

Dur Hospitality Company
(A Saudi Joint Stock Company)

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

For the three months period ended 31 March 2023

Dur Hospitality Company
(A Saudi Joint Stock Company)

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
For the period ended 31 March 2023

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INDEPENDENT AUDITOR'S REVIEW REPORT ON THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

To the shareholders of Dur Hospitality Company
(A Saudi Joint Stock Company)

Introduction:

We have reviewed the accompanying interim condensed consolidated statement of financial position of Dur Hospitality Company (the "Company") and its subsidiaries (collectively referred to as the "Group") as at 31 March 2023, and the related interim condensed consolidated statement of comprehensive income for the three months period ended 31 March 2023, and the related interim condensed consolidated changes in equity and cash flows for the three months period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34") that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review:

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" endorsed in the Kingdom of Saudi Arabia. A review of interim financial statements consists of making inquiries, primarily from persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion:

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 "Interim Financial Reporting" as endorsed in the Kingdom of Saudi Arabia.

for Ernst & Young Professional Services

Fahad M. Al-Toaimi
Certified Public Accountant
License No. 354

Riyadh: 20 Shawwal 1444H
(10 May 2023)



Dur Hospitality Company
(A Saudi Joint Stock Company)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2023

		31 March 2023 (Unaudited) SR	31 December 2022 (Audited) SR
	<i>Note</i>		
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	70,081,783	85,347,614
Trade receivables	6	138,337,352	133,821,186
Prepayments and other current assets	7	91,024,290	89,176,047
Inventories		23,407,395	21,774,628
Derivative financial instrument	8	109,916	109,916
TOTAL CURRENT ASSETS		322,960,736	330,229,391
NON-CURRENT ASSETS			
Investments at fair value through other comprehensive income (FVOCI)		2,520,084	2,520,084
Investments in equity accounted investees		33,066,318	33,066,318
Right of use assets	9	198,544,066	201,999,960
Property and equipment	10	2,651,602,091	2,673,840,935
Projects under construction	11	219,414,297	175,213,850
TOTAL NON-CURRENT ASSETS		3,105,146,856	3,086,641,147
TOTAL ASSETS		3,428,107,592	3,416,870,538
LIABILITIES AND EQUITY			
LIABILITIES			
CURRENT LIABILITIES			
Term loans - current portion	13	175,039,563	171,007,341
Lease liabilities - current portion	14	45,477,428	34,472,722
Trade payables		33,887,554	24,798,564
Accrued expenses and other current liabilities	12	161,834,410	152,498,046
Due to related parties		35,042,603	35,246,712
Dividend payable	17	43,652,117	43,659,810
Provision for zakat	15	5,084,750	11,205,828
TOTAL CURRENT LIABILITIES		500,018,425	472,889,023
NON-CURRENT LIABILITIES			
Term loans – non-current portion	13	900,547,636	928,786,254
Lease liabilities – non-current portion	14	288,909,111	296,207,390
Employees' terminal benefits		62,601,557	60,679,823
TOTAL NON-CURRENT LIABILITIES		1,252,058,304	1,285,673,467
TOTAL LIABILITIES		1,752,076,729	1,758,562,490
EQUITY			
Share capital	16	1,000,000,000	1,000,000,000
Statutory reserve		500,000,000	500,000,000
Retained earnings		120,446,248	103,460,229
Revaluation reserve of investment at fair value through OCI		(4,479,916)	(4,479,916)
TOTAL EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT COMPANY		1,615,966,332	1,598,980,313
Non-controlling interests		60,064,531	59,327,735
TOTAL EQUITY		1,676,030,863	1,658,308,048
TOTAL LIABILITIES AND EQUITY		3,428,107,592	3,416,870,538

The attached notes 1 to 29 form an integral part of these interim condensed consolidated financial statements.

Dur Hospitality Company
(A Saudi Joint Stock Company)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(UNAUDITED)

For the three months period ended 31 March 2023

		<i>For the three-month period ended 31 March</i>	
	<i>Note</i>	2023 SR	2022 SR (Restated Note 26)
REVENUE			
Hospitality income	18	134,722,710	113,854,786
Rental income	18	32,526,503	31,370,633
Management fees income	18	901,036	438,006
TOTAL REVENUE		168,150,249	145,663,425
Cost of revenues	19	(116,712,534)	(110,458,550)
GROSS PROFIT		51,437,715	35,204,875
EXPENSES			
Selling and marketing expenses		(984,119)	(391,954)
General and administrative expenses	20	(11,440,230)	(11,496,275)
TOTAL EXPENSES		(12,424,349)	(11,888,229)
OPERATING INCOME		39,013,366	23,316,646
Financial charges		(14,773,570)	(6,798,379)
Financial charges on lease liabilities	14	(3,587,860)	(3,410,224)
Finance income	5	103,101	23,453
Other (expenses) / income, net	21	(1,408,222)	2,325,755
Net gain on derivative instruments at fair value through profit or loss		-	19,530,356
INCOME BEFORE ZAKAT		19,346,815	34,987,607
Zakat	15	(1,624,000)	(2,342,055)
NET INCOME FOR THE PERIOD		17,722,815	32,645,552
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		17,722,815	32,645,552
Attributable to:			
Equity holders of the parent		16,986,019	32,329,193
Non-controlling interests		736,796	316,359
		17,722,815	32,645,552
Earnings per share			
Basic and diluted earnings per share for the attributable to equity holders of the parent	23	0.17	0.32

The attached notes 1 to 29 form an integral part of these interim condensed consolidated financial statements.

Dur Hospitality Company
(A Saudi Joint Stock Company)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months period ended 31 March 2023

	<i>Attributable to the equity holders of the parent</i>					
	<i>Share capital SR</i>	<i>Statutory reserve SR</i>	<i>Retained earnings SR</i>	<i>Revaluation reserve of investment at fair value through OCI SR</i>	<i>Total equity attributable to shareholders of the parent Company SR</i>	<i>Non- controlling interests SR</i>
						<i>Total equity SR</i>
<u>For the three months period ended 31 March 2023</u>						
At 1 January 2023 (audited)	1,000,000,000	500,000,000	103,460,229	(4,479,916)	1,598,980,313	59,327,735
Total comprehensive income for the period	-	-	16,986,019	-	16,986,019	736,796
At 31 March 2023 (unaudited)	1,000,000,000	500,000,000	120,446,248	(4,479,916)	1,615,966,332	60,064,531
<u>For the three months period ended 31 March 2022</u>						
At 1 January 2022 (audited)	1,000,000,000	500,000,000	61,847,817	(4,898,343)	1,556,949,474	59,387,923
Total comprehensive income for the period	-	-	32,329,193	-	32,329,193	316,359
At 31 March 2022 (unaudited)	1,000,000,000	500,000,000	94,177,010	(4,898,343)	1,589,278,667	59,704,282

The attached notes 1 to 29 form an integral part of these interim condensed consolidated financial statements.

Dur Hospitality Company
(A Saudi Joint Stock Company)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

For the three months period ended 31 March 2023

		<i>For the three months period ended 31 March</i>	
	Note	2023 SR	2022 SR (Restated Note 26)
OPERATING ACTIVITIES			
Income before zakat		19,346,815	34,987,607
Adjustments for:			
Depreciation of property and equipment	10	24,681,124	25,566,515
Depreciation of right of use assets	14	3,427,082	3,592,182
Provision of expected credit losses on trade receivables, net	6	2,170,886	2,646,984
Gain on sale of property and equipment		(15,650)	-
Provision for employees' terminal benefits		3,112,679	2,119,933
Financial charges on lease liabilities	14	3,587,860	3,410,224
Financial charges on term loans		14,633,508	5,885,171
Gain on change in fair value of derivatives at FVTPL, net		-	(24,591,070)
		70,944,304	53,617,546
Working capital changes:			
Trade receivables		(6,687,052)	(27,445,949)
Prepayments and other current assets		(1,848,243)	(7,076,021)
Inventories		(1,632,767)	(1,999,279)
Trade payables		9,088,990	(4,447,703)
Accrued expenses and other current liabilities		8,241,915	11,502,502
Due to related parties		(204,109)	(363,824)
Cash from operations		77,903,038	23,787,272
Zakat paid	15	(7,745,078)	-
Employees' terminal benefits paid		(1,190,945)	(2,003,419)
Net cash from operating activities		68,967,015	21,783,853
INVESTING ACTIVITIES			
Additions to property and equipment	10	(2,442,282)	(6,478,065)
Additions to projects under construction		(42,029,359)	(26,795,280)
Proceeds from sale of property and equipment		15,652	66,931
Net cash used in investing activities		(44,455,989)	(33,206,414)
FINANCING ACTIVITIES			
Proceeds from term loans		21,808,654	100,099,715
Repayment of term loans		(46,015,050)	(88,122,881)
Dividends paid		(7,693)	(117,291)
Financial charges paid on term loans		(15,562,768)	(4,497,663)
Net cash (used in) from financing activities		(39,776,857)	7,361,880
NET DECREASE IN CASH AND CASH EQUIVALENTS		(15,265,831)	(4,060,681)
Cash and cash equivalents at the beginning of the period		48,222,594	74,444,281
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	5	32,956,763	70,383,600
NON-CASH TRANASCATIONS:			
Finance cost on lease capitalized in projects under construction		118,567	226,293
Finance cost on term loans capitalized in projects under construction		2,023,709	-
Depreciation of right of use assets capitalized in projects under construction		28,812	79,569

The attached notes 1 to 29 form an integral part of these interim condensed consolidated financial statements.

Dur Hospitality Company (A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the three months period ended 31 March 2023

1 ACTIVITIES

Dur Hospitality Company (the “Company” or the “Parent Company”) is a Saudi Joint Stock Company formed under the Regulations for Companies and is registered in the Riyadh, Kingdom of Saudi Arabia (“KSA”) under the commercial registration number 1010010726 dated 6 Muharram 1397H (corresponding to 27 December 1976).

The Company's principal activities comprise of the construction, acquisition, operation, management, through partnership and rent of hotels, restaurants, motels, rest stops, entertainment centers, travel agencies, private and public roads and tourism areas. In addition, the activities include the acquisition, development and sale of lands and construction of buildings thereon or rent of lands, providing services to pilgrims and visitors of the Prophet's (PBUH) Mosque. The Company carry out its activities by itself or through others jointly or separately.

These interim condensed consolidated financial statements include the financial information of the Company and the following subsidiaries (together referred to as the “Group”):

Subsidiaries	Share Capital SR	Direct and indirect Ownership %	
		31 March 2023	31 December 2022
Makkah Hotels Company Limited	165,600,000	99.44%	99.44%
Saudi Hotel Services Company	70,000,000	70%	70%
Alnakheel for Tourist Areas Company Limited	59,250,000	98.73%	98.73%
Nuzul Shada Hospitality Company	40,000,000	60%	60%
Tabuk Hotels Company Limited	27,300,000	97.14%	97.14%
Jude Alia Company Limited	100,000	99%	99%
Al Sawaed Al Kareemah Investment and Real Estate Development Company	100,000	95%	95%
Sofraa Al Ewaa Hospitality Company (One Person Company)	100,000	100%	100%
Dara Oasis Company Limited (One Person Company)	100,000	100%	100%
Dur Real Estate Communities Company (One Person Company)	100,000	100%	100%
Alsarh Alaniq operation and maintenance Company (One Person Company)	100,000	100%	100%

The following are details of the subsidiaries and their activities:

Makkah Hotels Company Limited

Makkah Hotels Company Limited is a Saudi limited liability company and is registered under the commercial registration number 4031011879 dated 20 Ramadan 1402H (corresponding to 12 July 1982). The company is engaged in hospitality services inside and outside the KSA. The company owns Makarem Ajyad Hotel in Makkah.

Saudi Hotel Services Company Limited

Saudi Hotel Services Company is a Saudi limited liability company and is registered under the commercial registration number 1010010454 dated 11 Dhul-Qadah 1396H (corresponding to 4 November 1976). The company owns Crown Plaza - Riyadh Palace Hotel.

Alnakheel for Tourist Areas Company Limited

Alnakheel for Tourist Areas Company Limited is a Saudi limited liability company and is registered under the commercial registration number 4030092204 dated 22 Jumad Thani 1413H (corresponding to 17 December 1992). The company owns Makarem Alnakheel Hotel and Resort in Jeddah.

Nuzul Shada Hospitality Company

Nuzul Shada Hospitality Company is a Saudi limited liability company and is registered under the Commercial Registration number 4030166369 dated 8 Muharram 1428H (corresponding to 27 January 2007). The company is engaged in general construction of residential buildings, management and leasing of owned and leased real estate (residential), and management and leasing of real estate owned or leased (non-residential).

Dur Hospitality Company (A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENT (UNAUDITED) (CONTINUED)

For the three months period ended 31 March 2023

1 ACTIVITIES (CONTINUED)

Tabuk Hotels Company Limited

Tabuk Hotels Company Limited is a Saudi limited liability company and is registered under the commercial registration number 3550006303 dated 5 Rabi Thani 1406H (corresponding to 17 December 1985). The company owns Holiday Inn Tabuk Hotel.

Jude Alia Company Limited

Jude Alia Company Limited is a Saudi limited liability company and is registered under the commercial registration number 1010428949 dated 25 Safar 1436H (corresponding to 17 December 2014). The principal activities of the company include building and construction.

Al Sawaed Al Kareemah Investment and Real Estate Development Company

Al Sawaed Al Kareemah Investment and Real Estate Development Company is a Saudi limited liability company and is registered under the commercial registration number 1010437489 dated 26 Dhul-Qadah 1436H (corresponding to 10 September 2015). The company is engaged in construction, transportation, storage, refrigeration, financial and business services, as well as tourist accommodation services pursuant to the license of the Saudi Commission for Tourism and National Heritage No. (37/0096/F) dated 6 Safar 1437H (corresponding to 18 November 2015).

Sofraa Al Ewaa Hospitality Company

Sofraa Al Ewaa Hospitality Company is Saudi One Person limited liability company and is registered under commercial registration number 1010901133 dated 27 Safar 1439H (corresponding to 16 November 2017). The company is engaged in providing hospitality services, establishment of restaurants, hotels and exhibitions.

Dara Oasis Company Limited

Dara Oasis Company Limited is a Saudi One Person limited liability company and is registered under commercial registration number 1010901132 dated 27 Safar 1439H (corresponding to 16 November 2017). The company is engaged in providing tourism activities.

Dur Real Estate Communities Company (One Person Company)

Dur Real Estate Communities Company (one person company) is a Saudi limited liability company registered under CR No. 1010596957 on 30 Muharram 1441H (corresponding to 29 September 2019). The main activity of the company is the management and leasing of owned or leased residential and non-residential properties.

Alsarh Alaniq Operation and Maintenance Company

Alsarh Alaniq operation and maintenance Company (one-person company) is a Saudi limited liability company registered under CR No. 1010596958 on 30 Muharram 1441H (corresponding to 29 September 2019). The main activity of the company is cleaning of new buildings after construction.

2 SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

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

The interim condensed consolidated financial statements do not include all information and disclosures required for a complete set of financial statements prepared in accordance with International Financial Reporting Standards as endorsed in the Kingdom of Saudi Arabia and should be read in conjunction with the Group's consolidated financial statements as at and for the year ended 31 December 2022.

2.2 Basis of measurement

The interim condensed consolidated financial statements have been prepared on a historical cost basis, except for:

- investment in equity instruments at FVOCI and derivative financial instruments, which are measured at fair value; and
- employees' end of service benefits which are measured under projected credit unit method.

Further, these interim condensed consolidated financial statements have been prepared using accrual basis of accounting and on the basis that it will continue to operate as a going concern.

Dur Hospitality Company
(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENT
(UNAUDITED) (CONTINUED)

For the three months period ended 31 March 2023

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Functional and presentation currency

These interim condensed consolidated financial statements are presented in Saudi Riyals ("SR"), which is the functional and presentation currency of the Group. These interim condensed consolidated financial statements have been rounded-off to the nearest Saudi Riyal, unless otherwise stated.

2.4 New standard and amendments issued and effective

Following are standards and amendments, which are effective for annual periods beginning on or before 1 January 2023:

Name of standard, amendment, or interpretation

- IFRS 17 Insurance Contracts
- Definition of Accounting Estimates - Amendments to IAS 8
- Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12

These standard and amendments had no impact on the interim condensed consolidated financial statements of the Group.

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

2.5 New standard and amendments issued but not yet effective

There are new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements as listed.

Name of standard, amendment, or interpretation

- Amendments to IAS 1: Classification of Liabilities as Current or Non-current
- Amendments to IFRS 16 – Lease Liability in a Sale and Leaseback

Effective date

1 January 2024
1 January 2024

The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective. These standard and amendments will have no impact on the interim condensed consolidated financial statements of the Group.

3 SIGNIFICANT JUDGMENTS, ASSUMPTIONS AND ESTIMATES

In preparing these interim condensed consolidated financial statements, management has made estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses and the accompanying disclosures. 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.

The estimates and underlying assumptions are reviewed on an ongoing basis. The differences arising on revisions to estimates are recognised prospectively.

The significant judgments, assumptions and estimates made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the Group's annual consolidated financial statements for the year ended 31 December 2022.

Fair value measurement

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

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

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

Dur Hospitality Company
(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENT
(UNAUDITED) (CONTINUED)

For the three months period ended 31 March 2023

4 OPERATING SEGMENTS

The Group has the following strategic divisions, which represents its reportable segments. These segments offer different services and are managed separately because they have different economic characteristics – such as trends in sales growth, rates of return and level of capital investment – and have different marketing strategies.

All the Group's businesses are located in the Kingdom of Saudi Arabia. The following summary describes the operations of each reportable segment:

<i>Hospitality</i>	represents hotels owned by the Group and revenues generated through them whether
	: these hotels are operated by the Group or by a third party.
<i>Property management</i>	represents management and operation of hotels and properties that are not owned by
	: the Group.
<i>Property rental</i>	represents properties owned by the Group which are leased to others. These properties
	: primarily comprise of residential compounds and commercial complexes.
<i>Others</i>	: represents corporate office and other support services departments.

Following is a summary of certain financial information for the two periods ended 31 March:

2023 SAR (Unaudited)	Hospitality	Property management	Property rental	Others	Eliminations	Total
Revenue from external customers	134,722,710	901,036	32,526,503	-	-	168,150,249
Inter-segment revenue	330,000	6,200,235	1,678,372	-	(8,208,607)	-
Cost of revenue	111,265,391	1,096,044	12,458,456	-	(8,107,357)	116,712,534
Gross profit	23,787,319	6,005,227	21,746,419	-	(101,250)	51,437,715
Depreciation of property and equipment and right of use assets	21,909,081	-	6,199,125	-	-	28,108,206
Property and equipment	1,780,918,382	-	870,683,709	-	-	2,651,602,091
Right of use assets	179,892,917	-	18,651,149	-	-	198,544,066
Projects under construction	121,815,279	-	97,599,018	-	-	219,414,297
Total assets	1,386,332,839	6,719,648	1,836,039,433	659,994,338	(460,978,666)	3,428,107,592
Total liabilities	1,464,101,321	14,706,900	246,982,688	37,079,157	(10,793,337)	1,752,076,729

2022 SAR (Unaudited)	Hospitality	Property management	Property rental	Others	Eliminations	Total
Revenue from external customers	113,854,786	438,006	31,370,633	-	-	145,663,425
Inter-segment revenue	750,000	4,929,899	1,853,372	-	(7,533,271)	-
Cost of revenue	105,362,952	807,572	11,720,047	-	(7,432,021)	110,458,550
Gross profit	9,241,834	4,560,333	21,503,958	-	(101,250)	35,204,875
Depreciation of property and equipment and right of use assets	23,324,103	-	5,834,594	-	-	29,158,697
Property and equipment	1,799,491,090	-	892,843,703	-	-	2,692,334,793
Right of use assets	206,793,998	-	19,095,359	-	-	225,889,357
Projects under construction	109,591,050	-	13,017,147	-	-	122,608,197
Total assets	1,706,801,347	6,551,596	1,594,185,625	657,088,829	(520,938,657)	3,443,688,740
Total liabilities	1,642,937,496	13,084,885	146,370,374	881,878	(55,681,927)	1,747,592,706

Dur Hospitality Company
(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENT
(UNAUDITED) (CONTINUED)

For the three months period ended 31 March 2023

4 OPERATING SEGMENTS (CONTINUED)

Reconciliation of information on reportable segments to income before zakat of the Group for the two periods ended 31 March:

	2023 SR	2022 SR (Restated Note 26)
Gross profit of operating segments	51,437,715	35,204,875
Un-allocated amount:		
Selling and marketing expenses	(984,119)	(391,954)
General and administration expenses	(11,440,230)	(11,496,275)
Financial charges on term loans	(14,773,570)	(6,798,379)
Financial charges on lease liabilities	(3,587,860)	(3,410,224)
Finance income	103,101	23,453
Other (expenses) / income, net	(1,408,222)	2,325,755
Net gain on derivative financial instruments at FVTPL	-	19,530,356
Total un-allocated amounts	(32,090,900)	(217,268)
Income before zakat	19,346,815	34,987,607

5 CASH AND CASH EQUIVALENTS

	31 March 2023 SR	31 December 2022 SR
Bank balances	55,874,240	73,698,564
Short term deposits	13,500,000	11,000,000
Cash on hand	707,543	649,050
Cash and cash equivalents	70,081,783	85,347,614
Bank overdraft (note 13)	(37,125,020)	(37,125,020)
Cash and cash equivalents (for interim condensed consolidated statement of cash flows)	32,956,763	48,222,594

- (a) Short term deposits represent Murabaha deposits with commercial banks and the maturity average of those deposits ranges between 30 to 90 days and bears an average Murabaha commission of 493 basis points. Finance income for the three months period ended 31 March 2023 amounted to SR 103,101 (31 March 2022: SR 23,453).
- (b) As at 31 March 2023, the Group has available cash facilities amounting SR 416.9 million (31 December 2022: SR 438.7 million) representing unwithdrawn cash from the cash facility granted.

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6 TRADE RECEIVABLES

	31 March 2023 SR	31 December 2022 SR
Trade receivables	170,227,307	163,540,255
Expected credit loss (ECL)	(31,889,955)	(29,719,069)
	<u>138,337,352</u>	<u>133,821,186</u>

Movement of expected credit loss is as follows:

	31 March 2023 SR	31 December 2022 SR
At 1 January	29,719,069	25,233,972
Charge for the period / year	2,468,841	4,927,895
Recovered during the period / year	(297,955)	(110,535)
Bad debts written off during the period / year	-	(332,263)
At the end of the period/ year	<u>31,889,955</u>	<u>29,719,069</u>

7 PREPAYMENTS AND OTHER CURRENT ASSETS

	31 March 2023 SR	31 December 2022 SR
Advance for rent (*)	51,818,607	58,818,607
Prepayments	6,922,294	6,359,973
Contract assets	6,298,057	6,192,289
Advances to suppliers	6,285,821	3,758,955
Amounts due from related parties	3,470,599	4,442,099
Advances to employees	3,024,689	3,270,738
Advances for real estate projects	1,796,104	1,796,104
Others	11,408,119	4,537,282
	<u>91,024,290</u>	<u>89,176,047</u>

(*) Advance for rent represent a payment to lease a hotel building in Makkah Al-Mukaramah for period a of three and a half years. The Group terminated the lease contract during 2020 and the amount will be recovered from the lessor, and accordingly, the entire advance payment is classified under current assets. During 2021, the Group filed a lawsuit against the lessor in order to enforce the collateral on the hotel land and recover the advance for rent. During the three months period ended 31 March 2023, the Group has received SR 7 million. Management believes that the outstanding amount is fully recoverable as it is secured through collateral on the title deed of the hotel's land owned by the lessor.

8 DERIVATIVES FINANCIAL INSTRUMENTS

During 2018 the Group entered into two Interest Rate Swap derivative agreements ("the agreements") with a local financial institution. The derivatives carried an original maturity of 10 December 2024. One of these derivatives was called back by the financial institution on 10 December 2022. The mentioned agreements are under legal case against the local financial institution (note 22 – c).

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8 DERIVATIVES FINANCIAL INSTRUMENTS (continued)

The fair value of the Group derivative financial instrument as of 31 March 2023 is SR 0.109 million (31 December 2022: SR 0.109 million).

During the three months period ended 31 March 2023, the net gain from derivative financial instrument is nil (31 March 2022: SR 19.5 million) (note 26).

The derivatives did not qualify for hedge accounting.

9 RIGHT OF USE ASSETS

The Group leases several assets including lands and a building. Information about assets for which the Group is a lessee is presented below:

	<i>Lands</i>	<i>Buildings</i>	<i>Total</i>
	<i>SR</i>	<i>SR</i>	<i>SR</i>
Cost:			
As at 1 January and 31 March 2023	54,973,553	207,408,999	262,382,552
Depreciation:			
As at 1 January 2023	8,094,928	52,287,664	60,382,592
Charge for the period	595,779	2,860,115	3,455,894
As at 31 March 2023	8,690,707	55,147,779	63,838,486
Net book values:			
As at 31 March 2023	46,282,846	152,261,220	198,544,066
Cost:			
As at 1 January 2022	54,973,553	221,127,829	276,101,382
Lease adjustments (a)	-	(13,718,830)	(13,718,830)
As at 31 December 2022	54,973,553	207,408,999	262,382,552
Depreciation:			
As at 1 January 2022	5,710,560	40,829,714	46,540,274
Charge for the year	2,384,368	11,457,950	13,842,318
As at 31 December 2022	8,094,928	52,287,664	60,382,592
Net book values:			
As at 31 December 2022	46,878,625	155,121,335	201,999,960

(a) Lease adjustments represent changes made to lease payments and terms agreed upon with the lessor.

(b) There were no leases with residual value guarantees to which the Group is committed.

(c) The depreciation charge has been allocated in the interim condensed consolidated statement of income to cost of revenue.

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10 PROPERTY AND EQUIPMENT

	<i>Lands</i>	<i>Buildings</i>	<i>Building's improvements</i>	<i>Furniture</i>	<i>Motor vehicles</i>	<i>Machinery and equipment</i>	<i>Elevators and central air conditioning</i>	<i>Total</i>
	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>
Cost:								
At the beginning of the period	744,072,519	2,196,741,425	153,950,981	399,822,286	7,578,306	203,586,058	115,800,263	3,821,551,838
Additions	-	-	669,673	273,232	-	1,357,877	141,500	2,442,282
Disposals	-	-	-	-	(182,800)	-	-	(182,800)
At 31 March 2023	744,072,519	2,196,741,425	154,620,654	400,095,518	7,395,506	204,943,935	115,941,763	3,823,811,320
Accumulated depreciation								
At the beginning of the period	-	618,745,012	105,060,089	276,937,473	6,814,254	97,082,891	43,071,184	1,147,710,903
Charge for the period	-	10,373,037	2,931,816	5,820,632	59,497	4,665,684	830,458	24,681,124
Disposals	-	-	-	-	(182,798)	-	-	(182,798)
As 31 March 2023	-	629,118,049	107,991,905	282,758,105	6,690,953	101,748,575	43,901,642	1,172,209,229
Net Book Value:								
As at 31 March 2023	744,072,519	1,567,623,376	46,628,749	117,337,413	704,553	103,195,360	72,040,121	2,651,602,091

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10 PROPERTY AND EQUIPMENT (CONTINUED)

	<i>Lands</i> <i>SR</i>	<i>Buildings</i> <i>SR</i>	<i>Building's</i> <i>improvements</i> <i>SR</i>	<i>Furniture</i> <i>SR</i>	<i>Motor vehicles</i> <i>SR</i>	<i>Machinery and</i> <i>equipment</i> <i>SR</i>	<i>Elevators and</i> <i>central air</i> <i>conditioning</i> <i>SR</i>	<i>Total</i> <i>SR</i>
<i>Cost:</i>								
At the beginning of the year	744,072,519	2,173,942,670	142,337,318	403,458,073	7,783,678	187,653,667	114,813,941	3,774,061,866
Additions	-	2,521,000	6,187,184	4,000,301	244,724	9,293,013	228,070	22,474,292
Disposals	-	-	-	(14,352,616)	(450,096)	(957,561)	(377,743)	(16,138,016)
Transfer from projects under construction (note 11)	-	20,277,755	5,426,479	8,195,138	-	7,596,939	1,135,995	42,632,306
Adjustments (a)	-	-	-	(1,478,610)	-	-	-	(1,478,610)
As 31 December 2022	744,072,519	2,196,741,425	153,950,981	399,822,286	7,578,306	203,586,058	115,800,263	3,821,551,838
<i>Accumulated depreciation</i>								
At the beginning of the year	-	576,651,826	93,874,820	265,993,909	7,036,576	79,037,544	39,977,017	1,062,571,692
Charge for the year	-	42,093,186	11,185,269	24,803,330	227,774	18,920,720	3,462,697	100,692,976
Disposals	-	-	-	(13,859,766)	(450,096)	(875,373)	(368,530)	(15,553,765)
As 31 December 2022	-	618,745,012	105,060,089	276,937,473	6,814,254	97,082,891	43,071,184	1,147,710,903
Net Book Value:								
As at 31 December 2022	744,072,519	1,577,996,413	48,890,892	122,884,813	764,052	106,503,167	72,729,079	2,673,840,935

(a) During the year ended 31 December 2022, the Group re-estimated cost of certain items of the projects by SR 1.5 million.

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11 PROJECTS UNDER CONSTRUCTION

Movement in projects under construction is as follows:

	<i>For the three months period ended 31 March 2023 SR</i>	<i>For the year ended 31 December 2022 SR</i>
At the beginning of the period/year	175,213,850	95,507,055
Additions during the period / year	44,200,447	149,771,785
Transfers to property and equipment (note 10)	-	(42,632,306)
Impairment of projects under construction	-	(27,432,684)
At the end of the period/year	219,414,297	175,213,850

- (a) The projects under construction mainly represent the cost of constructing new hotels and renovating existing hotels in addition to other projects. This item includes contractors' costs, project management expenses, design expenses, advances to contractors, borrowing cost and other miscellaneous expenses.
- (b) The Group reviews the progress of these projects periodically. During the three months period ended 31 March 2023, the Group did not notice any indicators of impairment for the ongoing projects.
- (c) Transfers into property and equipment during 2022 amounting SR 42.6 million mainly represent the cost of construction of new apartments in Tabuk Region and cost of renovation of properties in Hospitality and Property Rental segments in Riyadh City.

12 ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

	<i>31 March 2023 SR</i>	<i>31 December 2022 SR</i>
Contract liabilities	69,147,420	62,434,029
Accrued staff benefits	20,813,917	23,878,761
Retentions payable	18,295,932	15,719,558
Payable to contractors	16,016,518	16,328,089
Accrued financial charges	12,188,174	11,093,725
Accrued management and franchising fee	4,448,977	4,791,691
Accrued utilities and other services	2,911,876	3,600,233
Accrued professional fees and other services	2,670,531	2,530,180
Others (*)	15,341,065	12,121,780
	161,834,410	152,498,046

(*) This includes accruals for VAT, municipality charges, tobacco tax and other accruals.

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13 TERM LOANS

The Group has secured term loans from number of local banks in the form of Murabaha financing with a total carrying value of SR 1,038 million as at 31 March 2023 (31 December 2022: SR 1,062 million) which accrue Murabaha commission at SIBOR plus agreed margin, which are equivalent to the market interest rates. These financing are secured by promissory notes and assignment of proceeds from certain projects' rentals.

Loan agreements include covenants mainly related to maintaining certain leverage ratios, total debt to equity and other covenants. Under the terms of these agreements, the banks have the right to demand immediate repayment of the loans if any of the covenants are not met. The Group was compliant with the loan covenants as at 31 March 2023 and 31 December 2022.

	<i>31 March 2023 SR</i>	<i>31 December 2022 SR</i>
Term loans	1,038,462,179	1,062,668,575
Bank overdraft	37,125,020	37,125,020
	<u>1,075,587,199</u>	<u>1,099,793,595</u>

Bank overdraft represents balance in a US dollar bank account resulting from the settlement of the derivative financial instruments.

Classification of the borrowings is as follows:

	<i>31 March 2023 SR</i>	<i>31 December 2022 SR</i>
Term loans - current portion	137,914,543	133,882,321
Bank overdraft	37,125,020	37,125,020
Current borrowings	175,039,563	171,007,341
Term loans - non- current portion	900,547,636	928,786,254
Total borrowings	<u>1,075,587,199</u>	<u>1,099,793,595</u>

14 LEASE LIABILITIES

Set out below are the carrying amounts of lease liabilities recognised and the movements during the period/year :

	<i>For the three months period ended 31 March 2023 SR</i>	<i>For the year ended 31 December 2022 SR</i>
At the beginning of the period/year	330,680,112	345,652,935
Lease adjustment	-	(13,718,830)
Interest for	3,706,427	15,006,421
Payments	-	(16,009,379)
COVID-19 related rent concession	-	(251,035)
At the end of the period/year	<u>334,386,539</u>	<u>330,680,112</u>
<i>The present value of the net lease payments is as follows:</i>		
Current	45,477,428	34,472,722
Non-Current	288,909,111	296,207,390

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14 LEASE LIABILITIES (CONTINUED)

The following are the amounts recognised in interim condensed consolidated statement of income:

	<i>For the three months period ended</i>	
	<i>31 March 2023</i>	<i>31 March 2022</i>
	<i>SR</i>	<i>SR</i>
Depreciation expense of right-of-use assets	3,427,082	3,592,182
Financial charges on lease liabilities	3,587,860	3,410,224
Total amount recognised in consolidated statement of income	7,014,942	7,002,406

15 ZAKAT

The Company and its subsidiaries file their Zakat returns individually based on their financial statements. Therefore, Zakat base is identified and calculated for the Company and its subsidiaries individually, and total estimated Zakat is presented in the interim condensed consolidated statement of income for the Group.

Movement in provision for Zakat is as follows:

	<i>For the three months period ended 31 March 2023</i>	<i>For the year ended 31 December 2022</i>
	<i>SR</i>	<i>SR</i>
At the beginning of the period/year	11,205,828	13,662,198
Provided during the period/year	1,624,000	4,575,343
Payments made during the period/year	(7,745,078)	(7,031,713)
At the end of the period/year	5,084,750	11,205,828

Zakat status

The Company and its subsidiaries have filed their Zakat returns with Zakat, Tax and Customs Authority ("ZATCA") for all years up to 2022.

The Company received its zakat assessments from ZATCA up to 31 December 2014 G and for the years 2016, 2017 and 2018.

ZATCA issued zakat assessments for the years from 2015 to 2018. The Company submitted its objections on those assessments. Those objections were accepted by ZATCA, except for an amount of SR 0.86 million for the year 2015. The Company submitted its appeal to the General Secretariat of the Committees ("GSTC"). GSTC accepted the Company's objections for amount of SR 0.62 million and rejected an amount of SR 0.25 million. In May 2022, ZATCA appealed to Appeal Committee for Tax Violations and Disputes Resolution ("ACTVDR") against GSTC decision. The Company has submitted its response to ACTVDR within the timeline required and the outcome has not been finalized yet.

ZATCA issued zakat assessment for the year 2019, which resulted in zakat differences of SR 3.03 million. The Company has paid all the unobjectionable amounts aggregating SR 1.2 million and raised objections to the rest of the items in dispute. This resulted in the issuance of an amended assessment by ZATCA with additional amount of SR 1.04 million. The Company filed an objection with the GSTC to consider the items under objection. The Committee for Resolution of Tax Violations and Disputes "CRTVD" issued its decision and rejected the Company's objection. The Company has appealed to the Appellate Committee for Tax Violations and Disputes Resolution "ACTVDR" within the timeline required and the outcome has not been finalized yet.

ZATCA also issued zakat assessment for the year 2020, which resulted in zakat differences of SR 2.11 million. The Company paid all the unobjectionable amounts amounting to SR 1.76 million and objected to the rest of the items in dispute. ZATCA has issued its amended assessment, which included the acceptance of all the items objected to by the Company, thus canceling all zakat obligations related to the year 2020.

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15 ZAKAT (CONTINUED)

ZATCA has not finalized yet the zakat assessment for the year ended 31 December 2021 and 2022.

ZATCA issued zakat assessments for the subsidiaries for all the years up to 2018.

16 SHARE CAPITAL

The authorised, issued and fully paid share capital of the Company consists of 100 million shares of SR 10 each (31 December 2022: 100 million shares of SR 10 each).

17 DIVIDENDS PAYABLE

As at 31 March 2023, current liabilities include the balance of dividends payable amounting to SR 43.7 million (31 December 2022: SR 43.7 million), which represents amounts due to shareholders for dividends in previous years that were not claimed by them as at the date of the consolidated statement of financial position.

18 REVENUE FROM CONTRACTS WITH CUSTOMERS

Following is the disaggregation of the Group's revenue from contracts with customers:

<i>For the three months period ended</i> <i>31 March 2023</i>	<i>Hospitality</i> <i>SR</i>	<i>Rental</i> <i>SR</i>	<i>Property</i> <i>Management</i> <i>SR</i>	<i>Total</i> <i>SR</i>
Type of goods or service				
Hospitality services - rooms	101,148,931	-	-	101,148,931
Sales of goods - food and beverage	31,311,630	-	-	31,311,630
Other hospitality revenues	2,262,149	-	-	2,262,149
Rental income	-	32,526,503	-	32,526,503
Management fee	-	-	901,036	901,036
Total revenue from contracts with customers	134,722,710	32,526,503	901,036	168,150,249
Timing of revenue recognition				
Over time	103,411,080	32,526,503	901,036	136,838,619
At a point in time	31,311,630	-	-	31,311,630
Total revenue from contracts with customers	134,722,710	32,526,503	901,036	168,150,249
<i>For the three months period ended</i> <i>31 March 2022</i>	<i>Hospitality</i> <i>SR</i>	<i>Rental</i> <i>SR</i>	<i>Property</i> <i>Management</i> <i>SR</i>	<i>Total</i> <i>SR</i>
Type of goods or service				
Hospitality services - rooms	79,237,866	-	-	79,237,866
Sales of goods - food and beverage	29,276,782	-	-	29,276,782
Other hospitality revenues	5,340,138	-	-	5,340,138
Rental income	-	31,370,633	-	31,370,633
Management fee	-	-	438,006	438,006
Total revenue from contracts with customers	113,854,786	31,370,633	438,006	145,663,425
Timing of revenue recognition				
Over time	84,578,004	31,370,633	438,006	116,386,643
At a point in time	29,276,782	-	-	29,276,782
Total revenue from contracts with customers	113,854,786	31,370,633	438,006	145,663,425

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19 COST OF REVENUES

	<i>For the three-month period ended</i>	
	<i>31 March 2023</i>	<i>31 March 2022</i>
	<i>SR</i>	<i>SR</i>
Salaries and benefits	46,773,545	44,008,901
Depreciation of property and equipment and right of use assets	27,767,476	28,816,307
Operating supplies	10,985,498	9,647,742
Food and beverage	9,515,104	9,351,486
Utilities	5,978,389	5,963,722
Service and operation fees	4,501,452	2,761,949
Advertising and promotion activities	4,321,346	4,012,955
Commission for travelling agency and credit cards	3,184,915	2,108,624
Repair and maintenance	2,864,845	2,782,469
Security and guarding	83,513	164,600
Others	736,451	839,795
	<u>116,712,534</u>	<u>110,458,550</u>

20 GENERAL AND ADMINISTRATIVE EXPENSES

	<i>For the three-month period ended</i>	
	<i>31 March 2023</i>	<i>31 March 2022</i>
	<i>SR</i>	<i>SR</i>
Salaries and other employee benefits	6,271,318	5,401,472
Expected credit loss, net (note 6)	2,170,886	2,646,984
Board of Director remuneration	980,000	887,500
Subscription	765,822	729,799
Professional fee	494,305	557,032
Depreciation of property and equipment	340,730	342,390
Hospitalities	147,174	434,366
Others	269,995	496,732
	<u>11,440,230</u>	<u>11,496,275</u>

21 OTHER (EXPENSES) / INCOME, NET

	<i>For the three-month period ended</i>	
	<i>31 March 2023</i>	<i>31 March 2022</i>
	<i>SR</i>	<i>SR</i>
Consultancy expenses (a)	(1,423,872)	-
Accruals no longer required	-	2,220,155
Others, net	15,650	105,600
	<u>(1,408,222)</u>	<u>2,325,755</u>

(a) The Group incurred certain expenses of due diligence and other professional services as a result of proposed merger activities.

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22 COMMITMENTS AND CONTINGENCIES

Capital commitments

- a) The Group has entered into capital commitments of SR 240.3 million (31 December 2022: SR 286.9 million) related to its capital work in progress.
- b) The Group has capital commitment in relation to equity accounted investees' projects under construction of SR 49 million (31 December 2022: SR 49 million).

Contingencies

- a) As at 31 March 2023, the Group had issued letters of guarantee amounting to SR 29.5 million (31 December 2022: SR 29.03 million). These guarantees are without cash margin.
- b) For Zakat related matters, refer to note 15.
- c) During 2018 the Group entered into two Interest Rate Swap derivative agreements ("the agreements") with a local financial institution. During 2020, the Group disputed the validity of these agreements and filed a lawsuit ("the Lawsuit") against the financial institution before the Committee for Resolution of Securities Disputes ("the CRSD"). The financial institution has also filed a lawsuit against the group claiming for the amounts from those agreements. On 14 February 2022, the CRSD has issued its final decision for lack of jurisdiction of an authority and clarified that this lawsuit is subject to the Committee of Banking and Financial Disputes and Violations ("CBFDV"). On 10 March 2022, the Group filed a new lawsuit before the Committee of Banking and Financial Disputes and Violations to revoke the agreements. There is no progress on the outcome of the lawsuit as of 31 March 2023. The Group is still pursuing the legal case, regardless of recognizing the derivatives as per the requirements of IFRS, and the potential outcome of the claim cannot be reasonably estimated as this stage.

23 BASIC AND DILUTED EARNINGS PER SHARE

Basic and diluted earnings per share is calculated by dividing the profit for the period attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the period plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

	31 March 2023 SR	31 March 2022 SR
Income for the year attributable to the equity holders of the Parent	16,986,019	32,329,193
Weighted average number of outstanding shares	100,000,000	100,000,000
Basic and diluted earnings per share	0.17	0.32

24 INTERIM RESULTS

The operations and revenues of the Group are affected by the seasonal changes during the year and for certain periods. Therefore, the results of operations for the three months period ended 31 March 2023, may not necessarily be indicative of the annual results of the Group.

25 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

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. Financial instruments comprise of financial assets and financial liabilities. The Group's financial assets consist of cash and bank balances, short term deposits, investments, trade receivables and due from related parties. Its financial liabilities consist of term loans, trade payables, due to related parties and derivatives.

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25 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (CONTINUED)

The management assessed that fair value of cash and bank balances, short term deposits, trade receivables, amounts due from related parties, trade payables and amounts due to related parties approximate their carrying amounts largely due to the short-term maturities of these instruments. As for term loans, the fair value does not materially differ from the book value included in the interim condensed consolidated financial statements as the current interest rates prevailing in the market for similar financial instruments do not significantly differ from the contracted prices.

The investment at FVOCI is classified within Level 3 of the fair value levels and measured by management at fair value using the two income methods (discounted cash flows) and market (Price-to-earnings Ratio) methods.

For derivative financial instruments, the fair value is calculated using valuation techniques include swap models using present value calculations. The models incorporate various inputs including the credit quality of counterparties, interest rate curves and forward rate curves of the underlying commodity.

Financial Assets

	<i>31 March 2023 SR</i>	<i>31 December 2022 SR</i>
Financial assets carried at fair value		
Investment at FVOCI	2,520,084	2,520,084
Derivative financial instrument	109,916	109,916
Total financial assets carried at fair value	2,630,000	2,630,000
Financial assets carried at amortised cost		
Cash and cash equivalents	70,081,783	85,347,614
Trade receivables	138,337,352	133,821,186
Due from related parties	3,470,599	4,442,099
Total financial assets carried at amortised cost	211,889,734	223,610,899
Total financial assets	214,519,734	226,240,899
Total current financial assets	211,889,734	223,610,899
Total non-current financial assets	2,630,000	2,630,000
	214,519,734	226,240,899

Financial liabilities

	<i>31 March 2023 SR</i>	<i>31 December 2022 SR</i>
Financial liabilities carried at amortised cost		
Trade payables	33,887,554	24,798,564
Term loans	1,075,587,199	1,099,793,595
Due to related parties	35,042,603	35,246,712
Total financial liabilities carried at amortised cost	1,144,517,356	1,159,838,871
Total current financial liabilities	243,969,720	231,052,617
Total non-current financial liabilities	900,547,636	928,786,254
	1,144,517,356	1,159,838,871

Dur Hospitality Company
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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENT
(UNAUDITED) (CONTINUED)

For the three months period ended 31 March 2023

26 COMPARATIVE PERIOD ADJUSTMENTS

During the three months period ended 31 December 2022, the Group retrospectively processed the accounting of financial derivatives relating to the prior periods. Those adjustments are related to the interest rate swaps, which were not previously recorded by management in the periods prior to 31 December 2022.

The effect of those adjustment on the interim condensed consolidated financial statements for the three months period ended 31 March 2022 has been summarized below:

(a) Impact on interim condensed consolidated statement of profit or loss

	31 March 2022
	SR
Net gain on derivative instruments at fair value through profit or loss	19,530,356
Net impact on profit for the period	<u>19,530,356</u>
Attributable to:	
Equity holders of the Parent	19,530,356
Non-controlling interests	-

(b) Impact on basic and diluted earnings per share (EPS)

Basic and diluted, loss for the year attributable to equity holders of the Parent	<u>0.19</u>
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(c) Impact on the statement of cashflows:

	31 March 2022
Net cash used in operating activities	<u>(5,060,714)</u>

Certain other comparative numbers have been reclassified to conform with the current period presentation.

27 SIGNIFICANT EVENTS

The Company's board of directors, on 23 Juma'ada I 1444H (corresponding to 17 December 2022), signed a non-binding Memorandum of Understanding ("MOU") with Taiba Investments Company ("Taiba"), a Saudi Joint Stock Company, for potential acquisition ("Proposed Transaction") of the Company by Taiba.

Pursuant to the MOU, the Proposed Transaction was to be implemented through share exchange offer made by Taiba (in its capacity as the offeror) to Company's shareholders (in their capacity as the offerees) for the purposes of acquiring all of the Company's issued shares. The consideration payable by Taiba to Company's shareholders will be the issuance of new shares in Taiba in accordance with the Merger and Acquisition Regulations issued by the board of the Capital Market Authority ("CMA") and other relevant rules and regulations, which would result in the delisting of Dur Hospitality Company, and it would be a wholly owned subsidiary of Taiba.

Subsequent to the period, the Company entered into a legally binding implementation agreement with Taiba Company on 17/9/1444H (corresponding to 8/4/2023G) (the "Implementation Agreement"), pursuant to which both companies agreed that Taiba Company shall make an offer to acquire all shares in Dur in consideration for newly issued shares in Taiba Company to the shareholders of Dur Company pursuant to Article (26) of the Merger and Acquisition Regulations and the Rules on the Offer of Securities and Continuing Obligations issued by the board of the Capital Market Authority, and in accordance with a number of the terms and conditions of the Implementation Agreement.

Dur Hospitality Company
(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENT
(UNAUDITED) (CONTINUED)

For the three months period ended 31 March 2023

28 SUBSEQUENT EVENTS

- 1- On 8 April 2023, the Company has entered into a legally binding implementation agreement with Taiba Company (note 27).
- 2- Subsequent to period end, the Group has received an amount of SR 8 million from the advance for rent paid to rent a hotel in Mecca (note 7).

Except for the above matters, there are no other subsequent events that have occurred up to and including the date of the approval of the interim condensed consolidated financial statements which could materially affect the interim condensed consolidated financial statements and the related disclosures for the period ended 31 March 2023.

29 APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL

These interim condensed consolidated financial statements were approved on 20 Shawwal 1444H (corresponding to 10 May 2023).