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للإنشاء والتعمير  
MCDC



**MAKKAH CONSTRUCTION AND DEVELOPMENT COMPANY**  
(A SAUDI JOINT-STOCK COMPANY)  
**INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AND**  
**INDEPENDENT AUDITOR'S REPORT FOR**  
**THE THREE-MONTH AND SIX-MONTH PERIODS ENDED ON 30 JUNE 2025**

# **Makkah Construction and Development Company**

**(A Saudi joint-stock company)**

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## **Interim condensed consolidated financial statements for the three-month and six-month periods ended on 30 June 2025 and independent auditor's report**

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

**TO THE SHAREHOLDERS**

**Makkah Construction and Development Company  
(A Saudi joint-stock company)  
Makkah - Kingdom of Saudi Arabia**

**Introduction**

We have reviewed the accompanying interim condensed consolidated statement of financial position of Makkah Construction and Development Company (a Saudi joint-stock company) (the "Company") as of June 30, 2025, the interim condensed consolidated statements of profit or loss and other comprehensive income for the three-month and six-month periods ended June 30, 2025, the changes in shareholders' equity and cash flows for the six-month period then ended, and other explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with the International Accounting Standard (IAS) 34 "Interim Financial Reporting" as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

**Scope of Review**

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

**Conclusion**

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

Jeddah: July 30, 2025  
Corresponding to: Safar 05, 1447H



For El Sayed El Ayouty & Co.

*A. Balamesh*

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

**Makkah Construction and Development Company**  
(A Saudi joint-stock company)

**Interim condensed consolidated statement of financial position (unaudited) as at 30 June 2025**

(All amounts in Saudi Riyals)

	Note	30 June 2025 (unaudited)	31 December 2024 (audited)
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment - net	5	1,330,905,731	1,335,532,446
Investment properties - net	6	208,253,118	210,590,192
Right-of-use assets - net		3,303,500	-
Financial assets at fair value through other comprehensive income	7	1,444,702,356	2,278,136,244
Investment in associates	8	390,412,860	368,792,505
<b>Total non-current assets</b>		<b>3,377,577,565</b>	<b>4,193,051,387</b>
<b>Current assets</b>			
Trade receivables - net	9	91,588,336	21,270,035
Inventory		2,076,772	2,014,370
Prepayments and other debit balances - net		161,338,539	65,188,558
Financial assets at fair value through other comprehensive income	7	102,764,872	-
Financial assets at fair value through profit or loss	10	242,963,724	111,483,839
Cash and cash equivalent		604,257,083	111,594,053
<b>Total current assets</b>		<b>1,204,989,326</b>	<b>311,550,855</b>
<b>Total assets</b>		<b>4,582,566,891</b>	<b>4,504,602,242</b>
<b>Shareholders' equity and liabilities</b>			
<b>Shareholders' equity</b>			
Share capital	11	2,000,000,000	1,648,162,400
Statutory reserve	12	-	836,280,685
Revaluation gains of financial assets at fair value through other comprehensive income	7	607,684,370	999,429,368
Retained earnings		1,462,353,369	570,529,242
<b>Total Shareholders' equity</b>		<b>4,070,037,739</b>	<b>4,054,401,695</b>
<b>Non-current Liabilities</b>			
Long-term loan - non-current portion		-	74,998,850
Lease liabilities - non-current portion		2,740,217	-
Employees' defined benefit obligations		50,747,469	53,937,957
<b>Total non-current liabilities</b>		<b>53,487,686</b>	<b>128,936,807</b>
<b>Current Liabilities</b>			
Long-term loan - current portion		89,296,015	27,241,513
Lease liabilities - current portion		573,521	-
Deferred revenue		47,899,045	10,471,599
Trade payables		11,196,977	4,825,790
Accrued expenses and other credit balances		104,346,860	83,823,663
Dividends payable	14	195,594,240	186,848,378
Provision for zakat	15	10,134,808	8,052,797
<b>Total current liabilities</b>		<b>459,041,466</b>	<b>321,263,740</b>
<b>Total liabilities</b>		<b>512,529,152</b>	<b>450,200,547</b>
<b>Total Shareholders' equity and liabilities</b>		<b>4,582,566,891</b>	<b>4,504,602,242</b>

The accompanying notes from (1) to (23) form an integral part of these interim condensed consolidated financial statements

Saleh Mohammed Awad bin Laden



Chairman of Board of Directors

Mohammed A. Al Nafea



Chief Executive Officer

Ahmad Mohanad Jaber



Chief Financial Officer



## Makkah Construction and Development Company

(A Saudi joint-stock company)

### Interim condensed consolidated statement of profit or loss and other comprehensive income (unaudited) for the three-month and six-month periods ended 30 June 2025

(All amounts in Saudi Riyals)

		FOR THE THREE MONTHS PERIOD ENDED		FOR THE SIX MONTHS PERIOD ENDED	
	Note	30 June 2025 (unaudited)	30 June 2024 (unaudited)	30 June 2025 (unaudited)	30 June 2024 (unaudited)
Revenue		388,113,024	350,102,016	623,668,990	535,512,677
Cost of revenue		(245,090,313)	(187,093,675)	(310,853,678)	(245,618,077)
<b>Gross profit</b>		<b>143,022,711</b>	<b>163,008,341</b>	<b>312,815,312</b>	<b>289,894,600</b>
Selling and marketing expenses		(1,951,106)	(1,561,384)	(3,560,283)	(3,011,121)
General and administrative expenses		(22,141,123)	(16,560,880)	(45,355,818)	(29,921,474)
<b>Profit from operations</b>		<b>118,930,482</b>	<b>144,886,077</b>	<b>263,899,211</b>	<b>256,962,005</b>
Finance costs		(92,274)	-	(152,078)	-
Company's share of net profit of an associate	8	21,620,355	-	21,620,355	-
Return on Islamic Murabaha deposit		2,289,008	5,562,117	2,289,008	9,798,303
Return of financial assets at fair value through profit or loss	10	5,031,610	-	12,014,895	-
Other income		100,000	9,585	2,194,571	13,912
<b>Net profit for the period before Zakat</b>		<b>147,879,181</b>	<b>150,457,759</b>	<b>301,865,962</b>	<b>266,774,220</b>
Zakat	15	(3,696,980)	(7,885,205)	(7,546,650)	(10,793,117)
<b>Net profit for the period</b>		<b>144,182,201</b>	<b>142,572,554</b>	<b>294,319,312</b>	<b>255,981,103</b>
<b>Other comprehensive income</b>					
Items that will not be subsequently reclassified to statement of profit or loss					
Unrealized (loss) / gain from revaluation of financial assets at fair value through other comprehensive income		(586,998,830)	(327,734,554)	21,316,732	134,949,522
<b>Other comprehensive income for the period</b>		<b>(586,998,830)</b>	<b>(327,734,554)</b>	<b>21,316,732</b>	<b>134,949,522</b>
<b>Comprehensive income for the period</b>		<b>(442,816,629)</b>	<b>(185,162,000)</b>	<b>315,636,044</b>	<b>390,930,625</b>
<b>Earnings per share</b>					
Basic and diluted earnings per share from net profit for the period	18	<b>0.72</b>	<b>0.71</b>	<b>1.47</b>	<b>1.28</b>

The accompanying notes from (1) to (23) form an integral part of these interim condensed consolidated financial statements

Saleh Mohammed Awad bin Laden



Chairman of Board of Directors

Mohammed A. Al Nafea



Chief Executive Officer

Ahmad Mohamad Jaber



Chief Financial Officer

## Makkah Construction and Development Company

(A Saudi joint-stock company)

### Interim condensed consolidated statement of changes in shareholders' equity (unaudited) for the six-month periods ended 30 June 2025

(All amounts in Saudi Riyals)

	Share capital	Statutory reserve	Revaluation gains of financial assets at fair value through other comprehensive income	Retained earnings	Total
<b>Balance at January 01, 2024 (audited)</b>	1,648,162,400	836,280,685	1,190,279,326	416,815,311	4,091,537,722
Net profit for the period (unaudited)	-	-	-	255,981,103	255,981,103
Other comprehensive income for the period (unaudited)	-	-	134,949,522	-	134,949,522
Comprehensive income for the period (unaudited)	-	-	134,949,522	255,981,103	390,930,625
Dividends during the period (unaudited)	-	-	-	(247,224,360)	(247,224,360)
<b>Balance at June 30, 2024 (unaudited)</b>	<b>1,648,162,400</b>	<b>836,280,685</b>	<b>1,325,228,848</b>	<b>425,572,054</b>	<b>4,235,243,987</b>
<b>Balance at January 01, 2025 (audited)</b>	1,648,162,400	836,280,685	999,429,368	570,529,242	4,054,401,695
Transferred from the statutory reserve	351,837,600	(836,280,685)	-	484,443,085	-
Net profit for the period (unaudited)	-	-	-	294,319,312	294,319,312
Other comprehensive income for the period (unaudited)	-	-	21,316,732	-	21,316,732
Comprehensive income for the period (unaudited)	-	-	21,316,732	294,319,312	315,636,044
Realized gain from selling financial assets at fair value through other comprehensive income	-	-	(413,061,730)	413,061,730	-
Dividends during the period (unaudited)	-	-	-	(300,000,000)	(300,000,000)
<b>Balance at June 30, 2025 (unaudited)</b>	<b>2,000,000,000</b>	<b>-</b>	<b>607,684,370</b>	<b>1,462,353,369</b>	<b>4,070,037,739</b>

The accompanying notes from (1) to (23) form an integral part of these interim condensed consolidated financial statements.

Salah Mohammed Awad bin Laden



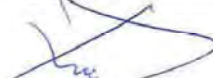
Chairman of Board of Directors

Mohammed A. Al Nafea



Chief Executive Officer

Ahmad Mohamad Jaber



Chief Financial Officer

**Makkah Construction and Development Company**  
(A Saudi joint-stock company)

**Interim condensed consolidated statement of cash flows (unaudited) for the six-month periods ended 30 June 2025**

(All amounts in Saudi Riyals)

	Note	For the six-month period ended June 30, 2025 (unaudited)	For the six-month period ended June 30, 2024 (unaudited)
<b>Cash flows from operating activities:</b>			
Net profit for the period before Zakat		301,865,962	266,774,220
<b>Adjustments:</b>			
Depreciation on property, plant, and equipment	5	15,787,075	15,032,239
Depreciation on investment properties	6	2,642,912	2,596,116
Depreciation on right-of-use assets		295,660	-
Gains on disposal of property, plant and equipment		-	(13,912)
Return on Islamic Murabaha deposit		(2,289,008)	(9,798,303)
Finance costs - right-of-use assets		152,078	-
Company's share of net profit of an associate		(21,620,355)	-
Return of financial assets at fair value through profit or loss		(12,014,895)	-
Employees' defined benefit obligations formed		6,444,094	2,216,357
		<b>291,263,523</b>	<b>276,806,717</b>
<b>Changes in:</b>			
Trade receivables		(70,318,301)	(123,183,636)
Inventory		(62,402)	(1,070,690)
Prepayments and other debit balances		(93,860,973)	(32,464,801)
Deferred revenue		37,427,446	71,991,680
Trade payables		6,371,187	2,359,845
Accrued expenses and other credit balances		23,111,355	15,046,439
Employees' defined benefit obligations paid		(9,634,582)	(1,410,071)
Provision for zakat paid		(8,052,797)	(39,946,158)
<b>Net cash generated from operating activities</b>		<b>176,244,456</b>	<b>168,129,325</b>
<b>Cash flows from investing activities:</b>			
Payments to property, plant and equipment		(8,175,212)	(12,371,155)
Payments to investment properties		(305,838)	(1,301,548)
Proceeds from sale of property, plant and equipment		-	13,914
Payments for financial assets measured at fair value through profit or loss		(221,464,990)	-
Proceeds from selling financial assets at fair value through profit or loss		102,000,000	-
Proceeds from selling financial assets at fair value through other comprehensive income		751,985,748	-
Proceeds from return on Islamic Murabaha deposit		-	7,704,672
<b>Net cash generated from / (used in) investing activities</b>		<b>624,039,708</b>	<b>(5,954,117)</b>
<b>Cash flows from financing activities:</b>			
Settlement of a long-term loan		(12,500,000)	(12,500,000)
Lease liabilities paid		(437,500)	-
Finance costs paid		(3,429,496)	(2,776,420)
Dividends paid		(291,254,138)	(239,327,361)
<b>Net cash (used in) financing activities</b>		<b>(307,621,134)</b>	<b>(254,603,781)</b>
Net change in cash and cash equivalent		<b>492,663,030</b>	<b>(92,428,573)</b>
<b>Cash and cash equivalents at beginning of the period</b>		<b>111,594,053</b>	<b>525,726,172</b>
<b>Cash and cash equivalents at end of the period</b>		<b>604,257,083</b>	<b>433,297,599</b>

# Makkah Construction and Development Company

(A Saudi joint-stock company)

## Interim condensed consolidated statement of cash flows (unaudited) for the sixth-month periods ended 30 June 2025

(All amounts in Saudi Riyals)

### Other non-cash transactions:

Unrealized gain from revaluation of financial assets at fair value through other comprehensive income	21,316,732	134,949,522
Finance costs from long-term loan added in property, plant and equipment	2,985,148	2,507,997
Right-of-use assets and lease liabilities	3,599,160	-
Transferred from statutory reserve to share capital and retained earnings	836,280,685	-
Transferred from provision for Ministry of Islamic Affairs, Dawah and Guidance to provision for zakat	2,588,158	-

The accompanying notes from (1) to (23) form an integral part of these interim condensed consolidated financial statements

**Saleh Mohammed Awad bin Laden**



Chairman of Board of Directors

**Mohammed A. Al Nafea**



Chief Executive Officer

**Ahmad Mohanad Jaber**



Chief Financial Officer



# Makkah Construction and Development Company

(A Saudi joint-stock company)

## Notes to the interim condensed consolidated financial statements for the three-month and six-month periods ended 30 June 2025 (unaudited)

### 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'dah 1408H. The incorporation was declared by the Minister of Commerce and Investment no. 859 dated 21 Dhu Al-Qi'dah 1409 H (corresponding to 24 June 1989). The Company is registered in Makkah under Commercial Registration number 4031020101 dated one Dhu Al-Hijjah 1409 H (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 Third Al-Dairi Road - Al-Shuqayyah District  
Building 2779, additional number 8860, code 24351  
Makkah Al Mukarramah, 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 Umrah Services

These consolidated financial statements consist of the financial statements of the parent company and its subsidiary. As of 30 June 2025, the Parent Company owns the following subsidiary:

Company Name	CR No.	Date	Shareholding %	Principal activities
Hotel Towers Company Makkah Hotel Company	4031045190	18/9/1424 H corresponding to 11/11/2003	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.
Manafa Al-Barakah Investment Company	4031300209	19/10/1445 H corresponding to 28/4/2024	100%	Investment activities of investment companies and private account investment activities for the concerned units include venture capital firms and investment clubs.

On December 24, 2023, the Company transferred the branch of the Makkah Hotel and Towers, having a commercial registration number 4031045190 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.

On April 28, 2024, Manafa Al Barakah Investment Company was established with Commercial Registration Number 4031300209 as a single-member limited liability company with an unpaid capital of five hundred thousand Saudi Riyals. The company has not started operating to date.

#### 1.2 Fiscal year:

The Company's fiscal year begins on January 1st and ends on December 31st of each calendar year. The interim condensed consolidated presented financial statements are for the period from January 01, 2024 to June 30, 2025.

### 2. Basis of preparation and statement of compliance

#### 2.1 Compliance with Accounting Standards Applied

These interim condensed consolidated financial statements (the "financial statements") have been prepared in accordance with International Accounting Standard No. (34) "Interim Financial Reporting" approved in the Kingdom of Saudi Arabia (the International Financial Reporting Standard that specifies the minimum contents of an interim financial report) and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants.

The interim condensed consolidated financial statements do not include all the information and disclosures required for the complete set of financial statements prepared in accordance with International Financial Reporting Standards and must be read in accordance with the annual financial statements of the Company as of December 31, 2024 (the "last annual financial statements"). In addition, the results of the initial period ending on June 30, 2025 may not be considered an accurate indication of the expected results for the fiscal year ending on December 31, 2025.



# Makkah Construction and Development Company

(A Saudi joint-stock company)

## Notes to the interim condensed consolidated financial statements for the three-month and six-month periods ended 30 June 2025 (unaudited)

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

#### 2.2 Basis of measurement

The interim condensed 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 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 financial statements and is confident that the company has sufficient resources to sustain its operations in the near 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 subsidiaries. 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 investees.

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

- Control over the investees (i.e. having rights that give the parent the ability to direct the related activities of the investees).
- Exposure to risks, or rights to receive different returns through its relationship with the investees.
- 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 investees, the parent considers all relevant facts and circumstances to determine whether it exercises control over the investees, 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 investees 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 subsidiaries.
- 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 subsidiaries are completely eliminated during consolidation.
- Any change in equity interests in a subsidiaries, 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.



# **Makkah Construction and Development Company**

(A Saudi joint-stock company)

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## **Notes to the interim condensed consolidated financial statements for the three-month and six-month periods ended 30 June 2025 (unaudited)**

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

#### **2.6 Significant accounting judgments and estimates**

The preparation of these 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 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 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. Based on the assessment of the terms and conditions of the agreements, such as the lease term that does not constitute a significant part of the economic life of the property and the present value of the minimum lease payments that amount to substantially all the fair value of the commercial properties, the company has concluded that it retains all significant risks and rewards of ownership of these properties. Therefore, it 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 property, equipment and investment property**

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, obsolescence, 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.

#### **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 period, 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 on 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 provision 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 (i.e. geographic region, product type, customer type, price, coverage by letters of credit and other forms of credit guarantee).



# Makkah Construction and Development Company

(A Saudi joint-stock company)

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## Notes to the interim condensed consolidated financial statements for the three-month and six-month periods ended 30 June 2025 (unaudited)

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

#### 2.6 Significant accounting judgments and estimates (Continued)

##### ECL provision for trade and other debit balances (Continued)

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 tourism and services 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.

##### Impairment of financial assets

At the end of each reporting period, the Company estimates the carrying amounts of its tangible 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.

##### Fair value measurement of financial instruments

The company measures some financial instruments and non-financial assets according to the fair value at the 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 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.



# **Makkah Construction and Development Company**

(A Saudi joint-stock company)

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## **Notes to the interim condensed consolidated financial statements for the three-month and six-month periods ended 30 June 2025 (unaudited)**

### **3. NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs), AMENDMENTS TO IFRS AND INTERPRETATION**

No new accounting standards and interpretations were issued. However, a number of changes to the standards are effective as of January 1, 2025 which were explained in the financial statements of the Company. These standards and interpretations do not have a material impact on the interim condensed consolidated financial statements of the Company.

### **4. Summary of Material Accounting Policies:**

The applied accounting policies and methods of calculation are consistent with those used for the previous financial year.

**Makkah Construction and Development Company**  
(A Saudi joint-stock company)

**Notes to the interim condensed consolidated financial statements for the three-month and six-month periods ended 30 June 2025 (unaudited)**

**5. Property, plant and equipment - net**

Cost	Lands	Buildings	Property and equipment	Furniture and fixtures	Motor vehicles	Total
As at January 01, 2024 (audited)	601,409,769	992,661,196	214,311,353	42,447,774	1,145,006	1,851,975,098
Additions during the year	-	13,498,917	28,685,153	2,080,186	-	42,264,256
Disposals during the year	-	-	(24,304,106)	(1,504,336)	(199,000)	(26,007,442)
As at 31 December 2024 (audited)	601,409,769	1,006,160,113	216,692,400	43,023,624	946,006	1,868,231,912
As at January 01, 2025 (audited)	601,409,769	1,006,160,113	216,692,400	43,023,624	946,006	1,868,231,912
Additions during the period	-	4,109,476	5,392,593	1,358,291	-	11,160,360
Disposals during the period	-	-	-	-	-	-
As at June 30, 2025 (unaudited)	601,409,769	1,010,269,589	222,084,993	44,581,915	946,006	1,879,392,272
Accumulated depreciation						
As at January 01, 2024 (audited)	-	372,170,285	119,387,891	35,306,585	1,094,949	527,959,710
Depreciation during the year	-	11,967,869	16,119,092	2,526,826	25,332	30,639,119
Disposals during the year	-	-	(24,235,918)	(1,464,447)	(198,998)	(25,899,363)
As at 31 December 2024 (audited)	-	384,138,154	111,271,065	36,368,364	921,283	532,699,466
As at January 01, 2025 (audited)	-	384,138,154	111,271,065	36,368,364	921,283	532,699,466
Depreciation during the period	-	5,999,342	8,570,716	1,204,489	12,528	15,787,075
Disposals during the period	-	-	-	-	-	-
As at June 30, 2025 (unaudited)	-	390,137,496	119,841,781	37,573,453	933,811	548,486,541
Net book value:						
As at June 30, 2025 (unaudited)	601,409,769	620,132,093	102,243,212	7,108,462	12,195	1,330,905,731
As at 31 December 2024 (audited)	601,409,769	622,021,959	105,421,335	6,654,360	24,723	1,335,532,446

- Additions of property, plant and equipment include finance costs amounting to SR 2,985,148 for the ended period June 30, 2025 (December 31, 2024: finance costs amounting to SR 7,175,387).

# Makkah Construction and Development Company

(A Saudi joint-stock company)

## Notes to the interim condensed consolidated financial statements for the three-month and six-month periods ended 30 June 2025 (unaudited)

### 6. Investment properties - net

	Lands	Buildings	Furniture & Furnishings	Total
<b>Cost</b>				
As at January 01, 2024 (audited)	66,082,344	221,116,068	54,696,846	341,895,258
Additions during the year	-	344,698	2,742,866	3,087,564
Disposals during the year	-	-	(13,204,433)	(13,204,433)
As at 31 December 2024 (audited)	66,082,344	221,460,766	44,235,279	331,778,389
As at January 01, 2025 (audited)	66,082,344	221,460,766	44,235,279	331,778,389
Additions during the period	-	-	305,838	305,838
Disposals during the period	-	-	-	-
As at June 30, 2025 (unaudited)	66,082,344	221,460,766	44,541,117	332,084,227
<b>Accumulated depreciation</b>				
As at January 01, 2024 (audited)	-	93,752,333	30,218,573	123,970,906
Depreciation during the year	-	2,753,565	2,490,285	5,243,850
Disposals during the year	-	-	(13,178,990)	(13,178,990)
As at 31 December 2024 (audited)	-	96,505,898	19,529,868	116,035,766
As at January 01, 2025 (audited)	-	96,505,898	19,529,868	116,035,766
Depreciation during the period	-	1,363,000	1,279,912	2,642,912
Disposals during the period	-	-	-	-
As at June 30, 2025 (unaudited)	-	97,868,898	20,809,780	118,678,678
<b>Accumulated impairment</b>				
As at January 01, 2024 (audited)	-	5,152,431	-	5,152,431
Impairment during the year	-	-	-	-
As at 31 December 2024 (audited)	-	5,152,431	-	5,152,431
As at January 01, 2025 (audited)	-	5,152,431	-	5,152,431
Impairment during the period	-	-	-	-
As at June 30, 2025 (unaudited)	-	5,152,431	-	5,152,431
<b>Net book value:</b>				
As at June 30, 2025 (unaudited)	66,082,344	118,439,437	23,731,337	208,253,118
As at 31 December 2024 (audited)	66,082,344	119,802,437	24,705,411	210,590,192

6.1. The Group's investment properties consist of commercial center and other 4 properties that are leased to third parties.

6.2. As of June 30, 2025, the fair value measurement of all investment properties was classified under Level 3, based on the valuation method inputs. An external valuer, a member of the Saudi Arabian Valuers Association and specialized in investment property valuation, determined the total fair value. The fair value as of December 31, 2024, amounted to SR 3,926,765,591. Management believes there were no material changes in fair value during the six-month period from the valuation date on December 31, 2024, until the date of the condensed consolidated interim financial statements on June 30, 2025.

6.3. The depreciation for the period has been charged to the cost of revenue.

6.4. Amounts recognized in statement of profit or loss and other comprehensive income for investment properties are as follows:

	For the six-month period ended 30 June 2025 (unaudited)	For the six-month period ended June 30, 2024 (unaudited)
Rental income from operating leases	136,395,100	113,710,930
Direct operating expenses on property that generated rental income	26,576,058	23,722,835

There were no direct operating expenses on investment properties that did not generate rental income (under development) during period ended 30 June 2025 and 30 June 2024.



# Makkah Construction and Development Company

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## Notes to the interim condensed consolidated financial statements for the three-month and six-month periods ended 30 June 2025 (unaudited)

### 6. Investment properties - net (continued)

6.5. 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 as at December 31, 2024

#### 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 approaches using the below key assumptions as follows:

#### Assumptions

#### 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) appreciation 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 the Company intends to hold for a long term for strategic purposes. Details are below:

	30 June 2025 (unaudited)		31 December 2024 (audited)		30 June 2025 (unaudited)	31 December 2024 (audited)
	Number of shares	Value per share	Number of shares	Value per share		
Jabal Omar Development Co. - investments in listed shares note (7.1)	76,911,890	20,12	110,804,292	20,56	1,547,467,228	2,278,136,244
	<b>76,911,890</b>	<b>20,12</b>	<b>110,804,292</b>	<b>20,56</b>	<b>1,547,467,228</b>	<b>2,278,136,244</b>

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

	30 June 2025 (unaudited)	31 December 2024 (audited)
Balance at the beginning of the period / year	2,278,136,244	2,468,757,307
Purchase / (sell) shares during the period / year	(751,985,748)	-
Unrealized profits / (losses) for the period / year	21,316,732	(190,621,063)
Balance at end of the period / year	<b>1,547,467,228</b>	<b>2,278,136,244</b>
Reclassification has been made according to sell decision as follows:		
Financial assets at fair value through other comprehensive income	1,444,702,356	2,278,136,244
Financial assets at fair value through other comprehensive income traded for sale	102,764,872	-
	<b>1,547,467,228</b>	<b>2,278,136,244</b>



# Makkah Construction and Development Company

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## Notes to the interim condensed consolidated financial statements for the three-month and six-month periods ended 30 June 2025 (unaudited)

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

7.1. The Company has investments in Jabal Omar Development Company "JODC" that represent investments in listed shares. The Company has a non-controlling interest of 6.52% of the issued shares. 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 76,911,890 shares in JODC. The Company requested JODC to confirm the number of shares owned by the Company as at 30 June 2025. 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 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 76,911,890 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 interim condensed consolidated financial statements.

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.

During the ended period June 30, 2025, the Company's Board of Directors resolved to sell 39 million shares. 33.89 million shares have been sold resulting in realized profit of SR 413 million and has been recognized immediately in retained earnings.

### 8. Investment in associates

8.1. The details of the Company's investment in associates are as follows:

Name	Country of incorporation	Principal Activity	Effective ownership %		31 June 2025 (unaudited)	31 December 2024 (audited)
			30 June 2025 (unaudited)	31 December 2024 (audited)		
Jurhom for Development and Growth Company (closed joint-stock company)	KSA	Property development	18.79	18.79	18,250,751	18,250,751
Al-Jada AlOula Real Estate Development Company (Joint Stock Company)	KSA	Property development	27.72	27.72	372,162,109	350,541,754
					<b>390,412,860</b>	<b>368,792,505</b>

# Makkah Construction and Development Company

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## Notes to the interim condensed consolidated financial statements for the three-month and six-month periods ended 30 June 2025 (unaudited)

### 8. Investment in associates (continued)

8.2. The movement of the Company's investment in associates is as follows:

	Jurhum for Development and Growth Company	Al-Jada AlOula Real Estate Development Company	Total
For the period ended 30 June 2025 (unaudited)			
Balance at 1 January 2025 (audited)	18,250,751	350,541,754	368,792,505
The Company's share in results of associates	-	21,620,355	21,620,355
Company's share in other comprehensive income of associates	-	-	-
<b>Balance at 30 June 2025 (unaudited)</b>	<b>18,250,751</b>	<b>372,162,109</b>	<b>390,412,860</b>

The results of Jurhum for Development and Growth Company have not been included in the second quarter of 2025 as the associates' financial statements are not available for the second quarter of 2025.

	Jurhum for Development and Growth Company	Al-Jada AlOula Real Estate Development Company	Total
For the year ended 31 December 2024 (audited)			
Balance at 1 January 2024	16,231,613	-	16,231,613
Acquisition of investments	-	340,889,646	340,889,646
Company's share in results of associates	(426,850)	8,620,222	8,193,372
Company's share in other comprehensive income of associates	5,700	1,031,886	1,037,586
Investment settlement in associates	2,440,288	-	2,440,288
<b>Balance at 31 December 2024</b>	<b>18,250,751</b>	<b>350,541,754</b>	<b>368,792,505</b>

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 million Company decided on 11 Jumada Al-Ula 1435 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.

In 2019, Jurhum Development and Investment Company reduced its capital by SAR 55 million to cover accumulated losses, bringing its capital to SAR 49.84 million. This reduction did not affect Makkah Construction and Development Company's ownership percentage in Jurhum's capital.

In 2024, Jurhum increased its capital to SAR 102.47 million, leading to an adjustment in Makkah Construction and Development Company's ownership percentage in Jurhum to 18.79%. However, this adjustment did not impact the significant influence of Makkah Construction and Development Company over Jurhum, and therefore, the investment in Jurhum continued to be classified as an investment in associates.

8.4. The Board of Directors of Makkah Construction and Development Company unanimously decided to invest in Al-Jada Aloula Real Estate Development Company, which also operates in the real estate development sector. Following this decision, the Company entered into share purchase and sell agreements on 23 Safar 1446 H (corresponding to August 27, 2024) with 57 shareholders of Al-Jada First Real Estate Development Company, as well as with the Company itself, to acquire a 30.13% stake (representing 56,814,941 ordinary shares) in Al-Jada First Real Estate Development Company. The total value of the transaction amounted to SR 340,889,646.

On September 23, 2024, the final allocation for the capital increase of Al-Jadah AlOula Real Estate Development Company was announced, with the number of shares after the final allocation becoming 205,000,000 shares instead of 188,580,000 shares. Makkah Construction and Development Company did not subscribe to this increase, and therefore the company's stake after the final allocation became 27.72% of Al-Jadah AlOula Real Estate Development Company's shares.



# Makkah Construction and Development Company

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## Notes to the interim condensed consolidated financial statements for the three-month and six-month periods ended 30 June 2025 (unaudited)

### 9. Trade receivables - net

	30 June 2025 (unaudited)	31 December 2024 (audited)
Customers of Commercial Center	42,603,012	30,710,140
Customers of Hotels and tower	42,192,300	10,693,818
Hajj and Umrah customers	32,342,001	5,415,054
Net due from the hotel operator and towers (Millennium)	8,860,763	8,860,763
Tenants of Jabal Omar Real State	3,650,000	3,650,000
	<b>129,648,076</b>	<b>59,329,775</b>
Less: Provision for the expected credit loss (note 9.2)	(38,059,740)	(38,059,740)
Balance at end of the period/ year	<b>91,588,336</b>	<b>21,270,035</b>

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. For short-term trade receivables, their book value is close to their fair values as of June 30, 2025 and December 31, 2024.

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

	30 June 2024 (unaudited)	31 December 2023 (audited)
Balance at beginning of period / year	38,059,740	38,000,445
Provision charged for the period / year	-	2,600,001
Trade receivables written off during the period / year	-	(153,555)
Reversal of provision during the period / year	-	(2,387,151)
Balance at end of the period / year	<b>38,059,740</b>	<b>38,059,740</b>

### 10. Financial assets at fair value through profit or loss (FVTPL)

The Company holds financial assets classified at fair value through profit or loss, which are highly liquid investments that can be converted to cash in a period of less than one year, detailed as follows:

	30 June 2025 (unaudited)	31 December 2024 (audited)
Al Rajhi Awaeed (Returns) Fund	223,552,977	111,483,839
Investment in Umm Al-Qura Development and Construction Company	16,655,686	-
Investment in Asas Makeen for Real Estate and Investment	2,755,061	-
Balance at end of the period/ year	<b>242,963,724</b>	<b>111,483,839</b>

The movement of financial assets at fair value through profit or loss (FVTPL) as follows:

	30 June 2025 (unaudited)	31 December 2024 (audited)
Balance at the beginning of the period / year	111,483,839	-
Additions during the period/year	221,464,990	244,300,000
Disposals during the period/year	(102,000,000)	(135,000,000)
Returns during the period/year	12,014,895	2,183,839
Balance at end of the period/ year	<b>242,963,724</b>	<b>111,483,839</b>

# Makkah Construction and Development Company

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## Notes to the interim condensed consolidated financial statements for the three-month and six-month periods ended 30 June 2025 (unaudited)

### 11. Share capital

- As of June 30, 2025, the Company's share capital amounted to 2,000,000,000 Saudi Riyals (December 31, 2024: 1,648,162,400 Saudi Riyals), consisting of 200,000,000 shares (December 31, 2024: 164,816,240 shares) fully paid with a nominal value of 10 Saudi Riyals per share.

On January 15, 2025, the company's Extraordinary General Assembly approved an increase in capital through granting bonus shares to the Company's shareholders at a rate of 0.213 shares for each share owned by transferring SR 351,837,600 from the statutory reserve, bringing the share capital after the increase to SR 2,000,000,000, consisting of 200,000,000 shares. The Company's Articles of Association have been authenticated in February 2, 2025, and the Company's commercial registration is being amended.

### 12. Statutory reserve

On January 15, 2025, the Extraordinary General Assembly of the Company approved amendments to the Company's Articles of Association in compliance with the new Companies' Law. On the same date, the Extraordinary General Assembly also approved the transfer of the statutory reserve amounted SR 836,280,685 in order to increase the Company's share capital by SR 351,837,600, and closing the remaining balance amounted to SR 484,443,085 in retained earnings.

### 13. Related parties transactions and balances

#### Key Management personnel 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).

	For the six-month period ended 30 June 2025 (unaudited)	For the six-month period ended 30 June 2024 (unaudited)
Salaries, allowances and incentives	11,971,499	6,511,916
Rent	427,737	480,148
	<b>12,399,236</b>	<b>6,992,064</b>

### 14. Dividends payable

On March 06, 2025, the Company announced the recommendation of its Board of Directors to distribute cash dividends to its shareholders for the year ended December 31, 2024, with a total amount of SR 300,000,000 (three hundred million Saudi riyals). The share of the dividend per share is 1.5 Saudi riyal, and the eligibility for profits will be for the registered shareholders with the deposit center at the end of the second trading day following the date of the Company's General Assembly (to be held on 21 Dhu al-Qidah 1446H corresponding to May 19, 2025) (2024: Dividends of SR 247,224,360 were distributed, with a dividend per share of SR 1.5, based on the approval of General Assembly meeting held on 21 Dhu al-Qidah 1445H (corresponding to May 29, 2024).

	30 June 2025 (unaudited)	31 December 2024 (audited)
Balance at the beginning of the period / year	186,848,378	184,235,872
Dividends declared during the period / year	300,000,000	247,224,360
Dividend payments during the period / year	(291,254,138)	(244,611,854)
<b>Balance at end of the period / year</b>	<b>195,594,240</b>	<b>186,848,378</b>

The dividends payable as of 30 June 2025 represent remaining balance related to dividends declared for the years from 1994 up to the period ended 30 June 2025, pending completion of necessary bank transfer procedures by certain shareholders before the payments can be made. The Company maintains separate bank accounts amounting to SR 90.17 million (December 31, 2024: SR 90.25 million) specifically for the dividends payable to its shareholders.



# Makkah Construction and Development Company

(A Saudi joint-stock company)

## Notes to the interim condensed consolidated financial statements for the three-month and six-month periods ended 30 June 2025 (unaudited)

### 15. Zakat provision

#### 15.1. Movement in zakat provision

	30 June 2025 (unaudited)	31 December 2024 (audited)
Balance beginning of the period / year	8,052,797	48,447,225
Transferred from provision for Ministry of Islamic Affair, Dawah and Guidance to provision for zakat	2,588,158	-
Provided for period / year	7,546,650	12,176,558
Paid during the period / year	(8,052,797)	(52,570,986)
<b>Balance at end of the period / year</b>	<b>10,134,808</b>	<b>8,052,797</b>

#### 15.2. Zakat status

15.2.1. The Company submitted its zakat returns until the last year on 31 December 2024.

- The Company has finalized its Zakat status with Zakat, Tax and Customs Authority ("ZATCA") until 1441 AH.

- During the year 2024, ZATCA demanded zakat differences for the year 1431 H amounting to SR 16,587,884, which the Company paid in full.

- During the period, the Company obtained a zakat assessment from ZATCA from December 5, 2021 to December 31, 2022. ZATCA demanded zakat differences amounting to SR 10.33 million. The Company establish a provision for zakat against these differences amounting to SR 2.59 million as per the zakat consultant of the Company. The rest of the amount will be objected before the respective committees.

15.2.2. Management believes that the provisions recorded are sufficient to cover future zakat obligations, according to the opinion of the Company's zakat consultant.

### 16. Earnings per share

The basic earnings per share for the period ended June 30, 2025 and June 30, 2024 is calculated by dividing the profit for the period attributable to the Company's shareholders by the number of outstanding shares during the period. The number of Company's shares increased during the period from 164,816,240 shares to 200,000,000 shares in January 15, 2025, by granting free shares. The number of ordinary shares outstanding before January 15, 2025, was adjusted according to the proportional change in the number of outstanding shares as if the change in the number of shares had occurred at the beginning of the earliest period presented. As there are no diluted shares outstanding, basic, and diluted earnings per share are identical.

	For the six-month period ended 30 June 2025 (unaudited)	For the six-month period ended 30 June 2024 (unaudited)
Profit for the period attributable to shareholders of the Company	294,319,312	255,981,103
Weighted average number of shares outstanding	200,000,000	200,000,000
<b>Basic and diluted earnings per share</b>	<b>1.47</b>	<b>1.28</b>

#### 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.

**Makkah Construction and Development Company**  
(A Saudi joint-stock company)

**Notes to the interim condensed consolidated financial statements for the three-month and six-month periods ended 30 June 2025 (unaudited)**

**17. Segment information**

**For the six-month period ended 30 June 2024 (unaudited)**

	The Commercial Center	Hotels and towers	Hajj and Umrah	Investment sector	Other	Total
Revenue	136,395,100	290,302,269	196,971,621	-	-	623,668,990
Cost of revenue	(28,026,058)	(95,390,481)	(187,437,139)	-	-	(310,853,678)
<b>Gross profit (loss) for the sector</b>	<b>108,369,042</b>	<b>194,911,788</b>	<b>9,534,482</b>	<b>-</b>	<b>-</b>	<b>312,815,312</b>
Selling and marketing expenses	-	(3,560,283)	-	-	-	(3,560,283)
General and administrative expenses	-	(20,144,631)	-	-	(25,211,187)	(45,355,818)
Finance costs	-	-	-	-	(152,078)	(152,078)
Company's share of net profit in an associate	-	-	-	21,620,355	-	21,620,355
Return on Islamic Murabaha deposit	-	-	-	2,289,008	-	2,289,008
Return of financial assets at fair value through profit or loss	-	-	-	12,014,895	-	12,014,895
Other income	100,000	-	-	-	2,094,571	2,194,571
Zakat	-	-	-	-	(7,546,650)	(7,546,650)
<b>Net Profit (loss) during the period</b>	<b>108,469,042</b>	<b>171,206,874</b>	<b>9,534,482</b>	<b>35,924,258</b>	<b>(30,815,344)</b>	<b>294,319,312</b>

**As at 30 June 2025 (unaudited)**

Segment assets	275,604,096	1,112,557,131	110,761,026	2,180,843,812	902,800,827	4,582,566,891
Segment liabilities	67,613,180	80,482,626	23,721,592	-	340,711,754	512,529,152

**For the six-month period ended 30 June 2024 (unaudited)**

Revenue	113,710,930	283,305,590	136,676,460	-	1,819,697	535,512,677
Cost of revenue	(23,722,835)	(94,268,658)	(127,626,584)	-	-	(245,618,077)
<b>Gross profit (loss) for the sector</b>	<b>89,988,095</b>	<b>189,036,932</b>	<b>9,049,876</b>	<b>-</b>	<b>1,819,697</b>	<b>289,894,600</b>
Selling and marketing expenses	-	(3,011,121)	-	-	-	(3,011,121)
General and administrative expenses	-	(16,083,164)	-	-	(13,838,310)	(29,921,474)
Return on Islamic Murabaha deposit	-	-	-	9,798,303	-	9,798,303
Other income	-	-	-	-	13,912	13,912
Zakat	-	-	-	-	(10,793,117)	(10,793,117)
<b>Net Profit (loss) during the period</b>	<b>89,988,095</b>	<b>169,942,647</b>	<b>9,049,876</b>	<b>9,798,303</b>	<b>(22,797,818)</b>	<b>255,981,103</b>

**As at 30 June 2024 (unaudited)**

Segment assets	435,324,866	1,240,500,439	39,658,457	2,620,974,805	485,595,879	4,822,054,446
Segment liabilities	104,392,324	118,046,050	352,571	-	364,019,514	586,810,459

**18. Contingencies and commitments**

	30 June 2025 (unaudited)	31 December 2024 (audited)
Letters of guarantee	2,000,000	2,000,000
Capital commitments	41,707,563	40,024,297

# **Makkah Construction and Development Company**

**(A Saudi joint-stock company)**

## **Notes to the interim condensed consolidated financial statements for the three-month and six-month periods ended 30 June 2025 (unaudited)**

### **19. Seasonality**

The business results for the period do not necessarily represent an accurate indication of the actual results for the full year operations. The revenue of operating suits and hotel rooms increase during Hajj and Omrah seasons and during summer vacations. Revenue decreases during the rest of the year. Such changes are reflected on the financial results of the Company's operations during the period. Therefore, the operation results for this period may not be an accurate indication of the actual results of the full year.

### **20. Legal cases**

#### **20.1. Cases filed by the Company against others**

There are legal claims filed by the Company against others as of June 30, 2025, with their total value determined to be 7.26 million Saudi Riyals (December 31, 2024: 15.96 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 judgment was not ruled in favor of the Company. Accordingly, the Company set aside a provision for the full amount based on the opinion of the Company's management and its legal counsel.

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 (4 December 2021). The judgment was not ruled in favor of the Company. Accordingly, the Company set aside a provision for the full amount based on the opinion of the company's management and its legal counsel.

#### **20.2. Cases filed by others against the Company**

There are cases filed against the Company on 30 June 2025 amounting to SR 3.05 million (31 December 2024: SR 1.57 million).

### **21. Comparative figures**

Certain comparative figures for the period from January 01, 2024 to June 30, 2024, have been reclassified to conform with the current period classification as follows:

	<b>As reported previously</b>	<b>Reclassification</b>	<b>Restated</b>
<b>Statement of income</b>			
Cost of revenue	241,395,591	4,222,486	245,618,077
General and administrative expenses	34,143,960	(4,222,486)	29,921,474

### **22. Subsequent events**

The Management believes there are no significant events as of the date of the interim condensed consolidated statement of financial position on June 30, 2025 and until the date of preparing these interim condensed consolidated financial statements that may have a significant impact on the Company's financial position reported.

### **23. Approval of financial statements:**

These interim condensed consolidated financial statements for the period ended 30 June 2025 were approved and authorized for issuance by the Company's Board of Directors on 05/02/1447 H (corresponding to 30/07/2025).