MAKKAH CONSTRUCTION AND DEVELOPMENT COMPANY
(A SAUDI JOINT-STOCK COMPANY)
MAKKAH – SAUDI ARABIA
CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT
FOR THE FISCAL YEAR ENDED 31 DECEMBER 2023

MAKKAH CONSTRUCTION AND DEVELOPMENT COMPANY
(A SAUDI JOINT-STOCK COMPANY)
MAKKAH – SAUDI ARABIA
CONSOLIDATED FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT
FOR THE FISCAL YEAR ENDED 31 DECEMBER 2023

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INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS
Makkah Construction and Development Company
"A Saudi joint-stock company"
Makkah - Kingdom of Saudi Arabia
Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Makkah Construction and Development Company (the "Company"), which comprise the consolidated statement of financial position as of December 31, 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in shareholders' equity, the consolidated statement of cash flows, and the accompanying notes (1) to (33) to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as of 31 December 2023, its financial performance and its consolidated cash flows then ended, in accordance with the International Financial Reporting Standards as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements as issued by the Saudi Organization for Auditors and Accountants.

Basis of Opinion

We conducted our audit in accordance with International Standards on Auditing that 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 company in accordance with the International Code of Ethics for Professional Accountants including International Independence Standards, endorsed in the Kingdom of Saudi Arabia that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with the code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

The key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2023. These matters were addressed in the context of our overall audit of the consolidated financial statements, and in forming our opinion thereon, we did not provide a separate opinion on those matters. The key audit matters include the following:

INDEPENDENT AUDITOR'S REPORT... (Continued)

TO THE SHAREHOLDERS
Makkah Construction and Development Company
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Key Audit Matters... (Continued)

Key Audit Matter	How our audit addressed the key audit matter
Financial assets at fair value through other comprehensive income Investments in financial assets at fair value through other comprehensive income (FVOCI) represent one of the key audit matters for the consolidated financial statements for the year ended December 31, 2023, as it constitutes 53% of the company's total assets. This is subject to the risk that the listed prices of the securities held by the company may not reflect their fair value. Therefore, this has been classified as one of the key audit matters. The company communicated with Jabal Omar Development Company to confirm the shares owned by Makkah Construction and Development Company as of December 31, 2023. The response letter showed a difference in the number of shares by approximately 1,198,571 shares less than the total shares according to the records of Makkah Construction and Development Company. These shares are subject to settlement due to the difference in measuring the land areas compared to the title deeds submitted as a cash contribution by the company. The final value of these deeds will be calculated after completing their legal procedures and adding the area on them by the competent authorities. Based on the legal advisor's opinion on the legality of reducing the number of shares owned by Makkah Construction and Development Company, Jabal Omar Company is not allowed to make any amendment to the number of shares belonging to Makkah Construction and Development Company. Also, the value of the contribution that the company made to the share capital remains fixed as it is and no change can be made until the technical and legal procedures are completed by adding the total area of the deeds by the competent authorities. This matter has not been completed as of the date of preparing the consolidated financial statements. Please refer to note (4.6) which indicates the accounting policy followed. Note (7) provides information on the components of financial assets classified at FVOCI and associated risks.	**How we addressed the matter during our audit** • The audit procedures carried out included an understanding of the nature of these investments and an audit of the internal control system for the monitoring of ownership and investment valuation. We studied and understood the company's policy for valuating investments, the factors influencing the valuation process, and its validity by valuating the methodology used, the suitability of the valuation models, and the inputs used for investment valuation. These factors were discussed with the executive management and those charged with governance. We ensured the accuracy of the valuation for a sample of investments according to independent pricing sources and company policy, and verified the suitability and adequacy of the disclosures related to these investments in the consolidated financial statements. • We requested confirmation from Jabal Omar Development Company regarding the shares owned by Makkah Construction and Development Company as of December 31, 2023. • We obtained a legal opinion to assess the accuracy of the information presented in the letter from Jabal Omar Development Company according to the prevailing regulations and legislation. According to the legal opinion provided to us by the company's legal advisor, Jabal Omar Development Company is not authorized to take any action to change the number of shares registered in its records without completing the technical and legal procedures. Therefore, the company's management has not made any changes to the number of shares registered in its books.

INDEPENDENT AUDITOR'S REPORT... (Continued)

TO THE SHAREHOLDERS
Makkah Construction and Development Company
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Makkah - Kingdom of Saudi Arabia
Report on the Audit of the Consolidated Financial Statements

Key Audit Matters... (Continued)

Key Audit Matter	How our audit addressed the key audit matter
Valuation of investment properties As of December 31, 2023, the net carrying value of investment properties amounted to 213 million Saudi Riyals, with a disclosed fair value of 3,558 million Saudi Riyals. The investment properties were stated at cost, net of accumulated depreciation and any accumulated losses arising from impairment as of the consolidated financial statement date. The Company also discloses the fair value of the investment properties in accordance with the requirements of the International Financial Reporting Standards adopted in the Kingdom of Saudi Arabia. For the purpose of disclosing the fair value, the Company appointed an independent external valuer ("the Valuer"), who estimated the fair value using the market and income approach, utilizing the discounted cash flow model. Investment properties are valued based on estimates and assumptions such as rental value, occupancy rates, discount rates, market knowledge and historical transactions. We have considered this a major audit matter because it is important to disclose the fair value of investment properties and the importance and complexity of the process of valuating investment properties and its dependence on a set of estimates and assumptions. Please refer to note (3.4) about the consolidated financial statements for more details on important accounting policies, note (2) for important accounting estimates and judgments, and note (6) for details of relevant disclosures.	**We have implemented the following procedures related to the valuation of investment properties:** • Evaluated the policies and the reasonableness of the accounting estimates used by the Company. • Evaluated the objectivity, independence, competence and expertise of the valuer. • The reasonableness of the fair value calculation and its key assumptions, including cash flow projections and the discount rate used. • Analyzed significant assumptions and assessed their impact on the fair value and the impact of changes in key assumptions on the conclusion reached by management. • Examined the adequacy of presentation and disclosures with respect to relevant assumptions and key estimates in the accompanying consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT... (Continued)

TO THE SHAREHOLDERS
Makkah Construction and Development Company
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Makkah - Kingdom of Saudi Arabia
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Key Audit Matters... (Continued)

Key Audit Matter	How our audit addressed the key audit matter
Provision for zakat As of December 31, 2023, the company had outstanding zakat assessments received in previous periods from the Zakat, Tax and Customs Authority "ZATCA" for the years from 1438 H to 1441 H, claiming additional zakat in the amount of 43.6 million Saudi riyals. The company filed objections to the issued assessments, and the decision of the First Appellate Committees for the Settlement of Income Tax Violations and Disputes in 2023 rejected the company's appeal for the years 1438H and 1439H. The company paid an amount of 15 million Saudi Riyals related to the assessments for the years 1438H and 1439H. Until the period ended December 31, 2023, the company recorded a provision in the amount of 48.4 million Saudi riyals against the provision for the current year, and the zakat assessments in previous periods. We considered this as a major audit matter due to the importance of the additional amounts requested by the ZATCA. The determination of the zakat provision involves substantial estimates and judgments from the management, including the calculation of the zakat base and the profits subject to zakat in accordance with the zakat and income tax regulations in force in the Kingdom of Saudi Arabia, which may be subject to different interpretations. The final amount of the assessments may differ significantly from the returns and objections made by the company. Please refer to note (4.12) about the consolidated financial statements for more details on important accounting policies, note (2) for important accounting estimates and judgments, and note (20) for details of relevant disclosures.	**The audit procedures which we performed, among other matters, included the following:** • Obtaining an understanding of management procedures in estimating the adequacy of the zakat provision for outstanding assessments. • Evaluating the calculation of the zakat provision and reviewing that assessment based on the opinion of the Company's zakat advisor. • We participated in meetings with those charged with governance of the company to obtain the latest developments on matters related to zakat and the results of communication with the ZATCA. • We assessed the adequacy of the related disclosures in the consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT... (Continued)

TO THE SHAREHOLDERS
Makkah Construction and Development Company
"A Saudi joint-stock company"
Makkah - Kingdom of Saudi Arabia
Report on the Audit of the Consolidated Financial Statements

Other information included in the company's report for the year ended December 31, 2023

Company management is responsible for the other information. The other information consists of information included in the annual report but does not include the consolidated financial statements and auditor's report. Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance or conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information 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 during the audit process, or otherwise appears to be materially wrong. If, through our work, we conclude that there are material misstatements within this other information, we are required to communicate it. We have no information to communicate in this regard.

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 the IFRS standards as endorsed in the Kingdom Saudi Arabia and other standards and pronouncements that are issued by the Saudi Organization for Auditors and Accountants, and the provisions of the Companies Law and the Company's Articles of Association 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, the Management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company'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 the 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 judgment and maintain professional skepticism 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, misrepresentation, or the override of the company's 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 company's internal control.

INDEPENDENT AUDITOR'S REPORT... (Continued)

TO THE SHAREHOLDERS
Makkah Construction and Development Company
"A Saudi joint-stock company"
Makkah - Kingdom of Saudi Arabia
Report on the Audit of the Consolidated Financial Statements

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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements and if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the company 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 a fair presentation.

- Obtain sufficient and 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 remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope of an audit and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provided those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and we communicated with them all relationships and other matters that may reasonably affect our independence, and related safeguards, if required.

Among the matters communicated to those charged with governance, we identify those matters that we considered significant when auditing the consolidated financial statements for the current year, and therefore, these matters are considered the key audit matters. We explain these matters in our report unless a law or regulations prevent public disclosure of a matter, or when we see, in extremely rare circumstances, matters that should not be reported in our report because the negative consequences of doing so are reasonably expected to outweigh the public interest of this reporting.

For El Sayed El Ayouty & Co.

السيد العيوطي وشركاه
محاسبون ومراجعون قانونيون
س.ت رقم ٤٠٣٠٢٩١٢٤٥
CERTIFIED PUBLIC ACCOUNTANTS
C.R. No. 4030291245
EL SAYED EL AYOUTY & CO.

A. Balamesh

Abdullah A. Balamesh
Certified Public Accountant
License No. (345)

Jeddah: March 24, 2024
Corresponding to: Ramadan 14, 1445

MAKKAH CONSTRUCTION AND DEVELOPMENT COMPANY
(A SAUDI JOINT-STOCK COMPANY)
MAKKAH – SAUDI ARABIA
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF 31 DECEMBER 2023
SR

	Note	31 December 2023	31 December 2022
Assets			
Non-current assets			
Property, plant and equipment - net	5	1,324,015,388	1,304,744,776
Investment properties– net	6	212,771,921	218,495,180
Financial assets at fair value through other comprehensive income	7	2,469,793,670	1,598,613,920
Investment in an associate	8	16,231,613	16,231,613
Total non-current assets		**4,022,812,592**	**3,138,085,489**
Current assets			
Trade receivables	9	24,115,946	41,392,175
Inventory		2,061,732	1,620,361
Due from related parties	10	-	313,055,268
Prepayments and other debit balances - net	11	47,451,954	42,415,721
Cash and cash equivalent	12	525,726,172	371,036,743
Total current assets		**599,355,804**	**769,520,268**
Total assets		**4,622,168,396**	**3,907,605,757**
Shareholders' equity and liabilities			
Shareholders' equity			
Share capital	13	1,648,162,400	1,648,162,400
Statutory reserve	14	836,280,685	836,280,685
Revaluation gains of financial assets at fair value through other comprehensive income	7	1,190,279,326	628,664,525
Retained earnings		416,815,311	246,941,316
Total Shareholders' equity		**4,091,537,722**	**3,360,048,926**
Non-current Liabilities			
Long-term loan - non-current portion	15	99,998,850	124,998,850
Employees' defined benefit obligations	16	38,285,999	35,128,477
Total non-current liabilities		**138,284,849**	**160,127,327**
Current Liabilities			
Long-term loan - current portion	15	27,776,420	27,476,616
Deferred revenue	17	10,634,204	6,478,911
Trade payables		3,886,080	8,282,544
Due to related parties	10	-	3,141,639
Accrued expenses and other credit balances	18	117,366,024	100,280,718
Dividends payable	19	184,235,872	181,169,478
Provision for zakat	20	48,447,225	60,599,598
Total current liabilities		**392,345,825**	**387,429,504**
Total liabilities		**530,630,674**	**547,556,831**
Total Shareholders' equity and liabilities		**4,622,168,396**	**3,907,605,757**

Saleh Mohamad Awad Bin Ladin	**Fahd Mohamed Saleh AlFawaz**	**Amr Hussein Abdel Fattah**
Chairman Board of Directors	**Chief Executive Officer**	**Chief Financial Officer**

The accompanying notes from (1) to (33) form an integral part of these consolidated financial statements.

MAKKAH CONSTRUCTION AND DEVELOPMENT COMPANY
(A SAUDI JOINT-STOCK COMPANY)
MAKKAH – SAUDI ARABIA
STATEMENT OF CONSOLIDATED PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FISCAL YEAR ENDED 31 DECEMBER 2023
SR

	Note	31 December 2023	For the period from 5 December 2021 until 31 December 2022	For the period from 14 June 2022 until 31 December 2022
Revenue	21	730,913,542	461,348,095	253,071,405
Cost of revenue	22	(299,126,520)	(167,209,502)	(81,151,700)
Gross profit		**431,787,022**	**294,138,593**	**171,919,705**
General and administrative expenses	23	(95,084,928)	(82,626,369)	(43,111,636)
Loss from revaluation of investment properties		(764,731)	-	-
Provision for expected credit losses	9&11	(10,333,907)	(37,236,455)	(17,153,854)
Reversal of credit losses provision		19,664,449	-	-
Profit from operations		**345,267,905**	**174,275,769**	**111,654,215**
Company's share in loss of investment in an associate	8	-	(1,830,547)	(883,518)
Return on Islamic Murabaha deposit	12	3,263,889	-	-
Other income / (loss)	24	229,435	100,868	100,868
Net Profit for the year / period before zakat		348,761,229	172,546,090	110,871,565
Zakat	20	(14,526,465)	(16,959,593)	(7,015,068)
Net profit for the year/period		**334,234,764**	**155,586,497**	**103,856,497**
Other comprehensive profit /(loss)				
Items that will not be subsequently reclassified to statement of profit or loss				
Profit / losses from re-measurement of employees' defined benefit obligations	16	455,471	(5,537,458)	(3,363,800)
Unrealized profit / (loss) from revaluation of financial assets at fair value through other comprehensive income	7	561,614,801	(1,087,287,168)	(813,538,882)
Other comprehensive profit / (loss) for the year/period		**562,070,272**	**(1,092,824,626)**	**(816,902,682)**
Comprehensive profit / (loss) for the year/period		**896,305,036**	**(937,238,129)**	**(713,046,185)**
Earnings per share				
Basic and diluted earnings per share from net profit for the year/period	25	**2.03**	**0.94**	**0.63**

Saleh Mohamad Awad Bin Ladin	**Fahd Mohamed Saleh AlFawaz**	**Amr Hussein Abdel Fattah**
Chairman Board of Directors	**Chief Executive Officer**	**Chief Financial Officer**

The accompanying notes from (1) to (33) form an integral part of these consolidated financial statements.

MAKKAH CONSTRUCTION AND DEVELOPMENT COMPANY
(A SAUDI JOINT-STOCK COMPANY)
MAKKAH – SAUDI ARABIA
CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THE FISCAL YEAR ENDED 31 DECEMBER 2023
SR

	Share capital	Statutory reserve	Revaluation gains of financial assets at fair value through other comprehensive income	Retained earnings	Total
Opening balance for the period 14 June 2022	**1,648,162,400**	**836,280,685**	**1,442,203,407**	**146,448,619**	**4,073,095,111**
Net profit for the period	-	-	-	103,856,497	**103,856,497**
Other comprehensive loss for the period	-	-	(813,538,882)	(3,363,800)	**(816,902,682)**
comprehensive loss for the period	-	-	(813,538,882)	100,492,697	**(713,046,185)**
Closing balance for the period 31 December 2022	**1,648,162,400**	**836,280,685**	**628,664,525**	**246,941,316**	**3,360,048,926**
Opening balance for the period 01 January 2023	**1,648,162,400**	**836,280,685**	**628,664,525**	**246,941,316**	**3,360,048,926**
Net profit for the year	-	-	-	334,234,764	**334,234,764**
Other comprehensive profit for the year	-	-	561,614,801	455,471	**562,070,272**
Comprehensive profit for the year	-	-	561,614,801	334,690,235	896,305,036
Dividends	-	-	-	(164,816,240)	(164,816,240)
Closing balance for the period 31 December 2023	**1,648,162,400**	**836,280,685**	**1,190,279,326**	**416,815,311**	**4,091,537,722**

Saleh Mohamad Awad Bin Ladin
Chairman Board of Directors

Fahd Mohamed Saleh AlFawaz
Chief Executive Officer

Amr Hussein Abdel Fattah
Chief Financial Officer

The accompanying notes from (1) to (33) form an integral part of these consolidated financial statements.

MAKKAH CONSTRUCTION AND DEVELOPMENT COMPANY
(A SAUDI JOINT-STOCK COMPANY)
MAKKAH – SAUDI ARABIA
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED 31 DECEMBER 2023
SR

	31 December 2023	For the period from 14 June 2022 until 31 December 2022
Cash flows from operating activities:		
Net Profit for the year / period before zakat	**348,761,229**	**110,871,565**
Adjustments:		
Depreciation on property, plant, and equipment	27,783,979	14,798,299
Depreciation on investment properties	5,182,432	3,256,375
Loss from revaluation of investment properties	764,731	-
Loss from disposal of property, plant, and equipment	136,978	356,283
Loss from disposal of investment properties	-	78,697
Company's share in investment losses of an associate	-	883,518
Allowance for expected credit losses	10,333,907	17,153,854
Reversal of credit losses provision	(19,664,449)	-
Employees' defined benefit obligations formed	4,991,259	1,813,437
	378,290,066	**149,212,028**
Changes in:		
Trade receivables	26,955,450	58,781,265
Inventory	(441,371)	617,677
Prepayments and other debit balances	(7,066,487)	(18,727,512)
Deferred revenue	4,155,293	(19,389,087)
Trade payables	(4,396,464)	6,061,246
Related Parties	-	640,680
Accrued expenses and other credit balances	17,085,306	25,791,986
Employees' defined benefit obligations paid	(1,378,266)	(4,722,512)
Provision for zakat paid	(26,678,838)	-
Net cash generated from operating activities	**386,524,689**	**198,265,771**
Cash flows from investing activities:		
Payments of property, plant, and equipment	(42,389,885)	(14,532,807)
Proceeds from disposal of property, plant and equipment	4,990	-
Payments of investment properties	(226,820)	(1,255,596)
Proceeds from sale of investment properties	2,917	-
Interest paid	(2,476,616)	(1,798,718)
Net cash (used in) investing activities	**(45,085,414)**	**(17,587,121)**
Cash flows from financing activities:		
Settlement of a long-term loan	(25,000,000)	(12,500,000)
Dividends paid	(161,749,846)	(3,754,730)
Net cash (used in) financing activities	**(186,749,846)**	**(16,254,730)**
Net change in cash and cash equivalent	**154,689,429**	**164,423,920**
Cash and cash equivalents at beginning of the year / period	**371,036,743**	**206,612,823**
Cash and cash equivalents at end of the year / period	**525,726,172**	**371,036,743**
Other Non-cash transactions:		
Unrealized profit/(loss) from revaluation of financial assets at fair value through other comprehensive income	561,614,801	(813,538,883)
Interest on long-term loan added to property, plant and equipment	(2,776,420)	(4,380,891)
Reclassified from related parties to financial assets at fair value and trade receivables	313,055,268	-
Unpaid dividends	3,066,394	-
Transferred from suppliers' advance payments to property, plant and equipment	2,030,255	14,982,324
Transferred from suppliers' advance payments to investment properties	-	4,954,780

Saleh Mohamad Awad Bin Ladin	Fahd Mohamed Saleh AlFawaz	Amr Hussein Abdel Fattah
Chairman Board of Directors	Chief Executive Officer	Chief Financial Officer

The accompanying notes from (1) to (33) form an integral part of these consolidated financial statements.

1. General

1.1 Corporate information

Makkah Construction and Development Company (A Saudi Joint Stock Company) (the "Company") was incorporated in accordance with the Companies' Law and as per Royal Decree no. (M/5) dated 13 Dhu Al-Qi'dah1408H. The incorporation was declared by the Minister of Commerce and Investment no. 859 dated 21 Dhu Al-Qi'dah1409H (corresponding to 24 June 1989). The Company is registered in Makkah under Commercial Registration number 4031020101 dated 1 Dhu Al-Hijjah 1409H (corresponding to 4 July 1989).

The main activity of the Company is the construction of the area near Al Masjid Al Haram, the ownership, development, management, investment, purchase, and lease of the properties near Al Masjid Al Haram. In addition to performing all necessary engineering works to perform building, constructing, repairing, and demolishing works.

The Head office of the Company is located in Makkah Al Mukarramah, Faqih Center, P O Box 7134- Kingdom of Saudi Arabia.

Branches: The Company has the following branches:

S/N	City	CR No.	Date	Name of branch
1	Makkah	4031102134	18/3/1439H	Branch of Makkah Construction and Development Company for Omrah Services

These consolidated financial statements consist of the financial statements of the parent company and its subsidiary. As of 31 December 2023, the Parent Company owns the following subsidiary:

Company Name	CR No.	Date	Shareholding %	Principal activities
Hotel Towers Company Makkah Hotel Company	4031045190	11/11/2003 corres-ponding to 18/09/1424 H	100%	The hotels provide services for Umrah performers, visitors to the Prophet's Mosque, and services for pilgrims coming from outside the Kingdom and domestic pilgrims.

On December 24, 2023, the Company transferred the branch of the Makkah Hotel and Towers, having a commercial registration number 403145190 dated 11/11/2003, including all rights, obligations, labor, classification, licenses, and all its financial, technical, and administrative components, to a single-owner limited liability company while retaining the name, number, and date of the commercial registration of the company's branch as the main center for the newly incorporated company named Hotel Towers Company Makkah Hotel Company with an unpaid capital of one million Saudi Riyals.

1.2 Fiscal year:

The shareholders of the Company in their meeting held on 15 Shawwal 1443H (corresponding to 16 May 2022) have resolved to change the financial year of the Company from Hijri to Gregorian, which will end on 31 December every year. The first financial year will begin after approving the change from the Hijri year to the Gregorian year by pertinent authorities and will end on 31 December 2022. The legal formalities in respect of the change of the financial year have been completed on 14 Dhu AlQi'dah1443H (date of closing the Hijri period) (corresponding to 13 June 2022).
The consolidated financial statements for the current year start on January 1, 2023, and end on December 31, 2023. The comparative financial statements start on June 14, 2022, and end on December 31, 2022. Therefore, they are not comparable.

The company provided additional comparable financial information for the period from December 05, 2021 to December 31, 2022 in the statement of profit or loss and other comprehensive income, and related notes for comparative purposes with the current period.

1.3 Significant events

The Ministry of Commerce implemented the new Companies' Law as of 26 Jumada Al-Akhira 1444 H (January 19, 2023), which is the date of implementation. The Companies Law will replace the old version issued by Royal Decree number (m/3) on 28 Muharam 1437H and repeal any inconsistent provisions. Therefore, all existing companies as of the date of implementation of the law must make all necessary amendments to the articles of association to comply with the requirements and provisions of the new Companies' Law within two years as of the date of implementation.

The company's management has started making the necessary amendments to the company's bylaws in accordance with the requirements of the new law, and not all the formal procedures were completed by the date of issuance of the financial statements.

2. Basis of preparation and statement of compliance

2.1 Compliance with Accounting Standards Applied

These consolidated financial statements were prepared in accordance with International Financial Reporting Standards ("IFRS") that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements endorsed by the Saudi Organization of Auditors and Accountants (collectively referred to as "International Financial Reporting Standards endorsed in Kingdom of Saudi Arabia").

2.2 Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis using the principle of accounting accrual, with the exception of financial instruments that are measured at fair value.

2.3 Functional and presentation currency

The consolidated financial statements are presented in Saudi Riyals, which is the functional and presentation currency of the Company.

2.4 Going concern basis

The management of the company has assessed its ability to continue operating as a going concern while preparing the accompanying consolidated financial statements and is confident that the company has sufficient resources to sustain its operations in the foreseeable future. In addition, the management is not aware of any material uncertainty that may cast significant doubts about the Company's ability to continue as a going concern.

2.5 Basis for consolidation of financial statements:

These consolidated financial statements consist of the financial statements of the parent company and its subsidiary. A subsidiary is an entity controlled by the Parent Company. Control is achieved when the parent company is exposed to risks or has rights to receive various returns from its relationship with the invested company and has the ability to influence those returns through its authority over the investee.

Specifically, the parent company controls the investee only when the parent has:

- Control over the investee (i.e., having rights that give the parent the ability to direct the related activities of the investee),
- Exposure to risks, or rights to receive different returns through its relationship with the investee.
- Generally, it is assumed that a majority of voting rights results in control. Supporting this assumption, when the parent company has less than a majority of voting rights or similar rights in the investee, the parent considers all relevant facts and circumstances to determine whether it exercises control over the investee, including:
- • Contractual arrangements with other voting rights holders,
- • Rights arising from other contractual arrangements,
- • The parent company's special voting rights and potential voting rights.
- The parent company re-evaluates whether it exercises control over the investee when facts and circumstances indicate a change in any of the three control elements. Consolidation of subsidiaries begins when the parent company controls the subsidiary and ceases when the parent relinquishes such control. Assets, liabilities, income, and expenses of acquired or disposed subsidiaries during the year are included in the consolidated financial statements from the date control is transferred to the parent until the parent relinquishes control over the subsidiary.
- Income or loss and each component of other comprehensive income relate to the shareholders of the parent company and non-controlling interests, even if this results in a deficit in non-controlling equity balances. When necessary, adjustments are made to the financial statements of subsidiaries to align their accounting policies with those adopted by the parent company. All intercompany assets, liabilities, equity, revenues, expenses, and cash flows related to transactions between the parent company and the subsidiary are completely eliminated during consolidation.
- Any change in equity interests in a subsidiary, without losing control, is treated as an equity transaction. If the parent company loses control over subsidiaries, it ceases to recognize related assets and liabilities (including goodwill), non-controlling interests, and other equity items, while profits or losses arising from this are recognized in the consolidated income statement. Any investment retained is recognized at fair value. Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the equity of the parent company in these subsidiaries.

2. Basis of preparation and statement of compliance (Continued)

2.6 Significant accounting judgments and estimates

The preparation of these consolidated financial statements requires Management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets, liabilities, and disclosures. These estimates are based on underlying assumption related to historical experience and various other factors that are believed to be reasonable in the these circumstances. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis, and revisions to accounting estimates are recognized in the period in which the estimate is modified if the modification affects current and future periods. The significant judgments and estimates have the most significant effect on the amounts recognized in the consolidated financial statements are as follows:

Fulfillment of performance obligations

The Company is required to assess each of its contracts with customers to determine whether performance obligations are satisfied over time or at a point in time in order to determine the appropriate method of recognizing revenue. The Company assessed that one performance obligations is related to maintenance services can be measured reliably.

Determination of transaction prices

The Company is required to determine the transaction price in respect of each of its contracts with customers. In making such judgment the Company assesses the impact of any variable consideration in the contract, due to discounts or penalties, the existence of any significant financing component in the contract and any non-cash consideration, if any.

Classification of real estate properties

The Company exercises its judgment in the classification of real estate as property and equipment and investment properties. The Company considers recognition criteria as per the supporting accounting standard with the management's intention and effective plan. The Hotels are considered as occupied by the owner and held for use to provide services while commercial malls are classified as investment properties as they are held for a third-party leasing.

Operating lease classification – Company as lessor

The Company entered commercial leases for its investment property. The Company has determined, based on an estimation of the terms and conditions of the arrangements, that as the lease term not constituting a major part of the economic life of the property and the present value of the minimum lease payments not amounting to substantially all of the fair value of the commercial property, that it retains all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases

Impairment of financial assets

The carrying amounts of the Company's non-financial assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Impairment exists when the carrying value of an asset or cash generating unit ("CGU") exceeds the recoverable amount, which is the higher of the fair value less costs to sell and value in use. The fair value less costs to sell is arrived based on available data from binding sales transactions at arm's length, for similar assets. The value in use is based on a discounted cash flow (DCF) model, whereby the future expected cash flows discounted using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

Useful lives and residual value of of property, equipment and investment properties

The Company's management estimates the useful lives of its property and equipment and investment properties for calculating depreciation. Such estimates are updated after considering the expected use of the assets, obsoleteness, and wear and tear. The management periodically reviews estimated useful lives, the residual values and depreciation method to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from these assets.

2. Basis of preparation and statement of compliance (continued)

2.6 Significant accounting judgments and estimates (Continued)

Lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise the option to extend or terminate. The assessment is reviewed if a material event or a significant change in circumstances has occurred that affects this assessment. During the current financial year, there was no material financial impact of revising the terms of the lease contracts to reflect the impact of exercising extension or termination options.

Depreciation and amortization of non-current assets

Depreciation and amortization are recognized to write off the cost of assets less their residual value over their useful lives using the appropriate method. The Company's management estimates useful lives, residual values and depreciation method and reviews them at the end of each reporting period. The impact of any changes in estimate is calculated on a prospective basis.

ECL allowance for trade and other debit balances

The Company uses a provision matrix to calculate expected credit losses on trade receivables and contract assets. Provision ratios are determined based on days past due for different groups of customer segments with similar loss patterns (ie geographic region, product type, customer type, price, coverage by letters of credit and other forms of credit guarantee).

Determining expected credit losses for trade and other debit balances requires the Company to take into account certain estimates of forward-looking factors when calculating the probability of default. These estimates may differ from actual circumstances.

The matrix is based on past default experience monitored by the Company. The company will calibrate the table in order to adjust the historical credit loss experience with forecast information, for example, if economic conditions (i.e. GDP) are expected to deteriorate over the next year which could lead to an increasing number of defaults in the manufacturing sector, then previous 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 company assessed the growth rate of the gross domestic product, a macroeconomic factor closely tied to future information, which has the potential to impact the credit risk of customers. Based on this assessment, the company made adjustments to the historical loss by considering the expected changes in this factor through various scenarios. An assessment of the relationship between historically observed rates of default, expected economic conditions and expected credit losses is an important estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The company's previous credit losses and expected economic conditions may not be an indication of the customer's actual default in the future. Information about expected credit losses on trade receivables and contract assets of the company has been disclosed in the related notes.

Provision for Zakat and VAT

When the amount of zakat is an uncertain liability or asset, the Company recognizes the provision that reflects management's best estimate as a more probable outcome based on facts known in the relevant period. Any differences between the zakat estimates and final zakat assessments are charged to the statement of profit or loss in the period in which they are incurred, unless expected.

Impairment of financial assets

At the end of each reporting period, the Company estimates the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. in the event of this indication, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any.

Contingent liabilities

By default, contingent liabilities will only be resolved upon the occurrence or non-occurrence of one or more future events. The assessment of such contingencies inherently involves exercise of significant judgment and estimates of the outcome of future events.

2. Basis of preparation and statement of compliance (continued)

2.6 Significant accounting judgments and estimates (continued)

Employees defined benefit obligations
The cost of employees' terminal benefits and the present value of such 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 increases, mortality rates and employees' turnover (employment, termination, resignations). 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 period end. The most sensitive parameters are discount rate and future salary increases. In determining the appropriate discount rate, Management considers the market yield on high quality corporate/government bonds. Future salary increases are based on the expected future inflation rates, seniority, promotion, demand, and supply in the employment market. The mortality rate is based on publicly available mortality tables. Those mortality tables tend to change only at intervals in response to demographic changes. Further details about employee benefits obligations are provided in note 16.

Fair value measurement of financial instruments
The company measures some financial instruments and non-financial assets according to the fair value at the consolidated statement of financial position date.

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:

- Sale or transfer in the principal market for the asset or liability, or
- A sale or transfer in a market other than the principal, i.e. in the most advantageous market for the asset or liability.

The company must have access to the principal market or the most favorable market. 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 Company uses valuation techniques that are appropriate for the circumstances and for which sufficient data is available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. All assets and liabilities for which fair 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:** Inputs are quoted prices asset markets for identical assets (unadjusted) of similar obligations,
- **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 not observable.

The Company's management also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable. For the purpose of fair value disclosures, the Company identified classes of assets and liabilities based on their nature, characteristics and risks of the asset or liabilities and the level of the fair value hierarchy, as described above.

3. New and Amended Standards and Interpretations

a) New and amended IFRS that are applicable and have no significant impact on the consolidated financial statements

Below are the latest changes to the IFRS, which must be adopted for the annual periods starting on 1 January 2023:

- IFRS 17: Insurance contracts
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)
- Definition of Accounting Estimates (Amendments to IAS 8)
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12: Income Taxes
- Initial Application of IFRS 17 and IFRS 9 – Comparative Information (Amendments to IFRS 17)
- International Tax Reform – Pillar Two Model Rules (Amendments to IAS 12)

The application of the amended International Financial Reporting Standards (IFRS) does not have any significant impact on the amounts recorded for the current periods.

b) Standards issued but not yet effective

The standards and amendments issued but not yet effective as of the date of issuance of the company's consolidated financial statements are disclosed below. The company intends to adopt these standards when applicable and when they become effective.

- Classification of Liabilities as Current or Non-current (Amendments to IAS 1), applicable to annual periods beginning on or after January 1, 2024
- Lease Liabilities in Sale and Leaseback Transactions (Amendments to IFRS 16), applicable to annual periods beginning on or after January 1, 2024

  Non-current Liabilities with Covenants (Amendments to IAS 1), applicable to annual periods beginning on or after January 1, 2024
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28), applicable to annual periods beginning on or after January 1, 2024
- IFRS 1 – General Requirements for Sustainability Disclosure – Financially Relevant Information, applicable to annual periods beginning on or after January 1, 2024 with early application as long as IFRS 2 Climate-related Disclosures is also applied.
- IFRS 2 – Climate-related Disclosures, applicable to annual periods beginning on or after January 1, 2024 with early application as long as IFRS 1 General Requirements for Sustainability Disclosure – Financially Relevant Information is also applied.

The above standards are not expected to have any significant impact on the company's consolidated financial statements.

4- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The accounting policies described below have been consistently applied when preparing the company's consolidated financial statements in all periods presented.

4.1 Current versus non-current assets and liabilities classification

The Company presents assets and liabilities in the consolidated statement of financial position based on current / non-current classification:

An asset is current when:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle.
- Held primarily for the purpose of trading.
- Expected to be realized within twelve months after the reporting period;
- The asset is cash or a cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

The Company classifies all other assets as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle.
- Held primarily for the purpose of trading.
- It is due to be settled within twelve months after the reporting period;
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.
- The terms of the liability can, at the option of the counterparty, be settled by issuing equity instruments without affecting its classification.

The company classifies all other liabilities as non-current.

4.2 Property, plant and equipment

4.2.1 Recognition and measurement

Property, plant and equipment are recognized less accumulated depreciation and impairment loss, if any. The cost includes all costs directly attributable to bringing the asset to the site and in the condition necessary for it to be able to operate in the manner intended by management. The cost consists of the purchase price, including non-refundable import duties and purchase taxes, after deducting trade discounts and rebates.

An entity adds to the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is charged, if the replacement part is expected to provide additional future benefits to the entity, and derecognizes the carrying amount of those parts that are replaced. All other repairs and maintenance expenses are charged to the statement of profit or loss during the period in which they are incurred.

If the main components of an item of property, plant and equipment have different patterns - in a fundamental way - to consume economic benefits, then the initial cost of the asset is allocated to its main components and each component is consumed separately - over its useful life.

Gains or losses arising from derecognition of an item of property, plant and equipment are recognized in the profit or loss statement.

4- Summary of significant accounting policies (continued)

4.2 Property, plant and equipment (continued)

4.2.2 - Deprecation
The value of the depreciable property, plant and equipment item - which is the cost of the asset less its residual value - is depreciated according to the straight-line method over the estimated useful life of each type of property, plant and equipment, and the depreciation is charged to the profit or loss statement. The estimated useful lives are as follows:

Item	Depreciation (years)
Buildings	33-83
Property and equipment	10
Vehicles	4
Furniture and Fixtures	2.5 -10

The residual value and useful lives of property, plant and equipment are reviewed in the event that there are indications of significant changes since the date of preparation of the last annual report, and are amended prospectively if necessary.

4.2.3 Capital work in progress
Capital work in progress at year end includes certain assets (property, plant, equipment, and intangible assets) that have been acquired but are not ready for their intended use. Capital work in progress is stated at cost less any recorded impairment. These assets are transferred to relevant assets categories and are depreciated once they are available for their intended use.

4.3 Investment properties
Properties held for long-term returns or capital appreciation or both and properties held for undetermined future use but not for sale in the ordinary course of business and unoccupied are classified as investment properties. Investment properties consist of land, buildings, equipment, fixtures, fixtures, office equipment and furniture that are an integral part of the buildings. Investment properties also include properties under construction or that are being developed for future use as investment properties.

Investment properties are stated at cost, net of accumulated depreciation and any accumulated impairment losses, except for properties under construction which are stated at cost. Cost includes expenses that are directly attributable to the acquisition of the assets. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, where applicable, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced item ceases to be recognized. The company also discloses the fair value of investment properties. For the purpose of this disclosure, the company determined the fair value in accordance with International Financial Reporting Standard No. (13). In addition to the fair value disclosures, the company also disclosed the following:

- The level on which the fair value measurement is based, i.e. Level 1, Level 2 or Level 3
- A description of the valuation method and inputs for Level 2 or Level 3 fair value measurement.

Investment properties are derecognised either upon disposal (i.e. when control is transferred to the receiving party) or when they are permanently withdrawn from use and no future economic benefits are expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit and loss for the period in which the recognition is derecognized. When determining the transaction for the sale of equipment, the Company considers the effects of variable consideration, the existence of significant financing components, non-cash consideration and consideration payable to the customer (if any).

Investment property acquired is measured initially at the amount of the modified rent, any lease payments made prior to the commencement date (less incentives for rent received), any upfront direct costs incurred by the Company, and estimates of these costs to the lessee, as well as the cost of removing the original asset, restoring the site to its original condition, or restoring the original asset to Its required condition according to the terms of the contract, and right-of-use assets that meet the definitions of investment property are presented under investment property.

Investment properties are classified as 'held for sale' when the carrying amount is expected to be recovered principally through sale rather than continuing use. In order for this condition to happen, the properties must be available for sale in his condition, which is subject only to the usual conditions for their sale, and the sale must be very probable.

4- Summary of significant accounting policies (continued)

4.3 Investment properties (continued)
When investment properties are sold, no direct/operating revenue and costs of sale of investment properties are recognized. Any gain or loss on sale of investment properties (calculated as the difference between the net disposal proceeds and the carrying amount) is recognized in the statement of profit or loss and other comprehensive income.

Occupied real estate is represented by real estate held by the owner or right-of-use assets related to real estate held by the lessee for use in the production and supply of goods, services and management proposals that do not generate cash flows independently of the other assets of the entity. Transfers are made to (from) investment properties only when there is a change in use. For a transfer from investment properties to owner acquired property, the cost assumed for subsequent accounting is the fair value at the date of change in use. In the event that the owner-occupied property becomes a real estate investment, the company will account for this property in accordance with the policy stipulated under property and equipment up to the date of change in use.

Depreciation of assets - except for land, which is not depreciated - is charged to the profit or loss and other comprehensive income statement using the straight-line method to allocate their costs over their estimated useful lives as follows:

Item	**Depreciation (years)**
Buildings	33-83
Furniture and Fixtures	10

Gains and losses on sale transactions are determined by comparing the proceeds with the carrying amounts and are recognized in the statement of profit or loss and other comprehensive income.

4.4 Investments in associates
Investments in associates are accounted for using the equity method. Under the equity method, the investment in associates is initially recognized at cost and is subsequently adjusted by the recognition of the company's share in the statement of profit or loss and other comprehensive income of the associate, less any impairment in the value of net investments.

4.5 Impairment of non-financial assets

Non-financial assets
At the end of each reporting period, the company reviews the book values of its non-financial assets to determine whether there is any indication that these assets have suffered impairment losses. If any indication exists, the recoverable amount of the asset is estimated in order to determine impairment losses (if any).

When it is not possible to estimate the recoverable amount of a specific asset, the Company estimates the recoverable amount of the cash-generating unit to which the same asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also also be allocated to individual cash-generating units, or they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified. The cash-generating unit to which the goodwill has been allocated is tested for impairment annually, and whenever there is an indication of impairment, by comparing the unit's carrying amount, including goodwill, with the unit's recoverable amount.

Intangible assets with an indefinite useful life are not amortized. Instead, the asset is tested to determine the impairment annually, and whenever there is an indication of a decline in the value of the asset.

The recoverable amount is the greater of the asset's fair value less costs of disposal or value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. The losses of impairment are recognized immediately in the profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years.

A reversal of an impairment loss is recognized immediately in the profit or loss. An impairment loss recognized in past periods for goodwill is not reversed in the subsequent period.

4. Summary of significant accounting policies (continued)

4.6 Financial - Instruments

Recognition of financial instruments
The financial asset and liability are recognized when the company becomes a party to the contractual obligations of the instrument, and that is generally on the trading date. Transfer substantially all the risks and rewards of ownership of the financial assets.

Financial Assets
International Financial Reporting Standard No. (9) requires all financial assets to be classified and subsequently measured at amortized cost or fair value. The classification depends on the business model for managing the financial assets and the contractual cash flow characteristics of the financial assets as described below, which are determined at the time of initial recognition.

All financial assets that are not classified as measured at amortized cost or at FVTOCI as described below are measured at FVTPL.
Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

Financial assets at amortized cost
Financial assets are measured at amortized cost using the effective interest method, if both of the following conditions are met:
The objective of holding financial assets within the business model is to collect contractual cash flows, and
It arises from the contractual terms of the financial asset, on specific dates. Cash flows from principal and interest on the principal amount outstanding only.

When making an assessment of whether assets are held within a business model whose objective is to hold assets to collect contractual cash flows, the Company considers:
Management policies, company objectives, and the performance of those policies in practice.
The risks affecting the performance of the business model (and the financial assets held within the business model), and in particular, the manner in which those risks are managed.

How does management assess portfolio performance?
Whether the management strategy focuses on earning contractual commission revenue.
The degree of frequency of any sales of the expected assets.
The reason behind any asset sales.

Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss arising from de-recognition is recognized in profit or loss.

Financial assets classified as loans and receivables, which were measured at amortized cost, were measured under IFRS No. (9) “Financial Instruments” as they are held in the business model to collect contractual cash flows, and these cash flows consist of payments of principal and interest only.

Financial assets designated at fair value through other comprehensive income (equity instruments investments)

The company has elected to recognize changes in the fair value of equity investments in other comprehensive income. These changes are collected within equity within the item of profits on the revaluation of financial assets at fair value through other comprehensive income. The Company may transfer this amount from revaluation earnings to retained earnings upon derecognition of the related shares.

These assets are subsequently measured at fair value. Dividends are recognized as income in the statement of profit or loss, except if these distributions represent a recovery of part of the investment cost.
Any other losses or gains are recognized in the consolidated statement of other comprehensive income and are not reclassified to the statement of profit or loss.

Financial assets at fair value through profit or loss
Subsequent measurement of these assets is carried out at fair value. Net profits or losses, including any interests or dividends, are recorded in the profit or loss statement.

4- Summary of significant accounting policies (continued)

4.6 Financial Instruments (continued)

Impairment of financial assets
An expected credit loss model is followed from the impairment of financial assets. The expected credit loss model requires the company to account for expected credit losses and changes in those expected credit losses at each reporting date in order to demonstrate changes in credit risk from the date of initial recognition.

IFRS 9 uses an 'expected credit loss' model. The model is applied to financial assets that are measured at amortized cost and to debt instruments that are measured at fair value through other comprehensive income, and not to investments in equity instruments.

According to IFRS 9, the measurement of expected credit losses is evidence of the probability of default, or the given loss default (meaning the size of the loss if there is a default). The assessment of the probability of default is based on historical data that is modified by information that predicts the future.

The company, based on a forward-looking view, evaluates the expected credit losses associated with its debt instruments as part of its financial assets carried at amortized cost and fair value through other comprehensive income.

For receivables, the Company applies the simplified approach, which requires that expected losses be recorded on a lifetime basis from the date of initial recognition of the receivables. To measure expected credit losses, receivables have been grouped based on common credit risk characteristics and the number of days past due.

Expected loss rates have been inferred from the Company's historical information and adjusted to reflect the expected future outcome.

Measurement of expected credit loss
Expected credit loss is a weighted estimate of credit losses. Credit losses are measured as the present value of the cash shortfalls (i.e. the difference between the cash flows due to the company and the cash flows that the company expects to receive).

Allowances for impairment losses on financial assets measured at amortized cost are presented as a deduction from the gross carrying amount of the assets.

Disposal of financial assets
The company cancels financial assets only when the contractual rights to the cash flows from the assets expire or it transfers the financial assets and the risks and rewards of ownership to another party. If the Company does not transfer or retain substantially all the risks and rewards of ownership of the assets, the Company continues to recognize its retained share in the assets and liabilities associated with the financial assets to the amounts it may have to pay.

Financial liabilities
Financial liabilities are classified upon initial recognition as financial liabilities at fair value through profit or loss, loans and payables, as appropriate. All financial liabilities are initially recognized at fair value, and in the case of loans and accounts payable, net of directly related transaction costs. The company's financial liabilities include accounts payable, amounts payable and other liabilities, and amounts due to related parties.

Subsequent measurement
For the purposes of subsequent measurement, financial liabilities are classified into two periods, namely:
* Financial liabilities at fair value through profit or loss.
* Financial liabilities at amortized cost (loans)

Financial liabilities at fair value through profit or loss
Financial liabilities at fair value through profit or loss include current liabilities held for trading and current liabilities designated upon initial recognition as fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of selling or repurchasing in the near term.

Profits or losses from liabilities held for the purpose of trading are recognized in the statement of profit or loss and other comprehensive income. Financial liabilities classified upon initial recognition are not classified as fair value through profit or loss, on the date of initial recognition, unless they meet the criteria stipulated in the International Reporting Standard. Financial No. (9). The Company has not designated any financial liability at fair value through profit or loss.

4- Summary of significant accounting policies (continued)

4.6 Financial Instruments (continued)

Financial liabilities at amortized cost (loans)
This category is the most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost, using actual effective interest rate method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through interest rate amortization process. Amortized cost is calculated after taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the effective interest rate.
Amortization of the effective interest rate is recognized as finance costs in the statement of profit or loss. This category applies to interest-bearing borrowings.

Derecognition of financial liabilities
Financial liabilities are 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 de-recognition 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 and other comprehensive income.

Offsetting of financial instruments
Financial assets and financial liabilities are offset, and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the denominated amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Modifications of financial assets and liabilities
When an asset or a financial liability is negotiated or modified and this modification or renegotiation doesn't lead to derecognize that instrument, the Company recalculates total carrying amount of the financial asset and recognize gains or losses of the modification in profit or loss under "gains on modification of a loan". The total carrying amount of the financial instrument is recalculated as a current value of the contractual cash flows modified or discounted as per the original effective interest rate for the financial instrument (effective modified credit interest rate for the purchased financial assets or originated with low credit value). Any cost or fees incurred leading to modify the carrying amount of the modified financial instrument are amortized over the remaining life of the modified instrument.

The Company accounts for the consideration with the debt instrument lender under significant different terms as amortization of the financial liability and recognition of the new liability. As for this, any significant modification in the terms of the existing or part of the liability (as a result of financial difficulties faced by the borrower) is accounted for as amortization of the original liability and recognition of the new liability.

The IFRS regards the terms of exchanged or modified debt as 'substantially different' if the net present value of the cash flows under the new terms (including any fees paid net of any fees received) discounted at the original effective interest rate is at least 10% different from the discounted present value of the remaining cash flows of the original debt instrument. In the absence of such difference, the terms could still be considered as substantially different if they are deemed to be qualitatively significantly different from the pre-modifications terms.

4.7 Inventory
Inventories are stated at cost or net realizable value, whichever is lower, after deducting provision for any obsolete or slow-moving inventory. The company currently uses the weighted average cost method in evaluating inventory. Net realizable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.
Costs represent all expenses incurred in bringing each product to its present location and condition.

4.8 Cash and cash equivalents
Cash and cash equivalents include cash balances in bank and cash in hand. The statement of cash flows is prepared according to the indirect method.

4. Summary of significant accounting policies (continued)

4.9 Employee defined benefit obligations

a- Short-term employee benefits
Liabilities for wages and salaries including non-cash benefits and accumulated unused paid leave that are expected to be fully settled within 12 months after the end of the period in which the employees render the related service are recognized in respect of employee services up to the end of the reporting period and are measured at amounts expected to be paid when settlement of obligations. The liabilities are presented as current employee benefit obligations under accruals in the consolidated statement of financial position .

b- Employees' end of service indemnity
The liability or asset recognized in the consolidated statement of financial position in respect of defined benefits. The employee end of service benefit plan is the present value of the defined benefit obligation at the end of the financial period. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.
The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds denominated in the currency in which the benefits will be paid and that have terms approximating those of the related obligation. Defined benefit costs are classified as follows:

B.1 Cost of service
Service costs include current service cost and past service cost is recognized immediately in profit or loss. Changes in the present value of the defined benefit obligations resulting responses plan amendments or curtailments are recognized immediately in the statement of profit or loss as past service costs.

B.2 Cost of interest
The net interest cost is calculated by applying the discount rate to the net defined benefit obligation balance. This cost is included in employee benefits expense in the statement of profit or loss.

B.3 Re-measurement profits or losses
Re-measurement gains or losses arising from experience adjustments and changes in actuarial assumptions in the The period in which they occur are recognized directly in other comprehensive income.

4.10 Leasing
The company rents various offices, equipment, cars and warehouses, and the contracts may contain leaseable and non-leasable components. The Company allocates the consideration in the Contract to the leased and non-leasable components based on their relative stand-alone prices unless it has elected not to separate the leased and non-leasable components and instead accounts for them as a single lease component. Leases are recognized as a right-of-use asset and a corresponding liability on the date that the leased asset is available for use by the Company.

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

If ownership of the leased asset is transferred to the Company 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. The right to use assets are subject to impairment.

B. Lease liability
At the commencement date, the Company measures the holding lease liability that were measured as the present value of lease payments payable over the lease term. Lease payments include fixed payments (including immaterial fixed payments) less any lease incentives accrued, variable lease payments that depend on an index or rate and amounts expected to be paid under residual value guarantees. Lease payments also include the exercise price of a purchase option that is reasonably certain to be exercised by the Company and the payment of penalties for terminating the lease if the lease term reflects the Company exercising the option to terminate.

Lease payments to be made in the future under reasonable extension options are also included in the measurement of the liability.

Lease payments are discounted using the interest rate included in the lease. If that price cannot be readily determined - and generally does for corporate leases - then the lessee's incremental borrowing rate is used, which is the rate that the individual lessee would have to pay to borrow the money needed to acquire an asset of similar value to the right-of-use asset in a similar economic environment with similar security and terms.

4. Summary of significant accounting policies (continued)

4.10 Leases (continued)

The Company is exposed to potential future increases in variable lease payments based on an index or rate that are not included in the lease obligation until they become effective. When adjustments to lease payments based on an index or rate become effective, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are apportioned between capital and finance cost. The financing cost is charged to the statement of profit or loss over the period of the lease contract in order to produce a fixed periodic rate of interest on the remaining balance of the obligation for each period.

Payments associated with short-term leases and low-value assets are recognized on a straight-line basis as an expense in the statement of profit or loss.

Amounts due from tenants under finance lease contracts are recorded as receivables of the value of the Company's investment in the relevant lease contracts. Income from finance leases is allocated to accounting periods so as to reflect a constant periodic rate of return on the Company's net investment outstanding in respect of the relevant lease contracts.

Rental income from operating leases when the Company is a lessor is recognized in income on a straight-line basis over the term of the lease. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognized as an expense over the lease term on the same basis as rental income. The related leased assets are included in the statement of financial position on the basis of their nature.

4.11 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be estimated reliably. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present liabilities, its carrying amount is the present value of those cash flows. The provision should be reviewed at the end of each reporting period if future outflows are not likely, and the provision should be reversed.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the debtor is recognized as an asset and not as a reduction of the provision required. Also, the amount to be recognized as an asset should not exceed the amount of the provision if it is virtually certain that payment will be received and the due amount can be measured reliably.

Contingent assets and liabilities are potential rights and obligations arising from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.

4.12 ZAKAT

The company is subject to zakat in accordance with the regulations issued by the Zakat, Tax and Customs Authority in the Kingdom of Saudi Arabia. A provision for zakat is formed on the accrual basis, and this provision is charged to the statement of profit or loss and other comprehensive income. The zakat provision is calculated according to the zakat base or the adjusted net profit, whichever is greater. Recording any differences in the estimates between the calculated zakat and the final assessment (if any) within the profit or loss in the year in which the assessment is finalized. Zakat is calculated on the basis of 2.5% of the zakat base or adjusted net income, whichever is greater.

4.13 Value Added Tax

The company is subject to the value-added tax system, and the tax is calculated as soon as the invoice is issued, the commodity is delivered, or the price or part of it is received. The value-added tax return is submitted on a quarterly basis.

4.14 Withholding Tax

The administration deducts taxes from non-resident parties - if any - according to the Authority's regulations, which are not recorded as expenses, given that the amounts of obligations on the counterparty are deducted on its behalf.

4. Summary of significant accounting policies (continued)

4.15 Revenues
The Company recognizes revenue from contracts with customers based on a five step model as set out in IFRS 15, which are as follows:

Step 1: Identify the contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria that must be met.
Step 2– Identify the performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer goods or service to the customer.

Step 3– Determine the transaction price: The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of any other parties.

Step 4 :– to the performance obligations in the contract: Where a contract has multiple performance obligations, the Management will allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the the Management expects to be entitled in exchange for satisfying each performance obligation.
Step 5– Recognize revenue when (or as) the entity satisfies a performance obligation.

The Company satisfies a performance obligation and recognizes revenue over time, if one of the criteria is met:
- The customer simultaneously receives and consumes the benefits provided by the Company’s performance as the Company performs; or
- That the company's performance leads to the creation or improvement of an asset that the customer controls when the asset is created or improved, or
- The Company's performance does not create an asset with an alternative use to the Company and the Company has an enforceable right to payment for performance completed to date.

For performance obligations where none of the above conditions are met, revenue is recognized at the time the performance obligation is satisfied. Revenue is recorded net of returns and trade liabilities.

Investment properties rental income
Revenue from properties investment is recognized in the statement of profit or loss and other comprehensive income on a straight-line basis over the lease term. When the company offers incentives to its customers in the form of a free rental period, the incentive is recognized as a reduction in the total rental income over the length of the rental period, on a straight-line basis.

Hotel services rental income
Revenue consists of rooms, food and beverage and other related services that are provided. Revenue, net of withholding, applicable taxes and municipality fees, is recognized on an accrual basis when services are rendered. Performance obligations are met over time, and revenue from hotel services is recognized on a daily basis, as rooms are occupied and services are rendered.

Deferred revenue
Deferred revenue is recognized if the amount is received or the payment date is due (whichever is earlier) from a customer before the company transfers the related services. Deferred revenue is recognized as revenue when the company performs the contract (i.e. transfers control of related services to the customer).

4.16 General and administrative expenses
General and administrative expenses include direct and indirect costs that are not specifically part of cost of revenue. Allocations between cost of revenue and general and administrative expenses are made on a consistent basis, if required.

4.17 Borrowing costs
Borrowing costs directly attributable to the purchase or construction of inventory properties that take a substantial period of time to be constructed or prepared to be ready for the purpose for which they were built or for sale are capitalized as part of the cost of that asset. Capitalization begins when (1) the company incurs expenses for the asset, (2) the company incurs borrowing costs, and (3) the company undertakes activities necessary to prepare the asset for its intended use or sale. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of the interest and other costs that an entity incurs in borrowing funds. Capitalized interest is calculated using the company's weighted average cost of borrowings adjusted for borrowings relating to specific development work. Where the loans relate to a specific development, the capitalized amount is the total interest on those loans less the investment income generated from the temporary investment. Interest is capitalized from the commencement of the development work until the date of actual completion. Capitalization of financing costs is suspended if there are long periods when the development activity is suspended. Interest is also capitalized on the cost of purchasing a site that has been specifically acquired for development, but only when the necessary development activities are in progress.

4. Summary of significant accounting policies (continued)

4.18 Finance income and financing cost

Finance income and expenses are recognized within finance income and finance costs in the statement of profit or loss and other comprehensive income.

Using the effective interest method, except for borrowing costs relating to a qualifying asset that are capitalized as part of the cost of that asset.

The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability and of allocating the financing income or financing expense over the relevant period. The effective interest rate is the rate that exactly subtracts the estimated future cash payments or receipts over the expected life of the financial instrument or, where appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Company estimates cash flows after considering all contractual terms of the financial instruments (for example, pre-payment options) and does not take into account future credit losses. The calculation includes all fees and points paid or received between the contracting parties and is an integral part of the effective interest rate, transaction costs, issue premiums or discounts.

4.19 Foreign currency transactions

The value of foreign currency transactions are converted into Saudi riyals according to the prevailing exchange rates on the date of those transactions, and the balances of monetary assets and liabilities recorded in foreign currencies on the date of the consolidated financial statements are converted into Saudi riyals at the prevailing exchange rates on that date.
For non-monetary assets and liabilities in a foreign currency, which are converted into Saudi riyals according to the prevailing exchange rates on the date of the transaction.

The gain or loss arising from exchange rate differences is included in the statement of profit or loss and other comprehensive income.

4.20 Related party transactions

Transactions with related parties include the transfer of resources, services, obligations or financing between the Company and the related party, regardless of whether such transactions are conducted on terms equivalent to those prevailing in an arm's-length transaction.

A related party is a person that is related to the company or a close member of that person's family is related to the company if that person:

- is a member of the key management personnel of the company;
- has control or joint control over the company;
- has significant influence over the company's decision-making process and policies.

Key management personnel are those persons having authority and responsibility for planning, directing, and controlling the activities of the entity, directly or indirectly, including any directors whether executive or otherwise of the entity.
An entity is related to the company if any of the following conditions applies:
- The entity and the company are members of the same group or both entities are jointly owned;
- One entity is an associate or joint venture of the group;
- The entity is controlled by the company or vice versa or the entity and the company are jointly controlled.

4.21 Segment information

The operating segments are presented in a manner consistent with the internal reports provided to the Board of Directors and the Chief Executive Officer (who are responsible for making operating decisions). They are the ones who evaluate the financial performance and financial position of the company, and make strategic decisions.
An operating segment is a group of assets and operations that:
- Engage in revenue-generating activities
- The management constantly analyzes the results of its operations in order to make decisions related to resource allocation and performance assessment.
- Detailed financial information is available.

4.22 Earnings per share

Basic earnings per share and diluted earnings per share (if any) are presented for ordinary shares. Basic earnings per share are calculated by dividing the Company's profit or loss attributable to common shareholders by the weighted average number of common shares outstanding during the year, after being adjusted by the number of ordinary shares repurchased or issued during the period. Diluted earnings per share is calculated by adjusting diluted profit or loss of the Company's ordinary shareholders and the weighted average number of shares outstanding during the year compared to dilutive potential ordinary shares during the period.

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5. Property, plant and equipment - net

Cost	Lands	Buildings	Plant and equipment	Furniture and Fixtures	Motor vehicles	Total
As at 14 June 2022	**601,409,769**	**956,439,450**	**180,863,575**	**70,890,890**	**2,169,419**	**1,811,773,103**
Additions during the period	-	16,017,376	17,160,054	718,592	-	**33,896,022**
Disposals during the period	-	(219,351)	(5,891,266)	(30,681,450)	(818,500)	**(37,610,567)**
As of 31 December 2022	**601,409,769**	**972,237,475**	**192,132,363**	**40,928,032**	**1,350,919**	**1,808,058,558**
As of 1 January 2023	**601,409,769**	**972,237,475**	**192,132,363**	**40,928,032**	**1,350,919**	**1,808,058,558**
Additions during the year	-	20,423,721	24,632,332	2,140,507	-	**47,196,560**
Disposals during the year	-	-	(2,453,342)	(620,765)	(205,913)	**(3,280,020)**
As of 31 December 2023	**601,409,769**	**992,661,196**	**214,311,353**	**42,447,774**	**1,145,006**	**1,851,975,098**
Accumulated depreciation						
As at 14 June 2022	**-**	**354,247,138**	**106,930,340**	**62,579,862**	**2,012,427**	**525,769,767**
Additions during the period	-	6,293,619	7,037,884	1,430,126	36,670	**14,798,299**
Disposals during the period	-	(86,837)	(5,723,809)	(30,625,140)	(818,498)	**(37,254,284)**
As of 31 December 2022	**-**	**360,453,920**	**108,244,415**	**33,384,848**	**1,230,599**	**503,313,782**
As of 1 January 2023	**-**	**360,453,920**	**108,244,415**	**33,384,848**	**1,230,599**	**503,313,782**
Additions during the year	-	11,716,365	13,536,482	2,468,775	62,357	**27,783,979**
Disposals during the year	-	-	(2,393,006)	(547,038)	(198,007)	**(3,138,051)**
As of 31 December 2023	**-**	**372,170,285**	**119,387,891**	**35,306,585**	**1,094,949**	**527,959,710**
Net book value:						
As of 31 December 2023	**601,409,769**	**620,490,911**	**94,923,462**	**7,141,189**	**50,057**	**1,324,015,388**
As of 31 December 2022	**601,409,769**	**611,783,555**	**83,887,948**	**7,543,184**	**120,320**	**1,304,744,776**

5. Property, plant and equipment – net (Continued)

5.1 The depreciation on property, plant, and equipment has been charged as follows:

	31 December 2023	For the period from 5 December 2021 until 31 December 2022	For the period from 14 June 2022 until 31 December 2022
Cost of revenue (note 22)	74,525,522	29,460,785	14,619,649
General and administrative expenses (Note 23)	331.427	365,006	178,650
Total	**27,783,979**	**29,825,791**	**14,798,299**

5.2 The additions to property, plant, and equipment for the year ended December 31, 2023, include financing costs of 8.244.668 Saudi Riyals (for the period ended December 31, 2022, amounting to 6.179.609 Saudi Riyals).

6. Investment properties - net

	Lands	Buildings	Furniture & Furnishings	Total
Cost				
As at 14 June 2022	**66,082,344**	**221,046,674**	**48,994,541**	**336,123,559**
Additions during the period	-	69,394	6,140,982	**6,210,376**
Disposals during the period	-	-	(372,763)	**(372,763)**
As of 31 December 2022	**66,082,344**	**221,116,068**	**54,762,760**	**341,961,172**
As of 01 January 2023	**66,082,344**	**221,116,068**	**54,762,760**	**341,961,172**
Additions during the year	-	-	226,820	**226,820**
Disposals during the year	**-**	-	(292,734)	**(292,734)**
As of 31 December 2023	**66,082,344**	**221,116,068**	**54,696,846**	**341,895,258**
Total depreciation				
As at 14 June 2022	**-**	**89,504,525**	**26,611,458**	**116,115,983**
Depreciation during the period	-	1,503,354	1,753,021	**3,256,375**
Disposals during the period	-	-	(294,066)	**(294,066)**
As of 31 December 2022	**-**	**91,007,879**	**28,070,413**	**119,078,292**
As of 01 January 2023	**-**	**91,007,879**	**28,070,413**	**119,078,292**
Depreciation during the year	-	2,744,454	2,437,978	**5,182,432**
Disposals during the year	-	-	(289,818)	**(289,818)**
As of 31 December 2023	**-**	**93,752,333**	**30,218,573**	**123,970,906**
Accumulated impairment				
As at 14 June 2022	**-**	**4,387,700**	**-**	**4,387,700**
Impairment during the period	-	-	-	-
As of 31 December 2022	**-**	**4,387,700**	**-**	**4,387,700**
As of 01 January 2023	**-**	**4,387,700**	**-**	**4,387,700**
Impairment during the year	-	764,731	-	**764,731**
As of 31 December 2023	**-**	**5,152,431**	**-**	**5,152,431**
Net book value:				
As of 31 December 2023	**66,082,344**	**122,211,304**	**24,478,273**	**212,771,921**
As of 31 December 2022	**66,082,344**	**125,720,489**	**26,692,347**	**218,495,180**

6. Investment properties - net (continued)

- The Company's investment properties consist of commercial center and other 4 properties that are leased to third parties.
- On 31 December 2023, the fair value measurement for all of the investment properties has been categorized as a level 3 fair value based on the inputs to the valuation techniques used.
- The total fair value of the investment properties was externally valued by a company that is a member of the Saudi Authority for Accredited Valuers and specializes in valuing investment properties. The fair value as of December 31, 2023, amounted to 3,557,683,692 Saudi Riyals (as of December 31, 2022, it was 2,904,219,734 Saudi Riyals).
- Deprecation charged for the year / period has been allocated to cost of sale (see note 22).
- Amounts recognized in statement of profit or loss and other comprehensive income for investment properties are as follows:

	31 December 2023	For the period from 5 December 2021 until 31 December 2022	For the period from 14 June 2022 until 31 December 2022
Rental income from operating leases	**185,971,328**	**167,568,943**	**94,008,598**
Direct operating expenses on property that generated rental income	**48,304,244**	**52,666,805**	**25,037,980**

There were no direct operating expenses on investment properties that did not generate rental income (under development) during Year of 31 December 2023 and 31 December 2022.

- The table below shows the technical methods used in measuring the fair value of the investment properties, and the significant unobservable inputs used.

Valuation technique	Unobservable input
Income approach: The valuation model considers the present value of net cash flows to be generated from the property, taking into account the expected rental, cap rates and occupancy rate.	
The expected net cash flows are discounted using risk-adjusted discount rates. Among other factors, the discount rate estimation considers the quality of a building and its location and lease terms.	Please refer to table below

Management has determined the above approaches using the below key assumptions as follows:

Approach used to determine values	Approach used to determine values
Average daily rate	Based on the actual location, type and quality of the properties and supported by historic trends and approved room rents including impacts of expected inflations.
Estimated occupancy rate	Based on current, historic, and expected future market conditions.
Retail developed land value	Prices of residential and commercial land parcels per square meter in the neighboring districts.
Discount rates	Reflects current market assessments of the uncertainty in the amount and timing of cash flows.
Capitalization rate	It is based on actual location, size and quality of the properties and taking into account market data at the valuation date.

Significant increases (decreases) in estimated rental value and rent growth per annum in isolation would result in a significantly higher (lower) fair value of the properties. Significant increases (decreases) in the long-term vacancy rate and discount rate (and exit yield) in isolation would result in a significantly lower (higher) fair value. Generally, a change in the assumption made for the estimated rental value is accompanied by a directionally similar change in the rent growth per annum and discount rate (and exit yield), and an opposite change in the long-term vacancy rate.

7. Financial assets at fair value through other comprehensive income

The Company classified the investments below as financial assets at fair value through other comprehensive income. This is because these financial assets represent investments that the Company intends to hold for a long term for strategic purposes. Details are below:

	31 December 2023	31 December 2022
Jabal Omar Development Co. - investments in listed shares note (7.1)	2,159,192,358	1,597,621,133
Jabal Omar Development Co. - investment shares under issuance note (7.2)	309,564,950	-
Commodity Trading Fund - investments in unlisted equity, note (7-3)	1,036,362	992,787
	2,469,793,670	**1,598,613,920**

The table below shows unrealized gains on revaluation and investment movements in equity instruments designed at Fair Value through Other Comprehensive Income (FVTOCI):

	31 December 2023	31 December 2022
Balance at the beginning of year/period	628,664,525	1,442,203,407
Unrealized profits / losses during the year/period	561.614.801	(813,538,882)
Balance at end of year/period	**1,190,279,326**	**628,664,525**

- The Company has investments in Jabal Omar Development Company “JODC” that represent investments in listed shares. The Company has a non-controlling interest of 7.508%. These investments have been irrevocably classified at fair value through other comprehensive income. The fair value of these shares determined by the quoted share price in an active market.

- The Company holds a total of 96,392,516 share in JODC. The Company requested JODC to confirm the number of shares owned by the Company as at 31 December 2023. According to the confirmation received, JODC confirmed number of shares less by 1,198,571 shares as compared to the total number of shares recorded in the Company’s books and records. These shares are undergoing reconciliation as a result of the difference in the measurement of the areas of lands compared to title deeds provided as in-kind capital from MCDC. The management of the Company sought a legal opinion from their external legal advisor. The Company has been advised by its legal advisor that:

- JODC may not make any adjustment to the number of shares of MCDC, by decreasing, modifying, or any other action, and thus, no amendment or change may occur to the value of the shares entered by MCDC as a shareholder in JODC. According to the Article (66) of the Companies’ Law, the evaluation report of in-kind shares submitted by the Company is binding on JODC as long as it is not objected by the Constituent Assembly.

- Before adding the final amount of the area as per the deeds by the respective authorities and departments, the value of the contribution entered by the Company in JODC remains fixed as it is and there is no modification or change to it until the total area of the deeds is added by the respective authorities. It is not permissible for JODC to enforce the Company to pay amounts in excess of the amount they committed when issuing the share.

- Accordingly, the balance of the in-kind shares owned by the Company at JODC is 96,392,516 shares, including the shares related to title deeds that have not yet been transferred to JODC to date, until the total area as per the deeds is added by the respective authorities, and JODC may not reduce the number of shares or reduce the value of the assessment of in-kind shares submitted upon subscription.

- Based on the above legal opinion, the management has recorded the total number of shares at the fair value in the consolidated financial statements.

7. Financial assets at fair value through other comprehensive income (continued):

Furthermore, out of the total JODC shares owned by the Company, there are 8,509,144 share that represent in-kind capital shares in exchange for land titles that the Company acquired from landowners in favor of JODC's project and the transfer of the titles have not yet been finalized. Accordingly, these shares are being registered under Makkah Company's portfolio and upon completion of transferring of the lands' titles to JODC, the Company will be able to access its rights over these shares like in the sale transactions. These shares are already recorded as part of JODC's capital.

7.2 The company signed a debt settlement agreement with Jabal Omar Development on December 20, 2023 (7/6/1445 Hijri), under which both parties agreed to settle the remaining due debts amounting to 309,564,950 Saudi Riyals. This debt is the outstanding amount due to the company from Jabal Omar Development arising from the company purchasing the cash share on behalf of property owners who did not complete their legal and regulatory documentation, as stated in subsection (b) of the first item of Article Seven in the bylaws of Jabal Omar Development, in exchange for issuing new shares in Jabal Omar Development. The number of shares to be issued will be determined based on the closing price of the trading day preceding the date of the extraordinary general assembly of Jabal Omar, as stipulated in the terms of the agreement. The main terms of the agreement include the procedures and conditions to be fulfilled by both parties (as applicable) to complete the potential transaction, mainly:

1. Jabal Omar Development obtaining the necessary regulatory approvals (specifically the approval of the Capital Market Authority and the Saudi Stock Exchange (Tadawul) for the purpose of issuing and listing the new shares.
2. Obtaining any approvals required from other parties whose consent is necessary for the execution of the potential transaction.
3. Gaining approval from the extraordinary general assembly of Jabal Omar Development for the potential transaction.

7.3 As at 31 December 2023 and 31 December 2022, the fair value of the Commodity Trading Fund was estimated to be approximate to its book values.

8. Investment in an associate

8.1 The details of the Company's investment in an associate are as follows:

Name	**Country of incorporation**	**Principal activity**	**Effective ownership %**	
			31 December 2023	**31 December 2023**
Jurhum for Development and Improvement Company (closed joint-stock company)	KSA	Development of lands and leasing of investment properties	27.5	27.5

8.2 The movement of the Company's investment in an associate is as follows:

	31 December 2023	**31 December 2022**
Balance at the beginning of year/period	16,231,613	17,115,131
Company's share in investment losses of an associate	-	(883,518)
Balance at the end of the year / period	**16,231,613**	**16,231,613**

8.3 The Board of Directors unanimously resolved in its meeting no. 133 held on 25 Muharram 1435H (corresponding to 28 November 2013) to offer a cash contribution interest in the share capital of Jurhum for Development Company, which operates in the field of developing real state and which the main objective to develop Al-Sharashif mountain area. Based on this resolution, the Company decided on 11 Jumada Al-Ula1435 H to pay the amount of SR 28.84 million, representing 27.5% of the Company's share capital amounting to SR 104.84 million.

8.4 The carrying value of the investment in Jurhum Development and Development Company was calculated using the equity method based on the audited financial statements for the year 2022. Since the financial statements of Jurhum Development and Improvement Company for December 31, 2023, were not issued, the company's share in the profit or loss of Jurhum Development and Improvement Company was not recognized.

9. Trade Receivables

	31 December 2023	31 December 2022
The Commercial Center	33,134,735	70,631,338
Hotels and towers – Guests	15,549,603	1,903,841
Net due from the hotel operator and towers (Millennium) (note 29)	11,075,954	11,075,954
Tenants of Jabal Omar Real State	2,356,099	2,047,547
	62,116,391	**85,658,680**
Less: Provision for the expected credit loss (note 9.2)	**(38,000,445)**	**(44,266,505)**
	24,115,946	**41,392,175**

9.1 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 Company to obtain collateral over third party trade receivables and these are, therefore, unsecured. The company's trade receivables are concentrated in the Kingdom of Saudi Arabia. As at 31 December 2023, due to short-term nature of the trade receivables, their carrying amounts are considered to approximate their fair values. The ageing of trade receivables along with related expected credit loss matrix have been disclosed in (note 30).

9.2 Movement in allowance for expected credit losses on trade receivables:

	31 December 2023	31 December 2022
Balance at beginning of year/period	44,266,505	29,943,528
Provision charged for the / period	10,333,907	14,322,977
Amounts reclassified from related parties	3,282,868	-
Trade receivables written off during the year/period	(218,386)	-
Reversal of provision during the year/period	(19,664,449)	-
Balance at end of year/period	**38,000,445**	**44,266,505**

9.3 Unbilled revenue is initially recognized for lease income earned from investment properties rendered but to be billed to customers. Upon billing of invoice, the amounts recognized as unbilled revenue are reclassified to trade receivables.

10. Related parties transactions and balances

Related parties represent the shareholders, directors and key management personnel of the Company, and entities controlled or significantly influenced by such parties. Pricing policies and terms of payment for these transactions are approved by the Company's management.

The following are the related parties' transactions and the balances:

10.1 Balance due from related parties as at 31 December is as follows:

			Transaction amount		Balance	
Related party	**Nature of relationship**	**Nature of transaction**	**31 December 2023**	**31 December 2022**	**31 December 2023**	**31 December 2022**
Jabal Omar Development Company (note 10.4)	Affiliate	Reclassification of investments	(309,564,950)	-	-	309,564,950
Abdulrahman Abdulkadir Fakeih	Affiliate	Purchases	(6,065,272)	(117,500)	-	6,065,272
Fakeih BBQ Chicken	Affiliate	Expenses	(143,853)	(439,247)	-	143,853
Fakeih Chicken Farms	Affiliate	Purchases	(564,061)	(10,744)	-	564,061
					-	**316,338,136**
Less:						
Impairment loss on related parties					-	(3,282,868)
					-	**313,055,268**

10.2 Balance due to related parties as at 31 December is as follows:

			Transaction amount		Balance	
Related party	**Nature of relationship**	**Nature of transaction**	**31 December 2023**	**31 December 2022**	**31 December 2023**	**31 December 2022**
Fakeih Chicken Farms	Common management	Purchases	(3,141,639)	73,189	-	3,141,639
					-	**3,141,639**

10.3 The transactions with related parties are performed in the course of normal business of the company. Outstanding balances at the period ended 31 December 2023 are unsecured, interest free and settled in cash. There have been no guarantees provided or received for any related party receivable or payable.

10.4 The debt amount of 309,564,950 Saudi Riyals owed by Jabal Omar was reclassified to financial investments measured at fair value through other comprehensive income based on the share swap agreement concluded with Jabal Omar (Note 7.2).

Historical narrative of Jabal Omar's debt:

This balance represents amount due from a related party - Jabal Omar Development Company amounting to SR 309,564,950 as of 31 December 2022. Due to the location of the project and the characteristics associated with land ownership around the Grand Mosque area, there were some plots of land without title deeds. Accordingly, the shareholders of the plots of land worth SR 359,564,950 were unable to complete the documents related to the ownership of these lands.

With regard to those owners who were unable to present their legal title deeds, in accordance with the ownership transfer agreement, MCDC has subscribed to the company's shares on behalf of these owners. This was approved by Royal Decree No. M/63 on 25/09/1427H (corresponding to 18 October 2006).

The amount paid to MCDC during the year ended on 30 Dhul-Hijjah 1436H (14 October 2015) amounting to SR 50 million was settled in return for the receivable.

On Jumada al-Thani 24, 1438 H corresponding to March 23, 2017, the Ordinary General Assembly of the Jabal Omar Development Company was held and approved the purchase by Jabal Omar Development Company of the remaining cash share of the Makkah Construction and Development Company, amounting at that time to 35,956,495 cash shares, at a nominal value of SR 359,564,950 Saudi riyals, and authorizing the Jabal Omar Board of Directors For development to determine the payment mechanism. According to the Articles of Association of Jabal Omar Development Company, Makkah Construction and Development Company is committed to what is approved by the General Assembly of Jabal Omar Development Company regarding the remaining cash shares.

10. Related parties transactions and balances (Continued)

Accordingly, Jabal Omar Development Company acquired rights to use these lands and accordingly Jabal Omar Development Company completed construction on these lands and the authorities issued during the year 2020 a unified title deed in the name of the Company for the entire area of the project in the name of Jabal Omar Development Company. The fact that the Company subscribed to the shares on behalf of the owners who were unable to present the legal title deeds for their title deeds, the corresponding amount was recognized as a liability of Makkah Construction and Development Company.
On 29 March 2023, a letter from the Chairman of the Board of Directors of Jabal Omar Company, issued, referring to a decision made by the General Assembly of Jabal Omar Company on March 23, 2017, to authorize its Board of Directors to determine the payment mechanism for settlement (cash, property or a combination of both), which falls under the obligation of Jabal Omar Company. Accordingly, Jabal Omar Company resolved to settle the remaining obligation of 309.6 million Saudi riyals to Makkah Construction and Development Company. One of the proposed options is to hand over non-financial assets in the form of property.

On June 6, 2023, a letter from the Chairman of the Board of Jabal Omar Company was issued, indicating the Board's approval of settling the cash portion by issuing new shares of Jabal Omar Company in favor of Makkah Construction and Development Company. A financial advisor has been appointed to study the valuation mechanism and the appropriate exchange ratio to determine the number of shares required to be issued to settle the cash share.

10.5 Key Management compensation

Key management personnel are those persons having authority and responsibility for planning, directing, and controlling the activities of the Company directly or indirectly, including any director (whether executive or otherwise).

	31 December 2023	For the period from 5 December 2021 until 31 December 2022	For the period from 14 June 2022 until 31 December 2022
Salaries, allowances and incentives	4,060,083	3,847,863	1,792,157
Rents and consultation contracts	1,248,400	4,152,076	1,912,656
	5,308,483	**7,999,939**	**3,704,813**

11. Prepayments and other debit balances

	31 December 2023	31 December 2022
Advances to suppliers	19,847,386	6,439,812
Advance for western parallel road project (note 11.1)	17,364,143	17,364,143
Prepaid expenses	6,618,716	12,345,825
Employee's debit balances and advances	2,703,237	3,368,091
Other debit balances	18,282,615	20,261,993
	64,816,097	**59,779,864**
Less: Provision for impairment of prepayments and other debit balances	**(17,364,143)**	**(17,364,143)**
	47,451,954	**42,415,721**

11.1 This account represents various costs incurred by the Company related to certain services including but not limited to consulting fees, designs, and models in relation to studies of the Western Parallel Road project based on the Royal order No. 22589 dated 14 Jumada Al-Ula1424 H at a total amount of approximately SR 17.36 million.
The Makkah Region Development Authority (the Authority) commissioned Umm Al-Qura for Development and Construction to complete the project. The Company raised lawsuit against Makkah Region Development Authority ("the Authority") for the recoverability of the outstanding balance.

On 5/4/1441H, a court order was issued in favor of the Company for case No. 10900/10/Q dated 1440 H against the Authority obligating the Authority to compensate the Company for the cost incurred by the Company. The Authority appealed against the case during the year ended 29 Rabi' II 1443 H and is still pending with court (see note 29). The Company has maintained full provision against amount claimed.

11. Prepayments and other debit balances (continued)

11.3 Movement in allowance for impairment of prepayments and other debit balances is as follows:

	31 December 2023	31 December 2022
Balance at beginning of year/period	17,364,143	17,364,143
Provision charged for the year/period	-	-
Balance at end of year/period	**17,364,143**	17,364,143

12. Cash and cash equivalents

	31 December 2023	31 December 2022
Bank balances	262,050,783	370,853,743
Bank deposit	263,263,889	-
Cash on hand	411.500	183,000
	525,726,172	**371,036,743**

The cash is held in accounts with banks having sound credit ratings. The fair value of bank balances and cash equivalent approximates the carrying value as at 31 December 2023 and 31 December 2022.

As at 31 December 2023, the Company had available SR 275 million (31 December 2022: 275 million) of undrawn committed borrowing.

The company has an Islamic Murabaha deposit compliant with Shariah - a local bank (Riyad Capital), for a period of three months. The value of the deposit was 263,263,889 Saudi Riyals as of December 31, 2023 (None: December 31, 2022), and the return on the deposit for the year ended December 31, 2023, was 3,263,889 Saudi Riyals (None: for the period ended December 31, 2022).

13. Share capital

As of June 30, 2023, the company's share capital amounted to 1,648,162,400 Saudi Riyals (December 31, 2022: 1,648,162,400 Saudi Riyals), consisting of 164,816,240 shares (December 31, 2022: 164,816,240 shares) fully paid with a nominal value of 10 Saudi Riyals per share.

14. Statutory reserve

In accordance with Company's bylaws, the Company is required to set aside 10% of its net annual income until it reaches 30% of paid share capital. The shareholders have decided to maintain the statutory reserve at 50%. Because this condition has been met, the Company resolved to discontinue further transfer to statutory.

15. Long-term loan

Details of the Company's loans and borrowings are as follows:

	31 December 2023	31 December 2022
Loan and borrowing	124,998,850	149,998,850
Accrued interest on a term loan	2,776,420	2,476,616
	127,775,270	**152,475,466**
Current portion	27,776,420	27,476,616
Non-current portion	99,998,850	124,998,850

Non-current portion	Interest rate	Maturity date	31 December 2023	31 December 2022
Facilities from Al Bilad Bank (note 15.1)	SIBOR +1,25%	2028م	99,998,850	124,998,850
			99,998,850	**124,998,850**

Current portion	Interest rate	Maturity date	31 December 2023	31 December 2022
Facilities from Al Bilad Bank (note 15.1)	SIBOR +1,25%	2023	25,000,000	25,000,000
Accrued interest			2,776,420	2,476,616
			27,776,420	**27,476,616**

15.1 The Company signed a facility agreement with Al Bilad Bank on 3 Muharram 1441 H corresponding to 2 September 2019 for credit facilities arrangements with a credit limit of SR 450 million with interest rate of SIBOR + 1,25% (in compliance with Islamic Shariah) to finance the renovation and development works of Makkah Construction and Development Company's hotels and towers. The credit facility is repayable in a period of 9 years from the date of signing the agreement in semiannual payments with last installment due in September 2028.

The loan is secured by a promissory note for the interest of the granting Bank at an amount of SR 488 million. The below schedule represents the due installments of the credit facility balance as at 31 December 2023:

Year	31 December 2023	31 December 2022
2023	-	25,000,000
2024	25,000,000	25,000,000
2025	25,000,000	25,000,000
2026	25,000,000	25,000,000
2027	25,000,000	25,000,000
2028	25,000,000	25,000,000
	125,000,000	150,000,000

16. Employee defined benefit obligations

The Company operates a defined benefit plan in line with the Labor 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 Labor 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 other comprehensive income and amounts recognized in the consolidated statement of financial position.

	31 December 2023	31 December 2022
Employees' defined benefits obligation at beginning of the year/ period	35,128,477	34,673,752
Included in profit or loss statement		
Current service cost during the year / period	3,340,826	1,447,920
Cost of interest during the year/period	1,650,433	365,517
Included in other comprehensive income		
(Actuarial gain) / Actuarial loss during the year / period	(455,471)	3,363,800
Benefits paid during the year/ period	(1,378,266)	(4,722,512)
Employees' defined benefits obligations at end of the year / period	38,285,999	35,128,477

Actuarial assumptions

The following is the principal actuarial assumptions applied at the reporting date:

	31 December 2023	31 December 2022
Discount rate (%)	4.60%	4.65%
Future salary growth (%)	4.10%	4.65%

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

Sensitivity analysis

Reasonably the balance if changes happen 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:

	31 December 2023		31 December 2022	
	Increase	Decrease	Increase	Decrease
Discount rate (5% movement)	1,194,887	1,265,408	992,424	1,053,960
Future salary growth (5% movement)	1,265,408	1,194,565	1,048,794	997,049

The sensitivity analysis above has been determined based on a method that extrapolates the impact on the defined benefit obligation because of reasonable changes in key assumptions occurring at the end of the reporting period. The sensitivity analyses were based on a change in a significant assumption, keeping all other assumptions constant. 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.

17. Deferred income

	31 December 2023	31 December 2022
The Commercial Center	5,593,151	4,185,274
Hotels and towers	4,441,053	2,206,137
Jabal Omar Real estate 2	600,000	87,500
	10,634,204	**6,478,911**

Movement in deferred income

	31 December 2023	31 December 2022
Balance at the beginning of year/period	6,478,911	25867998
Deferred during the year/period	176,366,079	89,951,725
Recognized as income during the year/period	(172,210,786)	(109,340,812)
Balance at end of year/period	**10,634,204**	**6,478,911**

18. Accruals and other credit balances

	31 December 2023	31 December 2022
Advances from customers	60,784,665	45,206,727
Accrued expenses	18,592,200	27,129,673
Travel allowances and leaves	4,704,505	3,448,187
Value added tax	4,094,505	5,410,602
Deposits from others	6,544,194	3,694,876
Other credit balances	22,645,955	15,390,653
	117,366,024	**100,280,718**

19. Dividends payable

Dividends declared during the year ended December 31, 2023, amounted to 164,816,240 Saudi Riyals (December 31, 2022: None), where the company's general assembly, held on 17 Dhul-Qa'dah 1444 Hijri corresponding to June 6, 2023, approved the board of directors' recommendation to distribute dividends to shareholders for the year ended December 31, 2022, amounting to 164,816,240 Saudi Riyals at a rate of 1 Saudi Riyal per share, representing 10% of the paid-up capital, and approved a directors' remuneration of 3,181,600 Saudi Riyals (December 31, 2022: None). Below is the breakdown of dividends payable:

	31 December 2023	31 December 2022
Balance at the beginning of year/period	181,169,478	184924208
Dividends declared during the year / period	164,816,240	-
Dividend payments during the year/period	(161,749,846)	(3,754,730)
Balance at end of year/period	**184,235,872**	**181,169,478**

The dividends payable as of 31 December 2023 represent remaining balance related to dividends declared for the years from 1994 to 2023, pending completion of necessary bank transfer procedures by certain shareholders before the payments can be made. The Company holds separate bank accounts amounting to SR 113,35 million (31 December 2022: SR112.06 million) related to dividends payable to the Company’s shareholders.

20. Zakat

20.1 Calculation of zakat

	31 December 2023	31 December 2022
Total components subject to zakat	4,233,245,919	3,760,181,013
Total components from zakat base	(4,022,812,592)	(3,447,650,439)
Net Zakat base	**210,433,327**	**312,530,574**
Net zakat base during the year at 2,5778%	216,972,216	143,849,689
Adjusted net income at 2,5%	364,086,395	132,276,427
Zakat	**14,526,465**	**7,015,068**

Zakat provision charged for the year/ period ended 31 December includes the following:

20.2 Movement in zakat provision

	31 December 2023	31 December 2022
Balance at beginning of year/period	60,599,598	53,584,530
Provided for during the year/period	14,526,465	7,015,068
Paid during the year/period	(26,678,838)	-
Balance at end of year/period	**48,447,225**	**60,599,598**

20.3 Zakat status

20.3.1 The Company submitted its zakat returns until the last year on 31 December 2022.
The Zakat, Tax and Customs Authority (ZATCA) issued a zakat assessment for 1438 H and 1439 H with a zakat difference amounting to SR 15,019,502. The Company appealed against these assessments before the General Secretariat of Tax Committee. Resolution number IZD-2022-695 was issued by the First Circuit of Tax Violation and Dispute Resolution in Dammam. The decision was appealed before the First Appellate Division for the Settlement of Income Tax Violations and Disputes, and the decision of the First Appellate Committees for the Settlement of Income Tax Violations and Disputes was issued, rejecting the appeal in its entirety. The company has paid all the Zakat differences and settled the Zakat position for the years 1438H and 1439H.

The Zakat, Tax, and Customs Authority issued the Zakat assessment for the years 1440H and 1441H, resulting in Zakat differences amounting to 28,620,237 Riyals. A lawsuit was filed before the General Secretariat of the Tax Committees, and decision number (2409-2022-IFR) was issued by the First Division for the Settlement of Income Tax Violations and Disputes in Riyadh. The decision was appealed before the First Appellate Division for the Settlement of Income Tax Violations and Disputes. It's noted that the company paid 25% of the amount and also made a provision for the entire Zakat differences.

20.3.2 The management believes that the provisions recorded are sufficient against future zakat liabilities but will continue to appeal against such assessments as the Company is confident that such appeals are valid.

21. Revenues

	31 December 2023	For the period from 5 December 2021 until 31 December 2022	For the period from 14 June 2022 until 31 December 2022
Revenue of rental income of Commercial Center and residential units	185.971.328	169,725,999	95,303,654
Hotel income	207.129.363	145,724,720	80,020,206
Towers income	213.285.354	145,553,636	77,403,805
Hajj and Umrah income	124,527,497	343,740	343,740
	730.913.542	**461,348,095**	**253,071,405**

	31 December 2023	For the period from 5 December 2021 until 31 December 2022	For the period from 14 June 2022 until 31 December 2022
Timing of revenue recognition			
Services transferred at a point in time	544,942,214	291,622,096	157,767,751
Services transferred over time	185,971,328	169,725,999	95,303,654
	730.913.542	**461,348,095**	**253,071,405**

22. Cost of revenue:

	31 December 2023	For the period from 5 December 2021 until 31 December 2022	For the period from 14 June 2022 until 31 December 2022
Hajj and Umrah Cost	120,119,853	-	-
Salaries, wages and related expenses	77,904,186	62,784,657	31,182,771
Consumables	20,689,957	20,479,567	10,725,502
Utilities	16,207,694	17,967,741	7,550,604
Tavel agents' commissions	12,264,819	11,807,289	4,700,782
Depreciation of property, plant and equipment (note 5)	27,452,552	29,460,785	14.619.649
Depreciation of investment properties (note 6)	5,182,432	6,655,280	3.256.375
Maintenance and repair	5,328,860	6,909,375	3.363.687
Gifts for customers	2,936,179	2,338,942	1.241.826
Fees and subscriptions	2,193,981	903,538	571.487
Security services	2,191,399	1,896,009	848.710
Telephone and post	170,484	243,298	103.602
Insurance	177,265	302,526	134.592
Other expenses	6,306,859	5,460,495	2.852.113
Total	**299,126,520**	**167,209,502**	**81.151.700**

23. General and administrative expenses:

	31 December 2023	For the period from 5 December 2021 until 31 December 2022	For the period from 14 June 2022 until 31 December 2022
Salaries, wages and related expenses	50,872,214	42,042,343	22974745
Board of Directors remunerations	4,372,388	2,812,000	-
Utilities	14,736,575	14,061,122	8392951
Banking expenses	2,049,259	1,256,407	470.516
Marketing and selling expenses	2,718,102	1,736,535	1069674
Fees and subscriptions	1,388,155	3,612,716	2261099
Insurance	798,824	848,629	112.948
Rent	50,000	325,834	136.667
Stationery	685,967	278,516	223.150
Entertainment	851,412	518,395	342.802
Post and telephone	1,115,963	920,257	516.948
Depreciation of property, plant, and equipment (note 5)	331,427	365,006	178.650
Repair and maintenance	6,900,241	3,349,612	1773202
Consulting and professional fees	4,816,519	5,486,941	1965766
Other expenses	3,397,882	5,012,056	2692518
Total	**95,084,928**	**82,626,369**	**43111636**

24. Other income/losses:

	31 December 2023	For the period from 5 December 2021 until 31 December 2022	For the period from 14 June 2022 until 31 December 2022
Collection of bad debts	233,299	-	-
(Losses) / profits from sale and disposal of property, plant and equipment	(44,733)	100,868	100,868
Other	40,869	-	-
	229,435	**100,868**	**100,868**

25. Earnings per share:

The basic earnings per share for the year ended December 31, 2023 and the period ended December 31, 2022 are calculated by dividing the profit for the year/period attributable to the company's shareholders by the number of outstanding shares during the year/period. As there are no diluted shares outstanding, basic, and diluted earnings per share are identical.

	31 December 2022	For the period from 5 December 2021 until 31 December 2022	For the period from 14 June 2022 until 31 December 2022
Profit for the year/period attributable to shareholders of the Company	334,234,764	155,586,497	103,856,497
Weighted average number of shares outstanding	164,816,240	164816240	164816240
Earnings per share (Saudi Riyals) – Basic and diluted for the year/period	**2.03**	**0.94**	**0.63**

Diluted earnings per share

During the period, there were no transactions resulting in diluting the earning of the shares, and thus, the diluted earning per share doesn't differ from the basic earning per share.

26. Segment information

	The Commercial Center	Hotels and towers	Hajj and Umrah sector	Investment sector	Other	Total
FOR THE YEAR ENDED 31 DECEMBER 2023						
Revenue	181,189,979	420,414,717	124,527,497	-	4,781,349	**730,913,542**
Cost of revenue	(48,304,244)	(130,702,423)	(120,119,853)	-	-	**(299,126,520)**
Gross profit for the sector	**132,885,735**	**289,712,294**	**4,407,644**	**-**	**4,781,349**	**431,787,022**
General and administrative expenses	-	(66,858,151)	-	-	(28,226,777)	**(95,084,928)**
Provision for expected credit losses	-	-	-	-	(10,333,907)	**(10,333,907)**
Reversal of credit losses provision	-	-	-	-	19,664,449	**19,664,449**
Loss from of investment properties valuation	-	-	-	-	(764,731)	**(764,731)**
Other income	-	-	-	-	3,493,324	**3,493,324**
Zakat	-	-	-	-	(14,526,465)	**(14,526,465)**
Profit (loss) during the year	**132,885,735**	**222,854,143**	**4,407,644**	**-**	**(25,912,758)**	**334,234,764**
Segment assets	391,224,312	1,248,823,176	479,432	2,486,025,283	495,616,193	**4,622,168,396**
Segment liabilities	24,433,569	106,874,439	36,771	-	399,285,895	**530,630,674**
For the period from 5 December 2022 until 31 December 2022						
Revenue	167,568,943	291,528,124	-	-	2,251,028	**461,348,095**
Cost of revenue	(52,666,805)	(114,506,323)	-	-	(36,374)	**(167,209,502)**
Gross profit for the sector	**114,902,138**	**177,021,801**	**-**	**-**	**2,214,654**	**294,138,593**
General and administrative expenses	-	(62,133,017)	-	-	(20,493,352)	**(82,626,369)**
Provision for expected credit losses	-	-	-	-	(37,236,455)	**(37,236,455)**
Share of loss in an associate	-	-	-	(1,830,547)	-	**(1,830,547)**
Other income	-	-	-	-	100,868	**100,868**
Zakat	-	-	-	-	(16,959,593)	**(16,959,593)**
Profit (loss) during the period	**114,902,138**	**114,888,784**	**-**	**(1,830,547)**	**(72,373,878)**	**155,586,497**
Segment assets	469,133,601	1,218,303,731	-	1,614,845,533	605,322,892	**3,907,605,757**
Segment liabilities	23,820,882	101,184,657	-	-	422,551,292	**547,556,831**
For the period from 14 June 2022 until 31 December 2022						
Revenue	94,008,598	157,673,779	-	-	1,389,028	**253,071,405**
Cost of revenue	(25,037,980)	(56,077,346)	-	-	(36,374)	**(81,151,700)**
Gross profit for the sector	**68,970,618**	**101,596,433**	**-**	**-**	**1,352,654**	**171,919,705**
General and administrative expenses	-	(36,553,363)	-	-	(6,558,273)	**(43,111,636)**
Provision for expected credit losses	-	-	-	-	(17,153,854)	**(17,153,854)**
Share of loss in an associate	-	-	-	(883,518)	-	**(883,518)**
Other income	-	-	-	-	100,868	**100,868**
Zakat	-	-	-	-	(7,015,068)	**(7,015,068)**
Profit (loss) during the period	**68,970,618**	**65,043,070**	**-**	**(883,518)**	**(29,273,673)**	**103,856,497**
Segment assets	469,133,601	1,218,303,731	-	1,614,845,533	605,322,892	**3,907,605,757**
Segment liabilities	23,820,882	101,184,657	-	-	422,551,292	**547,556,831**

27. Comparative figures:

27.1 Certain comparative figures for the period from December 5, 2021 to December 31, 2022, have been reclassified to conform with the current year's classification as follows:

	As restated previously	Reclassification	Restated
Statement of income			
Cost of revenue	220,430,482	(53,220,980)	167,209,502
General and administrative expenses	29,405,389	53,220,980	82,626,369

27.2 Certain comparative figures for the period from June 14, 2022 to December 31, 2022, have been reclassified to conform with the current year's classification as follows:

	As restated previously	Reclassification	Restated
Statement of income			
Cost of revenue	114,400,221	(33,248,521)	81,151,700
General and administrative expenses	9,863,115	33,248,521	43,111,636

27.3 The comparative figures in the non-consolidated financial statements of the company are provided, as these are the first consolidated financial statements prepared by the company due to the conversion of the company's branch on December 24, 2023, into a limited liability company.

28. Contingencies and commitments

	31 December 2023	31 December 2022
Letters of guarantee	2,000,000	2,000,000
Capital commitments	49,050,211	39,012,864
Investment contribution - unpaid	19,543,280	19,543,280

29. Legal cases

29.1 Cases filed by the Company against others

There are legal claims filed by the company against others as of December 31, 2023, with their total value determined to be 10.7 million Saudi Riyals (December 31, 2022: 13.9 million Saudi Riyals).

The Company has filed a lawsuit against the previous hotel operator, "Millennium and Copthorne Middle East Holding Ltd.", for recovery of a receivable balance amounting to SR 39 million, representing the minimum guaranteed difference in accordance with the signed agreement with Makkah Construction and Development Company at the Economic Court. The lawsuit has not yet been decided. It is currently under arbitration at the reporting date. The Company has recorded sufficient allowance against the receivable balance, according to the opinion of the management and its legal advisor.

A lawsuit raised by the Company against Makkah Region Development Authority (“the Authority”) for the recovery of consultancy fees, designs, and models and various other costs that were incurred by the Company amounting to SR 17.36 million on the studies of the Western Parallel Road project under the supreme order No. 22589 dated 14 Jumada Al-Ula, 1424H. The Authority has appealed the case, however, the appeal ruling was issued in favor of Company and obligating the Authority to compensate the Company for the incurred cost. The Authority appealed against the case during the year ended 29 Rabi’ II 1443(H) and is still pending with court. The Company believes that sufficient allowance were provided against the receivable balance according to the opinion of the management and its legal advisor (note 11).

29.2 Cases filed by others against the Company

There are cases filed against the Company on 31 December 2023 amounting to SR600 thousand (31 December 2022: SR2.5 million) and one case with no precise amount for a contract termination. The Company has been advised by its legal advisor that the Company has strong position to win the case filed.

30. FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company’s principal financial liabilities comprise loans, borrowings, trade, and other credit balances. The main purpose of these financial liabilities is to finance the Company’s operations. The company's main financial assets include trade receivables and cash and cash equivalents, which arise directly from its operations. The Company also holds investments in equity instruments.

The Company is exposed to market risk, credit risk, and liquidity risk. The Company’s management monitors compliance with the Company’s risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The board of directors undertakes overall responsibility for the establishment and oversight of the Company’s risk management framework. The Audit Committee is assisted in its oversight role by internal audit. Internal auditing conducts periodic and non-periodic reviews of management controls and procedures, and the results are presented to the management. The Company 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 risks include three types: Interest rate risk, currency risk and price risk.

Interest price risks

Interest rate risks is the risk that the fair value or future cash flows of a financial instrument would fluctuate as a result of the of changes in interest rate in market.

The Company’s exposure to the risk of changes in market interest rates relates primarily to the Company’s long-term debt obligations with floating interest rates. The Company manages the interest rate risk by regularly monitoring the interest rate profiles of its interest-bearing financial instruments. The Company's interest-bearing liabilities, which are mainly bank borrowings, are 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 Company are not significant. Interest bearing financial assets include short term with fixed interest rates and therefore, it is not exposed to cash flow interest rate risk and interest rate risk on fair values.

Below is a statement of the interest-bearing financial liabilities disclosed in the consolidated financial statements:

	31 December 2023	**31 December 2022**
Financial liabilities - principally borrowings	**124,998,850**	**149,998,850**

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 Company’s transactions are principally in Saudi Riyals and United States Dollar. The management believes that there is no currency risk arising from the transactions in currencies to which the Saudi Riyals is pegged. The Company’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 risks

Price risk is the risk that the fair flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from special 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 Company’s exposure to unit price risk arises from investments held by the Company and classified in the consolidated statement of financial position at fair value through profit or loss. The Company closely monitors price in order to manage price risk arising from investments in fund.

30. FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risks

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company manages credit risk by assessing the credit worthiness of counter parties before entering 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 Company basis. For trade receivables, due rental revenues, and contract assets, the internal risk control department assesses the credit quality of customers, taking into account their financial position, past experiences, and other factors. Individual risk limits are determined in accordance with the limits set by management. The compliance with credit limits by customers is regularly monitored by line management.

The Company's maximum exposure to credit risk for the components of the consolidated statement of financial position at 31 December 2023 and 31 December 2022 is equal to the respective carrying amounts as disclosed in the notes.
Cash at banks are placed with banks with sound credit ratings. Other debit balances 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 periods presented except what has been disclosed.

For trade receivables, accrued rental income and contract assets, the Company 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, accrued rental income and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets and accrued rental income 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 (48 months-period) 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 debit balances. The Company 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 Debit balances

Tenants are assessed according to Company's criteria prior to entering 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' debit balances 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 assets.

30. FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)
Credit risks (continued)

Debit balances resulting from leases of commercial centers and hotel and towers operations
Customer credit risk is managed by requiring customers to pay advances before rendering the service or transferring ownership, therefore, substantially eliminating the Company's credit risk in this respect.

The following table provides information about the exposure to credit risk and ECLs for debit balances:

31 December 2023	Net due from the hotel operator and towers (Millennium)	0– 90 days	91 - 180 days	181 - 360 days	More than 360 days	Total
Hotel and Towers:						
Expected loss rate	80%	6.24%	35.80%	62.18%	87.12%	**38.24%**
Gross carrying amount	11,075,954	6,961,833	2,101,587	1,318,355	5,167,828	**26,625,557**
Loss allowance	8,860,763	434,979	752,536	819,859	4,502,099	**15,370,236**

	Tenants of Jabal Omar Real State	0 - 355 days	356 - 710 days	711 - 1065 days	More than 1065 days	Total
The Commercial Center						
Expected loss rate	44.56%	27.22%	100%	100%	-	**64.89%**
Gross carrying amount	2,356,099	15,876,670	5,817,675	11,440,391	-	**35,490,835**
Loss allowance	1,049,999	4,322,144	5,817,675	11,440,391	-	**22,630,209**
Total Allowance for expected credit losses on trade receivables						**38,000,445**

31 December 2022	Net due from the hotel operator and towers (Millennium)	0– 90 days	91 - 180 days	181 - 360 days	More than 360 days	Total
Hotel and Towers:						
Expected loss rate	50%	18.86%	60.33%	93.62%	100.00%	**54.7%**
Gross carrying amount	11,075,954	2,837,478	624,292	61,808	3,250,042	**17,849,574**
Loss allowance	5,537,977	535,185	376,638	57,865	3,250,042	**9,757,707**

	Unbilled revenue	0 - 355 days	356 - 710 days	711 - 1065 days	More than 1065 days	Total
The Commercial Center						
Expected loss rate	-	25.01%	100%	100%	-	**55.83%**
Gross carrying amount	-	39,223,077	15,433,626	11,933,215	-	**66,589,918**
Loss allowance	-	9,811,641	15,433,626	11,933,215	-	**37,178,482**
Total Allowance for expected credit losses on trade receivables						**46,936,189**

Included in the provision for losses as of December 31, 2023, is (None) (as of December 31, 2022, an amount of 3,282,868 Saudi Riyals) pertaining to related party transactions.

Liquidity risks
Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at an amount close to its fair value. 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 Company. The Company's management has developed a plan to enable the Company to meet its obligations as they become due and to continue its operations, without significant curtailment, as a going concern.

30. FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)
Liquidity risks (continued)

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

31 December 2023	Gross undiscounted value	Up to 1 year	More than 1 year and less than 2 years	More than 2 years and less than 5 years	More than 5 years	Total
Loans and borrowings	127,775,270	27,776,420	25,000,000	50,000,000	24,998,850	**127,775,270**
Trade payables	3,886,080	3,886,080	-	-	-	**3,886,080**
Accrued expenses and other credit balances	117,366,024	117,366,024	-	-	-	117,366,024
	249,027,374	**149,028,524**	**25,000,000**	**50,000,000**	**24,998,850**	**249,027,374**

31 December 2022	Gross undiscounted value	Up to 1 year	More than 1 year and less than 2 years	More than 2 years and less than 5 years	More than 5 years	Total
Loans and borrowings	152,475,466	27,476,616	25,000,000	50,000,000	49,998,850	**152,475,466**
Trade payables	8,282,544	8,282,544	-	-	-	**8,282,544**
Amounts due to related parties	3,141,639	3,141,639	-	-	-	**3,141,639**
Accrued expenses and other credit balances	100,280,718	100,280,718	-	-	-	**100,280,718**
	264,180,367	**139,181,517**	**25,000,000**	**50,000,000**	**49,998,850**	**264,180,367**

Liquidity risk is managed by monitoring on a regular basis that sufficient funds and banking and other credit facilities are available to meet the Company's future commitments. Refer to note no. 15 for unutilized credit facilities.

	31 December 2023	31 December 2022
Financial assets		
Trade receivables	24,115,946	41,392,175
Other current assets	49,513,686	357,091,350
Financial liabilities		
Loans and borrowings – current portion	27,776,420	27,476,616
Accounts payable	3,886,080	8,282,544
Accrued expenses and other credit balances	117,366,024	100,280,718

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 date of the consolidated financial statements.

	31 December 2023	31 December 2022
Financial assets		
Investments at fair value through other comprehensive income	2,469,793,670	1,598,613,920
Restricted cash	-	-
Other non-current assets	-	-
Financial liabilities		
Loans and borrowings	99,998,850	124,998,850
Accounts payables and other liabilities	-	-

30. FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Capital management
The primary objective of the Company's capital management is to safeguard the Company'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 4,092 million at 31 December 2022 (31 December 2022: SR 3,060 million). The Company manages its capital structure and makes adjustments to it, in light of change in economic conditions. To maintain or adjust the capital structure, the Company 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.

The Company has a financial covenant related to borrowing facilities with an outstanding principal amounting on 31 December 2022 to SR 124,998,850 (31 December 2022: SR 149,998,850). The Company has complied with the requirements of the financial covenant during the reporting period. Under the terms of the borrowing facility, the Company is required to comply with the financial covenant of debt-to-equity ratio of not exceeding 2.5:1.

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

	31 December 2023	31 December 2022
Loans	127,775,270	152,475,466
Trade payables	3,886,080	8,282,544
Less: Cash and cash equivalents	(525,726,172)	(371,036,743)
Net debt (A)	**(394,064,822)**	**(210,278,733)**
Shareholders' equity (B)	4,091,537,722	3,360,048,926
Total capital (A+B)	3,697,472,900	3,149,770,193
Gearing ratio (A / (A+B))	-10.7%	-6.7%

31. Fair value measurement of financial instruments

Recognized fair value measurements
The Company measures financial instruments, and non-financial assets such as investment properties, at fair value at each balance sheet date 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 must be accessible by the Company.
- 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.
- Measurement of non-financial assets 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 Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

31. Fair value measurement of financial instruments (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 prices (unadjusted) 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 Company 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 of December 31, 2023, and December 31, 2022, the fair values of the company's financial instruments were estimated to approximate their carrying amounts.

32. Subsequent events

The management believes that there have been no significant subsequent events between the date of the consolidated financial position on December 31, 2023, and the date of the preparation of these consolidated financial statements that would have a material impact on the company's consolidated financial position.

33. Approvals of the consolidated financial statements:

These financial statements for the year ended 31 December 2023 were approved and authorized for issuance by the Board of Directors on March 24, 2024 (corresponding to Ramadan 14, 1445H).