alone selling price, the sales contract also includes variable consideration in the form of delay penalties, which the Group is required to pay if the assets sold are not delivered on time according to the contractual terms and conditions. This delay penalty is adjusted against revenue. The management has made a judgement in relation to the timing of when the assets sold will be available for operational readiness for the buyer and accordingly adjusted the contract price with the applicable penalties at the reporting date.

2. BASIS OF ACCOUNTING (continued)

2.5 Significant accounting judgments, estimates and assumptions (continued)

Revenue recognition from sale of residential units / off-plan sales (continued)

Furthermore, to meet the allocation objective, the Group allocates the transaction price to each performance obligation identified in the contract on a relative stand-alone selling price basis. For bundled services/products, the Group sells the services/products at a discount to the aggregate stand-alone selling prices of the services/products in the bundle, for the purpose of which the Group estimates the standalone selling prices based on the estimate of the price that the customer would be willing to pay in the market for the service/product or in cases where the standalone selling prices highly variable or uncertain the Group uses residual approach for estimation.

3. AMENDMENTS TO STANDARDS, NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

3.1 Amendments to standards

There were no new standards issued and / or applied during the year ended 31 December 2023 and, except for Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2, the adoption of the following amendments to the existing standards had no significant impact on the consolidated financial statements of the Group on the current period or prior periods and is expected to have no significant effect in the future periods.

The Group adopted Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) from 1 January 2023. The amendments require the disclosure of ‘material’ rather than ‘significant’ accounting policies. Although the amendments did not result in any changes to the accounting policy themselves, they impacted the accounting policy information disclosed in certain instances.

Standard / Interpretation	Description	Effective date
IAS 8	Definition of Accounting Estimate - Amendments to IAS 8	1 January 2023
IAS 12	Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction - Amendments to IAS 12	1 January 2023
IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2	1 January 2023
IAS 12	International Tax Reform - Pillar Two Model Rules - Amendments to IAS 12	23 May 2023
IFRS 17	IFRS 17 Insurance Contracts	1 January 2023

3.2 New Standards and interpretations Not Yet Adopted

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2024 (subject to endorsement of SOCPA) and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these consolidated financial statements.

3. AMENDMENTS TO STANDARDS, NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED (continued)

3.2 New Standards and interpretations Not Yet Adopted (continued)

Standard / Interpretation	Description	Effective date
IFRS 16	Lease Liability in a Sales and Leaseback - Amendments to IFRS 16	1 January 2024
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
IAS 7 and IFRS 7	Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7	1 January 2024
IFRS S1	General Requirements for Disclosure of Sustainability-related Financial Information	1 January 2024
IFRS S2	Climate-related Disclosures	1 January 2024
IAS 21	Lack of Exchangeability - Amendments to IAS 21	1 January 2025
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. SUMMARY OF MATERIAL ACCOUNTING POLICIES

The Group has consistently applied the following accounting policies to all periods presented in these consolidated financial statements, except if mentioned otherwise.

4.1 Equity accounted investees

The Group’s interest in equity-accounted investees comprise interest in joint venture.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The considerations made in determining joint control are similar to those necessary to determine control over subsidiaries. The Group’s investment in its joint venture is accounted for using the equity method.

Under the equity method, the investment is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Group’s share of net assets of the joint venture since the acquisition date.

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

4.1 Equity accounted investees (continued)

The Statement of profit or loss reflects the Group's share of the results of operations of the joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognized directly in the joint venture, the Group recognizes its share of any changes, when applicable, in the statement of changes in equity.

The aggregate of the Group's share of profit or loss of a joint venture is shown on the face of the Statement of profit or loss outside operating profit and represents profit or loss after Zakat of the joint venture.

The financial statement of the joint venture is prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group. At each reporting date, the Group determines whether there is objective evidence that the investment in the joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value, and then recognizes the loss within 'Share of results from equity accounted investee' in the statement of profit or loss.

4.2 Property, plant and equipment

Recognition and measurement
Property, plant and equipment is recognized as an asset when, and only when, it is probable that the future economic benefits that are associated with the property, plant and equipment will flow to the Group, and the cost of the asset can be measured reliably. Property, plant and equipment is recognized and measured initially at cost. Cost includes the fair value of the consideration given to acquire the asset (net of discounts and rebates) and any directly attributable cost, such as site preparation cost, delivery, installation costs, relevant professional fees and the estimated cost of dismantling and removing the asset and restoring the site (to the extent that such cost is recognized as a provision).

Property, plant and equipment includes infrastructure assets such as pathways, roads, drainage and water supply systems, lamp posts, etc. that do not ordinarily generate cash flows independent of the operating properties of the Group, but are owned by the Group.

When parts of property, plant and equipment are significant in comparison to the total cost of the item and such parts have a useful life different from other parts, the Group recognizes such parts as individual assets and depreciates them accordingly.

The Group adopts the cost model to measure the entire class of property, plant and equipment. After recognition as an asset, an item of property, plant and equipment is carried as its cost less any accumulated depreciation and impairment losses, if any. Lands and capital work in progress are measured at cost less any accumulated impairment losses.

Subsequent costs
The cost of replacing a part of an item of property and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in the Statement of profit or loss as incurred.

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

4.2 Property, plant and equipment (continued)

Depreciation
Depreciation represents the systematic allocation of the depreciable amount of an asset over its estimated useful life. Depreciable amount represents cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land and capital work in progress are not depreciated.

The estimated useful lives of property, plant and equipment for the current and comparative years are as follows:

	Number of years
• Building	85
• Central district cooling system	30
• Equipment	10 – 85
• Infrastructure assets	20 – 85
• Furniture and fixtures	10 - 12
• Other assets	4 - 8

Depreciation methods, useful lives and residual values are reviewed at least annually and adjusted prospectively, if required.

Derecognition
Property, plant and equipment is derecognized when it has been disposed or no future economic benefits are expected to arise from its use or disposal. Gains or losses on disposals are determined by comparing proceeds with carrying amount.

Capital work in progress
Assets in the course of construction or development are capitalised in the capital work-in-progress account. The asset under construction or development is transferred to the appropriate category in property, plant and equipment or intangible assets (depending on the nature of the project), once the asset is in a location and / or condition necessary for it to be capable of operating in the manner intended by management.

The cost of an item of capital work in progress comprises its purchase price, construction / development cost and any other costs directly attributable to the construction or acquisition of an item including consultancy, demolition, levelling of site, cutting rocks, supervision, construction work and other costs attributable to assets transportability to the site and readiness to operate for the intended purpose. Depreciation generally commences when the assets are capable of operating in the manner intended by management, at which point they are transferred to the appropriate asset category.

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

4.3 Investment properties

Properties held for long-term rental yields or for capital appreciation or both as well as those held for undetermined future use but not for sale in the ordinary course of business, and not occupied by the Group is classified as investment properties. Investment properties comprise land, buildings and equipment, fixtures and fittings, office equipment and furniture which are an integral part of the buildings. Investment properties also includes property that is being constructed or developed for future use as investment properties. Investment properties is measured at its cost, including related transaction costs and where applicable borrowing costs net of accumulated depreciation and impairment, except for properties under construction which is stated at cost less accumulated impairment Cost includes expenditure that is directly attributable to the acquisition of the assets. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of the replaced part is derecognized.

Investment properties are derecognized either when they have been disposed of (i.e., at the date the recipient obtains control) or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss in the period of derecognition.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

Depreciation on investment properties is charged to Statement of profit or loss using the straight-line method to allocate their costs over their estimated useful lives as follows:

	Number of years
• Building	85
• Equipment	16 – 20
• Infrastructure assets	20 – 85

Investment property includes infrastructure assets that do not ordinarily generate cash flows independent of the investment properties of the Group.

4.4 Financial instruments – initial recognition and subsequent measurement

Financial instruments – initial recognition and subsequent measurement A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

4.4 Financial instruments – initial recognition and subsequent measurement (continued)

Financial assets

Initial recognition and measurement
Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component are measured at the transaction price determined under IFRS 15 Revenue from contracts with customers.

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding.

This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortized cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement
Financial assets owned by the Group have been classified under the following categories:

- Financial assets at amortized cost (debt instruments)
- Financial assets at fair value through profit or loss.

<u>*Financial assets at amortized cost (debt instruments)*</u>
Financial assets at amortized cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Group's financial assets at amortized cost includes cash and bank balances and trade and other receivables.

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

4.4 Financial instruments – initial recognition and subsequent measurement (continued)

Financial assets (continued)

Subsequent measurement (continued)

Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognized in the Statement of profit or loss.

This category includes investments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on investments are recognized as other income in the Statement of profit or loss when the right of payment has been established.

Derecognition
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment
The Group recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL). For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

4.4 Financial instruments – initial recognition and subsequent measurement (continued)

Financial liabilities

Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, borrowings or payables, as appropriate. All financial liabilities are recognized initially at fair value and, in the case of borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include trade payable, accruals and other liabilities and due to related parties.

Subsequent measurement
For purposes of subsequent measurement, Financial liabilities owned by the Group have been classified as follows:

Financial liabilities at amortized cost (loans and borrowings)
After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR.

The EIR amortization is included as finance costs in the Statement of profit or loss.

Derecognition
A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the Statement of profit or loss.

Offsetting of financial instruments
Financial assets and financial liabilities are offset, and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously. No financial assets and financial liabilities have been offset as at the reporting date.

Modification of financial assets and liabilities
When the contractual cash flows of a financial instrument is renegotiated or otherwise modified and the renegotiation or modification does not result in the derecognition of that instrument, the Group recalculates the corresponding gross carrying amount and recognises a modification gain or loss in statement of profit or loss. Any costs or fees incurred adjust the carrying amount of the modified financial instrument and are amortised over the remaining term of the modified financial instrument.

The Group accounts for debt to equity swaps or conversion in accordance with the requirements and guidance under IFRIC - 19.

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

4.5 Impairment of non-financial assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount which is the higher of an asset's fair value less cost of disposal and value in use. For the purpose of assessing impairment, assets are grouped at lowest levels for which there are separately identifiable cash flows (cash-generating units). The impairment loss is allocated to reduce the carrying amount of the assets of the cash generating unit (group of units) in pro rata on the basis of the carrying amount of each asset in the unit (group of units). These reductions in carrying amounts shall be treated as impairment losses on individual assets and recognized. Non-current assets other than goodwill that suffered impairment are reviewed for possible reversal of impairment at each reporting date. Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but the increased carrying amount should not exceed the carrying amount that would have been determined, had no impairment loss been recognized for the assets or cash-generating unit in prior years. A reversal of an impairment loss is recognized as income immediately in the Statement of profit or loss. Impairment losses recognized on goodwill are not reversible.

4.6 Leases

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

Group as a lessee
The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets
The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability. The right-of-use assets are also subject to impairment.

In calculating the present value of lease payments, the Group uses interest rate implicit in the lease. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

4.6 Leases (continued)

Lease liabilities
At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expenses in the period in which the event or condition that triggers the payment occurs.

Group as a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease.

Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the statement of financial position in accordance with their nature. At the commencement date, the Group assesses whether the lessee is reasonably certain to exercise an option to extend the lease or to purchase the underlying asset, or not to exercise an option to terminate the lease. The Group considers all relevant facts and circumstances that create an economic incentive for the lessee to exercise, or not to exercise, the option, including any expected changes in facts and circumstances from the commencement date until the exercise date of the option.

Short-term leases and leases of low-value assets
Short-term leases are leases with a lease term of 12 months or less. Low value assets are items that do not meet the Group’s capitalisation threshold of SR 18,750 and are considered to be insignificant for the consolidated statement of financial position for the Group as a whole. Payments for short-term leases and leases of low value assets are recognised on a straight-line basis in the Statement of profit or loss.

4.7 Development properties

Development properties are properties that are being developed with a view to sell. The Group’s development properties arise when Group purchase properties with an intention to sale or where there is a change in use of investment properties evidenced by the commencement of development with a view to sale. The investment properties are reclassified as development properties at their carrying amount at the date of their reclassification. They are subsequently carried at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less costs to complete development and selling expenses.

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

4.8 Non-current assets held for sale

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

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

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

4.9 Cash and cash equivalents

For the purpose of statement of financial position, cash and cash equivalents include cash in hand, deposits held at banks and other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at cash at banks and other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts, if any, are shown within borrowings in current liabilities in the statement of financial position.

4.10 Restricted cash (at bank)

Cash at bank that is subject to certain restrictions and is not readily available for general use by the Group at its discretion does not form part of cash and cash equivalents.

4.11 Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to a provision is presented in the Statement of profit or loss net of any reimbursement.

4.12 Zakat

The Company and its Saudi Arabian subsidiaries are subject to Zakat in accordance with the regulations of Zakat, Tax and Customs Authority ("ZATCA"). Provision for Zakat for the Company and Zakat related to the Company's ownership in the Saudi Arabian subsidiaries is charged to the Statement of profit or loss. Additional amounts payable, if any, at the finalization of final assessments are accounted for when such amounts are determined. The Group withholds taxes on certain transactions with non-resident parties in the Kingdom of Saudi Arabia as required under Saudi Arabian Income Tax Law.

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

4.13 Revenues

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognizes revenue from contracts with customers when it transfers control over a good or service to a customer based on a five-step model as set out in IFRS 15.

The Group satisfies a performance obligation and recognizes revenue over time, if one of the following criteria is met:

- The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs; or
- The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- The Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

For performance obligations, where one of the above conditions are not met, revenue is recognized at the point in time at which the performance obligation is satisfied. When the Group satisfies a performance obligation by delivering the promised goods or services, it creates a contract asset based on the amount of consideration earned by the performance. Where the amount billed to the customer exceeds the amount of revenue recognized, this gives rise to a contract liability.

Sale of development properties
Sale of development properties primarily represents units in hotels / accommodations. Typically, these properties take a number of years to complete. Revenue recognition regarding the sale of such units is determined by the contractual terms and conditions for each arrangement.

Performance obligations
The performance obligations in these arrangements are normally made up of several promises which encompass the unit, operational readiness (normally for units in hotels) and other amenities. These promises are not distinct in the context of each contract and are considered to be highly interrelated and interdependent on each other, therefore the sale of property consisting of units is typically considered one performance obligation.

Transaction price and allocation of transaction price
The revenue is measured at the transaction price agreed under the contract and allocated to the performance obligation. In some cases, the transaction price also includes variable consideration.

Revenue recognition
Revenue on sale of development properties is recognized when control over the properties has been transferred to the customer, in some circumstances this is over time, where the criteria is met and in other circumstances revenue is recognized at a point in time, when the customer has control of the property and is able to direct the use of the property, this is typically when the customer has taken possession of the property.

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

4.13 Revenues (continued)

Sale of development properties (continued)

Over time contracts
The Group has determined that, for its typical contracts of multi-unit property, its performance does not create an asset with alternative use to the Group and it has concluded that, at all times, it has an enforceable right to payment for performance completed to date. Therefore, control transfers over time for these contracts. For contracts that meet the overtime revenue recognition criteria, the Group's performance is measured using an input method, by reference to the costs incurred to the satisfaction of a performance obligation (e.g., resources consumed, labour hours expended, costs incurred, time elapsed or machine hours used) relative to the total expected inputs to the completion of the property.

The Group excludes the effect of any costs incurred that do not contribute to the Group's performance in transferring control of property to the customer (such as unexpected amounts of wasted materials, labour or other resources) and adjusts the input method for any costs incurred that are not proportionate to the Group's progress in satisfying the performance obligation (such as uninstalled materials).

Significant financing
In cases where deferred payment terms are agreed, the transaction price is adjusted for the effects of any significant financing component.

Rental income from investment properties
Rental income from investment properties is recognized in the Statement of profit or loss on a straight-line basis over the term of the lease. When the Group provides incentives to its customers in the form of rent-free period, the incentive is recognized as a reduction of the total rental income over the entire lease term, on a straight-line basis.

Revenue from hotel operations
Revenue from hotel operations comprises revenue from rooms, food and beverages and other associated services provided by the hotel to its customers. The revenue is recognized net of discounts, applicable taxes, and municipality fees on an accrual basis as and when the services are rendered. Performance obligations are satisfied over time, and revenue from hotel services is recognized daily, as the rooms are occupied, and services are rendered, while revenue from sale of food and beverages (and other amenities or guest services) are recorded at a point in time.

4.14 Borrowings costs

Borrowing costs directly attributable to the acquisition or construction of assets that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. Capitalization commences when: (1) the Group incurs expenditures for the asset; (2) the Group incurs borrowing costs; and (3) the Group undertakes activities that are necessary to prepare the asset for its intended use or sale. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

4.14 Borrowings costs (continued)

The interest capitalized is calculated using the Group’s weighted average cost of borrowings after adjusting for borrowings associated with specific developments. Where borrowings are associated with specific developments, the amount capitalized is the gross interest incurred on those borrowings less any investment income arising on their temporary investment. Borrowing cost is capitalized from the commencement of the development work until the date of practical completion, i.e., when substantially all of the development work is completed. The capitalization of finance costs is suspended if there are prolonged periods when development activity is interrupted. Interest is also capitalized on the purchase cost of a site of property acquired specifically for redevelopment, but only where activities necessary to prepare the asset for redevelopment are in progress.

4.15 Finance income and finance costs

Finance income and finance costs are recognized in the Statement of profit or loss using the effective interest rate method, except for borrowing costs relating to qualifying assets, which are capitalised as part of the cost of that asset.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the finance income or finance cost over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instrument, or a shorter period where appropriate, to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Group estimates cash flows considering all contractual terms of the financial instrument (for example, pre-payment options) but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

4.16 Segment information

Operating segments are reported in a manner consistent with the internal reporting provided to the Chairman and CEO, (together chief operating decision maker, “CODM”). The CODM assesses the financial performance and position of the Group and accordingly makes strategic decisions.

An operating segment is group of assets and operations:

- engaged in revenue producing activities;
- results of its operations are continuously analyzed by management in order to make decisions related to resource allocation and performance assessment;
- Segment results that are reported to the CODM and include items directly attributable to a segment as well as those that can be allocated on a reasonable basis; and
- whose financial information is separately available.

4.17 Operating profit / loss

Operating profit / loss is the result generated from the continuing principal revenue-producing activities of the Group as well as other income expenses related to operating activities. Operating profit / loss excludes items such as net finance cost, share of profit of equity accounted investees, zakat, net gain / loss on modification / derecognition of loans leases. Gain or loss on disposals of non-current assets that are outside the normal course of business and are not part of pre-approved business plans (i.e., disposals made on exceptional basis) are classified under non-operating income / expenses.

5. PROPERTY, PLANT AND EQUIPMENT

	Lands (d) SR'000	Buildings SR'000	Central District Cooling System (a) SR'000	Equipment SR'000	Furniture and fixtures and other assets SR'000	Infra-structure assets SR'000	Capital work in progress SR'000	Total SR'000
Cost:								
Balance at 01 January 2022	3,018,543	4,207,847	1,019,022	1,970,255	742,323	429,057	9,113,375	20,500,422
Additions during the year (note 5 (e))	--	--	--	1,555	5,195	--	1,315,132	1,321,882
Disposals / write-off during the year	--	--	--	--	(252,869)	--	--	(252,869)
Transfer to asset held for sale (note 5(b))	(130,749)	--	--	--	--	--	--	(130,749)
Transfer to investment properties and properties for sale and development (note 6 and 11)	--	--	--	--	(2,638)	--	(37,557)	(40,195)
Balance at 31 December 2022	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 (note 5 (e))	--	39	18,861	692	6,159	--	1,485,669	1,511,420
Disposals during the year	--	--	--	--	(466)	--	--	(466)
Transfer from CWIP ((note 5 (g))	--	3,244,879	--	1,440,543	453,337	--	(5,138,759)	--
Transfer to assets held for sale (note 5 (b))	(923,356)	--	--	--	--	--	--	(923,356)
Transfer to properties for development and sale (note 11)	--	--	--	--	--	--	(6,845)	(6,845)
Transfer from investment properties (note 5 (c))	--	394,237	--	188,961	--	38,371	1,083,282	1,704,851
Balance at 31 December 2023	**1,964,438**	**7,847,002**	**1,037,883**	**3,602,006**	**951,041**	**467,428**	**7,814,297**	**23,684,095**
Accumulated depreciation and impairment:								
Balance at 1 January 2022, as previously reported	--	234,661	153,681	332,535	364,207	45,822	--	1,130,906
Impairment adjustment (note 29)	--	150,261	--	29,549	7,603	8,553	504,034	700,000
Balance at 1 January 2022 (Restated)	--	384,922	153,681	362,084	371,810	54,375	504,034	1,830,906
Depreciation for the year (note 21 and 22)	--	49,873	34,227	81,597	59,130	7,984	--	232,811
Disposals / write-off during the year	--	--	--	--	(165,652)	--	--	(165,652)
Transfer to investment properties (note 6)	--	--	--	--	(1,113)	--	--	(1,113)
Balance at 31 December 2022	--	434,795	187,908	443,681	264,175	62,359	504,034	1,896,952
Impairment (reversal) / charge on property, plant and equipment (note 22)	--	(7,294)	--	(1,357)	(349)	--	80,166	71,166
Depreciation for the year (note 21 and 22)	--	66,031	34,856	96,744	56,713	8,423	--	262,767
Disposals during the year	--	--	--	--	(457)	--	--	(457)
Transfer from investment properties (note 5 (c))	--	31,581	--	57,936	--	7,518	--	97,035
Balance at 31 December 2023	--	**525,113**	**222,764**	**597,004**	**320,082**	**78,300**	**584,200**	**2,327,463**
Net book value:								
At 31 December 2023	**1,964,438**	**7,321,889**	**815,119**	**3,005,002**	**630,959**	**389,128**	**7,230,097**	**21,356,632**
At 31 December 2022 (Restated)	2,887,794	3,773,052	831,114	1,528,129	227,836	366,698	9,886,916	19,501,539
At 31 December 2022, as previously reported	2,887,794	3,923,313	831,114	1,557,678	235,439	375,251	10,390,950	20,201,539

5. PROPERTY, PLANT AND EQUIPMENT (continued)

a. The Group signed an agreement ("the Agreement") with the Central District Cooling Company ("CDCC") a joint venture for the construction, operation and maintenance of the District Cooling System ("DCS") for 26.5 years from the date of final commissioning of DCS which became effective on 31 December 2014. The DCS is pledged against a loan obtained by CDCC. The Group is entitled to obtain all economic benefits from the DCS during its entire life and therefore recognizes the DCS from the commencement of construction by CDCC.

b. As at the reporting date, certain plots of land meeting the criteria for being classified as asset held for sale under IFRS 5 have been presented as assets held for sale in these consolidated financial statements (note 2.4 (i)). Movement in assets held for sale is as follows:

	2023	2022
	SR'000	SR'000
Opening balance of assets held for sale	**130,749**	--
Transferred from property, plant and equipment (note 5)	**923,356**	130,749
Sold during the year (note 23 (a))	**(130,749)**	--
Closing balance of assets held for sale	**923,356**	130,749

c. During the year, certain assets were transferred from investment properties to property, plant and equipment due to the change in use from rental purposes to owner operated assets.

d. Land (the 'Land') represents plots situated in the Jabal Omar area, which were received by the Company from the founding shareholders (the 'Owners') against issuance of its shares at nominal value of SR 10 per share by virtue of a Royal Decree (the 'Decree') (note 1). Valuation of land was prepared and approved by Development Commission of Makkah Al Mukkaramah. Legal formalities for the transfer of title deeds from the Owners were completed. The Company had intended to complete the procedures for transferring any remaining title deeds in the name of the Company and issue corresponding shares, as and when their Owners would complete the related statutory and legal documentation (the 'documentation').

However, due to the physical location of the Project and peculiarities attached to the land ownership around Haram area, there were certain plots without identified title deeds. Accordingly, Owners of plots amounting to SR 359 million remained unable to complete the documentation even after several years post incorporation of the Company. Accordingly, during 2016 the Company recognized remaining unrecorded land in its consolidated financial statements, considering the following:

- In respect of the Owners who could not submit their legal tittle deeds, pursuant to the transfer arrangement, Makkah Construction and Development Company ("MCDC") subscribed for shares in the Company on behalf of those Owners. This mechanism was ratified by the Decree (note 1) and therefore legal ownership of the land is with the Group; and
- During 2020, the competent authorities issued a unified title deed in the name of the Company for the entire area of the Group's Project which amounts to 235,869.11 square meters.

Moreover, in lieu of the fact that MCDC subscribed for the shares on behalf of Owners who could not submit their legal title deeds, a corresponding payable to MCDC was recognized. The amount payable to MCDC was initially planned to be settled as and when Owners who could not submit their title deeds earlier, would do so, with a corresponding re-allocation in shareholding between MCDC and such Owner.

5. PROPERTY, PLANT AND EQUIPMENT (continued)

During the year ended 31 December 2023, the Board of Directors of the Company resolved to settle the remaining amount payable to MCDC amounting to SR 309 million by way of share capital issuance. The management expects the transaction to get executed within the year ending 31 December 2024.

e. During the year ended 31 December 2023, an amount of SR 523.9 million (31 December 2022: SR 106.1 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's general borrowing during the year, which in this case is 8% per annum (2022: 5% per annum).

f. As of 31 December 2023, the Group's property, plant and equipment have a carrying value amounting to SR 15,372 million were collateralised against loans and borrowings.

g. During the year ended 31 December 2023, Jabal Omar Jumeirah Hotel and Jabal Omar Address Al Bawaba Makkah have commenced operations. As a result, the assets have been transferred from Capital Work in Progress (CWIP) to the appropriate asset categories.

h. In lieu to the matters set out in note 2.4, the management had identified the existence of indicators of impairment and has caried 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.

5. PROPERTY, PLANT AND EQUIPMENT (continued)

S.No.	CGU description	Carrying amount 2023	Accumulated impairment 2023	Valuation approach	Key assumption
		SR'000	SR'000		
1 2	Operating hotel and commercial center	**1,862,015** **6,112,788**	**153,370** **320,191**	**Market approach -** Recoverable amount based on immediate sale of lands under fair value less cost of disposal method.	• Relevant comparable transactions • Adjustments applied and weightages allocated to comparable transaction • Overall market situation and growth • Demolition Cost
3	Operating hotel	**3,526,927**	**350,890**	**Income Approach -** Recoverable amount based on income approach Discounted Cash Flow model (DCF).	• 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

Valuation approach	Input/assumption description	Value	Sensitivity
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 *	10% - 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*

6. INVESTMENT PROPERTIES

	Land SR'000	Buildings SR'000	Equipment SR'000	Infrastructure assets SR'000	Capital work in progress SR'000	Total SR'000
Cost:						
Balance at 1 January 2022	1,339,673	879,983	367,215	92,335	2,504,585	5,183,791
Transfer from property, plant and equipment (note 5)	--	--	2,638	--	--	2,638
Additions during the year	--	--	483	--	51,431	51,914
Balance at 31 December 2022	1,339,673	879,983	370,336	92,335	2,556,016	5,238,343
Transfer to property, plant and equipment (note 5 (c))	--	(394,237)	(188,961)	(38,371)	(1,083,282)	(1,704,851)
Additions during the year	--	--	--	--	88,443	88,443
Balance at 31 December 2023	**1,339,673**	**485,746**	**181,375**	**53,964**	**1,561,177**	**3,621,935**
Accumulated depreciation:						
Balance at 1 January 2022	--	49,965	89,774	20,024	--	159,763
Transfer from property, plant and equipment (note 5)	--	--	1,113	--	--	1,113
Depreciation for the year (note 21 and 22)	--	10,613	17,088	1,925	--	29,626
Balance at 31 December 2022	--	60,578	107,975	21,949	--	190,502
Transfer to property, plant and equipment (note 5 (c))	--	(31,581)	(57,936)	(7,518)	--	(97,035)
Depreciation for the year (note 21 and 22)	--	7,788	11,406	1,487	--	20,681
Balance at 31 December 2023	--	**36,785**	**61,445**	**15,918**	--	**114,148**
Net book value:						
At 31 December 2023	**1,339,673**	**448,961**	**119,930**	**38,046**	**1,561,177**	**3,507,787**
At 31 December 2022	1,339,673	819,405	262,361	70,386	2,556,016	5,047,841

6. INVESTMENT PROPERTIES (continued)

a. Investment properties comprise of commercial centers. Developed commercial centers generate income through lease agreements. During the year ended 31 December 2023, there was SR 88.4 million capitalized as borrowing costs for the construction of investment properties included in capital work in progress (2022: SR 51.4 million). Further, 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, which in this case is 8% per annum (31 December 2022: 5% per annum).

b. Capital work in progress represents assets under construction relating to commercial centers and infrastructure development work on the land.

c. Deprecation charged for the year has been allocated to cost of revenue.

d. As of 31 December 2023, the Group's property, plant and equipment have a carrying value amounting to SR 1,546 million were mortgaged as collateral against loans and borrowings.

e. Refer Note 5(h) for information about valuation assessment of investment properties.

f. Amounts recognized in Statement of profit or loss for investment properties are as follows:

	2023 **SR'000**	2022 SR'000
Rental income from operating leases	**121,101**	89,284
Direct operating expenses on property that generated rental income	**(68,221)**	(38,787)

There were no direct operating expenses on investment properties that did not generate rental income (under development) during 2023 and 2022.

g. Following is the fair value of investment properties, held by the Group:

	2023 **SR'000**	2022 SR'000
Fair value	**4,447,890**	10,513,336

The fair value of investment property was determined by external, independent, Saudi Authority of Accredited Valuer (TAQEEM), having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued. The independent valuers provide the fair value of the Group's investment property portfolio every six months.

6. INVESTMENT PROPERTIES (continued)

The fair value measurement for all of the investment properties has been categorised as a Level 3 fair value based on the inputs to the valuation technique and inputs used (see note 2.5 and note 5 (h) respectively). For all investment properties the current use of the property is considered the highest and best use.

h. All the investment properties held by the Group are for the purpose of generating rental income and it does not hold any investment properties with undetermined future use.

i. Revenues are derived from a large number of tenants and no single tenant represents more than 10% of the Group's revenues.

j. As at 31 December 2023, the Group has Nil contractual obligation for future repairs and maintenance which are not recognized as liability.

7. EQUITY-ACCOUNTED INVESTEE

This represents Group's 40% investment in a joint venture arrangement in Central District Cooling Company ("CDCC"), which is principally engaged in the business of providing central district cooling system services. CDCC has share capital consisting solely of ordinary shares, which are held directly by the group and the proportion of ownership interest is the same as the proportion of voting rights held. CDCC is not publicly listed and the Group has entered into an agreement with CDCC, for the construction, operation and maintenance of District Cooling System ('DCS') (note 5 (a)). The principal place of business of the joint venture is Makkah, Kingdom of Saudi Arabia ("KSA"). The Group's interest in CDCC is accounted for using the equity method in the consolidated financial statements. The information disclosed reflects the amounts presented in the consolidated financial statements of the joint venture. They have been amended to reflect adjustments made by the Group when using the equity method, including fair value adjustments and modifications for differences in accounting policy. Summarized financial information of the joint venture and reconciliation with the carrying amount of the investment in the consolidated financial statements are as follows.

Summarized statement of financial position of CDCC:

	2023 **SR'000**	2022 SR'000
Current assets (including cash and cash equivalents - 2023:1,987, 2022:377)	**276,681**	259,747
Non-current assets	**757,906**	764,877
Current liabilities (including current financial liabilities - 2023:6,040, 2022: 5,146)	**(250,495)**	(226,057)
Non-current liabilities (including current financial liabilities - 2023: Nil, 2022: Nil)	**(411,908)**	(429,707)
Net assets (100%)	**372,184**	368,860

7. EQUITY-ACCOUNTED INVESTEE (continued)

Reconciliation to carrying amounts:

	2023 **SR'000**	2022 SR'000
Group's share of net assets (40%)	**148,874**	147,544
Eliminations	**(20,892)**	(20,892)
Carrying amount	**127,982**	126,652

Summarized Statement of profit or loss of CDCC:

	2023 **SR'000**	2022 SR'000
Revenue	**94,625**	85,401
Depreciation and amortisation	**(1,862)**	(1,862)
Finance costs	**(40,950)**	(27,362)
Zakat and income tax expense	**(6,220)**	(5,146)
Other expenses	**(33,092)**	(38,805)
Prior year profit adjustment in current year	**(9,177)**	--
Profit for the year	**3,324**	12,226
Total comprehensive income for the year	**3,324**	12,226
Group's share of total comprehensive income (40%)	**1,330**	4,890

8. FINANCIAL INVESTMENTS

This represents investment in Al Bilad Makkah Hospitality Fund carried at Fair Value through profit or loss.

		Carrying value		**Unrealized (loss)**	
	Note	**2023** **SR'000**	2022 SR'000	**2023** **SR'000**	2022 SR'000
Non-current assets					
Al Bilad Makkah Hospitality Fund	a	--	283,762	--	(20,360)
Current assets					
Al Bilad Makkah Hospitality Fund	a	**267,259**	--	**(16,503)**	--

8. FINANCIAL INVESTMENTS (continued)

a) This represents investment in 20 million units (31 December 2022: 20 million units) of Al Bilad Makkah Hospitality Fund ("the investee") which is a private placement closed ended real estate investment fund domiciled in KSA and managed by Al Bilad Investment Company. The objective of the investee is to acquire interest in properties situated in Makkah in order to generate income and capital growth. The main assets of the investee are represented by investment properties. The investee prepares and publishes financial statements on semi-annual basis under which it reports net asset value of the fund based on the fair value of these investment properties, as determined by two independent valuers (referred to as 'Indicative NAV'), fair valued using level 3 unobservable inputs. Since the units of the fund are traded with reference to such Indicative NAV, management believes that it is a reasonable approximation of the fair value of the investee since such indicative NAV is based on the fair value of the core assets of the investee. As per the management financial statements of the investee for the year ended 31 December 2023, the Indicative NAV per unit amounts to SR 13.4 / unit (31 December 2022: SR 14.2 / unit), which has accordingly been used as a valuation basis of the Group's investment as at 31 December 2023.

Refer note 27 for information about the methods and assumptions used in determining fair value including the valuation techniques used in measuring fair values for financial instruments.

There were no transfers in the fair value levels during the year ended 31 December 2023.

9. CASH AND CASH EQUIVALENTS

	2023	2022
	SR'000	SR'000
Cash on hand	**1,545**	2,710
Cash at banks	**593,899**	695,127
Term deposits (note (a))	**109,950**	231,425
	705,394	929,262
Less: Restricted cash - non - current (note (a and b))	**(109,950)**	(242,590)
Less: Restricted cash - current (note (b))	**(296,596)**	(346,288)
	298,848	340,384

a) These represent deposits placed in Murabaha deposits with commercial banks having original maturity of three months and yielding finance income amounting to SR 14.5 million (31 December 2022: SR 5.1 million). 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 equivalents and restricted cash approximates the carrying value at 31 December 2023 and 31 December 2022.

10. OTHER ASSETS

	2023 SR'000	2022 SR'000
Other non-current assets		
Accrued rent	**16,509**	17,453
Other current assets		
Prepaid expenses	**12,114**	10,315
Other hotel related receivables	**--**	4,027
Other	**1,629**	49,595
Total	**13,743**	63,937

11. PROPERTIES FOR DEVELOPMENT AND SALE

These represent properties being developed for sale as residential units which determined by management to be used for future sale in the ordinary course of Group's operations. Movement during the year ended is as follows:

	2023 SR'000	2022 SR'000
Opening balance	**21,069**	24,806
Transfers from property, plant and equipment (note 5)	**6,845**	37,557
	27,914	62,363
Less: Charged to cost of revenue (11.1)	**(6,845)**	(41,294)
	21,069	21,069

11.1 Properties for development and sale charge to statement of profit or loss during the year ended 31 December 2023 amounts to SR 6.8 million (31 December 2022: SR 41.3) are charged to cost of revenue under "cost of property for development and sale".

11.2 The management of the Group has carried out an exercise to determine the net realizable value of their residential units. This exercise involved determination of planned mode of disposal and the estimation of certain significant variables such as estimated selling price based on planned mode of disposal, estimated cost to sell and estimated cost to make the asset ready for sale. At 31 December 2023 and 31 December 2022, the net realizable value of the properties for development and sale is assessed to be higher than their carrying value.

12. TRADE AND OTHER RECEIVABLES

	2023 SR'000	2022 SR'000
Receivables from contract with customers	**26,874**	36,956
Receivables from rental income and land sale (12.1)	**106,061**	205,985
Contract assets (12.3)	**24,683**	12,519
Advances to suppliers	**75,538**	132,565
Other receivables	**156,848**	101,410
Less: allowance for expected credit loss (12.2)	**(47,396)**	(99,801)
	342,608	389,634

12.1 This includes an amount of SR Nil (2022: SR 48 million) in respect of the sale of certain property in prior periods.

Trade receivables are non-derivative financial assets carried at amortized 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 31 December 2023, five largest customers accounted for 68% (31 December 2022: 54%) of the outstanding receivables. Due to short-term nature of the trade receivables, their carrying amounts are considered to approximate their fair values.

Advances to suppliers mainly include advances for undertaking repair and maintenance of infrastructure work.

The allowance for expected credit loss of trade and other receivables is as follows:

	2023 SR'000	2022 SR'000
Receivables from contract with customers	**15,326**	10,651
Receivables from rental income	**32,070**	78,649
Receivables in respect of properties for development and sale	**--**	8,478
Contract assets (12.3)	**--**	2,023
	47,396	99,801

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

	2023 SR'000	2022 SR'000
Opening balance	**99,801**	60,689
(Reversal) / charge for the year	**(47,790)**	49,079
Write off during the year	**(4,615)**	(9,967)
Closing balance	**47,396**	99,801

12. TRADE AND OTHER RECEIVABLES (continued)

12.3 Contract assets relate to off-plan sales of properties for development and sale yet to be billed to customers, and unbilled rentals from commercial center. Upon billing of invoice, the amounts recognized as contract assets are reclassified to trade receivables. The Group also recognized a loss allowance for contract assets in accordance with IFRS 9.

13. CAPITAL AND RESERVES

13.1 Share capital

	2023 **SR'000**	2022 SR'000
Number of shares, unless otherwise stated (In thousand of shares)		
In issue at 1 January-Fully paid/contributed	**1,154,534**	929,400
Issue of shares against swap agreement	**--**	225,134
In issue at 31 December-Fully paid/contributed	**1,154,534**	1,154,534
Authorised-par value SR 10	**11,545,342**	11,545,342

13.2 Share premium

Pursuant to the debt-to-equity conversion during year ended 31 December 2022, share premium reserve amounting to SR 2,918 million was recorded. Below is the movement to share premium reserve:

	SR'000
Share premium recognized pursuant under swap agreement in 2022	**2,917,739**
Accumulated losses adjusted 2022 (note 2.4)	**(1,590,143)**
Share premium balance as of 31 December 2022	**1,327,596**
Further accumulated loss adjusted (note 29)	**(700,000)**
	627,596

13.3 Statutory reserve

In accordance with Company's By-Laws, the shareholders may resolve to form reserves to the extent that serves the Company's interest or ensures, as far as possible, consistent distribution of dividends to the shareholders. The reserve is not available for distribution except for where the shareholder resolve via a General Assembly to distribute them or transfer back to the retained earnings. Currently the statutory reserve is a reserve created under the requirement of the previous regulations.

13.4 Reserve for advances to certain founding shareholders

This represents amounts advanced to certain founding shareholders ("the founders") in prior years, duly approved by the shareholders and stipulated in the By-laws of the Company, and subsequently ceased via shareholder resolution in their extraordinary general assembly meeting dated 28 March 2016 (corresponding to 19 Jumada Al Thani 1437H). The advances are adjustable against future dividend distributions by the Company to the founders and / or against the proceeds from disposal of Company's shares held by the founders. During the year ended 31 December 2023, the Company received SR 0.3 million against advances from certain founders.

14. 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. For information about the Group's exposure to interest rate and liquidity risk, refer note 27.

	2023 **SR'000**	2022 SR'000
Loans and borrowings	**11,433,470**	10,682,433
Accrued commission	**345,238**	361,623
Less: Deferred financial charges	**(52,198)**	(63,011)
	11,726,510	10,981,045
Current portion	**(678,503)**	(478,621)
Non-current portion	**11,048,007**	10,502,424

14. LOANS AND BORROWINGS (continued)

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

31 December 2023	Non-current portion*	Current portion*	Facility limit	Last restructuring date	Repayment period	Repayment term	Collateral	Carrying amount of the Collateral
			SR '000					*SR '000*
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 (g))	**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)**						
	11,048,007	**678,503**						

31 December 2022	Non-current portion*	Current portion*	Facility limit	Last restructuring date	Repayment period	Repayment term	Collateral	Carrying amount of the Collateral
			SR '000					*SR '000*
Secured bank loans								
Government loan (note (a))	**1,378,951**	**--**	1,500,057	14-Nov-21	31-Mar-31	Bullet payment	Refer note (a)	6,300,625
Syndicate loan (note (b))	**5,613,196**	**--**	5,898,890	23-Oct-21	31-Dec-24 to 30-Sep-30	Quarterly	Refer note (b)	8,431,345
Facility from a local bank (note (c))	**928,600**	**95,616**	1,000,000	--	23-Jan-23 to 27-Jan-30	Semi-Annual	Refer note (c)	299,453
Facility from a local bank (note (d))	**1,600,000**	**95,920**	1,600,000	28-Aug-22	28-Feb-24 to 28-Aug-27	Semi-Annual	Refer note (d)	1,902,133
Unsecured bank loans								
Facility from a local bank (note (e))	**29,150**	**27,160**	55,385	--	5-Oct-23	Bullet payment	--	--
Subordinated Sukuk (note (f))	**--**	**257,473**	253,125	--	15-Nov-23	Bullet payment	--	--
Facility from a local bank (note (g))	**1,007,477**	**10,513**	1,600,000	--	3-Nov-24 to 3-May-36	Semi-Annual	--	--
	10,557,374	**486,682**						
Less: Deferred financial charges	**(54,950)**	**(8,061)**						
	10,502,424	**478,621**						

**these balances include accrued commission*

14. 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 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 31 December 2023.

c) The Group has pledged 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 31 December 2023.

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 has 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 31 December 2023.

14. LOANS AND BORROWINGS (continued)

e) During the year ended 31 December 2023, the Group has repaid the loan amount in full.

f) On 12 November 2018, the Group issued sharia compliant unsecured and subordinated private Sukuk amounting to SR 506 million, with a maturity date of 15 November 2023. The sukuks were issued under wholly owned subsidiary 'Jabal Omar Sukuk Company Limited' (note 1) in United States Dollars. During the year ended 31 December 2023, the Group has repaid the Sukuk amount in full.

g) This loan is secured against the guarantee provided by the Government to the lender. There are no financial debt covenants related to the facility.

h) During the year ended 31 December 2023, total drawdowns against loans and borrowings amounted to SR 751 million (2022: SR 1,993 million), repayments amounted to SR 380 million (2022: SR 969 million), while total finance cost amounted to SR 954 million (2022: SR 545 million).

15. EMPLOYEES' TERMINAL BENEFITS

The Group operates a defined benefit plan in line with the Labour Law requirement in the Kingdom of Saudi Arabia. The end of service benefit payments under the plan are based on the employees' final salaries and allowances and their cumulative years of service at the date of their termination of employment, as defined by the conditions stated in the Labour Laws of the Kingdom of Saudi Arabia. Employees' end of service benefit plans are unfunded plans and the benefit payment obligation are met when they fall due upon termination of employment. The following table summarizes the components of the net benefit expense recognized in the Statement of profit or loss and amounts recognized in the consolidated statement of financial position.

	2023 **SR'000**	2022 SR'000
Balance at 1 January	**32,675**	27,309
Included in profit or loss		
Current service cost	**8,956**	7,124
Interest cost	**1,272**	601
Curtailment loss / (gain)	**11**	(888)
	10,239	6,837
Included in other comprehensive income		
Re-measurement (gain) / loss:		
- Actuarial (gain) / loss arising from:		
• demographic assumptions	**(495)**	310
• financial assumptions	**--**	341
• experience adjustment	**2,153**	2,505
	1,658	3,156
Other		
Benefits paid	**(3,613)**	(4,627)
	(3,613)	(4,627)
Balance at 31 December	**40,959**	32,675

15. EMPLOYEES' TERMINAL BENEFITS (continued)

Actuarial assumptions
The following were the principal actuarial assumptions applied at the reporting date:

	2023	2022
Discount rate (%)	**4.61%**	4.13%
Future salary growth (%)	**4.41%**	4.12%

At 31 December 2023, the weighted-average duration of the defined benefit obligation was 6.44 years (31 December 2022: 6.58 years).

Expected future payments are discounted using market yields at the end of the reporting period of high-quality government bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows.

Sensitivity analysis
Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	2023		2022	
	Increase	**Decrease**	Increase	Decrease
	SR'000	***SR'000***	*SR'000*	*SR'000*
Discount rate (1% movement)	**(2,428)**	**2,819**	(2,196)	2,072
Future salary growth (1% movement)	**2,961**	**(2,600)**	2,181	(2,331)

The sensitivity analyses above have been determined based on a method that extrapolates the impact on the defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The sensitivity analyses may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation from one another.

The following undiscounted payments are expected to the defined benefit plan in future years:

	2023	2022
	SR'000	SR'000
Within the next 12 months (next annual reporting period)	**6,199**	4,899
Between 1 to 5 years	**17,862**	13,909
More than 5 years	**33,910**	25,811

16. OTHER NON-CURRENT LIABILITIES

	2023 **SR'000**	2022 SR'000
Payable to CDCC (note (a))	**734,412**	716,232
Retention payable-non-current (note 17 (a))	**83,694**	193,501
Refundable deposits (note (b))	**6,367**	7,979
Others	**10,309**	16,366
	834,782	934,078

a) This represents payable to CDCC in lieu of construction and operation of cooling plant (for provision of cooling facilities) to the Group at pre-agreed rates.

b) Refundable deposits are received in connection with lease of commercial centers which are to be settled at the end of the corresponding lease contract.

17. TRADE PAYABLE AND OTHER CURRENT LIABILITIES

	2023 **SR'000**	2022 SR'000
Contractors accrued balances, accrued expenses and other liabilities	**1,011,271**	1,037,789
Retention payable - current (note (a))	**148,126**	197,839
Advances from customers (note (b))	**162,007**	236,022
Trade payable	**150,537**	121,253
	1,471,941	1,592,903

a) Retention payables consist of amount due to be settled to contractors based on agreed terms. The amount has been classified as under current and non-current based on expected date of settlement.

b) Advance from customer includes amount received in advance against sale of residential units and advance rent from commercial centers.

18. ZAKAT PAYABLE

During the year ended 31 December 2023, the Group has recorded Zakat charge of SR 221 million for the current and prior periods (31 December 2022: SR Nil).

18. ZAKAT PAYABLE (continued)

The movement in the Zakat provision for the year is as follows:

	2023 SR'000	2022 SR'000
Opening balance	**285,058**	301,768
Charge for the year		
Zakat charge - current year	**33,005**	**--**
Change in estimates related to prior period	**188,378**	**--**
	221,383	**--**
Advance settlement	**(20,755)**	**--**
Payments made during the year	--	(16,710)
Closing balance	**485,686**	285,058

Significant components of Zakat base are as follows:

		2023 SR'000	2022 SR'000
Equity		**12,971,112**	14,081,762
Opening provisions and other adjustments		**13,582,859**	12,603,340
Book value of long-term assets		**(25,545,692)**	(26,720,067)
Adjusted income	A	**272,914**	(208,317)
Zakat base	B	**1,281,193**	(243,282)
Zakat base higher of A and B		**1,281,193**	--
Zakat for the current year @2.5%		**32,813**	**--**
Zakat on investment in fund		**192**	**--**

Certain items have been adjusted in accordance with the applicable regulations to arrive at the Zakat base. Zakat is computed at a rate of 2.5% applied to the amount that is the higher of adjusted net income and kat base.

Status of assessments

The Group has filed Zakat returns for all periods / year's up to and including 31 December 2022.

In prior periods, ZATCA had raised an additional Zakat demand of SR 421 million in respect of the years ended 30 Dhul Hijjah 1434H (corresponding to 4 November 2013) to 1437H (corresponding to 2016) along with the periods ended 15 Rajab 1438H (corresponding to 12 April 2017) and 31 December 2018. The Group filed an appeal against the additional demand based on which during the year ended 31 December 2022 the Tax Violation and Dispute Appellate Committee (TVDAC) issued a notification in respect of the appeal revising the Zakat demand to SR 354 million. The Group submitted a request for reconsideration with TVDAC. During the year ended 31 December 2023, TVDAC rejected the subject matter of the reconsideration appeal, which resulted in the Company's commitment to pay the amount of Zakat assessed for the aforementioned years, accordingly, Zakat assessments for the years from 1434H (corresponding to 2013) to 2018G have been finalized and the Group has booked the required provision during the year ended 31 December 2023.

18. ZAKAT PAYABLE (continued)

Status of assessments (continued)

During the year ended 31 December 2021, ZATCA issued assessments for the years 2019 and 2020 raising an additional Zakat demand of SR 209 million. The Group submitted an appeal in respect of the foregoing assessments based on which the Tax Violation and Dispute Resolution Committee (TVDRC) rendered its decision on the Group's appeal revising the additional Zakat demand to SR 189 million. Later, ZATCA cancelled the assessment for the year 2019, and the Group agreed on ZATCA cancellation and sent an acceptance letter to TVDAC during the year ended 31 December 2023. For the year 2020, the Group has filed an appeal with the TVDAC against TVDRC's decision. As at the reporting date, TVDAC's response is awaited in this respect. During the year ended 31 December 2023, the Company has presented a settlement offer to the Settlement Committee at ZATCA, hearing was conducted on December 2023. Subsequent to year ended 31 December 2023, the Company has submitted the information requested by Settlement Committee and the case is currently under review.

Furthermore, in lieu of the above developments, while TVDAC through its decision on zakat assessments for the years from 1434H (corresponding to 2013) to 2018G has disallowed deductions pertaining to certain balances including restricted cash balance and investment in the funds along with other similar matters, however, management believes that considering the basis / reasons for rejections, the Company has sufficient grounds to successfully contest any Zakat contingencies arising out of the years currently under review with TVDAC as well as for the unassessed years. Nonetheless based on management best estimate any non-contestable exposures have been adequately provided for.

Accordingly, as at 31 December 2023, management has recognized a provision representing its best estimate of the amount required to settle all Zakat exposures, including pending assessments and appeals thereagainst, up to and including the year ended 31 December 2023. However, the assessment pending with TVDAC for year 2019 and 2020 as well as for unassessed years, continue to represent Zakat contingencies due to the uncertainty associated with the timing and / or amount of eventual settlement.

19. RELATED PARTY 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.

Related party	Relationship
Central District Cooling Company	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 consolidated financial statements, significant transactions with related parties in the ordinary course of business included in the consolidated financial statements for the year ended 31 December and balances arising there from are summarized below:

19. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

Related party	Nature of transaction	2023 SR'000	2022 SR'000
Key Management Personnel Compensation	- Short term employee benefits	**17,751**	16,552
	- Post-employment benefits	**418**	376
Central District Cooling Company	Cooling charges	**41,062**	22,798
	Concession payable related finance Charges	**44,410**	38,474
	Rental income	**4,057**	4,057

Balances arising from transactions with related parties are as follows:

Related party	Nature of balance	2023 SR'000	2022 SR'000
Central District Cooling Company	Other non-current liabilities (note 16)	**734,412**	716,232
	Other non-current assets (note 10)	**16,509**	17,453
	Trade and other receivables (note 12)	**27,763**	15,868
	Trade payable and other current liabilities (note 17) *	**259,848**	272,395

***** During the 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 ended 31 December 2024.

Description	Nature of transaction	2023 SR'000	2022 SR'000
Board of Directors	Meeting attendance fee (note 22)	**2,432**	1,724

20. REVENUE

	2023 SR'000	2022 SR'000
Revenue from contract with customers	**1,205,622**	760,217
Revenue from rental income	**121,101**	89,284
	1,326,723	849,501

20. REVENUE (continued)

20.1 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 year ended 31 December							
	Operating Hotels		Commercial centers		Properties for development and sale		Total	
	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022
	SR'000	SR'000	**SR'000**	SR'000	**SR'000**	SR'000	**SR'000**	SR'000
Revenue from contract with customers:								
Sale of properties for development and sale	--	--	--	--	**63,815**	62,680	**63,815**	62,680
Hotel's operations:								
- Room rent	**884,392**	542,157	--	--	--	--	**884,392**	542,157
- Other services	**257,415**	155,380	--	--	--	--	**257,415**	155,380
Revenue from rental income:								
Lease of commercial center	--	--	**121,101**	89,284	--	--	**121,101**	89,284
	1,141,807	697,537	**121,101**	89,284	**63,815**	62,680	**1,326,723**	849,501
Timing of revenue recognition:								
Point-in-time	**257,415**	155,380	--	--	--	--	**257,415**	155,380
Over time	**884,392**	542,157	**121,101**	89,284	**63,815**	62,680	**1,069,308**	694,121
Total revenue	**1,141,807**	697,537	**121,101**	89,284	**63,815**	62,680	**1,326,723**	849,501

20.2 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.

21. COST OF REVENUE

	2023 **SR'000**	2022 SR'000
Cost of property for development and sale	**11,183**	74,231
Commercial center operating costs	**54,418**	22,392
Hotel operating cost	**592,729**	468,068
Depreciation and amortization	**267,343**	247,632
Other costs	**--**	7,711
	925,673	820,034

22. GENERAL AND ADMINISTRATION EXPENSES

	Note	**2023** **SR'000**	2022 SR'000
Employee related costs and travelling expenses		**59,608**	53,456
Depreciation and amortization		**16,629**	19,043
Impairment of property, plant and equipment, net	5	**71,166**	**--**
Withholding taxes		**3,812**	3,364
Professional and consultancy fees		**18,887**	38,071
Attendance fee for board meetings		**2,432**	1,724
Hotels pre-operating expenses		**19,989**	3,323
Others		**25,665**	36,085
		218,188	155,066

23. OTHER OPERATING INCOME

	2023 **SR'000**	2022 SR'000
Gain on disposal of asset held for sale (refer note (a))	**390,427**	**--**
Others	**7,286**	13,984
	397,713	13,984

a) During the year ended 31 December 2023, the group has sold a plot of land with an area of 3,066 square meter located in phase 5 for a consideration of SR 521 million, which had a carrying amount of SR 131 million.

24. FINANCE COSTS

	2023 SR'000	2022 SR'000
Finance cost on loan arrangement (note 14)	**953,828**	545,051
Finance cost on other non-current liabilities (note 16)	**44,410**	38,483
	998,238	583,534
Finance cost capitalised (note 5 and 6)	**(612,296)**	(157,564)
	385,942	425,970

25. EARNINGS / (LOSS) PER SHARE

Basic earnings / (loss) per share for the year ended 31 December 2023 and for the year ended 31 December 2022, have been computed by dividing the profit / (loss) for the year 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.

	2023 SR'000	2022 SR'000
Profit / (loss) for the year attributable to shareholders of the Parent Company	**37,480**	(352,373)
Weighted average number of outstanding shares (number in thousand) (note 25.1)	**1,154,534**	1,004,445
Earnings / (loss) per share (Saudi Riyals) - Basic and diluted	**0.03**	(0.35)

25.1 Weighted-average number of shares

	2023 SR'000	2022 SR'000
In thousand of shares		
Issued shares at 1 January	**1,154,534**	929,400
Effect of shares issued during the year	**--**	75,045
Weighted-average number of shares at 31 December	**1,154,534**	1,004,445

26. SEGMENT REPORTING

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.

Reportable segments	Operations
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.

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

	As at the year ended 31 December 2023					
Particulars	**Operating hotels**	**Commercial centers**	**Properties for development and sale**	**Total for reportable segments**	**Other unallocated amounts**	**Consolidated total**
	SR'000	**SR'000**	**SR'000**	**SR'000**	**SR'000**	**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**

The Statement of profit or loss items for the year ended 31 December 2023 are as follows:

Particulars	**Operating hotels**	**Commercial centers**	**Properties for development and sale**	**Total for reportable segments**	**Other unallocated amounts**	**Consolidated total**
	SR'000	**SR'000**	**SR'000**	**SR'000**	**SR'000**	**SR'000**
Revenue – external customers	**1,141,807**	**121,101**	**63,815**	**1,326,723**	--	**1,326,723**
Cost of revenue	**(846,269)**	**(68,221)**	**(11,183)**	**(925,673)**	--	**(925,673)**
Segment profit / (loss)	**666,936**	**53,889**	**52,762**	**773,587**	**(737,765)**	**35,822**

26. SEGMENT REPORTING (continued)

Particulars	Operating hotels SR'000	Commercial centers SR'000	Properties for development and sale SR'000	Total for reportable segments SR'000	Other unallocated amounts SR'000	Consolidated total SR'000
	As at the year ended 31 December 2022 (Restated)					
Property, plant and equipment	19,451,206	44,930	--	19,496,136	5,403	19,501,539
Investment properties	1,614,696	3,433,145	--	5,047,841	--	5,047,841
Asset held for sale	130,749	--	--	130,749	--	130,749
Other non-current assets (total)	220	--	--	220	670,810	671,030
Other current assets (total)	404,563	71,455	33,589	509,607	651,705	1,161,312
Segment assets	21,601,434	3,549,530	33,589	25,184,553	1,327,918	26,512,471
Segment liabilities	142,478	38,982	119,331	300,791	13,524,968	13,825,759

The Statement of profit or loss items for the year ended 31 December 2022 are as follows:

Particulars	Operating hotels SR'000	Commercial centers SR'000	Properties for development and sale SR'000	Total for reportable segments SR'000	Other unallocated amounts SR'000	Consolidated total SR'000
Revenue – external customers	697,537	89,284	62,680	849,501	--	849,501
Cost of Revenue	(706,998)	(38,787)	(74,249)	(820,034)	--	(820,034)
Segment / (loss) / profit	(18,993)	46,444	(11,551)	15,900	(371,429)	(355,529)

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

27. RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS

27.1 The Group's principal financial liabilities comprise loans and borrowings and trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets include trade receivables, and cash and short-term deposits that derive directly from its operations. The Group also holds investments in equity instruments.

The Group has exposure to the following risks arising from financial instruments:

- market risk;
- credit risk; and
- liquidity risk

27. RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS (continued)

Risk management framework

The Group management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Board of Directors has overall responsibility for establishment and oversight of the Group's risk management framework. Audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the management. The Group is continuously monitoring the evolving scenario and any further change in the risk management policies will be reflected in the future reporting periods.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and price risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates. The Group manages the interest rate risk by regularly monitoring the interest rate profiles of its interest-bearing financial instruments. The Group's interest-bearing liabilities, which are mainly bank borrowings, at floating rates of interest, which are subject to re-pricing. Management monitors the changes in interest rates and believes that the fair value and cash flow interest rate risks to the Group are significant. Interest bearing financial assets comprises of short term Murabaha deposits which are at floating interest rates; and caused exposure to cash flow interest rate risk and fair value interest rate risk.

The interest rate profile of the Group's variable interest-bearing financial instruments as reported to the management of the Group is as follows:

	2023 **SR'000**	2022 SR'000
Financial liabilities	**11,433,470**	10,374,463

Profit or loss is sensitive to higher/lower interest expense on borrowings as a result of changes in interest rates. The following table demonstrates the sensitivity to a reasonable possible change in interest rate on the Group's profit before zakat, through the impact of floating rate borrowings with all other variables held constant:

	2023 **SR'000**	2022 SR'000
Interest rate-increases by 100 basis points	**111,020**	99,262
Interest rate-decreases by 100 basis points	**(111,020)**	(99,262)

27. RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS (continued)

Currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's transactions are principally in Saudi Riyals and United States Dollars. The management believes that there is no currency risk arising from the transactions in currencies to which the Saudi Riyals is pegged. The Group's exposure to currency risk arising from currencies to which the Saudi Riyals is not pegged is not material to these consolidated financial statements.

Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, other than those arising from special commission rate risk (also referred to as interest rate risk or commission rate risk) or currency risk, whether those changes are caused by factors specific to the individual financial instruments or it's issuer, or factors affecting all similar financial instruments traded in the market.

The Group's exposure to unit price risk arises from investments held by the Group and classified in the consolidated statement of financial position at fair value through profit or loss. The Group closely monitors price in order to manage price risk arising from investments in fund.

The table below summarizes the impact of increases/decreases of the NAV of units on the Group's equity. The analysis is based on the assumption that the NAV of units had increased or decreased by 5% with all other variables held constant, and that all the Group's units moved in line with the market price.

	Impact on profit or loss as at 31 December	
	2023	2022
	SR'000	SR'000
NAV of the units-increases by 5%	**13,363**	14,188
NAV of the units-decreases by 5%	**(13,363)**	(14,188)

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, leading to a financial loss. The Group manages credit risk by assessing the credit worthiness of counter parties before entering into transactions as well as monitoring any outstanding exposures on a periodic basis to ensure timely settlement. Credit risk arises from cash and cash equivalents, restricted cash, credit exposures to customers, including outstanding receivables, accrued rental income and contract assets.

Credit risk is managed on a Group basis. For trade receivables, accrued rental income and contract assets, internal risk control department assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set in accordance with limits set by the management. The compliance with credit limits by customers is regularly monitored by line management.

The Group's maximum exposure to credit risk for the components of the statement of financial position at 31 December 2023 and 31 December 2022 is equal to the respective carrying amounts as disclosed in notes 9 and 12.

27. RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS (continued)

Credit risk (continued)

Cash at banks are placed with banks with sound credit ratings. Other receivables are considered to have low credit risk; therefore, 12 months expected loss model was used for impairment assessment. Based on management's impairment assessment, there is no provision required in respect of these balances for all the years presented.

For trade receivables and contract assets, the Group applies the simplified approach to provide for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected credit loss provision for all trade receivables, accrued rental income and contract assets based on a provision matrix. To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress. Further, the expected credit losses also incorporate forward-looking information.

The provision matrix takes into account historical credit loss experience and is adjusted for average historical recovery rates. The historical loss rates are also considered to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified GDP growth rate to be the most relevant macro-economic factors of forward looking information and accordingly adjusts the historical loss rates based on expected changes in these factors.

Tenant Receivables
Tenants are assessed according to Group criteria prior to entering into lease arrangements. Credit risk is managed by requiring tenants to pay rentals and services to tenants in advance. The credit quality of the tenant is assessed based on an extensive credit rating scorecard at the time of entering into a lease agreement. Outstanding tenants' receivables are regularly monitored. An impairment analysis is performed at each reporting date on an individual basis for major tenants. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial asset.

Receivables resulting from the sale of inventory property, property under development and contract assets
Customer credit risk is managed by requiring customers to pay advances before the transfer of ownership, therefore, substantially eliminating the Group's credit risk in this respect.

The following table provides information about the exposure to credit risk and ECLs for receivables and contract assets:

31 December 2023	**Current** **SR'000**	**More than 30 days past due** **SR'000**	**More than 90 days past due** **SR'000**	**More than 120 days past due** **SR'000**	**Total** **SR'000**
Expected loss rate	**0.12%**	**4.74%**	**6.65%**	**62.95%**	**5.65%**
Gross carrying amount	**747,052**	**14,951**	**4,907**	**72,183**	**839,093**
Loss allowance	**926**	**708**	**327**	**45,435**	**47,396**

27. RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS (continued)

Credit risk (continued)

31 December 2022	Current SR'000	More than 30 days past due SR'000	More than 90 days past due SR'000	More than 120 days past due SR'000	Total SR'000
Expected loss rate	2%	2%	2%	2%	36%
Gross carrying amount	52,541	28,663	4,337	187,919	273,460
Loss allowance	792	545	84	95,914	97,335

Liquidity Risk

Liquidity risk is the risk that an enterprise will encounter difficulty in meeting the obligations associated with the financial liabilities that are settled by delivering cash or another financial asset. The Group's objective when managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. Liquidity risk is managed by monitoring on a regular basis that sufficient funds are available through committed credit facilities to meet any future commitments. This includes consideration of future cashflow forecasts, prepared using assumptions about the nature, timing and amount of future transactions, planned course of actions and other committed cash flows that can be considered reasonable and achievable in the circumstances of the Group. The Group's management has developed a plan to enable the Group to meet its obligations as they become due and to continue its operations, without significant curtailment, as a going concern (refer note 2.4).

Expected maturity of undiscounted cash flows of financial liabilities are as follows:

	Carrying values SR'000	**Gross undiscounted value SR'000**	**up to 1 year SR'000**	**1 - 2 years SR'000**	**2- 5 years SR'000**	**More than 5 years SR'000**
31 December 2023						
Loans and borrowings	11,726,510	17,368,103	1,196,756	1,252,448	4,913,085	10,005,814
Trade payable and other current liabilities	1,198,869	1,198,869	1,198,869	--	--	--
Other non-current liabilities	834,782	1,354,853	--	96,151	277,567	981,135
	13,760,161	**19,921,825**	**2,395,625**	**1,348,599**	**5,190,652**	**10,986,949**

	Carrying value SR'000	Gross undiscounted value SR'000	up to 1 year SR'000	1 - 2 years SR'000	2- 5 years SR'000	More than 5 years SR'000
31 December 2022						
Loans and borrowings	10,981,045	11,584,343	540,161	1,515,618	2,732,285	6,796,279
Trade payable and other current liabilities	1,356,881	1,357,327	1,357,327	--	--	--
Other non-current liabilities	933,670	1,388,886	37,266	261,714	186,717	903,189
	13,271,596	14,330,556	1,934,754	1,777,332	2,919,002	7,699,468

27. RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS (continued)

Liquidity Risk (continued)

Liquidity risk is managed by monitoring on a regular basis that sufficient funds and banking and other credit facilities are available to meet the Group's future commitments. Refer to Note 14 for unused credit facilities and Note 9 for closing cash position of the Group.

The following table sets out the carrying amounts of non-derivative financial assets and financial liabilities expected to be recovered or settled less than 12 months after the reporting date.

	2023 **SR'000**	2022 SR'000
Financial assets		
Financial investments	**267,259**	--
Other current assets	**1,629**	53,622
Trade and other receivables	**132,935**	344,351
Cash and cash equivalents	**298,848**	340,384
Restricted cash	**296,596**	346,288

	2023 **SR'000**	2022 SR'000
Financial liabilities		
Loans and borrowings-current portion	**678,503**	478,621
Trade payable and other current liabilities	**1,198,869**	1,356,881

The following table sets out the carrying amounts of non-derivative financial assets and financial liabilities expected to be recovered or settled more than 12 months after the reporting date.

	2023 **SR'000**	2022 SR'000
Financial assets		
Financial investments	**--**	283,762
Restricted cash	**109,950**	242,590
Other non-current assets	**16,509**	17,453
Financial liabilities		
Loans and borrowings	**11,048,007**	10,502,424
Other non-current liabilities	**834,782**	933,670

27. RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS (continued)

Liquidity Risk (continued)

Capital management

The primary objective of the Group's capital management is to safeguard the Group's ability to continue as a going concern, maintain a strong base so as to maintain investor and creditor confidence and to sustain future development of the business; to provide returns for shareholders; and to optimize the capital structure to reduce cost of capital. The capital structure includes all components of shareholders' equity totaling SR 12,723 million at 31 December 2023 (31 December 2022: SR 13,387 million). The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

Cash flow forecasting is performed by the management which monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Company does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Management is monitoring the cash capital position of the Company and is the process of considering the overall capital structure. Some of these initiatives have been set out in the note on going concern (note 2.4).

The Group's treasury department monitors capital on the basis of the gearing ratio. This ratio is calculated based on the net debt divided by total capital.

	2023 **SR'000**	2022 SR'000
Borrowings	**11,726,510**	10,981,045
Less: cash and cash equivalents	**(298,848)**	(340,384)
Less: restricted cash	**(406,546)**	(588,878)
Net debt (A)	**11,021,116**	10,051,783
Shareholders' equity (B)	**12,722,820**	13,386,712
Total capital (A+B)	**23,743,936**	23,438,495
Gearing ratio (A / (A+B))	**0.46**	0.43

27. RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS (continued)

Liquidity Risk (continued)

Capital management (continued)

(a) Net debt reconciliation

	Cash and cash equivalents SR'000	Restricted cash SR'000	Loans and Borrowings SR'000	Payable to Unitholders SR'000	Total SR'000
1 January 2022	328,427	959,110	(9,808,930)	(5,370,442)	(13,891,835)
Finance cost / others	--	--	(538,191)	5,370,442	4,832,251
Cash flows, net	11,957	(370,232)	(633,924)	--	(992,199)
31 December 2022	340,384	588,878	(10,981,045)	--	(10,051,783)
Finance cost / others	--	--	(900,386)	--	(900,386)
Cash flows, net	(41,536)	(182,332)	154,921	--	(68,947)
31 December 2023	**298,848**	**406,546**	**(11,726,510)**	**--**	**(11,021,116)**

27.2 Fair value measurement of financial instruments

Recognized fair value measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. 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.

27. RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS (continued)

27.2 Fair value measurement of financial instruments (continued)

Recognized fair value measurements (continued)

All assets and liabilities for which fair value is measured or disclosed in the consolidated 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

For assets and liabilities that are recognized in the consolidated 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 31 December 2023 and 31 December 2022, the fair values of the Group's financial instruments are estimated to approximate their carrying values.

Fair value hierarchy

	For the year ended 31 December 2023					
	FVTPL SR'000	Amortized Cost SR'000	Total SR'000	Level 1 SR'000	Level 2 SR'000	Level 3 SR'000
Financial assets						
Cash and cash equivalents	--	298,848	--	--	--	--
Restricted cash	--	406,546	--	--	--	--
Trade and other receivables	--	132,935	--	--	--	--
Other current assets	--	1,629	--	--	--	--
Financial investments at fair value through profit or loss	267,259	--	267,259	--	--	267,259
	267,259	839,958	267,259	--	--	267,259

27. RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS (continued)

27.2 Fair value measurement of financial instruments (continued)

Fair value hierarchy (continued)

	For the year ended 31 December 2022					
	FVTPL SR'000	Amortized Cost SR'000	Total SR'000	Level 1 SR'000	Level 2 SR'000	Level 3 SR'000
Financial assets						
Cash and cash equivalents	--	340,384	--	--	--	--
Restricted cash	--	588,878	--	--	--	--
Trade and other receivables	--	344,351	--	--	--	--
Other current assets	--	53,622	--	--	--	--
Financial investments at fair value through profit or loss	283,762	--	283,762	--	--	283,762
	283,762	1,327,235	283,762	--	--	283,762

There are no transfers in the fair value levels during the year ended 31 December 2023.

Financial assets at FVTPL comprise investments in funds. The following tables show the valuation techniques used in measuring Level 3 fair values for financial instruments in the statement of financial position, as well as the significant unobservable inputs used.

Type	**Valuation technique**
Funds Investment in non-public funds	Indicative NAV of the Fund based on the fair value of the underlying assets of the Fund

Fair value measurements using significant unobservable inputs (level 3)

	2023 SR'000	2022 SR'000
Opening balance	**283,762**	304,122
Loss recognised in profit or loss	**(16,503)**	(20,360)
Closing balance	**267,259**	283,762

27. RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS (continued)

27.2 Fair value measurement of financial instruments (continued)

Valuation process
In line with the Group's reporting dates, the Group's finance department determines fair value of the valuations of financial instruments required for financial reporting purposes, including level 3 fair values. This team reports directly to the Chief Financial Officer (CFO). Refer note 8 for details on main level 3 inputs used by the Group.

28. COMMITMENTS AND CONTINGENCIES

a) As at 31 December 2023, the outstanding capital commitments in respect of development of the Project amounted to SR 2,533 million (31 December 2022: SR 3,607 million).

b) Refer note 18 for Zakat related contingencies.

c) As at 31 December 2023, the Group has bank letter of credits amounting to SR Nil (31 December 2022: SR 5.5 million) issued from local bank in the Kingdom of Saudi Arabia.

d) As at 31 December 2023, the contingencies against banks' letter of guarantees issued on behalf of the Group amounted to SR 50 million (31 December 2022: SR 50 million).

e) During the year ended 31 December 2023, a lawsuit has been filled by a customer against the Company with a demand amounting to SR 101 million in Makkah High Court (the "authority"), relating to off plan sale for unit sold in year 2014. The authority has moved this case to arbitration settlement.

The customer has initiated arbitration proceedings against the Company in which it has filed for full recovery of the purchase price along with other claims in the capacity of opportunity cost. The Company has challenged the claim and raised counter claims against the counterparty. The financial impact of the dispute, if any, cannot be reliability estimated at present. The Company, after reviewing the claims made against it and consulting its legal counsel, is reasonably confident of an outcome in its favor.

29. ADJUSTMENT TO PRIOR PERIODS

29.1 Further to the matters disclosed in note 5, management carried out a detailed assessment of the operating results of its properties (hotels and commercial centers) as well as an analysis of the trend in market value of its lands over the last 12 months, subsequent to the lifting of the COVID-19 restrictions that were imposed locally and globally and that were impacting the Group's operations. Based on the foregoing assessment and analysis, management identified that certain properties required an impairment adjustment of SR 0.7 billion as at 1 January 2022. Accordingly, management recognized such adjustment by restating the corresponding balances of Property, Plant and Equipment and Accumulated Losses as of that date, without any corresponding impact in the statement of profit or loss for the year ended 31 December 2022.

29.2 Moreover, management also adjusted the previously reported balance of Share Premium as of 31 December 2022 by an amount of SR 0.7 billion (representing the amount by which the accumulated losses would increase due to the effect of the aforementioned impairment adjustment in note 29.1). This is on account of the Board of Directors (BoD) resolution issued during the year ended 31 December 2022, whereby the BoD had resolved to set-off the available balance of Share Premium against the Accumulated Losses as of 31 December 2022 (note 13.2). The extension/reconfirmation of the foregoing resolution with respect to the set-off of accumulated losses against share premium due to the effect of the aforementioned impairment adjustment (note 29.1) has been resolved by the BoD via meeting dated 22 May 2023. Accordingly, the balance of share premium as at 31 December 2022 has been restated by SR 0.7 billion.

29. ADJUSTMENT TO PRIOR PERIODS (continued)

29.3 The below table summarizes the impact of the above adjustments:

	1 January 2022 (As previously reported)	Adjustment (note 29.1)	1 January 2022 (Restated)
	SR'000	SR'000	SR'000
Statement of financial position:			
Property, plant and equipment	19,369,516	(700,000)	18,669,516
Total non-current assets	25,085,060	(700,000)	24,385,060
Total assets	26,822,578	(700,000)	26,122,578
Accumulated losses	(1,179,491)	(700,000)	(1,879,491)
Total equity	8,628,226	(700,000)	7,928,226
Total equity and liabilities	26,822,578	(700,000)	26,122,578

	31 December 2022 (As previously reported)	Adjustment (note 29.1)	Adjustment (note 29.2)	31 December 2022 (Restated)
	SR'000	SR'000	SR'000	SR'000
Statement of financial position:				
Property, plant and equipment	20,201,539	(700,000)	--	19,501,539
Total non-current assets	25,920,410	(700,000)	--	25,220,410
Total assets	27,212,471	(700,000)	--	26,512,471
Share premium	1,327,596	--	(700,000)	627,596
Accumulated losses	--	(700,000)	700,000	--
Total equity	13,386,712	(700,000)	--	12,686,712
Total equity and liabilities	27,212,471	(700,000)	--	26,512,471

30. SUBSEQUENT EVENTS

During the year ended 31 December 2023, the Board of Directors of the Company resolved to settle the amount payable to CDCC and MCDC amounting to SR 237 million and SR 309 million respectively, by way of share capital issuance. The management expects the transaction to get executed subsequent to the year ended 31 December 2023 as disclosed further in note 5 (d) and note 19, respectively, of these consolidated financial statements.

Furthermore, subsequent to the year ended 31 December 2023, the Group has entered into Murabaha facility arrangement amounting to SR 1.9 billion with a local bank as disclosed further in note 2.4 of these consolidated financial statements.

31. RECLASSIFICATION IN PRIOR YEAR

During the year ended 31 December 2023, the Group reclassified certain comparative amounts to conform to the current year classification. The table below summarizes the impacts on the Group's financial statements:

Consolidated statement of financial position:

		Impact of reclassification		
As at 31 December 2022	Note	**As previously reported SR'000**	**Adjustments SR'000**	**As reclassified SR'000**
Cash and cash equivalents	31.1	340,384	--	340,384

Since the reclassification was with in the cash and cash equivalents therefore, there is not impact of total current assets and total assets.

Consolidated statement of profit or loss and other comprehensive income:

		Impact of reclassification		
For the year ended 31 December 2022	Note	**As previously reported SR'000**	**Adjustments SR'000**	**As reclassified SR'000**
Cost of revenue	31.2	(797,740)	(22,294)	(820,034)
Gross profit		51,761	(22,294)	29,467
General and administration expenses	31.2	(177,360)	22,294	(155,066)
Other operating income	31.3	19,090	(5,106)	13,984
Other operating expense	31.4	(33,224)	20,360	(12,864)
Operating loss		(190,911)	15,254	(175,657)
Finance income	31.3	--	5,106	5,106
Net change in fair value of financial investments	31.4	--	(20,360)	(20,360)
Loss for the year before Zakat		(352,373)	--	(352,373)
Loss for the year		(352,373)	--	(352,373)
Total comprehensive loss for the year		(352,529)	--	(352,529)

The reclassification do 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 year ended 31 December 2022.

31.1 This represents reclassification amounting to SR 2.6 million from cash at bank to cash on hand.

31.2 This represents reclassification of depreciation expense amounting to SR 22.3 million from general and administration expenses to cost of revenue.

31.3 This represents reclassification of an amount of SR 5.1 million for the year ended 31 December 2022 representing finance income from other operating income to a separate line item titled Finance income.

31.4 This represents reclassification of SR 20.4 million representing loss on financial investments at fair value through profit and loss for the year ended 31 December 2022 from other operating expenses to a separate line item titled net change in fair value of financial investments.

32. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

These consolidated financial statements have been approved and authorized to issue by the Board of Directors on 24 March 2024, corresponding to 14 Ramadan 1445h.