

شركة مكة
للإنشاء والتعمير MCDC



**MAKKAH CONSTRUCTION AND DEVELOPMENT COMPANY
(A SAUDI JOINT-STOCK COMPANY)
MAKKAH – SAUDI ARABIA
CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2024**

MAKKAH CONSTRUCTION AND DEVELOPMENT COMPANY
(A SAUDI JOINT-STOCK COMPANY)
MAKKAH – SAUDI ARABIA
CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2024

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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 financial statements of Makkah Construction and Development Company (the "Company"), which comprise the consolidated statement of financial position as of December 31, 2024, 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 (35) to the 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 2024, 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, 2024. 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
A Saudi Joint-Stock Company
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
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, 2024, as it constitutes 51% 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, 2024. 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, 2024. • 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
A Saudi Joint-Stock Company
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, 2024, the net carrying value of investment properties amounted to 211 million Saudi Riyals, with a disclosed fair value of 3,927 million Saudi Riyals. The investment properties were stated at cost, net of accumulated depreciation and any accumulated losses arising from impairment as of the 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****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, 2024.**

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 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.



Jeddah 5 Ramadan 1446 H
Corresponding to: 5 March 2025

For El Sayed El Ayouty & Co.



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

MAKKAH CONSTRUCTION AND DEVELOPMENT COMPANY
(A SAUDI JOINT-STOCK COMPANY)
MAKKAH – SAUDI ARABIA
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF 31 DECEMBER 2024
(EXPRESSED IN SAUDI RIYALS)

	Note	31 December 2024	31 December 2023
Assets			
Non-current assets			
Property, plant and equipment - net	5	1,335,532,446	1,324,015,388
Investment properties– net	6	210,590,192	212,771,921
Financial assets at fair value through other comprehensive income	7	2,278,136,244	2,469,793,670
Investments in associates	8	368,792,505	16,231,613
Total non-current assets		4,193,051,387	4,022,812,592
Current assets			
Trade receivables - net	9	21,270,035	24,115,946
Inventory		2,014,370	2,061,732
Prepayments and other debit balances – net	11	65,188,558	47,451,954
Financial assets at fair value through profit or loss (FVTPL)	12	111,483,839	-
Cash and cash equivalents	13	111,594,053	525,726,172
Total current assets		311,550,855	599,355,804
Total assets		4,504,602,242	4,622,168,396
Shareholders' equity and liabilities			
Shareholders' equity			
Share capital	14&34	1,648,162,400	1,648,162,400
Statutory reserve	15&34	836,280,685	836,280,685
Revaluation gains of financial assets at fair value through other comprehensive income	7	999,429,368	1,190,279,326
Retained earnings		570,529,242	416,815,311
Total Shareholders' equity		4,054,401,695	4,091,537,722
Non-current Liabilities			
Long-term loan - non-current portion	16	74,998,850	99,998,850
Employees' defined benefit obligations	17	53,937,957	38,285,999
Total non-current liabilities		128,936,807	138,284,849
Current Liabilities			
Long-term loan - current portion	16	27,241,513	27,776,420
Deferred revenue	18	10,471,599	10,634,204
Trade payables		4,825,790	3,886,080
Accrued expenses and other payables	19	83,823,663	117,366,024
Dividends payable	20	186,848,378	184,235,872
Provision for zakat	21	8,052,797	48,447,225
Total current liabilities		321,263,740	392,345,825
Total liabilities		450,200,547	530,630,674
Total Shareholders' equity and liabilities		4,504,602,242	4,622,168,396

The accompanying notes from (1) to (35) form an integral part of these consolidated financial statements, which were approved by the Company's Board of Directors and signed on behalf of the following:

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)
MAKKAH – SAUDI ARABIA
STATEMENT OF CONSOLIDATED PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2024
(EXPRESSED IN SAUDI RIYALS)

	Note	31 December 2024	31 December 2023 Restated (note 29)
Revenue	22	836,040,336	730,913,542
Cost of revenue	23	(363,704,726)	(327,621,146)
Gross profit		472,335,610	403,292,396
Selling and marketing expenses		(6,114,551)	(6,789,680)
General and administrative expenses	24	(66,359,515)	(58,150,189)
Loss from revaluation of investment properties		-	(764,731)
Provision for expected credit loss	9&11	(2,600,001)	(10,333,907)
Reversal of expected credit losses provision	9&11	2,387,151	19,664,449
Profit from operations		399,648,694	346,918,338
Finance costs	25	(5,060,514)	(1,650,433)
Company's share in results of associates	8	8,193,372	-
Investment settlement in associates	8	2,440,288	-
Return on Islamic Murabaha deposit	13	15,512,444	3,263,889
Financial assets at fair value through profit or loss (FVTPL)	12	2,183,839	-
Other income	26	299,935	229,435
Net profit for the year before Zakat		423,218,058	348,761,229
Zakat	21	(12,176,558)	(14,526,465)
Net profit for the year		411,041,500	334,234,764
Other comprehensive income			
Items that will not be subsequently reclassified to statement of profit or loss			
(Losses) profit of re-measurement of employee defined benefit obligations	17	(11,369,690)	455,471
Share of the Company in other comprehensive income of associates	8	1,037,586	-
Unrealized (loss) from revaluation of financial assets at fair value through other comprehensive income	7	(190,621,063)	561,614,801
Other comprehensive income for the year		(200,953,167)	562,070,272
Comprehensive income for the year		210,088,333	896,305,036
Earnings per share			
Basic and diluted earnings per share from net profit for the year	27	2.49	2.03

The accompanying notes from (1) to (35) form an integral part of these consolidated financial statements, which were approved by the Company's Board of Directors and signed on behalf of the following:

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)
MAKKAH – SAUDI ARABIA
CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2024
(EXPRESSED IN SAUDI RIYALS)

	Note	Share capital	Statutory reserve	Revaluation gains of financial assets at fair value through other comprehensive income	Retained earnings	Total
Balance at 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 income for the year		-	-	561,614,801	455,471	562,070,272
Comprehensive income for the year		-	-	561,614,801	334,690,235	896,305,036
Dividends	20	-	-	-	(164,816,240)	(164,816,240)
Balance 31 December 2023		1,648,162,400	836,280,685	1,190,279,326	416,815,311	4,091,537,722
Balance 01 January 2024		1,648,162,400	836,280,685	1,190,279,326	416,815,311	4,091,537,722
Net profit for the year		-	-	-	411,041,500	411,041,500
Other comprehensive income for the year		-	-	(190,621,063)	(10,332,104)	(200,953,167)
Comprehensive income for the year		-	-	(190,621,063)	400,709,396	210,088,333
Transfer of revaluation gains on financial assets at fair value through other comprehensive income (OCI)		-	-	(228,895)	228,895	-
Dividends	20	-	-	-	(247,224,360)	(247,224,360)
Balance 31 December 2024		1,648,162,400	836,280,685	999,429,368	570,529,242	4,054,401,695

The accompanying notes from (1) to (35) form an integral part of these consolidated financial statements, which were approved by the Company's Board of Directors and signed on behalf of the following:

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)
MAKKAH – SAUDI ARABIA
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2024
(EXPRESSED IN SAUDI RIYALS)

	31 December 2024	31 December 2023
Cash flows from operating activities:		
Net profit for the year before Zakat	423,218,058	348,761,229
Adjustments:		
Depreciation on property, plant, and equipment	30,639,119	27,783,979
Depreciation on investment properties	5,243,850	5,182,432
Loss from revaluation of investment properties	-	764,731
Loss from disposal of property, plant, and equipment	94,167	136,978
Loss from disposal of investment properties	25,443	-
Company's share in results of associates	(8,193,372)	-
Investment settlement in associates	(2,440,288)	-
Finance costs	5,060,514	1,650,433
Financial assets at fair value through profit or loss (FVTPL)	(2,183,839)	-
Allowance for expected credit losses	2,600,001	10,333,907
Reversal of credit losses provision	(2,387,151)	(19,664,449)
Employees' defined benefit obligations formed	3,662,358	3,340,826
Return on Islamic Murabaha deposit	(15,512,444)	-
	439,826,416	378,290,066
Changes in:		
Trade receivables	2,633,061	26,955,450
Inventory	47,362	(441,371)
Prepayments and other debit balances	(23,020,230)	(7,066,487)
Deferred revenue	(162,605)	4,155,293
Trade payables	939,710	(4,396,464)
Accrued expenses and other payables	(33,542,361)	17,085,306
Employees' defined benefit obligations paid	(1,085,758)	(1,378,266)
Provision for zakat paid	(52,570,986)	(26,678,838)
Net cash generated from operating activities	333,064,609	386,524,689
Cash flows from investing activities:		
Payments to property, plant, and equipment	(34,739,119)	(42,389,885)
Proceeds from disposal of property, plant and equipment	13,914	4,990
Payments to investment properties	(3,087,564)	(226,820)
Proceeds from sale of investment properties	-	2,917
Financial asset payments at fair value through profit or loss (FVTPL)	(244,300,000)	-
Proceeds from recovery of financial assets at fair value through profit or loss (FVTPL)	135,000,000	-
Proceeds from the liquidation of the commodity trading fund	1,036,363	-
Investment payments in associates	(340,889,646)	-
Finance costs paid	(6,131,266)	(2,476,616)
Proceeds from return on Islamic Murabaha deposit	15,512,444	-
Net cash (used in) investing activities	(477,584,874)	(45,085,414)
Cash flows from financing activities:		
Settlement of loans	(160,000,000)	(25,000,000)
Proceeds from loans	135,000,000	-
Dividends paid	(244,611,854)	(161,749,846)
Net cash (used in) financing activities	(269,611,854)	(186,749,846)
Net change in cash and cash equivalents	(414,132,119)	154,689,429
Cash and cash equivalents at beginning of year	525,726,172	371,036,743
Cash and cash equivalents at year-end	111,594,053	525,726,172

Makkah Construction and Development Company
(A Saudi joint-stock company)
Makkah – Saudi Arabia
Consolidated statement of cash flows
FOR THE YEAR ENDED 31 DECEMBER 2024
(Expressed in Saudi Riyals)

	31 December 2024	31 December 2023
Non-cash transactions:		
Unrealized (loss) / profit from revaluation of financial assets at fair value through other comprehensive income	(190.621.063)	561,614,801
Finance costs on long-term loan added to property, plant and equipment	(2.241.513)	(2,776,420)
(Losses) profit of re-measurement of employee defined benefit obligations	11,369,690	(455.471)
Share of the Company in other comprehensive income of associates	(1.037.586)	-
Reclassified from related parties to financial assets at fair value and trade receivables	-	313,055,268
Unpaid dividends	2,612,506	3,066,394
Transferred from suppliers' advance payments to property, plant and equipment	(5.283.626)	2,030,255

The accompanying notes from (1) to (35) form an integral part of these consolidated financial statements, which were approved by the Company's Board of Directors and signed on behalf of the following:

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)
MAKKAH – SAUDI ARABIA
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024
(EXPRESSED IN SAUDI RIYALS)

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 1 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 is located at Branch Third Ring Road, AlShawqiya District, Building 2779, Secondary 8860, postal code 24351, Makkah – 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 comprise the financial statements of the parent company and its subsidiaries. As of 31 December 2024, the Parent Company owns the following subsidiaries:

Company Name	CR No.	Date	Shareholding %	Principal activities
Hotel Towers Company Makkah Hotel Company	4031045190	18/9/1424 H (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	19/10/1444H (28/04/2024)	100%	Other financial service activities, except insurance and pension funding.

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. The parent company has continued to maintain the branch's activities within its operations, while the company has not conducted any operational activities to date.

On April 28, 2024, Manafa Al Baraka Investment Company was established as a single-member limited liability company with Commercial Registration No. 4031300209 and an unpaid capital of five hundred thousand Saudi Riyals. The company has not yet commenced its operations to date.

1.2 Fiscal year

The fiscal consolidated year of the Company begins on the 1st of January and concludes on the 31st of December each Gregorian year.

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 Articles of Association to comply with the requirements of the new Companies Law, and all legal procedures have been completed with the amendment of the Articles of Association of the company on 16 January 2025.

MAKKAH CONSTRUCTION AND DEVELOPMENT COMPANY
(A SAUDI JOINT-STOCK COMPANY)
MAKKAH – SAUDI ARABIA
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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2. Basis of preparation and statement of compliance

2.1 Compliance with Accounting Standards Applied

These 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

As at 31 December 2024, current liabilities exceeded current assets by SAR 9.7 million. 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.

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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 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 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 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 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.

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

2.6 Significant accounting judgments and estimates (Continued)

ECL allowance for trade and other receivables

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).

Determining expected credit losses for trade and other receivables 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.

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 17.

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

2.6 Significant accounting judgments and estimates (continued)

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.

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3. New standards, amendments to standards and interpretations

A) New amendments to effective standards

The accounting policies adopted by the Company in preparing the financial statements are consistent with those used for preparing the Company's annual financial statements for the year ended December 31, 2024, except for the application of new amendments to the standards, which became effective on January 1, 2024 and apply to financial periods/years beginning on or after January 1, 2024, which are as follows:

Standard	Restatements
IAS 1	- Non-current liabilities with conventions - Classification of liabilities as current versus non-current
IFRS 16	Lease liabilities in a sale and leaseback
IAS 7 and IFRS 7	Supplier finance arrangements

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

B) New standards

The following are the new International Financial Reporting Standards for sustainability disclosure effective for periods beginning on or after January 1, 2024, which are subject to the approval of the Saudi Organization for Auditors and Accountants.

Standard	Disclosures
IFRS for Sustainability (1)	General requirements for disclosure of sustainability-related financial information
IFRS for Sustainability (2)	Climate-related disclosures

C) Issued standards and amendments not yet effective

The following standards and amendments have been issued but are not yet effective as of the date of issuance of the company's financial statements. The company is currently assessing the impact of the standards and amendments mentioned below on its financial statements.

Standard	Amendments/disclosures	Effective for years/periods beginning on or after
IAS 21	- Foreign currency lack of exchangeability	1 January 2025
IFRS 9 and IFRS 7	Amendments to classification and measurement of financial instruments - Disclosures	1 January 2026
IFRS 18	Presentation and disclosure of the financial statements	1 January 2027
IFRS 19	Subsidiaries without public accountability: Disclosures	1 January 2027

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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 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.

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4. Summary of significant accounting policies (continued)

4.2 Property, plant and equipment (continued)

4.2.2 Depreciation

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.

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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 property (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 property 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 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.

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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.

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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.

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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 realize 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.

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4. Summary of significant accounting policies (continued)

4.7 Inventories

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.

4.9 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 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-leaseable components. The Company allocates the consideration in the Contract to the leased and non-leaseable components based on their relative stand-alone prices unless it has elected not to separate the leased and non-leaseable 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 recognized, 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.

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4. Summary of significant accounting policies (continued)

4.10 Leases (continued)

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.

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.

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4. Summary of significant accounting policies (continued)

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.

4.15 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.

Properties investment 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 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.

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4. Summary of significant accounting policies (continued)

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.

4.18 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 translation

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 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.

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4. Summary of significant accounting policies (continued)

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	Property and equipment	Furniture and Fixtures	Motor vehicles	Total
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
As of 1 January 2024	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	26,685,153	2,080,186	-	42,264,256
Disposals during the year	-	-	(24,304,106)	(1,504,336)	(199,000)	(26,007,442)
As of 31 December 2024	601,409,769	1,006,160,113	216,692,400	43,023,624	946,006	1,868,231,912
Total depreciation						
As of 1 January 2023	-	360,453,920	108,244,415	33,384,848	1,230,599	503,313,782
Deprecation 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
As of 1 January 2024	-	372,170,285	119,387,891	35,306,585	1,094,949	527,959,710
Deprecation 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 of 31 December 2024	-	384,138,154	111,271,065	36,368,964	921,283	532,699,466
Net carrying amount:						
As of 31 December 2024	601,409,769	622,021,959	105,421,335	6,654,660	24,723	1,335,532,446
As of 31 December 2023	601,409,769	620,490,911	94,923,462	7,141,189	50,057	1,324,015,388

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

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

	31 December 2024	31 December 2023
Cost of revenue (note 23)	30,281,834	27,452,552
General and administrative expenses (Note 24)	357,285	331,427
	<u>30,639,119</u>	<u>27,783,979</u>

5.2 The additions to property, plant, and equipment for the year ended December 31, 2024, include financing costs of 7,175,387 Saudi Riyals (for the year ended December 31, 2023, amounting to 8,244,668 Saudi Riyals).

6. Investment properties - net

	Lands	Buildings	Furniture & Furnishings	Total
Cost				
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	<u>66,082,344</u>	<u>221,116,068</u>	<u>54,696,846</u>	<u>341,895,258</u>
As of 1 January 2024	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 of 31 December 2024	<u>66,082,344</u>	<u>221,460,766</u>	<u>44,235,279</u>	<u>331,778,389</u>
Total depreciation				
As of 01 January 2023	-	91,007,879	28,070,413	119,078,292
Depreciation during the year (note 23)	-	2,744,454	2,437,978	5,182,432
Disposals during the year	-	-	(289,818)	(289,818)
As of 31 December 2023	<u>-</u>	<u>93,752,333</u>	<u>30,218,573</u>	<u>123,970,906</u>
As of 1 January 2024	-	93,752,333	30,218,573	123,970,906
Depreciation during the year (note 23)	-	2,753,565	2,490,285	5,243,850
Disposals during the year	-	-	(13,178,990)	(13,178,990)
As of 31 December 2024	<u>-</u>	<u>96,505,898</u>	<u>19,529,868</u>	<u>116,035,766</u>
Accumulated impairment				
As of 01 January 2023	-	4,387,700	-	4,387,700
Impairment during the year	-	764,731	-	764,731
As of 31 December 2023	<u>-</u>	<u>5,152,431</u>	<u>-</u>	<u>5,152,431</u>
As of 1 January 2024	-	5,152,431	-	5,152,431
Impairment during the year	-	-	-	-
As of 31 December 2024	<u>-</u>	<u>5,152,431</u>	<u>-</u>	<u>5,152,431</u>
Net book value:				
As of 31 December 2024	<u>66,082,344</u>	<u>119,802,437</u>	<u>24,705,411</u>	<u>210,590,192</u>
As of 31 December 2023	<u>66,082,344</u>	<u>122,211,304</u>	<u>24,478,273</u>	<u>212,771,921</u>

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6. Investment properties - net (continued)

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

6.2 As of December 31, 2024, the fair value measurement of all investment properties was classified within Level 3 based on the inputs to the valuation technique used. The total fair value of investment properties was determined by an external valuer, a company that is a member of the Saudi Authority for Accredited Valuers and specializes in the valuation of investment properties. The fair value as of December 31, 2024 amounted to SR 3,926,765,591 (December 31, 2023: SR 3,557,683,692).

6.3 Depreciation charged for the year has been allocated to cost of revenue (see note 23).

6.4 Additions to investment properties for the year ended December 31, 2024 include finance costs amounting to SR 1,120,757 (December 31, 2023: nil).

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

	31 December 2024	31 December 2023
Rental income from operating leases	232,352,600	185,971,328
Direct operating expenses on property that generated rental income	50,605,776	48,304,244

There were no direct operating expenses on investment properties that did not generate rental income (under development) during the year ended 31 December 2024 and 31 December 2023.

6.6 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.

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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:

	31 December 2024	31 December 2023
Jabal Omar Development Co. - investments in listed shares note (7.1)	2,278,136,244	2,159,192,358
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
	<u>2,278,136,244</u>	<u>2,469,793,670</u>

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 2024	31 December 2023
Balance at the beginning of year	1,190,279,326	628,664,525
Unrealized (losses)/profits during the year	(190,621,063)	561,614,801
Realized gains transferred to retained earnings	(228,895)	-
Balance at year-end	<u>999,429,368</u>	<u>1,190,279,326</u>

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 9.29% 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 110,804,292 shares in JODC. The Company requested JODC to confirm the number of shares owned by the Company as at 31 December 2024. 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 110,804,292 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.

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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.

On April 3, 2024, Jabal Omar Development Company submitted a request to the Capital Market Authority for approval to increase its capital by converting outstanding debts owed by Jabal Omar, including debts owed to Makkah Construction and Development Company amounting to SAR 309,564,950.

On September 1, 2024, the Capital Market Authority announced its decision to approve Jabal Omar Development Company's request to increase its capital by converting outstanding debts amounting to SR 547,498,209, which includes the debts owed to Makkah Construction and Development Company of SR 309,564,950. This approval is conditional upon the extraordinary general assembly's approval of Jabal Omar Development Company and the related regulatory requirements.

On November 4, 2024, Jabal Omar's Extraordinary General Assembly approved a capital increase through the conversion of debts owed by Jabal Omar Development Company. Accordingly, shares were issued to creditors at the closing price of the day preceding the assembly meeting, which was November 3, 2024. As a result, the outstanding debts owed to Makkah Construction and Development Company amounting to SR 309,564,950 were converted into 14,411,776 shares.

Historical narrative of Jabal Omar's debt:

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 SR359,564,950 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.

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

The historical narrative of Jabal Omar's debt (continued)

As a result, Jabal Omar Development Company obtained its rights to use these lands. Consequently, Jabal Omar Development Company completed the construction on these lands, and in 2020, regulatory authorities issued a unified title deed in the company's name for the total area of the project under 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 309,564.950 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.

On December 20, 2023, 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.

7.3 During 2024, the company sold the Commodity Trading Fund (Riyadh Fund), resulting in realized gains amounting to SR 245,701.

8. Investment payments in associates

8.1 The movement of investments in associates:

Name	Country of incorporation:	Principal Activity	Effective ownership %		31 December 2024	31 December 2023
			31 December 2024	31 December 2023		
Jurhom for Development and Growth Company (closed joint-stock company)	KSA	Property development	18.79	27.51	18,250,751	16,231,613
Al-Jada AlOula Real Estate Development Company (Joint Stock Company)	Kingdom of Saudi Arabia	Property development	27.72	-	350,541,754	-
					368,792,505	16,231,613

8.2 Below is the movement of investments in associates during the year:

	Jurhom for Development and Growth Company	Al-Jada AlOula Real Estate Development Company	Total
For the year ended 31 December 2024			
Balance at 1 January 2024	16,231,613	-	16,231,613
Acquisition of investments	-	340,889,646	340,889,646
The Company's share in results of associates	(426.850)	8,620,222	8,193,372
Share of the Company in other comprehensive income of associates	5.700	1,031,886	1,037,586
Investment settlement in an associate	2,440,288	-	2,440,288
Balance at 31 December 2024	18,250,751	350,541,754	368,792,505
For the year ended 31 December 2023			
Balance at 1 January 2023	16,231,613	-	16,231,613
The Company's share in results of associates	-	-	-
Balance at 31 December 2023	16,231,613	-	16,231,613

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8. Investment payments in associates (Continued)

8.3 The following table summarizes the financial information of the most significant equity-accounted investees:

	Jurhom for Development and Growth Company		Al-Jada AlOula Real Estate Development Company	
	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Shareholding %	<u>18.79%</u>	<u>27.51%</u>	<u>27.72 %</u>	<u>-</u>
Non-current assets	103,372,178	103,378,590	488,058,182	-
Current assets	471,314	330,614	472,037,123	-
Non-current liabilities	353,982	334,188	336,043,962	-
Current liabilities	6,359,383	3,985,996	94,242,986	-
Net assets attributable to shareholders (100%)	<u>97,130,127</u>	<u>99,389,020</u>	<u>529,808,357</u>	<u>-</u>
Company's share in net assets	<u>18,250,751</u>	<u>27,341,919</u>	<u>146,862,876</u>	<u>-</u>
Carrying amount of share in an associate	<u>18,250,751</u>	<u>16,231,613</u>	<u>350,541,754</u>	<u>-</u>
Revenue	<u>-</u>	<u>-</u>	<u>254,947,910</u>	<u>-</u>
(Loss) profit attributable to company's shareholders (100%)	<u>(2,289,464)</u>	<u>7,884,628</u>	<u>59,297,479</u>	<u>-</u>
Other comprehensive income attributable to company's shareholders (100%)	<u>30,571</u>	<u>7,737</u>	<u>44,781,248</u>	<u>-</u>
Total comprehensive income attributable to shareholders	<u>(2,258,893)</u>	<u>7,892,365</u>	<u>104,078,727</u>	<u>-</u>
Company's share in (loss) profit for the year	<u>(426.850)</u>	<u>2,169,062</u>	<u>8,620,222</u>	<u>-</u>
Company's share in other comprehensive income	<u>5.700</u>	<u>2.128</u>	<u>1,031,886</u>	<u>-</u>
Dividends received by the company	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

8.4 Investments in associates include goodwill arising from acquisitions as part of the carrying amount of the investment.

8.5 The company's share in the operating results of Al-Jadah Al-Oula Real Estate Development Company was calculated for the period from the date of share purchase on August 27, 2024 until December 31, 2024.

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8. Investment payments in associates (Continued)

8.6 The Board of Directors of Makkah Construction and Development Company unanimously decided in its meeting No. (133) held on 25 Muharram 1435 AH (corresponding to November 28, 2013) to contribute a cash share in the capital of Jurhum Development and Investment Company, which operates in the real estate development sector, primarily focused on developing the Al-Sharashif area. Following this decision, the company decided on 11 Jumada I 1435 AH to pay an amount of SAR 28.84 million, representing 27.5% of the capital of Jurhum Development and Investment Company, which was SR 104.84 million at that time.

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.

8.7 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 agreements on 23 Safar 1446 AH (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.

9. Trade receivables - net

	31 December 2024	31 December 2023
Customers of Commercial Center	30,710,140	33,134,735
Customers of hotels and towers	10,693,818	13,667,201
Hajj and Umrah customers	5,415,054	1,882,402
Net due from the hotel operator and towers (Millennium) (note 31)	8,860,763	11,075,954
Tenants of Jabal Omar Real State	3,650,000	2,356,099
	59,329,775	62,116,391
Less: Provision for the expected credit loss (note 9.2)	(38,059,740)	(38,000,445)
	21,270,035	24,115,946

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 2024, 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 32).

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

	31 December 2024	31 December 2023
Balance at beginning of year	38,000,445	44,266,505
Provision charged for the year	2,600,001	10,333,907
Amounts reclassified from related parties	-	3,282,868
Trade receivables written off during the year	(153,555)	(218,386)
Reversal of provision during the year	(2,387,151)	(19,664,449)
Balance at year-end	38,059,740	38,000,445

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10. 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).

	31 December 2024	31 December 2023
Salaries, allowances and incentives	6,136,372	4,060,083
Leases	564,880	1,248,400
	<u>6,701,252</u>	<u>5,308,483</u>

11. Prepayments and other debit balances

	31 December 2024	31 December 2023
Advances to suppliers	11,299,738	19,847,386
Advance for western parallel road project (note 11.1)	17,364,143	17,364,143
Prepaid expenses	40,136,529	6,618,716
Employee's receivables and advances	2,698,342	2,703,237
Other receivables	11,053,949	18,282,615
	<u>82,552,701</u>	<u>64,816,097</u>
Less: Provision for impairment of prepayments and other receivables	<u>(17,364,143)</u>	<u>(17,364,143)</u>
	<u>65,188,558</u>	<u>47,451,954</u>

11.1 This 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-Ula 1424 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 Makkah Region Development Authority appealed the ruling during the year ended 29 Rabi' al-Thani 1443H, and the judgment was ruled against the company (Note 31). The Company has maintained full provision against amount claimed.

11.2 Movement for Provision impairment of prepayments and other receivables is as follows:

	31 December 2024	31 December 2023
Balance at beginning of year	17,364,143	17,364,143
Provision charged for the year	-	-
Balance at year-end	<u>17,364,143</u>	<u>17,364,143</u>

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12. Financial asset at fair value through statement of profit or loss

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:

	31 December 2024	31 December 2023
Al Rajhi Awaeed (Returns) Fund	111,483,839	-
Balance at year-end	111,483,839	-

Below is the movement on the account:

	31 December 2024	31 December 2023
Balance at the beginning of the year	-	-
Additions during the year	244,300,000	-
Disposals during the year	(135,000,000)	-
Returns during the year*	2,183,839	-
Balance at year-end	111,483,839	-

* The returns during the year consist of realized returns during the year amounting to SR 1,150,392 and unrealized returns amounting to SR 1,033,447 that have not yet been realized.

13. Cash and cash equivalents

	31 December 2024	31 December 2023
Bank balances	111,250,533	262,050,783
Bank deposit	-	263,263,889
Cash on hand	343,520	411,500
	111,594,053	525,726,172

The cash is held in accounts with banks having sound credit ratings. The fair value of bank balances and cash equivalents approximates the carrying amount as at 31 December 2024 and 31 December 2023.

As at 31 December 2024, the Company had available SR 140 million (31 December 2023: 275 million) of undrawn committed borrowing.

- The company has an Islamic deposit compliant with Shariah (Riyad Capital), for a period of three months. The value of the deposit was Zero Saudi Riyals as of December 31, 2024 (SR263,263,889: December 31, 2023), and the return on the deposit for the year ended December 31, 2024, was 15,512,444 Saudi Riyals (SR3,263,889: December 31, 2023).

14. Share capital

- As of December 31, 2024, the company's share capital amounted to 1,648,162,400 Saudi Riyals (December 31, 2023: 1,648,162,400 Saudi Riyals), consisting of 164,816,240 shares (December 31, 2023: 164,816,240 shares) fully paid with a nominal value of 10 Saudi Riyals per share.

On January 15, 2025, the Extraordinary General Assembly approved an increase in the company's share capital to SR 2,000,000,000 consisting of 200,000,000 shares (Note 34).

15. 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.

- On January 15, 2025, the Extraordinary General Assembly 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 remaining statutory reserve to retained earnings (Note 34).

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16. Long-term loan

Details of the Company's loans are as follows:

	31 December 2024	31 December 2023
Long-term loan	99,998,850	124,998,850
Accrued financing costs	2,241,513	2,776,420
	102,240,363	127,775,270
Current portion	27,241,513	27,776,420
Non-current portion	74,998,850	99,998,850

		Maturity date	31 December 2024	31 December 2023
Non-current portion	Interest rate			
Facilities from Al Bilad Bank (note 16.2)	SIBOR +1,25%	2028	74,998,850	99,998,850
			74,998,850	99,998,850

		Maturity date	31 December 2024	31 December 2023
Current portion	Interest rate			
Facilities from Al Bilad Bank (note 16.2)	SIBOR +1,25%	2025	25,000,000	25,000,000
Accrued financing costs			2,241,513	2,776,420
			27,241,513	27,776,420

16.1 Below is the movement of loans during the year:

	31 December 2024	31 December 2023
Balance at beginning of year	124,998,850	149,998,850
New tranche of the loan - short-term	135,000,000	-
Loan repayments during the year	(160,000,000)	(25,000,000)
Balance at year-end	99,998,850	124,998,850

16.2 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 following table represents the installments due from the credit facilities balance as of December 31, 2024:

Year	31 December 2024	31 December 2023
2024	-	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
	100,000,000	125,000,000

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17. 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 2024	31 December 2023
Employee defined benefit obligations at beginning of the year	38,285,999	35,128,477
Included in profit or loss statement		
Current service cost during the year	3,662,358	3,340,826
Interest cost during the year	1,705,668	1,650,433
Included in other comprehensive income		
Actuary loss/(profit) during the year	11,369,690	(455,471)
Benefits paid during the year	(1,085,758)	(1,378,266)
Employee defined benefit obligations at end of the year	53,937,957	38,285,999

Actuarial assumptions

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

	31 December 2024	31 December 2023
Discount rate (%)	5.25%	4.60%
Future salary growth (%)	4.25%	4.10%

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 2024		31 December 2023	
	Increase	Decrease	Increase	Decrease
Discount rate (5% movement)	1,197,373	1,270,253	1,194,887	1,265,408
Future salary growth (5% movement)	1,144,567	1,087,289	1,265,408	1,194,565

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.

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18. Deferred income

	31 December 2024	31 December 2023
The Commercial Center	6,614,811	5,593,151
Hotels and towers	3,856,788	4,441,053
Jabal Omar Real estate 2	-	600,000
	10,471,599	10,634,204

Movement in deferred income

	31 December 2024	31 December 2023
Balance at the beginning of year	10,634,204	6,478,911
Deferred during the year	235,930,565	176,366,079
Recognized as income during the year	(236,093,170)	(172,210,786)
Balance at year-end	10,471,599	10,634,204

19. Accruals and other accounts payable

	31 December 2024	31 December 2023
Advances from customers	35,638,154	60,784,665
Accrued expenses	16,654,457	18,592,200
Travel allowances and leaves	5,806,241	4,704,505
Value added tax	4,584,694	4,094,505
Deposits from others	4,701,925	6,544,194
Other payables	16,438,192	22,645,955
	83,823,663	117,366,024

20. Dividends payable

On March 25, 2024, the company announced the Board of Directors' recommendation to distribute cash dividends to its shareholders for the year ended December 31, 2023, totaling SAR 247,224,360, with a per-share distribution of SAR 1.5, subject to the approval of the company's General Assembly held on 21 Dhu al-Qi'dah 1445 (corresponding to May 29, 2024).

For the year 2023, dividends amounting to SAR 164,816,240 were distributed, with a per-share distribution of SAR 1, based on the approval of the General Assembly held on 17 Dhu al-Qi'dah 1444 (corresponding to June 6, 2023).

Below is the movement on dividends payable:

	31 December 2024	31 December 2023
Balance at the beginning of year	184,235,872	181,169,478
Dividends declared during the year	247,224,360	164,816,240
Dividend payments during the year	(244,611,854)	(161,749,846)
Balance at year-end	186,848,378	184,235,872

The dividends payable as of 31 December 2024 represent remaining balance related to dividends declared for the years from 1994 up to the period ended 31 December 2024, pending completion of necessary bank transfer procedures by certain shareholders before the payable dividends can be paid. The company maintains separate bank accounts amounting to SR90.25 million (December 31, 2023: SR 113.35 million) specifically for the dividends payable to its shareholders.

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21. ZAKAT

21.1 Calculation of zakat

The Company's estimated zakat base as of December 31 includes the following components:

	2024	2023
Total components subject to zakat (additions)	4,378,239,676	4,233,245,919
Total components not subject to zakat (deductions)	(4,193,051,387)	(4,022,812,592)
Zakat base	185,188,289	210,433,327
Net adjusted profit	402,180,550	364,086,395
Maximum zakat base (Article 28)	4,249,302,869	N/A
Maximum zakat base (Article 27)	311,550,852	N/A
Adjusted final zakat base	311,550,852	364,086,395
Zakat charge based on the minimum zakat base at 2.5%	8,052,797	14,526,465

The zakat for the year 2024 was calculated in accordance with the Executive Regulations for Zakat Collection issued by Ministerial Resolution No. (1007) dated 19 Sha'ban 1445H (corresponding to February 29, 2024), which applies to financial years beginning in January 2024 or thereafter. These regulations replace the previous regulations issued by His Excellency the Minister of Finance's Resolution No. (2216) dated 7/7/1440H, and its amendments, as well as all previous decisions, instructions, and circulars related to zakat collection. And for the year 2023, the calculation was performed according to the previous regulations.

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

21.2 Movement in zakat provision

	31 December 2024	31 December 2023
Balance, beginning of the year	48,447,225	60,599,598
Provided during the year	12,176,558	14,526,465
Paid during the year	(52,570,986)	(26,678,838)
Balance at end of the year	8,052,797	48,447,225

21.3 Zakat status

The Company submitted its zakat returns until the last year on 31 December 2023.

- The Company has finalized its Zakat status with the General Authority for Zakat and Tax until 1441 AH.

The Zakat, Tax, and Customs Authority issued the zakat assessment for the years 1440 AH and 1441 AH, which identified a total zakat difference of SR28,620,237. A lawsuit was filed with the General Secretariat of Tax Committees, and decision number (2409-2022-IFR) was issued by the first circuit for adjudicating income tax violations and disputes in Riyadh. The decision was appealed before the first appellate circuit for income tax violations and disputes. The appellate committees rejected the company's appeal for the years 1440 AH and 1441 AH. The company paid the remaining zakat differences, amounting to SR21,456,637 for the year 1440 AH, thereby resolving its zakat situation for 1440 AH and 1441AH. The company had previously paid 25% of the zakat difference amounts for 1440 AH and 1441 AH.

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.

- During 2024, the Zakat, Tax and Customs Authority claimed zakat differences for the year 1431H amounting to SR 16,587,884, and the company paid the entire amount. The Zakat, Tax and Customs Authority also made a preliminary assessment on the company for the period from December 5, 2021 to December 31, 2022, which is still under review and pending responses from the company.

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

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22. Revenues

	31 December 2024	31 December 2023
Hotels and towers income	444,753,319	420,414,717
Revenue of rental income of Commercial Center and residential units	232,352,600	185,971,328
Hajj and Umrah income	158,934,417	124,527,497
	836,040,336	730,913,542

Timing of revenue recognition

	31 December 2024	31 December 2023
Services transferred at a point in time	603,687,736	544,942,214
Services transferred over time	232,352,600	185,971,328
	836,040,336	730,913,542

23. Cost of revenue

	31 December 2024	31 December 2023
		Restated (note 29)
Operation costs for hotels and towers	139,542,050	131,744,497
Operation cost for the commercial center	45,361,815	43,121,812
Hajj and Umrah services cost	143,275,177	120,119,853
Depreciation property and equipment, investment properties (Note 5/1, 6)	35,525,684	32,634,984
Total	363,704,726	327,621,146

24. General and administrative expenses

	31 December 2024	31 December 2023
		Restated (note 29)
Salaries, wages and related expenses	42,427,366	37,226,816
Board of Directors remunerations	3,933,197	4,372,388
Banking expenses	1,752,832	2,049,259
Fees and subscriptions	576,101	1,388,155
Insurance	759,295	798,824
Post and telephone	971,577	1,115,963
Depreciation of property, plant, and equipment (note 5/1)	357,285	331,427
Consulting and professional fees	6,912,240	4,816,519
Other expenses	8,669,622	6,050,838
Total	66,359,515	58,150,189

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25. Finance costs

	31 December 2024	31 December 2023 Restated (note 29)
Short-term loan finance cost	3,354,846	-
Employees benefits finance cost	1,705,668	1,650,433
	5,060,514	1,650,433

26. Other income/losses

	31 December 2024	31 December 2023
Collection of bad debts	-	233,299
(Losses) from disposal of property, plant and equipment	(94,167)	(44,733)
(Losses) from disposal of investment properties	(25,443)	-
Others	419,545	40,869
	299,935	229,435

27. Earnings per share

The basic earnings per share for the year ended December 31, 2024 and the year ended December 31, 2023 are calculated by dividing the profit for the year attributable to the company's shareholders by the number of outstanding shares during the year. As there are no diluted shares outstanding, basic, and diluted earnings per share are identical.

	31 December 2024	31 December 2023
Profit for the year attributable to the Company	411,041,500	334,234,764
Weighted average number of shares outstanding	164,816,240	164,816,240
Basic and diluted earnings per share	2.49	2.03

Diluted earnings per share

During the year, 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.

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28. Segment information

	The Commercial Center	Hotels and towers	Hajj and Umrah sector	Investment sector	Other	Total
FOR THE YEAR ENDED 31 DECEMBER 2024						
Revenue	229,442,903	444,753,319	158,934,417	-	2,909,697	836,040,336
Cost of revenue	(50,605,776)	(169,823,773)	(143,275,177)	-	-	(363,704,726)
Gross profit for the sector	178,837,127	274,929,546	15,659,240	-	2,909,697	472,335,610
Selling and marketing expenses	-	(6,114,551)	-	-	-	(6,114,551)
General and administrative expenses	-	(33,698,787)	-	-	(32,660,728)	(66,359,515)
Loss from of investment property valuation	-	-	-	-	-	-
Provision for expected credit loss	-	-	-	-	(2,600,001)	(2,600,001)
Reversal of credit losses provision	-	-	-	-	2,387,151	2,387,151
Finance costs	-	-	-	-	(5,060,514)	(5,060,514)
The Company's share in results of associates	-	-	-	-	8,193,372	8,193,372
Investment settlement in associates	-	-	-	-	2,440,288	2,440,288
Return on Islamic Murabaha deposit	-	69,141	-	-	15,443,303	15,512,444
Financial assets at fair value through profit or loss (FVTPL)	-	-	-	-	2,183,839	2,183,839
Other (income) losses	392,305	-	-	-	(92,370)	299,935
Zakat	-	-	-	-	(12,176,558)	(12,176,558)
Profit (loss) during the year	179,229,432	235,185,349	15,659,240	-	(19,032,521)	411,041,500
Segment assets	368,262,343	1,175,476,874	39,101,212	2,646,928,749	274,833,064	4,504,602,242
Segment liabilities	31,837,128	76,002,820	5,285,733	-	337,074,866	450,200,547
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)	(159,197,049)	(120,119,853)	-	-	(327,621,146)
Gross profit for the sector	132,885,735	261,217,668	4,407,644	-	4,781,349	403,292,396
Selling and marketing expenses	-	(6,789,680)	-	-	-	(6,789,680)
General and administrative expenses	-	(31,573,845)	-	-	(26,576,344)	(58,150,189)
Loss from of investment property valuation	-	-	-	-	(764,731)	(764,731)
Provision for expected credit losses	-	-	-	-	(10,333,907)	(10,333,907)
Reversal of credit losses provision	-	-	-	-	19,664,449	19,664,449
Finance costs	-	-	-	-	(1,650,433)	(1,650,433)
Return on Islamic Murabaha deposit	-	-	-	-	3,263,889	3,263,889
Other income	-	-	-	-	229,435	229,435
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

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29. Comparative figures:

Some comparative figures have been reclassified for the year ended December 31, 2023 in order to be in line with the current year's presentation:

	As restated previously	Reclassification	Restated
Statement of income			
Cost of revenue	299,126,520	28,494,626	327,621,146
Selling and marketing expenses	-	6,789,680	6,789,680
General and administrative expenses	95,084,928	(36.934.739)	58,150,189
Finance costs	-	1,650,433	1,650,433

30. Contingencies and commitments

	31 December 2024	31 December 2023
Letters of guarantee	2,000,000	2,000,000
Capital commitments	40,024,297	49,050,211
Investment contribution - unpaid	-	19,543,280

31. Legal cases

31.1 Cases filed by the Company against others

There are legal claims filed by the company against others as of December 31, 2024, with their total value determined to be 15.96 million Saudi Riyals (December 31, 2023: 10.7 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 ruled against 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 AH. The judgment was ruled against 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 (Note 11).

31.2 Cases filed by others against the Company

There are cases filed against the Company on 31 December 2024 amounting to SR1.57 million (31 December 2023: SR600 thousand).

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32. FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's principal financial liabilities comprise loans, borrowings, trade, and other payables. 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 2024	31 December 2023
Financial liabilities - principally borrowings	99,998,850	124,998,850

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.

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32. 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 2024 and 31 December 2023 is equal to the respective carrying amounts as disclosed in the notes.

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

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' receivables are

regularly monitored. An impairment analysis is performed at each reporting date on an individual basis for major tenants. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets.

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

Credit risks (continued)

Receivables 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 receivables:

31 December 2024	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	100%	3.13%	7.93%	16.19%	100%	54.43%
Gross carrying amount	8,860,763	6,482,269	1,745,286	3,989,286	3,563,722	24,641,326
Loss allowance	8,860,763	202,670	138,350	645,842	3,563,722	13,411,347
	Provision for doubtful customers	0 - 355 days	356 - 710 days	711 - 1065 days	More than 1065 days	Total
The Commercial Center						
Expected loss rate	100%	2.69%	6.87%	100%	-	71.74%
Gross carrying amount	24,350,595	9,907,146	75,912	26,487	-	34,360,140
Loss allowance	24,350,595	266,092	5,219	26,487	-	24,648,393
Total Allowance for expected credit losses on trade receivables						38,059,740

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%	57.72%
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%	-	63.76%
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

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.

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32. 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 2024	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	102,240,363	27,241,513	25,000,000	49,998,850	-	102,240,363
Trade payables	4,825,790	4,825,790	-	-	-	4,825,790
Accrued expenses and other payables	83,823,663	83,823,663	-	-	-	83,823,663
	190,889,816	115,890,966	25,000,000	49,998,850	-	190,889,816

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	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 payables	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

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. 16 for unutilized credit facilities.

	31 December 2024	31 December 2023
Financial assets		
Trade receivables	21,270,035	24,115,946
Other current assets	178,686,767	49,513,686
Financial liabilities		
Loans – current portion	27,241,513	27,776,420
Accounts payable	4,825,790	3,886,080
Accrued expenses and other payables	83,823,663	117,366,024

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 2024	31 December 2023
Financial assets		
Investments at fair value through other comprehensive income	2,278,136,244	2,469,793,670
Investments at fair value through statement of profit or loss	111,483,839	-
Financial liabilities		
Loans	74,998,850	99,998,850

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MAKKAH – SAUDI ARABIA
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32. 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 4.054 million at 31 December 2024 (31 December 2023: SR4.092 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 2024 to SR99,998,850 (31 December 2023: SR124,998,850). 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 2024	31 December 2023
Loans	102,240,363	127,775,270
Trade payables	4,825,790	3,886,080
Less: Cash and cash equivalents	<u>(111,594,053)</u>	<u>(525,726,172)</u>
Net debt (A)	<u>(4,527,900)</u>	<u>(394,064,822)</u>
Shareholders' equity (B)	<u>4,054,401,695</u>	<u>4,091,537,722</u>
Total capital (A+B)	4,049,873,795	3,697,472,900
Gearing ratio (A / (A+B))	<u>-0.1%</u>	<u>-10.7%</u>

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33. 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.

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): 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 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, 2024, and December 31, 2023, the fair values of the company's financial instruments were estimated to approximate their carrying amounts.

34. SUBSEQUENT EVENTS

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 capital after the increase to SR 2,000,000,000. The Extraordinary General Assembly also approved the transfer of the remaining balance of the statutory reserve amounting to SR 484,443,085 to retained earnings.

Except for the above, the Management believes there are no significant events as of the date of the financial position on December 31, 2024 and until the date of preparing these financial statements that may have a significant impact on the Company's consolidated financial position reported.

35. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements for the year ending on December 31, 2024, were approved by the company's board of directors on 5 Ramadan 1446H, corresponding to March 05, 2025.