Taiba Investment Company
(A Saudi Joint Stock Company)

CONSOLIDATED FINANCIAL STATEMENTS
& INDEPENDENT AUDITOR’S REPORT

At 31 December 2023

INDEX

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INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF TAIBA INVESTMENT COMPANY
(A SAUDI JOINT STOCK COMPANY)

Opinion

We have audited the consolidated financial statements of Taiba Investment Company (A Saudi Joint Stock Company) ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2023, the consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in equity and the consolidated statement of cash flows for the year then ended, notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

Basis for opinion

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

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INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF TAIBA INVESTMENT COMPANY
(A SAUDI JOINT STOCK COMPANY) (continued)

Key audit matters (continued)

Key audit matter	How the matter was addressed in our audit
<u>Impairment of property and equipment and investment properties</u> At December 31, 2023, the carrying amount of Property and Equipment and Investment Properties amounted to SR 4,885 million and SR 686 million respectively (2022: SR 2,240 million and SR 464 million respectively). Both items represent 59% of the total assets of the Group (2022: 62%). The carrying values of these assets are reviewed annually by management to assess whether there are indicators of impairment and, wherever indicators of impairment exist, an impairment assessment is performed by determining if the recoverable amounts of these assets are less than its carrying values. The Group engages an independent certified external valuer ("valuer") to help the management to determine the recoverable amounts, the valuation is carried out using common methodologies and approaches, and this matter is considered a key audit matter as these methodologies and approaches involve significant judgment and estimates like sales prices, occupancy rate, market rent, future rental income, discount rates and terminal values, others, including economic fluctuations impact on the Group's business. Please refer to note (4) of consolidated financial statements for more details regarding the material accounting policy information, note (3) regarding significant accounting judgments, estimates and assumptions, and notes (7 and 10) regarding details about relevant disclosures.	Audit procedures that we performed included the following: • Reviewed management procedures in identifying impairment indicators in respect of property and equipment and investment properties. • Evaluated objectivity, independency, compentence and experience of the valuer. • On a sample-basis, we involved our specialists to review the following: - The reasonableness of the calculations of value-in-use and the underlying assumptions including cash flow anticipations and discount rates used. - Analysing significant assumptions and evaluating its impact on the fair values and assessing the impact of changes in the key assumptions to the outcome reached by management. • Reviewed minutes of meetings of board of directors in relation to the business plan of property and equipment and investment properties during the current and future years, if any. • Evaluated the adequacy of presentation and disclosure in respect of underlying assumptions and estimates, and the sensitivity analysis in the accompanying consolidated financial statements.

Key audit matters (continued)

Key audit matter	How the matter was addressed in our audit
<u>Business Combination:</u> As disclosed in notes (1 and 40) effective 30 November 2023 (legal day one), Taiba Investment Company ("Taiba") acquired Dur Hospitality Company ("Dur"), after obtaining necessary regulatory approvals. Pursuant to the acquisition, "Taiba" acquired all outstanding shares of "Dur" with a total purchase consideration of SAR 2,720 million. This transaction has been accounted for in accordance with IFRS 3 Business Combinations ("IFRS 3") using the acquisition method. We have determined this to be a key audit matter based on the materiality of the acquisition, the significant management judgment and estimates made to determine provisional amounts and the adjustments made to align accounting policies with those of the Group. Refer to note (4) for material accounting policy information on business combinations and goodwill and note 40 related to business combination.	As part of our audit procedures on the business combination, we: • Obtained the key terms in the implementation agreement, offer document, shareholders' circular and the relevant board meetings minutes to obtain understanding of the acquisition transaction. • Obtained approval documents to ensure management has obtained the required regulatory approvals. • Obtained Dur's financial statements as at the acquisition date and performed audit procedures over significant accounts and areas of audit risks to ensure appropriate accounting treatment of the acquisition transaction. • Evaluated the material accounting policies applied by Dur and consistency with those of applied by the Group. • Assessed the adequacy of the related disclosures in the accompanying consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF TAIBA INVESTMENT COMPANY
(A SAUDI JOINT STOCK COMPANY) (continued)

Key audit matters (continued)

<table>
<tr><th>Key audit matter</th><th>How the matter was addressed in our audit</th></tr>
<tr><td><u>Impairment of trade receivables</u>
The gross balance of trade receivables as at 31 December 2023 amounted to SR 280 million (31 December 2022: SR 114 million), against which an allowance for impairment of trade receivables amounted to SR 124 million (31 December 2022: SR 103 million) was maintained.

The Group has applied significant judgment in the determination of Expected Credit Loss (ECL). We considered this as a key audit matter given the judgements and assumptions regarding the ECL impairment against trade receivables and the potential impact on the Group's consolidated financial statements.

Please refer to note (4) on consolidated financial statements for further details regarding material accounting policy information, note (3) regarding significant accounting estimates and judgements, and note (16) on trade receivables.</td><td>We performed the following audit procedures, among others:

• Obtained an understanding of management process for ECL assessment against trade receivables.

• Assessed the appropriateness of judgments, estimates and significant assumptions made by management.

• Involved our specialists to review the methodology implemented by the Group in relation to the requirements of IFRS (9), assessing defaults, evaluating interrelated inputs and assessing reasonableness of assumptions used in ECL model.

• Evaluated the appropriateness of the Group's criteria and judgment for the determination of individually impaired trade receivable.

• Tested the completeness and accuracy of data supporting the ECL calculations.

• Evaluated the related presentation and disclosure in the accompanying consolidated financial statements.</td></tr>
</table>

Other information included in the annual report for the Group for the year 2023.
Other information consists of the information included in the annual report of the Group for 2023, other than the consolidated financial statements and the auditor's report. Management is responsible for the other information in its annual report. The annual report for the Group for 2023 is expected to be available to us after the date of the 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 conclusion thereon.

Other information included in the annual report for the Group for the year 2023 (continued)
In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or the information obtained during the audit or otherwise appears to be materially misstated.

When we read the annual report for the Group for the year 2023, where possible, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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 International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants and the provisions of Companies' Law and the Company's by-laws, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's responsibilities for the audit of the consolidated financial statements
Our objective is 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 ISAs that are endorsed in KSA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs that are endorsed in KSA, we exercise professional judgment and maintain professional skepticism throughout the audit. We are also:

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

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INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF TAIBA INVESTMENT COMPANY
(A SAUDI JOINT STOCK COMPANY) (continued)

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

- Conclude on the appropriateness of management use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosure is inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

For Ernst & Young for Professional Services

Abdullah Ali AlMakrami
Certified Public Accountant
License no. (476)

Jeddah: 18 Ramadhan 1445H
28 March 2024G

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شركة إرنست ويونغ للخدمات المهنية
(مهنية ذات مسؤولية محدودة)
Ernst & Young Professional Services
(Professional LLC)

TAIBA INVESTMENT COMPANY
(A Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2023

	Note	***2023 SAR***	*2022 SAR*
ASSETS			
NON-CURRENT ASSETS			
Property and equipment	7	**4,884,793,428**	2,240,346,614
Projects under construction	8	**610,819,613**	292,560,808
Intangible assets	9	**5,619,049**	2,020,348
Investment properties	10	**685,817,954**	464,241,768
Goodwill	40	**1,114,027,901**	-
Right-of-use assets	11	**177,468,517**	-
Financial assets carried at FVOCI	12	**576,127,219**	452,241,840
Investment in equity accounted investees	13	**382,472,472**	337,656,977
Derivative financial instruments	38	**4,136,864**	15,346,675
Amounts due from related parties – non-current	14	**15,407,282**	-
Advances, prepayments and other receivables - non-current	17	**152,026,643**	69,965,929
Other non-current assets		-	5,706,810
TOTAL NON-CURRENT ASSETS		**8,608,716,942**	3,880,087,769
CURRENT ASSETS			
Inventories	15	**21,598,227**	713,653
Trade receivables	16	**156,015,260**	11,334,445
Amounts due from related parties	14	**1,665,119**	-
Advances, prepayments, and other receivables	17	**76,905,612**	30,807,349
Financial assets carried at FVOCI – non-current	12	**168,080,084**	177,809,755
Short-term investments	18	**100,000,000**	-
Cash and cash equivalent	19	**388,501,103**	187,631,365
TOTAL CURRENT ASSET		**912,765,405**	408,296,567
Assets held-for-sale	20	-	58,382,144
TOTAL ASSETS		**9,521,482,347**	4,346,766,480
EQUITY AND LIABILITIES			
Equity			
Share capital	21	**2,604,574,830**	1,604,574,830
Share premium	22	**1,720,000,000**	-
Statutory reserve	23	**1,000,000,000**	1,000,000,000
General reserve	24	**208,791,276**	208,791,276
Retained earnings		**899,974,078**	790,174,815
Other reserves		**125,853,393**	27,558,030
Equity attributable to the shareholders of the parent		**6,559,193,577**	3,631,098,951
Non-controlling interests	39	**60,250,318**	25,529,293
TOTAL EQUITY		**6,619,443,895**	3,656,628,244
NON- CURRENT LIABILITIES			
Employees' defined benefits liabilities	26	**83,178,090**	12,932,698
Long-term loans	25	**1,451,473,438**	275,258,947
Lease liabilities	11	**285,546,964**	-
TOTAL NON-CURRENT LIABILITIES		**1,820,198,492**	288,191,645
CURRENT LIABILITIIES			
Lease liabilities – current	11	**39,687,428**	-
Long-term loans – current	25	**261,002,550**	13,941,053
Short-term loans	25	-	70,656,864
Trade and other payables	27	**561,383,403**	185,846,523
Amounts due to related parties	14	**35,653,789**	3,853,912
Dividends payable	28	**155,678,170**	114,722,804
Zakat payable	29	**28,434,620**	11,163,964
TOTAL CURRENT LIABILITIES		**1,081,839,960**	400,185,120
Liabilities associated with the assets held-for-sale	20	-	1,761,471
TOTAL LIABILITIES		**2,902,038,452**	690,138,236
TOTAL EQUITY AND LIABILITIES		**9,521,482,347**	4,346,766,480

Mr. Amin Abdullah Albokhari Chief Financial Officer	Mr. Sultan Badr Alotaibi Chief Executive Officer	Mr. Badr Abdullah Aleisa Chairman of the Board

The attached notes 1 to 46 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF INCOME
For the year ended 31 December 2023

	Note	2023 SAR	2022 SAR
Revenues	30	**536,406,532**	330,283,906
Costs of revenues	31	**(193,669,872)**	(141,300,217)
Gross profit		**342,736,660**	188,983,689
Selling and marketing expenses		**(1,012,574)**	(191,000)
General and administrative expenses	32	**(69,566,725)**	(55,566,201)
Reversal of impairment on trade receivables	16	**11,941,133**	8,827,067
Other operating expenses	33	**(119,062,686)**	(8,859,067)
Operating profit		**165,035,808**	133,194,488
Dividends from financial assets carried at FVOCI	34	**16,243,698**	10,482,948
Share of results in equity accounted investees	13	**(913,722)**	(578,012)
Finance costs	36	**(13,959,520)**	(1,402,974)
Provision for impairment of other receivables	17	**(10,706,810)**	-
Loss on sale of investment in subsidiary	1	**(24,904,388)**	-
Other (expenses) / income, net	35	**(9,449,799)**	16,082,946
Profit before zakat from continuing operations		**121,345,267**	157,779,396
Zakat expense	29	**(10,540,352)**	(6,252,142)
NET PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS		**110,804,915**	151,527,254
Discontinued operations			
Loss after zakat from discontinued operations	20	**(885,173)**	(21,817,668)
NET PROFIT FOR THE YEAR		**109,919,742**	129,709,586
Net profit (loss) for the year attributable to:			
Shareholders of the Parent Company		**109,799,263**	139,570,012
Non-controlling interests		**120,479**	(9,860,426)
		109,919,742	129,709,586
Earnings per share:			
Basic and diluted earnings per share attributable to equity holders of the Parent	37	**0.65**	0.87

Mr. Amin Abdullah Albokhari	Mr. Sultan Badr Alotaibi	Mr. Badr Abdullah Aleisa
Chief Financial Officer	Chief Executive Officer	Chairman of the Board

The attached notes 1 to 46 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2023

	Note	*2023 SAR*	*2022 SAR*
Net profit for the year		**109,919,742**	129,709,586
OTHER COMPREHENSIVE INCOME:			
Item that that may be reclassified to consolidated statement of income in subsequent periods:			
Net change in fair value of cash flow hedges	38	**(9,672,468)**	15,346,675
Reclassification of realized portion from cash flow hedge in the consolidated statement of Income	38	**(3,797,648)**	209,618
Item that that will not be reclassified to consolidated statement of income in subsequent periods:			
Net unrealized gain (loss) from revaluation of financial assets carried at FVOCI	12	**112,439,623**	(131,395,620)
Re-measurements of employee benefits from continued operations	26	**(612,334)**	1,494,770
Re-measurements of employee benefits from discontinued operations	20	**-**	69,237
TOTAL OTHER COMPREHENSIVE INCOME (LOSS)		**98,357,173**	(114,275,320)
Total comprehensive income for the year		**208,276,915**	15,434,266
Total comprehensive income (loss) attributable to:			
Shareholders of the Parent Company		**208,156,436**	25,263,397
Non-controlling interests		**120,479**	(9,829,131)
		208,276,915	15,434,266

Mr. Amin Abdullah Albokhari Chief Financial Officer	Mr. Sultan Badr Alotaibi Chief Executive Officer	Mr. Badr Abdullah Aleisa Chairman of the Board

The attached notes 1 to 46 form part of these consolidated financial statements.

TAIBA INVESTMENT COMPANY
(A Saudi Joint Stock Company)

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

	Equity attributable to the shareholders of the parent							*Non-controlling interests*	*Total equity*
	Share capital	*Share premium*	*Statutory reserve*	*General reserve*	*Other reserves*	*Retained Earnings*	*Total SAR*		*SAR*
Balance as at 31 December 2022	**1,604,574,830**	**-**	**1,000,000,000**	**208,791,276**	**27,558,030**	**790,174,815**	**3,631,098,951**	**25,529,293**	**3,656,628,244**
Net profit for the year	**-**	**-**	**-**	**-**	**-**	**109,799,263**	**109,799,263**	**120,479**	**109,919,742**
Other comprehensive income for the year	**-**	**-**	**-**	**-**	**98,357,173**	**-**	**98,357,173**	**-**	**98,357,173**
Total comprehensive Income for the year	**-**	**-**	**-**	**-**	**98,357,173**	**109,799,263**	**208,156,436**	**120,479**	**208,276,915**
Issuance of new shares	**1,000,000,000**	**1,720,000,000**	**-**	**-**	**-**	**-**	**2,720,000,000**	**-**	**2,720,000,000**
Acquisition of subsidiary	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**59,729,827**	**59,729,827**
Disposal of a subsidiary	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(25,129,281)**	**(25,129,281)**
Write-off of specific employee benefits provisions	**-**	**-**	**-**	**-**	**(61,810)**	**-**	**(61,810)**	**-**	**(61,810)**
Balance at 31 December 2023	**2,604,574,830**	**1,720,000,000**	**1,000,000,000**	**208,791,276**	**125,853,393**	**899,974,078**	**6,559,193,577**	**60,250,318**	**6,619,443,895**
Balance as at 31 December 2021	1,604,574,830	-	1,000,000,000	208,791,276	234,668,533	557,800,915	3,605,835,554	35,371,209	3,641,206,763
Net profit for the year	-	-	-	-	-	139,570,012	139,570,012	(9,860,426)	129,709,586
Other comprehensive loss for the year	-	-	-	-	(114,306,615)	-	(114,306,615)	31,295	(114,275,320)
Total comprehensive Income for the year	-	-	-	-	(114,306,615)	139,570,012	25,263,397	(9,829,131)	15,434,266
Disposal of financial assets FVOCI	-	-	-	-	(92,803,888)	92,803,888	-	-	-
Change in non-controlling interests	-	-	-	-	-	-	-	(12,785)	(12,785)
Balance at 31 December 2022	1,604,574,830	-	1,000,000,000	208,791,276	27,558,030	790,174,815	3,631,098,951	25,529,293	3,656,628,244

Mr. Amin Abdullah Albokhari
Chief Financial Officer

Mr. Sultan Badr Alotaibi
Chief Executive Officer

Mr. Badr Abdullah Aleisa
Chairman of the Board

The attached notes 1 to 46 form part of these consolidated financial statements.

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

	Note	*2023*	*2022*
OPERATING ACTIVITIES		***SAR***	*SAR*
Profit before zakat from continuing operations		**121,345,267**	157,779,396
Loss before zakat from discontinued operations		**(885,173)**	(21,817,668)
		120,460,094	135,961,728
Adjustments to reconcile income before zakat to net cash flow:			
Depreciation of property and equipment	7	**34,204,449**	21,765,556
Amortization of intangible assets	9	**929,632**	739,097
Depreciation of investment properties	10	**10,218,195**	6,749,113
Depreciation on right-of-use asset	11	**1,128,966**	-
Impairment of investment properties	10	**3,238,663**	-
Loss / (gain) on sale of property and equipment	35	**13,959,502**	(59,088)
Provision of employees' defined benefits liabilities	26	**4,324,281**	2,799,898
Reversal of provision for impairment of trade receivables	16	**(11,941,133)**	(8,827,067)
(Reversal) impairment loss of amounts due from related parties		**-**	(3,259,267)
Provision for impairment of other receivables	17	**10,706,810**	-
Loss from discontinued operations	20	**885,173**	21,817,668
Loss on disposal of investment in a subsidiary	1	**24,904,388**	-
(Gain) / loss from impairment of inventories	33	**(253,778)**	188,515
Provision for legal cases obligations	33	**59,417,082**	6,300,885
Finance costs on term loans	36	**12,697,034**	1,402,974
Finance costs on lease liabilities	36	**1,177,704**	-
Gains from compensation received for expropriated land		**-**	(3,198,331)
Gains from sale of investment in equity accounted investee		**-**	(3,000,000)
Unwinding of discount of other non-current assets		**-**	(936,757)
Unwinding of discount of due from related parties		**(407,282)**	-
Dividends from financial assets carried at FVOCI	34	**(16,243,698)**	(10,482,948)
Group's share of results of investment in equity accounted investees	13	**913,722**	578,012
Provision for (reversal of) losses of investment in associates	35	**2,781,791**	(1,715,508)
		273,101,595	166,824,480
Working capital adjustments:			
Trade receivables		**18,000,555**	12,634,942
Advances, prepayments and other receivables		**19,831,987**	4,303,399
Inventories		**1,101,225**	277,051
Trade and other payables		**16,377,763**	28,473,379
Related parties		**(941,772)**	21,330,938
Cash flows from operations		**327,471,353**	233,844,189
Employees' defined benefits liabilities paid	26	**(1,660,071)**	(1,440,885)
Zakat paid	29	**(7,380,728)**	(24,487,063)
Net cash flows from operating activities		**318,430,554**	207,916,241

The attached notes 1 to 46 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOW (Continued)
For the Year Ended 31 December 2023

	Note	2023 SAR	2022 SAR
INVESTING ACTIVITIES			
Dividends received		**16,243,697**	10,482,948
Cash and cash equivalent acquired on acquisition of subsidiary	40	**126,190,408**	-
Short-term investments	18	**(100,000,000)**	-
Additions to property and equipment	7	**(43,002,503)**	(56,125,626)
Additions to investment properties	10	**(16,684,535)**	(236,528,241)
Additions to projects under construction		**(205,471,404)**	(142,793,393)
Additions of investments in equity instruments		-	(459,391,837)
Advances to contractors for projects under development, net		**(44,324,476)**	(83,947,752)
Additions to intangible assets	9	**(1,094,176)**	-
Financing to investment in an equity accounted investee		**(15,000,000)**	-
Proceeds from disposal of property and equipment		**161,862**	61,304
Proceeds from compensation for expropriated land		-	4,325,831
Proceeds from sale of investments in financial assets at OCI		-	204,423,247
Additions to investment in equity accounted investees	13	**(1,111,457)**	-
Proceeds from investment in an associate under liquidation		-	4,500,000
Proceeds from sale of investment in subsidiary		**5,500,000**	-
Net movement of assets held-for-sale and associated liabilities		**(229)**	(17,686,937)
t cash used in investing activities		**(278,592,813)**	(772,680,456)
FINANCING ACTIVITIES			
Repayment of term loans		**(110,815,725)**	-
Proceeds from term loans		**303,120,561**	359,200,000
Dividends paid		**(2,617,550)**	(5,904,596)
Payment of lease liabilities	11	-	(2,098,724)
Finance costs paid		**(28,655,289)**	(800,569)
Changes in non-controlling interests		**-**	(12,785)
Net cash flows from financing activities		**161,031,997**	350,383,326
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**200,869,738**	(214,380,889)
Cash and cash equivalents at beginning of the year	19	**187,631,365**	402,012,254
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		**388,501,103**	187,631,365
SIGNIFICANT NON-CASH TRANSACTION			
Unrealized gains (losses) from revaluation of financial assets at FVOCI	12	**112,439,623**	(131,395,620)
Net change in fair value of cash flow hedges	38	**(9,672,468)**	15,346,675
Remeasurement of defined employee benefits liability	26	**(612,334)**	1,494,770
Transfer from projects under construction to property and equipment	8	**269,837,254**	-
Additions to projects under constructions		**67,207,549**	45,171,562
Capitalization of borrowing costs	8	**15,933,090**	2,519,541

Mr. Amin Abdullah Albokhari	Mr. Sultan Badr Alotaibi	Mr. Badr Abdullah Aleisa
Chief Financial Officer	Chief Executive Officer	Chairman of the Board

The attached notes 1 to 46 form part of these consolidated financial statements.

1. CORPORATE INFORMATION

Taiba Investment Company ("Taiba", "The Company" or "Parent Company") has been formed as per the Royal Decree number M/41 dated 16 Jumada Al- Akhirah 1408H, its formation has been declared according to the decision of His Excellency the Minister of Trade and Investment No. 134 dated 13 Safar 1409H, corresponding to 24 September 1988, and Commercial Register No. 4650012403. The Extraordinary General Assembly held on 14 May 2019, agreed to amend article (2) of the Company's By-laws regarding changing the name of Taiba Holding Company to Taiba Investment Company. The Company's articles of association were amended on 21 May 2019.

The Company's registered office is located at Riyadh, Building Number 6575, AS Safarat District, Post Code 12511 - Kingdom of Saudi Arabia

The Company's main activity is the following (owning real estate, hotels, hospitals, recreational and tourism facilities and investing in them by selling or buying, renting, managing and operating, operating management of cities, facilities, public facilities and contracting in architectural, civil, mechanical, electrical, agricultural, industrial, mining, credit and mortgage service) the Company practices its activities in accordance with the applicable regulations and after obtaining the necessary licenses from the concerned authorities, if any.

The Company may have an interest or participate in any way with bodies, companies or individuals that engage in similar activities, or which may assist in achieving its purpose as it may merge or incorporate or purchased and may invest funds that achieves its interests.

On 17 December 2022, a non-binding memorandum of understanding was signed between the Company and DUR Hospitality Company ("DUR") to discuss and study a potential acquisition via potential securities swap transaction. On 8th April 2023, the Company entered into a legally binding implementation agreement with DUR (the "Implementation Agreement"), pursuant to which both companies agreed that Taiba Company shall make an offer to acquire all shares in Dur in consideration for newly issued shares in Taiba Company to the shareholders of Dur Company pursuant to Article (26) of the Merger and Acquisition Regulations and the Rules on the Offer of Securities and Continuing Obligations issued by the board of the Capital Market Authority, and in accordance with a number of the terms and conditions of the Implementation Agreement. Pursuant to the approval by the shareholders of DUR, in their extra ordinary general assembly meeting on 30 November 2023, of the offer of the Company, all the shareholders have sold their shares to Taiba in exchange of shares of Taiba. Accordingly, DUR has been delisted from Tadawul and has become a wholly owned subsidiary of Taiba.

The Company has investments in the following subsidiaries (collectively referred to as the "Group") as of 31 December:

(A) Companies subject to the direct control of Taiba Investment Company,

Subsidiary Name	*Country of incorporation*	*Principal activities*	*Direct holding (%) as of December 31*	
			2023	*2022*
Al Aqeeq Real Estate Development Company	Kingdom of Saudi Arabia	Real estate development	**100%**	100%
DUR Hospitality Company	Kingdom of Saudi Arabia	Hospitality and real estate development	**100%**	-
Arab Resorts Areas Company (ARAC)*	Kingdom of Saudi Arabia	Hospitality and tourism	**-**	99.96%
Taiba Agriculture Development Company (TADEC)**	Kingdom of Saudi Arabia	Agriculture	**-**	54.80%

* At 17 Dhul Qidah 1442H corresponding to 27 June 2021, the 14th Extraordinary General Assembly of the shareholders of Arab Resorts Areas Company (ARAC) decided to approve the recommendation of the company's board of directors for voluntary liquidation, and accordingly, it was agreed to appoint Dr. Mohamed Al-Amri & Co. (BDO) in order to liquidate Arab Resorts Areas Company (ARAC) according to Companies' Law as of July 1, 2021. Tourism activity will continue to be managed by Al Aqeeq Real Estate Development Company, which is wholly owned by Taiba. Accordingly, during the year ended 31 December 2023, the liquidation was completed, and its commercial register closed subsequently.

1. CORPORATE INFORMATION (continued)

** During the year ended 31 December 2023, Taiba Investment Company completed the sale of its total shares in TADEC, amounting to 274,000 shares, which represents 54.8% of the total shares of TADEC, for a total amount of SR 5.5 million, and it's paid fully by the buyer and resulted in a net loss of SR 24.9 million that was recorded as Loss on the sale of investment in subsidiary in the condensed consolidated income statement for the year.

(B) Companies subject to the indirect control of Taiba Investment Company,

Subsidiary Name	*Country of incorporation*	*Principal activities*	*Direct holding (%) As of December 31*	
			2023	*2022*
Tawd Real Estate Management and Marketing Company (Tawd)	Kingdom of Saudi Arabia	Real Estate Management and Marketing	-	100%

On 13 Rajab 1443H (corresponding to 14 February 2022), the General Assembly of Tawd registered under CR No. (4650028278) decided to approve the recommendation of the Board of Directors of the company for voluntary liquidation, and accordingly, it was approved to appoint Dr. Mohamed Al-Amri & Co. (BDO) to liquidate the business of Tawd in light of the provisions of the Companies' Law as at February 15, 2022 and to authorize Al-Aqeeq to complete all the resulting procedures. Accordingly, during the year ended 31 December 2023, the liquidation was completed, and its commercial register was canceled.

2. BASIS OF PREPARATION

2.1 Statement of Compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Certified Public Accountants ("SOCPA") (referred to thereafter as "IFRS").

2.2 Basis of measurement

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

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

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

2.3 Functional and presentation currency

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

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets, liabilities, the accompanying disclosures and the disclosure of contingent liabilities. The management's estimates in the application of accounting policies, calculation methods and main sources of estimates are the same applied in the consolidated financial statements for the year ended 31 December 2022.

Other disclosures relating to the Group's exposure to risks and uncertainties includes:
- Sensitivity analyses (notes 26)
- Financial risks management (note 41)
- Capital management (note 42)

JUDGMENTS

In the process of applying the Group's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognized in the consolidated Financial Statements:

Revenue from contracts with customers

The Group applied the following judgments that significantly affect the determination of the amount and timing of revenue from contracts with customers.

Determining method to estimate variable consideration and assessing the constraints.

Some contracts relating to the sale of goods, or the provision of contractual services result in a variable consideration. In estimating the variable consideration, the Group is required to use either the expected value method or the most likely amount method based on which method better predicts the amount of consideration to which it will be is, the due.

The Group determined that the expected value method is the most appropriate way to be used to estimate the variable consideration for selling goods or providing the service as the chosen method better predicts the variable consideration given by the customer based on the limits of quantity provided during the period. Since the group provides the amounts of the goods agreed upon with the price that is variable when the quantity changes.

Before including any amount of variable consideration in the transaction price, the Group considers whether the amount of variable consideration is constrained. The Group determined that the estimates of variable consideration are not constrained based on its historical experience, business forecast and the current economic conditions. In addition, uncertainty about the variable consideration will be resolved within a short-term range.

Property lease classification – Group as lessor

The Group has entered into leases on its properties. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the commercial 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 substantially all the risks and rewards incidental to ownership of these properties and accounts for the contracts as operating leases.

Determining the lease term of contracts with renewal and termination options – Group as lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customization to the leased asset).

Going concern

The Group's management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue as a going concern for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the consolidated financial statements continue to be prepared on the going concern basis.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

ESTIMATES AND ASSUMPTIONS

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material difference in the carrying amounts of assets and liabilities within the subsequent financial year, are presented below. The Group used these assumptions and estimates on the basis available when the consolidated Financial Statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are such in the assumptions when they occurrence. The following are information about assumptions and uncertainty from estimation.

Classification of investment properties

The Group determines whether a property qualifies as an investment property in accordance with IAS 40 Investment Property. In making such judgment, the Group considers whether the property generates cash flows largely independent of other assets held by the Group.

Measurement of employees' defined benefit obligation

The Employees' defined benefit obligations are determined using actuarial valuations. An actuarial valuation involves making various assumptions, which may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions, and its long-term nature, a DBO is highly sensitive to changes in these assumptions. All assumptions are reviewed annually. Key assumptions are disclosed in Note (26).

Provision for expected credit losses (ECL) of trade receivables.

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision matrix is initially based on the Group's historical observed default rates. The Group calibrates the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECL is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of the customer's actual default in the future. The information about the ECL on the Group's trade receivables is disclosed in notes (41 and 16).

Useful lives of properties and equipment and investment properties

The management determines the estimated useful lives of property and equipment, investment properties and intangibles for calculating depreciation and amortization. This estimate is determined after considering expected usage and physical wear and tear. Management reviews the residual value and useful lives annually and changes in depreciation and amortization charges (if any) are adjusted in current and future periods.

Estimate of fair value of assets and liabilities

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 in the principal or, in its absence, the most advantageous market to which the access is available at that date. The fair value of a liability reflects its non-performance risk.

When measuring the fair value of an asset or liability, the Group uses observable market data as far as possible. Fair values are categorized into levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed at the measurement date.
- Level 2: Inputs other than quoted prices included level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Inputs for assets and liabilities that are not based on observable market data (unobservable inputs).

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

ESTIMATES AND ASSUMPTIONS (continued)

Estimate of fair value of assets and liabilities (continued)
If the inputs used to measure the fair value of an asset or liability falls into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest input level that is significant to the entire measurement.

The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. As at December 31, 2023 and December 31, 2022, there is no movement between levels.

The carrying values and fair values of financial assets and liabilities including their fair value hierarchy are disclosed. It doesn’t include information about fair value of financial assets and financial liabilities not measured at fair value if book value reasonably equals fair value in note (43).

Leases - Estimating the incremental borrowing rate.
The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group ‘would have to pay’, which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary’s functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary’s stand-alone credit rating).

4. MATERIAL ACCOUNTING POLICY INFORMATION

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

4.1 Basis of consolidation
The consolidated financial statements comprise the financial statements of the Company and its subsidiaries (“Group”) as of 31 December 2023. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:
- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

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

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

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

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

4.1 Basis of consolidation (continued)

Profit or loss and each component of "Other Comprehensive Income" ("OCI") are attributed to the equity holders of the Parent Company of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets, equity, liabilities, income, expenses and cash flows relating to transactions between members of the Group companies are eliminated in full consolidation.

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

Non-controlling interest ("NCI") represents the interest in subsidiary companies, not held by the Group. For each business combination, the Group elects whether to measure the non-controlling interest in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Transactions with non-controlling interest parties are treated as transactions with parties external to the Group.

These consolidated financial statements include the financial statements of the parent company and subsidiaries as in note (1). The financial statements of the subsidiary are prepared for the same period as the parent company.

4.2 Business combinations and goodwill

Business combinations are accounted for using the acquisition method, The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate non-controlling interests of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in "Other expenses".

When the Group acquires an entity or a business, it assesses the financial assets and liabilities controlled for appropriate classification in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognized as of that date.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interests) and any previous interest held over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in the consolidated statement of income.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the percentage of disposed activities from the remaining portion of the cash-generating unit.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

4.3 Investment in equity accounted investees

The Group's investment in associate is accounted by equity method. An associate is an entity over which the Group has significant influence. A significant influence is the ability to participate in the financial and operating policy decisions for the investee but is but not control or joint control over those policies.

Under the equity method, the investment in an associate is recognized in the consolidated statement of financial position at cost, plus the Group's share in changes after acquiring the business in net assets of the associate. Goodwill related to the associate is added to the investment carrying amount and is not amortized or reviewed on an individual basis to determine the impairment.

The consolidated statement of income reflects the Group's share in the results of operations of the associate. Where there has been a change recognized directly in the equity of the associate, the Group recognizes its share of any change and disclose this, when applicable, in the consolidated statement of other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and associate are eliminated to the extent of the interest in the associate.

The financial statements of the associate are prepared for the same period as the Group. When needed, adjustments are made to match the accounting policies with that of the Group.

After application of the equity method the Group determines whether it is necessary to record an impairment loss for the investment of the Group in Associates. The Group determines at each consolidated statement of financial position date whether there is any objective evidence that the investment in associates is impaired. If so, the Group then accounts the amount of impairment as the difference between the recoverable amount from the associate and its carrying amount, and recognizes the amount in the consolidated statement of income under "impairment losses in investment in investee".

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in the consolidated statement of income.

4.4 Investment properties

Investment properties include lands, buildings, and equipment held by the Group for rental or capital development, or both. Investment property is measured at cost less accumulated depreciation and impairment losses, if any.

Depreciation is calculated using the depreciable amount, which is the cost of an asset or other amount substitute for cost, less its residual value. Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. When parts of an item of investment property have different useful lives, they are accounted for as separate items (major components) of investment property and equipment.

The cost of replacing a part of an item of investment properties is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of investment properties is recognised in the consolidated statement of profit or loss as incurred.

Any income or losses due to disposal of investment properties (representing the difference between the proceeds from disposal and the carrying amount of the disposed property) are recognised in the consolidated statement of income.

The rates of depreciation based on the estimated useful lives are as follows:

Asset	***Useful life***
Buildings	33 – 75 years
Equipment	5 – 20 years
Furniture and office equipment	5 – 20 years

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

4.4 Investment properties (continued)

The depreciation methods, useful lives and residual values are reviewed at each reporting date and are adjusted prospectively, if required. Transfers are made from investment properties to other operating properties categories only when there is a change in use evidenced by commencement of related activity such as development with a view to sell. Such transfers are made at the carrying value of the properties at the date of transfer.

4.5 Property and equipment

Items of property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the costs of materials, direct labor, and any other costs directly attributable to preparing the asset for its intended use, the costs of dismantling, removing, and reinstalling on the job site, and borrowing costs to qualify the asset.

When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

Gains and losses is determined when any item of property and equipment is disposed of by comparing the proceeds from disposal with the carrying amount of the asset and is recognized net within other income in the consolidated statement of income.

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

Depreciation is calculated based on the depreciable amount, which is the cost of an asset or other amount substitute for cost, less its residual value.

Depreciation is charged in the consolidated statement of income on a straight-line basis over the estimated useful lives of each part of an item of property and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated.

The rates of depreciation based on the estimated useful lives are as follows:

Asset	***Useful life***
Building and improvements	33 – 75 years
Equipment and furniture	5 – 20 years
Bearer plant	50 years
Motor Vehicles	5 years

The Group reviews depreciation methods, useful lives and residual value of property, plant and equipment at least at the end of each financial year and in case there are any differences, they are considered as change in accounting estimates (in the change year and the subsequent years).

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

4.6 Assets and liabilities classified as held-for-sale

Non-current assets, or disposal groups comprising assets and liabilities, that are expected to be recovered primarily through sale rather than through continuing use, are classified as held-for-sale. Immediately before classification as held-for-sale, the assets, or components of a disposal group, are re-measured in accordance with the Group's accounting policies. Thereafter generally the assets, or and group, are measured at the lower of their carrying amount and fair value less cost to sell. Any impairment loss on a disposal group first is allocated to goodwill, and then to remaining assets and liabilities on pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets and investment property, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held-for-sale and subsequent gains and losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

A discontinued operation is a component (cash generating unit) of an entity that either has been disposed of or is classified as held-for-sale and:

- Represents a separate major line of business or geographical area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to re-sale.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held-for-sale. When an operation is classified as a discontinued operation, comparative statements of income and other comprehensive income is re-presented as if the activity had been classified under discontinued operations from the start of the comparative period; whereas, the statement of financial position for the comparative period is not restated.

4.7 Intangible assets

Intangible assets which are acquired are measured separately on initial recognition at cost. Cost of intangible assets acquired based on business combinations represents the fair value at the acquisition date. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any. Intangible assets internally developed (except for capitalized development costs) are not capitalized and expenses are included in the consolidated statement of profit or loss at the date of its maturity

Gains or losses arising from derecognising intangible assets are measured as the difference between the net of disposal proceeds and the carrying amount of the asset and are recognised in the consolidated statement of income when the asset is derecognised.

Intangible assets with finite live are amortized over the useful economic life. Cost of intangible assets is amortized on a straight-line basis over the life Asset as follows:

Computer software	3 - 5 years

The useful lives of intangible assets with finite useful lives are reviewed regularly on the date of each reporting period.

4.8 Projects under construction

Projects under construction are presented at cost and are not depreciated. Depreciation on projects under construction commences when the assets are ready for their intended use and transferred to property and equipment. Finance charges in respect of loans used to finance the construction of the qualifying assets are capitalized during the period of time necessary to complete and prepare the asset for its intended use.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

4.9 Financial instruments
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or instrument of another entity.

Financial assets

Initial recognition, classification and subsequent measurement
Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, or fair value through other comprehensive income (OCI) or fair value through consolidated statement of comprehensive income.

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

Subsequent measurement
For purposes of subsequent measurement, the Group's financial assets are classified in following categories:

- Financial assets at amortized cost (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through the consolidated statement of other comprehensive income.

Financial assets at amortized cost (debt instruments)
Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in consolidated statement of comprehensive income when the asset is derecognized, modified or impaired.

The Company's financial assets at amortized cost include trade accounts receivables and other receivables.

Financial assets classified at fair value through OCI (equity instruments)
Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an item-to-item basis.

Gains and losses on these financial assets are never recycled to the consolidated statement of comprehensive income. Dividends are recognized as other income in the consolidated statement of comprehensive income when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

Financial assets at FVOCI
Financial assets classified at FVOCI are charged in the consolidated statement of financial position with net changes in fair value included in the consolidated statement of other comprehensive income.

This category includes derivative instruments and listed equity investments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends from listed equity investments is included as other income in the consolidated statement of comprehensive income when the right to pay is established.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

4.9 Financial instruments (continued)

Financial assets (continued)

Financial assets at FVOCI (continued)
The derivative instrument included in the mixed contract with the financial liability or the main non-financial contract is separated from the main contract and the instrument is accounted as an independent derivative, in case the economic characteristics and risks are not closely related to the main contract, with another independent instrument with the same terms and conditions that meets the definition of derivative without measuring the mixed contract at fair value through the consolidated statement of comprehensive income. Implicit derivative instruments are measured at fair value with changes in fair value included in the consolidated statement of comprehensive income. Re-estimation occurs only if there is a change in the terms and conditions of the contract that would substantially adjust cash flows or reclassify the financial asset off the fair value through the consolidated statement of comprehensive income.

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

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

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the company continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Group also recognizes the liabilities associated to asset. The transferred assets and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

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

For trade and other receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date after forming a provision for accounts receivables not expected to be collected. The Group has made a provision matrix that is based on the experience of prior credit losses, adjusted to future factors related to debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 360 days due. In some cases, the Group may also consider that the financial asset to be in default when internal and external information indicates that the Group is not probable not receive the full existing contractual amounts before taking into account the credit improvements held by the Group. A financial asset is written off in the case there is no reasonable expectation of from the contractual cash flows.

Financial liabilities

Recognition and initial measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through the consolidated statement of comprehensive income - as borrowings and loans - and payables. All financial liabilities are recognised initially at fair value and, in the case of borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include trade payable, accruals, loans, Islamic Murabaha contracts, including facilities for bank overdrafts.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

4.9 Financial instruments (continued)

Financial liabilities (continued)

Subsequent measurement
The measurement of financial liabilities depends on their classification, as described below: Financial liabilities at fair value through the consolidated statement of comprehensive income include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through the consolidated statement of comprehensive income.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Implicit independent derivatives are also classified as held for trading unless they are classified as effective hedges.

Gains or losses on liabilities held for trading are recognized in the consolidated statement of comprehensive income. Financial liabilities designated upon initial recognition at fair value through consolidated statement of comprehensive income are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied.

Financial liabilities at amortised cost (borrowings).
This is the category most relevant to the Group. After initial recognition, borrowings bearing interests are subsequently measured at amortised cost using the effective interest method ("EIR"). Gains and losses are recognised in the consolidated statement of comprehensive income when the liabilities are derecognized as well as through the EIM amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the consolidated statement of comprehensive income.

Derecognition
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 derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recorded in the consolidated statement of comprehensive income.

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

4.10 Derivative financial instruments and hedge accounting
The Group uses derivative financial instruments such as interest rate swaps to hedge its interest rate risks. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently re-measured for any changes in their fair value. Derivatives are carried as financial assets when the fair value is positive and as a financial liability when the fair value is negative. Any gains or losses arising from the changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognized in other comprehensive income and later reclassified to profit or loss when the hedged item affects profit or loss.

For the purpose of hedge accounting, hedges are classified as cash flow hedges when hedging exposure to variability in cash flows that is either attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognized firm commitment. At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting years for which they were designated.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

4.10 Derivative financial instruments and hedge accounting (continued)

If a hedging relationship ceased to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the Group adjusts the hedge ratio of the hedging relationship (i.e. rebalances the hedge) so that it meets the qualifying criteria again.

When the Group discontinues hedge accounting for a cash flow hedge, the amount that has been accumulated in the cash flow hedge reserve remains in other comprehensive income if the hedged future cash flows are still expected to occur, until such cash flows occur. If the hedged future cash flows are no longer expected to occur, that amount is immediately reclassified to profit or loss.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised without replacement or rollover (as part of the hedging strategy), or when the hedge no longer meets the criteria for hedge accounting. At that time, for forecast transactions, any cumulative gain or loss on the hedging instrument previously recognised in other comprehensive income is retained separately in other comprehensive income until the forecasted transaction occurs.

If a hedged transaction is no longer expected to occur, the net cumulative gain or loss previously recognised in other comprehensive income is transferred to profit or loss for the period.

4.11 Biological assets

Biological assets are measured at fair value less cost to sell. The selling costs include the additional costs of selling and the estimated costs of transporting it to the market, but not the financing costs. Palm trees are seed bearing plants and thus are presented and accounted for as property and equipment. However, dates that grow on trees are accounted for as biological assets up to harvest date. Date harvest is transferred to inventories at fair value less costs to sell at harvest. Changes in the fair value of the fruits before harvest are recognized in the statement of income. Farming costs such as water charges, labor costs and fertilizers charges are expensed as incurred.

4.12 Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is determined on weighted average basis and includes expenditure incurred in bringing them to their existing location and condition. The cost of goods includes all transportation and preparation costs. Net realizable value is the estimated selling price in the ordinary course of business after deducting the estimated costs of completion and sale.

4.13 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with maturities of three months or less from the date of the original investment, which are available to the Company without any restrictions, and the consolidated statement of cash flows statement are prepared according to the indirect method.

4.14 Employees benefit obligations

Short term employees' benefits

Short term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Defined contribution plans

Retirement benefit in the form of General Organization of Social Insurance ("GOSI") is a defined contribution scheme. The Group has no obligation, other than the contribution payable to the GOSI. The Group recognizes contribution payable to the GOSI as an expense when due.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

4.14 Employees benefit obligations (continued)

End of service benefits
The defined benefit plan is a compensation plan paid to employees after their services are completed and in accordance with the Saudi Labor Law, the Group makes payments to employees upon completion of their services, which are usually based on years of service, salary and reason of termination.

In compliance with the requirements of IAS 19 "Employee Benefits", the end of service indemnity is determined by actuarial valuation using the projected unit credit method at the end of each financial year. Gains and losses resulting from actuarial revaluation are recorded in the statement of comprehensive income for the period in which revaluation occurred. Re-measurement is recognized in the consolidated statements of comprehensive income and is not included in profit or loss. The cost of the previous service is calculated in profit or loss during the plan adjustment period. Interest is calculated by applying the discount rate at the beginning of the period to the specified employee benefit liability.
The cost of the current service of the defined benefit plan is recognized in the statement of income under employee benefit expense to reflect the increase in the liability resulting from staff services for the current year and the cases of change, reduction or adjustment of benefits. Service costs for the previous years are stated in the statement of income.

Actuarial gains and losses arising from adjustments and changes in actuarial assumptions are charged in equity in the consolidated statement of other comprehensive income in the period in which they arise.
Defined benefit costs are classified as follows:
- cost of service (including current service costs, past service cost, as well as gains and losses resulting from the scaling up and reimbursement of staff benefits);
- Interest cost; and
- Re- measurements

4.15 Provisions, contingent assets and contingent liabilities
Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the consolidated statement of income net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

A provision for onerous contracts is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognizes any impairment loss on the assets associated with that contract.

Contingent assets are not recognized in the consolidated financial statements but are disclosed when an inflow of economic benefits is probable. Contingent liabilities are not recognized in the consolidated financial statements but are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

4.16 Zakat and Tax

Zakat
Zakat is calculated for parent company and its subsidiaries in accordance with the financial regulations applied in KSA. The provision is charged to the consolidated statement of income. Additional amounts, if any, that may be due at the time of the final assessments during the year in which the final assessments are finalized.

Tax on sales
Income, expenses and assets are recognized at net value (less tax sales) except in the following cases:

- If tax sales are earned on the acquisition of assets or services that are not recoverable from the ZATCA, in which case tax sales are recognized as part of the cost of purchasing the asset or part of the expenses according to the case.
- Include payables and receivables in the amount of tax sales.

Net tax sales that are recoverable are recognized in sales from - paid to – ZATCA within payables and receivables in the balance sheet.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

4.17 Dividends

Interim dividends are recorded in the period in which they are approved by the Board of Directors. Final dividends are recorded in the period in which they were approved by the general assembly of shareholders.

4.18 Lease contracts

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

Group as a lessee

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

i) Right to use assets

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

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are subject to impairment. Refer to the accounting policies in section “Impairment of non-financial assets”.

ii) Lease liabilities

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

The carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such payments) or a change in the assessment of an option to purchase the underlying asset.

iii) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

iv) Statement of cash flows

The Group has classified the cash payments of principal and finance cost elements of leases as financing activities.

4.19 Revenue from contracts with customers

The revenues are measured based on the consideration specified in the contract with the customer and the Group recognizes the revenues when it transfers control over the goods or service to the customer over a period of time or at a point in time.

a) Providing services (real estate management and marketing/ maintenance revenues)
Revenues from services rendered are recognized in the statement of income in proportion with the transaction completion rate at the report date for long-term contracts. The completion rate is assessed by reference to the surveys about the work completed. Revenues from other short-term services are recognized when the service is provided.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

4.19 Revenue from contracts with customers (continued)

b) Hotel services revenues
Revenues from hotel accommodation, hotel rental services, food and beverage services and sales from owned and leased hotels under the Group's trademark are recognized. Revenues from occupying the rooms, sales, food and beverage are recognized when service is provided.

c) Leases revenues (revenue of real estate leases)
Leases income from investment property are recognized in the statement of income on a straight-line-basis over the lease period. Rental incentives granted are included as part of total rental payments over the lease period.

d) Properties management fees
Earned from hotels managed by the Group, usually under long-term contracts with the hotel owners. Management fees include a base fee, which is generally a percentage of hotel revenue, and/or an incentive fee, which is generally based on the hotel's profitability; recognised when earned on an accrual basis under the terms of the contract.

4.20 Finance income and finance cost
Finance income includes interest income which is recognized as it accrues in consolidated statement of income, using the effective interest method. Dividend income is recognized in consolidated statement of income on the date that the Group's right to receive payment is established.

Finance costs comprise financial charges on term loans that are recognized in consolidated statement of income. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in consolidated statement of income using the effective interest method.

Foreign currency gains and losses are reported on a net basis within finance cost.

4.21 Foreign currencies
The Group's consolidated financial statements are presented in Saudi Riyal, which is also the Group's functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and on disposal of a foreign operation, the gain or loss that is reclassified to consolidated statement of income reflects the amount that arises from using this method.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the consolidated financial statements date. All differences are recognised in consolidated statement of income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

4.22 Expenses
Marketing expenses and general and administrative expenses include direct and indirect costs not specifically part of cost of revenue. Selling and marketing expenses are those arising from the Group efforts underlying the selling and marketing functions.

All other expenses, except cost of revenue and financing charges, are classified as general and administrative expenses. Allocations of common expenses between cost of revenue and selling, marketing, general and administrative expenses, when required, are made on a consistent basis.

4.23 Segment reporting
A business segment is group of assets, operations and entities:

(i) engaged in business activities from which it earns revenue and incur expenses including revenues and expenses that relate to transactions with any of the Group's other components;
(ii) the results of its operations are continuously analyzed by chief operating decision maker in order to make decisions related to resource allocation and performance assessment (for which financial information is discretely available).

5. NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

5.1 New standards, amendments and interpretation issued and effective

Following are standards and amendments, which are effective for annual periods beginning on or before 1 January 2023 (unless otherwise stated):

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

These amendments had no impact on the consolidated financial statements of the Group.

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

5.2 New standards, amendments and interpretation issued but not yet effective

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

Name of standard, amendment, or interpretation	***Effective date***
- Amendments to IAS (1): Non-current liabilities with covenants	1 January 2024
- Amendments to IAS (1): Classification of Liabilities as Current or Non-current	1 January 2024
- Amendments to IFRS (16): Lease liability in a sale and lease back arrangement	1 January 2024
- Supplier Finance Arrangement – Amendments to IAS (7) and IFRS (7)	1 January 2024
- Lack of Exchangeability – Amendments to IAS (21)	1 January 2025

The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

6. SEGMENT REPORTING

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

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

A) Real estate sector - includes leasing services of residential and commercial centers owned by the Group and managing properties.

B) Tourism sector - includes the operation and accommodation of hotels, hotel suites and tourist resorts.

C) Property management sector – includes management and operations of the hotels and properties.

D) Agriculture sector - includes the activity of planting and selling dates and some other agricultural products The activities of segments were classified as discontinued operations in the prior year and has been disposed of during the current year.

E) Headquarter - includes the Company's Headquarter and the financial information regarding other investments owned by the Group.

6. SEGMENT REPORTING (continued)

The segments' performance is evaluated based on income or loss and measured based on fixed basis in accordance with profit or loss in the consolidated financial statements. However, the group's financing (including financial burdens) is managed on the Group level basis and not distributed to the operating sectors and revenues.

Following is a summary of certain financial information for the two years ended 31 December:

	Real Estate	***Tourism***	***Property Management***	***Agriculture****	***Head Office***	***Elimination of inter segment balances and transactions***	***Total SAR***
2023							
Revenues	**210,334,681**	**324,637,506**	**1,434,345**	**-**	**-**	**-**	**536,406,532**
Intersegment revenues	**549,332**	**110,000**	**2,165,468**	**-**	**-**	**(2,824,800)**	**-**
Cost of revenues (excluding depreciation)	**(23,685,482)**	**(126,609,340)**	**(1,446,126)**	**-**	**-**	**2,791,051**	**(148,949,897)**
Depreciation and amortization	**(12,207,243)**	**(32,509,218)**	**(3,514)**	**-**	**-**	**-**	**(44,719,975)**
Gross segment profit	**174,991,288**	**165,628,948**	**2,150,173**	**-**	**-**	**(33,749)**	**342,736,660**
Segment assets	**1,694,903,477**	**3,648,944,352**	**687,157**	**-**	**6,922,483,285**	**(2,745,535,924)**	**9,521,482,347**
Segment liabilities	**219,807,412**	**641,999,697**	**2,603,116**		**2,723,467,266**	**(685,839,039)**	**2,902,038,452**
2022							
Revenues	130,540,252	199,743,654	-	-	-	-	330,283,906
Cost of revenues (excluding depreciation)	(17,438,310)	(96,154,441)	-	-	-	-	(113,592,751)
Depreciation and amortization	(6,854,853)	(20,852,613)	-	-	-	-	(27,707,466)
Gross segment profit	106,247,089	82,736,600	-	-	-	-	188,983,689
Segment assets	475,035,693	1,327,227,063	-	58,382,144	2,833,524,212	(347,402,632)	4,346,766,480
Segment liabilities	55,345,155	100,654,336	-	1,761,471	879,639,656	(347,402,632)	689,997,986

* Represents assets held-for-sale and associated liabilities.

6. SEGMENT REPORTING (continued)

6.1 Reconciliation of information on reportable segments to income before zakat of the Group for the two years 31 December:

	2023	*2022*
	SAR	*SAR*
Gross profit of operating segments	**342,736,660**	188,983,689
Un-allocated amount:		
Selling and marketing expenses	**(1,012,574)**	(191,000)
General and administrative expenses	**(69,566,725)**	(55,566,201)
Reversal of impairment losses on trade receivables	**11,941,133**	8,827,067
Other operating expenses	**(119,062,686)**	(8,859,067)
Dividend from investees at FVOCI	**16,243,698**	10,482,948
Share of results of equity accounted investees	**(913,722)**	(578,012)
Loss on sale of investment in subsidiary	**(24,904,388)**	-
Provision for impairment of other receivables	**(10,706,810)**	-
Finance costs	**(13,959,520)**	(1,402,974)
Other (expenses) income, net	**(9,449,799)**	16,082,946
Total un-allocated amounts	**(221,391,393)**	(31,204,293)
Income before zakat	**121,345,267**	157,779,396

7. PROPERTY AND EQUIPMENT

7.1 Movement in property and equipment during the year ended December 31, 2023, is as follows:

	Land	*Building*	*Equipment and furniture*	*Motor Vehicles*	*Bearer plant*	*Total SAR*
Cost:						
At beginning of the year	**1,568,896,008**	**790,717,553**	**153,066,125**	**818,064**	**-**	**2,513,497,750**
Acquisition of a subsidiary	**538,661,850**	**2,338,834,299**	**712,010,710**	**7,557,523**	**-**	**3,597,064,382**
Additions	**2,412,572**	**27,840,680**	**12,617,351**	**131,900**	**-**	**43,002,503**
Disposals/ write-off	**-**	**(11,120,723)**	**(20,528,458)**	**-**	**-**	**(31,649,181)**
Transfer from projects under construction (note 8)	**-**	**183,880,325**	**85,956,929**	**-**	**-**	**269,837,254**
Balance at the end of the year	**2,109,970,430**	**3,330,152,134**	**943,122,657**	**8,507,487**	**-**	**6,391,752,708**
Accumulated depreciation and impairment						
At the beginning of year	**-**	**162,976,220**	**109,474,945**	**699,971**	**-**	**273,151,136**
Acquisition of a subsidiary	**4,780,166**	**764,009,982**	**441,288,959**	**6,833,514**	**-**	**1,216,912,621**
Charge for the year	**-**	**18,900,008**	**15,182,004**	**122,437**	**-**	**34,204,449**
Disposals/ write-off	**-**	**-**	**(17,650,754)**	**-**	**-**	**(17,650,754)**
Transferred from investment properties	**-**	**-**	**341,828**	**-**	**-**	**341,828**
Balance at the end of the year	**4,780,166**	**945,886,210**	**548,636,982**	**7,655,922**	**-**	**1,506,959,280**
Net book value as at 31 December 2023	**2,105,190,264**	**2,384,265,924**	**394,485,675**	**851,565**	**-**	**4,884,793,428**

7. PROPERTY AND EQUIPMENT (continued)

7.2 Movement in property and equipment during the year ended December 31, 2022, are as follows:

	Land	*Building*	*Equipment and furniture*	*Motor Vehicles*	*Bearer plant*	*Total SAR*
Cost:						
At beginning of the year	1,535,332,974	791,846,205	170,354,053	2,236,744	75,992,242	2,575,762,218
Additions	49,791,630	4,314,870	2,019,126	-	-	56,125,626
Disposals	(1,127,500)	-	(6,617,366)	-	-	(7,744,866)
Transferred to assets held-for-sale (7.4)	(15,101,096)	(5,443,522)	(12,689,688)	(1,418,680)	(75,992,242)	(110,645,228)
Balance at end of the year	1,568,896,008	790,717,553	153,066,125	818,064	-	2,513,497,750
Accumulated depreciation and impairment						
At the beginning of year	234,056	153,504,519	117,124,690	2,002,864	18,262,692	291,128,821
Charge for the year	-	13,312,922	8,345,299	107,335	-	21,765,556
Disposals	-	-	(6,615,151)	-	-	(6,615,151)
Transferred to assets held-for-sale (7.4)	(234,056)	(3,841,221)	(9,379,893)	(1,410,228)	(18,262,692)	(33,128,090)
Balance at end of the year	-	162,976,220	109,474,945	699,971	-	273,151,136
Net book value as at 31 December 2022	**1,568,896,008**	**627,741,333**	**43,591,180**	**118,093**	**-**	**2,240,346,614**

7.3 Depreciation charged is detailed below:

	2023	*2022*
Cost of revenues	**33,066,236**	20,807,781
General and administrative expenses	**1,009,613**	957,775
	34,075,849	21,765,556

7. PROPERTY AND EQUIPMENT (continued)

7.4 On June 21, 2022, the thirty-sixth ordinary assembly of Taiba Agriculture Development Company – TADEC decided to approve the recommendation of the Company's board of directors for voluntary liquidation, and accordingly the balance of property and equipment owned by TADEC was reclassified to assets held-for-sale.

7.5 The property includes (4) plot of land owned by the Group, in Al Madinah Al Munawara and Riyadh, with a total book value of SR 522 million mortgaged to a local bank in exchange for a loan to carry out a business on it.

8. PROJECTS UNDER CONSTRUCTION

Movement in projects under construction for the year ended 31 December is as follows:

	2023	2022
At beginning of the year	**292,560,808**	102,076,312
Acquisition of a subsidiary	**299,484,016**	-
Additions	**288,612,043**	190,484,496
Transferred to property and equipment (note 7)	**(269,837,254)**	-
Balance at the end of the year	**610,819,613**	292,560,808

8.1 The projects under construction mainly represent the cost of constructing new hotels and commercial centers and renovating existing hotels and commercial centers in addition to other projects. This item includes contractors' cost, project management expenses, design expenses, borrowing cost and other miscellaneous amounts.

8.2 Transfers into property and equipment during 2023 amounting SR 270 million mainly represent the cost of new residential property in Real Estate rental segment in Riyadh City in addition to renovation of properties in Real Estate rental and Tourism segments in Riyadh City and Madinah City.

8.3 The amount of borrowing costs capitalized for the year ended 31 December 2023 was SR 15.9 million (2022: SR 2.5 million). The rate used to determine the amount of borrowing costs eligible for capitalization is the effective interest rate for the borrowings specific to those qualifying assets.

9. INTANGIBLE ASSETS

	2023	2022
Cost:		
At beginning of the year	**5,821,471**	5,821,471
Acquisition of a subsidiary	**16,794,570**	-
Additions	**1,094,176**	-
Balance at the end of year	**23,710,217**	5,821,471
Accumulated amortization		
At the beginning of year	**3,801,123**	3,062,026
Acquisition of a subsidiary	**13,360,413**	-
Amortization during the year	**929,632**	739,097
Balance at the end of year	**18,091,168**	3,801,123
Net carrying amount	**5,619,049**	2,020,348

10. INVESTMENT PROPERTIES

	Land	*Building*	*Furniture and equipment*	*Total*
Cost:				
At beginning of the year	247,527,880	208,586,212	54,936,473	**511,050,565**
Acquisition of a subsidiary	205,410,669	19,189,095	2,644,532	**227,244,296**
Additions during the year	-	-	16,684,535	**16,684,535**
Disposals	-	-	(173,429)	**(173,429)**
Balance at the end of year	**452,938,549**	**227,775,307**	**74,092,111**	**754,805,967**
Accumulated depreciation and impairment				
At beginning of the year	-	31,020,256	15,788,541	**46,808,797**
Acquisition of a subsidiary	-	8,479,815	634,863	**9,114,678**
Depreciation for the year	-	4,342,557	5,875,638	**10,218,195**
Impairment during the year	1,550,000	1,688,663	-	**3,238,663**
Disposal	-	-	(50,492)	**(50,492)**
Transfer to property and equipment	-	-	(341,828)	**(341,828)**
Balance at the end of year	**1,550,000**	**45,531,291**	**21,906,722**	**68,988,013**
Net carrying amount				
At 31 December 2023	**451,388,549**	**182,244,016**	**52,185,389**	**685,817,954**
At 31 December 2022	247,527,880	177,565,956	39,147,932	464,241,768

Fair value estimation

10.1 The Group's investment properties consist of 6 commercial properties in Al Madina Al Munawara and Riyadh (2022: 5 properties) including offices, buildings and shops fully leased to other parties.

10.2 The fair value of investment properties amounted to SR 3.56 billion (2022: SR 3.82 billion). The fair value was determined by an independent external real estate evaluator (Value Strat & Barcode) accredited by the Saudi Authority for Accredited Valuers (“TAQEEM”) to determine the investment properties fair value. The fair value of investment properties were determined using valuation methodologies including significant judgments and estimations. Any significant change in the assumptions used in the fair valuation of investment properties, such as the discount rate, return, rental growth, etc., will result in a significant change in fair value for these assets.

10.3 On 12 March 2020, through the sale agreement of TACOMA, the Group transferred the land and buildings on which it is located with a value of SR 4.3 million for the group under the terms of the agreement, and therefore the land and buildings on which it is located have been reclassified as investment properties. The legal procedures to transfer the ownership of the land and buildings are still under process up to the date of the consolidated financial statements. The management has assessed significant doubts about the transfer of ownership, based on the recent updates of the status for the legal procedures of ownership transfer. Accordingly, the related land and buildings have been impaired fully during the year ended 31 December 2023.

11. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The Group leases several assets including lands and buildings. The Group’s lease contracts include extension options. This option is negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group’s business needs. Management exercises significant judgement in determining whether this extension option is reasonably certain to be exercised. There were no leases with residual value guarantees to which the Group is committed.

The Group had rented hotel suites for the purposes of operations. During 2022, the contracts were terminated and canceled in order to close the suites to start implementing the project of renovation and development of the Taiba Al Madina Suites.

11. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)

(a) Right-of-use assets

Information about assets for which the Group is a lessee is presented below:

	2023	*2022*
Balance at beginning of the year	**-**	3,917,313
Acquisition of subsidiary	**178,597,483**	-
Depreciation charged during the year	**(1,128,966)**	-
Disposal	**-**	(3,917,313)
Balance at the end of year	**177,468,517**	-

(b) Lease liabilities

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

	2023	*2022*
Balance at beginning of the year	**-**	6,016,037
Acquisition of subsidiary	**324,056,688**	-
Finance expenses	**1,177,704**	-
Disposals	**-**	(3,917,313)
Payments during the year	**-**	(2,098,724)
Balance at the end of year	**325,234,392**	-
Less: Current portion	**39,687,428**	**-**
Non-current portion	**285,546,964**	**-**

The following are the amounts recognized in consolidated statement of income:

	2023	*2022*
Depreciation expense of right-of-use assets	**1,128,966**	-
Financial charges on lease liabilities	**1,177,704**	-
Total amount recognized in consolidated statement of income	**2,306,670**	-

12. FINANCIAL ASSETS CARRIED AT FVOCI

	Note	*2023*	*2022*
Investments in quoted shares	12.1	**713,014,652**	600,575,028
Investments in unquoted shares	12.2	**31,192,651**	29,476,567
Total		**744,207,303**	630,051,595
Less: Current portion		**168,080,084**	177,809,755
Non-current portion		**576,127,219**	452,241,840

12. FINANCIAL ASSETS CARRIED AT FVOCI (continued)

Movements during the year for financial assets carried at FVOCI was represent as following:

	2023	*2022*
Balance at beginning of the year	**630,051,595**	764,211,191
Acquisition of subsidiary	**1,716,084**	-
Additions in investments **	**-**	256,431,837
Disposals *	**-**	(199,423,247)
Unrealized gain (loss) from revaluation	**112,439,623**	(131,395,620)
Reclassification to investment in associates (13.1)	**-**	(59,772,566)
Balance at the end of year	**744,207,302**	630,051,595

12.1 Investment in quoted shares

	Shareholding percentage			
	2023	*2022*	***2023***	*2022*
SABIC for Agri-nutrients*	**0.25%**	0.25%	**168,080,084**	177,809,755
Knowledge Economic City Company**	**9.60%**	9.60%	**456,771,600**	349,909,200
Makkah Construction and Development Company	**0.72%**	0.72%	**88,162,968**	72,856,073
Total			**713,014,652**	600,575,028

* During 2021, it was decided to start selling shares owned by Taiba in SABIC Agri. Accordingly 6.7 million shares have been sold resulting in cumulative realized gains of SR 444.5 million in prior years. The remaining 1.2 million shares are classified in the current assets.

** The Group purchased 21.72 million shares in Knowledge Economic City Company at an amount of SR 257.3 million, directly from Savola Group, and obtained the necessary approvals from the regulatory authorities. During December 2022, the acquisition process was completed, and the ownership of the shares and shares was transferred to Taiba Investment Company.

12.2 Investment in unquoted shares

	Shareholding percentage			
	2023	*2022*	***2023***	*2022*
Kinan International Real Estate Development Company	**2.33%**	2.33%	**29,476,567**	29,476,567
National Tourism Company	**1.67%**	-	**1,716,084**	-
Total			**31,192,651**	29,476,567

13. INVESTMENTS IN EQUITY ACCOUNTED INVESTEES

Name	*Principle business sector*	*Country of incorporation*	*Shareholder Direct (%)*			
			2023	*2022*	***2023***	*2022*
Al-Seera City Company for Real Estate Development (13.1)	Investment properties	Kingdom of Saudi Arabia	**20%**	20%	**147,947**	147,947
Saudi Heritage Hospitality Company (13.2)	Provision of touristic services	Kingdom of Saudi Arabia	**55%**	30%	**6,148,328**	3,755,650
Knowledge Economic City Developers Company (13.1)	Rendering real estate services	Kingdom Saudi Arabia	**35.06%**	35.06%	**333,339,658**	333,753,380
Al Madinah Hotels Company Limited	Rendering real estate services	Kingdom Saudi Arabia	**50%**	-	**4,142,289**	-
Al-Madina Tower Real Estate Company	Rendering of hotel services	Kingdom of Saudi Arabia	**49%**	-	**38,694,250**	-
Madinah Airport Hotel Company (13.3)	Rendering of hotel services	Kingdom of Saudi Arabia	**33.33%**	33.33%	**-**	-
					382,472,472	337,656,977

Movement in investment in equity accounted investees during the year is as follows:

	2023	*2022*
Balance at beginning of the year	**337,656,977**	80,002,423
Acquisition of a subsidiary	**44,617,760**	-
Share in net results for the year	**(913,722)**	(578,012)
Proceeds from company under liquidation	**-**	(4,500,000)
Additions (13.1)	**1,111,457**	202,960,000
Reclassification of investment (13.1)	**-**	59,772,566
Balance at the end of the year	**382,472,472**	337,656,977

13.1 Al-Seera City Company for Real Estate Development has waived its shares in Knowledge Economic City Developers Company in favor of its partners, and the number of shares waived in favor of Taiba was 7.74 million shares. Accordingly, part of the value of the investment in Al-Seera City Company for Real Estate Development was reclassified to an investment in Knowledge Economic City Developers Company (Note 12). The Group also purchased an additional 17.2 million shares in Knowledge Economic City Developers Company from Savola Group Company with a total value of SR 202.96 million, and accordingly, the total numbers of shares of Taiba in Knowledge Economic City Developers Company reached 29.1 million shares, and where the percentage of Taiba ownership in Knowledge Economic City Developers Company increased to 35.06%, the investment was reclassified from financial assets at fair value through other comprehensive income to an investment in an associate according to the equity method.

13.2 During 2019, the shareholders agreed to liquidate Saudi Heritage Hospitality Company during the extraordinary assembly meeting of the company. The legal procedures for liquidation are under process to the date of issuing the consolidated financial statements.

13. INVESTMENTS IN EQUITY ACCOUNTED INVESTEES (continued)

13.3 During the year ended 31 December 2023, the partners of Madina Airport Hotel Company (including Taiba Investment Company) decided to support the cash liquidity position of Madinah Airport Hotel Company by providing a long-term loan by signing an "investment agency" contract with Madinah Airport Hotel Company, and Taiba Investment Company paid its share amounting to SR 15 million matured on 31 May 2041. Further, the Group has recorded additional share of losses amounting to SR 2.8 million (2022: reversal of SR 1.7 million) (note 34) resulting in accumulated provision against losses of investment in equity accounted investees to be SR 9.7 million (note 26). The Group is also liable for a potential liability of SR 37.63 million, which represents the value of the guarantee granted by the Group to a financial institution to secure the loan of Madinah Airport Hotel Group and the Group has not registered any provision for this potential obligation.

13.4 The following table summarizes the financial information of significant companies accounted at equity method included in their own financial statements, The table also reconciles the summarized financial information to the carrying amount of Group's interest in equity accounted Companies:

	Madinah Airport Hotel Company		***Knowledge Economic City Developers Company***		***Madina Tower Real Estate Company***
	31/12/2023	31/12/2022	**30/9/2023 ***	31/12/2022	**31/12/2023 ****
Percentage of ownership interest	**33.33%**	33.33%	**35.06%**	35.06%	**49%**
Assets	**122,645,224**	120,122,273	**765,337,808**	766,045,891	**258,921,781**
Liabilities	**151,675,591**	140,807,268	**3,875,195**	3,628,432	**(179,634,641)**
Revenues	**28,130,795**	15,057,690	**—**	—	**—**
Total comprehensive loss attributable to shareholders	**(8,396,604)**	(12,834,814)	**(1,799,956)**	(1,124,373)	**(460,527)**
Group's share in comprehensive income	**(2,798,588)**	(4,278,271)	**(631,065)**	(394,205)	**(225,658)**

* The financial statements on these dates represent the latest financial statements available to these companies in the date of preparing the financial statements of the Group for the current year and comparative year. The Group estimates and recognize its share in the results of associates in case there is no recent data and financial statements. The assets item in the financial statements of Knowledge Economic City Developers Company mainly represents an investment in shares in Knowledge Economic City Developers Company, as it owns 83 million shares in Knowledge Economic City Developers Company as at 31 December 2022.

** Madina Tower Real Estate Company has been acquired as part of the acquisition of DUR Hospitality Company as of 30 November 2023. The total comprehensive loss comprises the loss for the entire year ended 31 December 2023.

14. RELATED PARTY TRANSACTIONS AND BALANCES

Related parties of the Group include the shareholders, the key management personnel and the companies where the Group, the shareholders, the board of directors or key management personnel has control, joint control or significant influence. During its ordinary course of business, the Group transacts with related parties in accordance with the terms approved by management. The transactions represent services exchanged between the entities.

a) Due from related parties

Name	*Relationship type*	*Nature of transactions*	*Amounts of transactions* **2023**	*Amounts of transactions* 2022	*Closing balance* **2023**	*Closing balance* 2022
Amounts due from related parties						
Madinah Airport Hotel Company	Equity accounted investee	Financing	**15,000,000**	22,496,498	**15,407,282**	-
Jazira Bader Compound owned by Assila Investment	Property owned by a shareholder	Management fee income	**228,205**	-	**648,375**	-
Assila Investment Company	Shareholder	Expenses paid on behalf	**379,000**	-	**602,359**	-
Um Al qura Hotel owned by Assila Investment Company	Property owned by a shareholder	Management fee income	**1,204,221**	-	**269,666**	-
Others	Affiliates through common shareholding	Management fee income	**1,107,954**	-	**144,719**	-
					17,072,401	-
Less: Non-current portion					**15,407,282**	-
Current portion					**1,665,119**	-

14. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

b) Due to related parties

Name	***Relationship type***	***Nature of transactions***	***Amounts of transactions***		***Closing balance***	
			2023	*2022*	***2023***	*2022*
Owners of Taiba Residential and Commercial Center	Associated foundation	Maintenance and service	**5,208,180**	4,865,750	**2,089,839**	3,853,912
Al Jazira and Dawudia Compounds	Owned by a partner in an equity accounted investee	Management fee income	**-**	-	**18,460,369**	-
Al Madinah Hotels Company Limited	Equity accounted investee	Management fee income	**-**	-	**14,651,496**	-
Makarim Al Bait Hotel owned by Assila Investment Company	Property owned by a shareholder	Management fee income	**236,224**	-	**207,717**	-
Others	Affiliates through common shareholding	Management fee income	**622,521**	-	**244,368**	-
					35,653,789	3,853,912

Transactions with members of the Board of Directors:
There are transactions with financial institutions having common or first-degree relative members of the Board of Directors. The Group obtained facilities from these financial institutions having outstanding balances aggregating SR 692 million as at 31 December 2023.

Compensations of Directors and Key Executive Management Personnel
The senior management represents the key members of the Company's management who have the powers and responsibilities to plan, direct and control the Company's activities. During the year, the compensations are as follows:

	2023	*2022*
BOD remuneration, attendance allowance and committee’s remuneration	**5,701,264**	4,395,696
Salaries, allowances and senior executives’ remunerations	**9,158,886**	14,105,153
Employees' terminal benefits - key management personnel	**447,131**	-
	15,307,281	18,500,849

15. INVENTORIES

	2023	*2022*
Linens	**5,613,029**	-
Spare parts	**5,443,973**	3,447,522
Accessories and silverware	**4,916,231**	-
Food and beverages	**3,001,363**	-
Kitchen tools and equipment	**2,546,233**	-
Operation supplies	**1,609,038**	-
Stationery and printing	**838,035**	-
	23,967,902	3,447,522
Less: Impairment for inventory	**(2,369,675)**	(2,733,869)
	21,598,227	713,653

Movement of the provision of impairment in slow moving inventory:

	2023	*2022*
Balance at beginning of the year	**2,733,869**	6,597,871
(Reversed)/formed during the year	**(253,778)**	188,515
Written off during the year	**(110,416)**	-
Transferred to assets held-for-sale	**-**	(4,052,517)
Balance at the end of the year	**2,369,675**	2,733,869

16. TRADE RECEIVABLES

	2023	*2022*
Trade receivables	**280,399,381**	114,073,524
Less: Provision for impairment	**(124,384,121)**	(102,739,079)
Balance at the end of the year	**156,015,260**	11,334,445

Movement in allowance for impairment of trade receivables is as follows:

	2023	*2022*
Balance at beginning of the year	**102,739,079**	138,285,929
Acquisition of a subsidiary	**39,379,840**	-
(Reversal) provision during the year	**(11,941,133)**	(8,827,067)
Provision written off	**(5,793,665)**	(26,719,783)
Balance at the end of the year	**124,384,121**	102,739,079

Information about the Group's exposure to credit and market risks and impairment losses in value of trade receivables is presented in (note 41).

17. ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES

	2023	*2022*
Advances to suppliers and contractors	**162,547,818**	85,484,681
Advance for rent	**43,818,607**	-
Due from sale of associate - current portion (17.1)	**10,706,810**	5,000,000
Contract assets	**7,381,369**	20,833
Prepayments	**7,376,419**	3,063,639
Advances to employees	**3,636,924**	563,475
VAT receivable, net	**-**	5,076,376
Others	**5,298,003**	2,427,147
	240,765,950	101,636,151
Less: non-current portion of advances to suppliers and contractors	**152,026,643**	69,965,929
	88,739,307	31,670,222
Less: provision	**(11,833,695)**	(862,873)
Advances, Prepayments and Other receivables – current	**76,905,612**	30,807,349

17.1 This amount pertains to the sale of an associate. During the year, the Group considered the doubts over collection of this amount and recorded a full provision amounting to SR 10.7 million.

18. SHORT TERM INVESTMENTS

These represents investments in short-term investments for a period of more than 3 months but less than a year. These comprise Murabaha investment at a rate of 6.05% amounting to SR 100 million and are due within 92 days. (2022: nil)

19. CASH AND CASH EQUIVALENTS

	2023	*2022*
Cash in bank (19.1)	**297,755,171**	137,631,365
Cash in hand	**745,932**	-
Murabaha investment (19.2)	**90,000,000**	50,000,000
	388,501,103	187,631,365

19.1 Balances at banks include restricted cash held by the Group amounted to SR 101.8 (31 December 2022: SR 100,5 million) related to dividends due to the Group's shareholders and this balance is not available for the general use of the Company.

19.2 Murabaha investments represent investment in Islamic Murabaha with commercial banks and the average maturity of those deposits' ranges between 30 to 90 days and bears an average Murabaha commission of 634 basis points.

20. ASSETS HELD-FOR-SALE AND ASSOCIATED LIABILITIES

On 21 June 2022, the 36th Ordinary Assembly of Taiba Agriculture Development Company decided to approve the recommendation of the Company's board of directors for voluntary liquidation. (Refer note 1 for details for sale)

20. ASSETS HELD-FOR-SALE AND ASSOCIATED LIABILITIES (continued)

Following is a summary of the Company's business during the year:

STATEMENT OF FINANCIAL POSITION

	31 December 2023	*31 December 2022*
Assets		
Property and equipment	**-**	58,266,480
Inventories	**-**	21,141
Trade receivables	**-**	391
Prepayments and other current assets	**-**	26,636
Cash and cash equivalent	**-**	67,496
Total assets	**-**	58,382,144
Liabilities		
Employees benefit obligations defined	**-**	373,399
Trade and other payables	**-**	1,351,205
Due to related parties	**-**	140,250
Zakat Payable	**-**	36,866
Total liabilities	**-**	1,901,720
Net assets directly associated with disposal group	**-**	56,480,424
Amounts included in accumulated OCI		
Other reserves		112,791
Reserve of disposal group classified as held for sale	**-**	112,791

STATEMENT OF PROFIT OR LOSS

	From 1 January to 31 December	
	2023	*2022*
Revenues	-	209,636
Cost of revenues	-	(5,244,409)
Gross loss	-	(5,034,773)
Selling and marketing expenses	-	(37,013)
General and Administrative expenses	-	(1,087,593)
Other (expenses) income	**(885,173)**	348,655
Impairment of assets held-for-sale	**-**	(16,006,944)
Net loss before Zakat	**(885,173)**	(21,817,668)
Zakat provision	**-**	-
Loss for the year	**(885,173)**	(21,817,668)

STATEMENT OF COMPREHENSIVE INCOME

	2023	*2022*
Net loss for the year	**(885,173)**	(21,817,668)
Re-measurements of defined benefit liabilities	-	69,237
TOTAL COMREHENSIVE LOSS FOR THE YEAR	**(885,173)**	(21,748,431)

20. ASSETS HELD-FOR-SALE AND ASSOCIATED LIABILITIES (continued)

Summary of Statement of Cash flows

	2023	*2022*
Net cash flows used in operating activities	-	(588,423)
Net cash flows generated from (used in) investing activities	-	456,500
Net cash flows from financing activity	-	-
Net change in cash at hand and banks during the period	**-**	(131,923)

21. SHARE CAPITAL

As at December 31, 2023, the share capital of the Company amounts to SR 2,604 million (December 31, 2022: SR 1.604 million), consisting of 260.5 million shares (December 31, 2022: 160.5 million shares) fully paid up, with a par value of SR 10 each.

22. SHARE PREMIUM

During the year ended 31 December 2023, as part of the business combination, the Company issued 100 million new shares at SR 27.2 per share. Accordingly, the amount in excess of the par value of the shares aggregating SR 1,720 million has been recognized as share premium.

23. STATUTORY RESERVE

In accordance with Regulations for Companies in the Kingdom of Saudi Arabia and the Company's By-Laws, the Company is required to set aside 10% of its net annual income to a statutory for the Company, and the ordinary General Assembly can decide to stop this transferring to the above-mentioned reserve when it reaches 30% of paid share capital. The Company decided to provide for SR 1,000 million, and then ceased any further transfer. This reserve is not available for distribution.

24. OTHER GENERAL RESERVE

In accordance with the Company's By-Laws, the General Assembly may decide to form other reserve to the extent that achieves the Group's interest.

25. TERM LOANS

	2023	*2022*
Tawarruq financing	**1,163,849,992**	70,656,864
Murabaha financing	**548,625,996**	289,200,000
Balance at end of the year	**1,712,475,988**	359,856,864
Less: Current portion	**261,002,550**	84,597,917
Non-current portion	**1,451,473,438**	275,258,947

The Group has secured term loans from number of local banks in the form of Murabaha and Tawarruq financing with a total carrying value of SR 1,712 million as at 31 December 2023 (2022: SR 360 million) which accrue commission at SIBOR plus agreed margin, which are equivalent to the market interest rates. These financing are secured by promissory notes and assignment of proceeds from certain projects' rentals and lands.

26. EMPLOYEES DEFINED BENEFIT LIABILITIES

The Company and its subsidiaries have post-employment defined benefit plans. The benefits are required by Saudi Labor and Workman Law. The benefit is based on employees' final salaries and allowances and their cumulative years of service, as stated in the laws of Saudi Arabia.

The most recent actuarial valuation was performed by an independent, qualified actuary, licensed by the Saudi Central Bank, using the projected unit credit method.

Defined benefit plan	***2023***	*2022*
Employees' terminal benefits	**83,178,090**	12,932,698

Movement of present value of employees' terminal benefits liabilities for the two years ended 31 December:

	2023	*2022*
Defined benefits obligation at the beginning of the year	**12,932,698**	13,514,111
Acquisition of a subsidiary	**66,968,848**	-
Included in the consolidated statement of income:		
Current service cost	**3,755,213**	2,508,969
Interest cost on defined benefits obligation	**569,068**	290,929
	4,324,281	2,799,898
Included in consolidated statement of other comprehensive income		
Re-measurements of defined employee benefits liability from continued operations	**612,334**	(1,494,770)
Payments and settlements during the year	**(1,660,071)**	(1,440,885)
Settling the reclassification of within liabilities related to assets held-for-sale	**-**	(445,656)
	83,178,090	12,932,698

Key actuarial assumptions

	2023	*2022*
Salary increase rate	**4.00% - 5.10%**	4.60%
Discount rate	**4.50% - 5.00%**	4.75%
Number of employees covered under terminal benefits plan	**1,669**	406

Sensitivity analysis

A quantitative sensitivity analysis for significant assumption on the employees' terminal benefits liabilities as at 31 December is shown below:

Assumption	**Change**	**Impact on the liability**	
		2023	*2022*
Discount rate	0.5% - 1% increase	**(2,416,593)**	(765,913)
	0.5% - 1% decrease	**2,607,542**	862,996
Rate of change in salaries	0.5% - 1% increase	**2,647,892**	860,474
	0.5% - 1% decrease	**(2,486,918)**	(777,882)

27. TRADE AND OTHER PAYABLES

	2023	*2022*
Accrued expenses	**116,821,421**	27,431,894
Deferred revenues	**134,474,555**	40,924,117
Retention payable	**79,186,922**	40,738,906
Accruals for contractors for projects under construction	**67,207,549**	24,247,340
Provision for legal cases (27.1)	**63,742,537**	5,130,723
Trade payable	**59,844,097**	30,200,858
Provision for impairment of investment in associates	**9,676,789**	6,894,998
Accrued expenses of BOD members and committees	**8,267,000**	3,351,000
Others	**22,162,533**	6,926,687
TRADE AND OTHER PAYABLES	**561,383,403**	185,846,523

27.1 Movement of the legal case provision:

Legal case provision	***Opening***	***Charge during the year***	***Utilized during the year***	***Ending***
2023	**5,130,723**	**59,417,082**	**(805,268)**	**63,742,537**
2022	7,865,640	1,424,582	(4,159,499)	5,130,723

During the year 2021, Al Aqeeq Real Estate Development Company (Al Aqeeq) terminated its operation and management agreements with its hotels operator for breaches of the agreements by the operator, and filed the dispute to arbitration. Subsequent to the year end, the arbitrators issued the final award declaring Aqeeq was not entitled to terminate the agreements and Aqeeq shall pay total of SR 54.6 million for loss suffered by the hotel operator. Management assessed this subsequent event to be an adjusting event and therefore, recorded a provision for the full amount.

28. DIVIDENDS PAYABLE

There have been no dividend distributions during the years 2023 and 2022.

The amount represents amounts due to shareholders for dividends in previous years that were not claimed by them as at the date of the consolidated statement of financial position.

The Group holds restricted cash amounting to SR 101.8 million as at 31 December 2023 (2022: SR 100.5 million) in segregated bank accounts for dividends payable to the Group's shareholders and this balance is not available for the general use of the Group.

29. ZAKAT

29.1 Zakat charge

From the year 2019, the Company and its fully owned subsidiaries are submitting a consolidated Zakat declaration. For subsidiaries with less than 100% ownership, they file separate Zakat declarations. The main components of the Zakat base for each Company according to the Zakat and income tax system consist of shareholders’ equity, provisions at the beginning of the year and adjusted income less discounts for the adjusted net book value of property, equipment, investment properties and properties under development and investments.

Zakat charge for the year ended December 31 comprise the following:

	2023	*2022*
Current year	**10,540,352**	6,245,585
For prior years	**-**	6,557
	10,540,352	6,252,142

29. ZAKAT (continued)

29.2 Movement in Zakat provision

	2023	*2022*
Balance at the beginning of the year	**11,163,964**	29,468,704
Acquisition of a subsidiary	**14,111,032**	-
Charged during the year	**11,049,317**	6,252,142
Paid during the year	**(7,380,728)**	(24,487,063)
Adjustments	**(508,965)**	(69,819)
Balance at the end of the year	**28,434,620**	11,163,964

29.3 Zakat status of the Group's companies

As at 31 December 2023, the Group's companies Zakat status was as follows:

<u>Taiba Investment Company and Al Aqeeq Real Estate Development Company</u>

A consolidated Zakat declaration was submitted and paid for both to Taiba Investment Company and Al Aqeeq Real Estate Development Company for the year ended December 31, 2022 and the Company received a Zakat certificate valid until 30 April 2024. The companies completed the Zakat assessments up to 31 December 2020

During 2023, ZATCA has raised certain queries for the years 2021 to 2022. The companies have provided the necessary information in response to ZATCA queries for the above years, and these are still under the ZATCA's review process.

<u>Dur Hospitality Company</u>

Dur Hospitality Company and its subsidiaries have filed their Zakat returns with Zakat, Tax and Customs Authority ("ZATCA") for all years up to 2022 and received a Zakat certificate valid until 30 April 2024.

Dur received its zakat assessments from ZATCA up to 31 December 2014 and for the years 2016, 2017, 2018 and 2020.

ZATCA issued zakat assessments for the year 2015. Dur submitted its objections on those assessments. Those objections were accepted by ZATCA, except for an amount of SR 0.86 million. The Company submitted its appeal to the General Secretariat of the Committees ("GSTC"). GSTC accepted the Company's objections for amount of SR 0.62 million and rejected an amount of SR 0.25 million. In May 2022, ZATCA appealed to Appeal Committee for Tax Violations and Disputes Resolution ("ACTVDR") against GSTC decision. The Company submitted its response to ACTVDR within the timeline required The ACTVDR ruled in favor of the Company. Accordingly, the Company is required to pay an amount that was not previously objected to amounting SR 0.25 million to close the case.

ZATCA issued zakat assessment for the year 2019, which resulted in zakat differences of SR 3.03 million. The Company has paid all the unobjectionable amounts aggregating SR 1.2 million and raised objections to the rest of the items in dispute. This resulted in the issuance of an amended assessment by ZATCA with additional amount of SR 1.04 million. The Company filed an objection with the GSTC to consider the items under objection. The Committee for Resolution of Tax Violations and Disputes "CRTVD" issued its decision and rejected the Company's objection. The Company has appealed to the Appellate Committee for Tax Violations and Disputes Resolution "ACTVDR" within the timeline required and the ruling was issued in favor of the ZATCA in December 2023. Accordingly, the Company has paid the final zakat liability of SR 0.59 million.

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

ZATCA issued zakat assessments for the subsidiaries for all the years up to 2018, except for Tabuk Hotels Company and Annakheel Company Tourist Areas Limited, which have received assessment till 2020 and Saudi Hotels Services Company, which has received assessment till 2019.

<u>Arab Resorts Areas Company (ARAC)</u>
During the year ended 31 December 2023, TIN was deregistered for ARAC and its Zakat and tax file was finalized, and at the beginning of 2024 the CR was closed.

<u>Tawd Real Estate Management and Marketing Company (Tawd)</u>
During the year ended 31 December 2023, TIN was deregistered for Tawd and its Zakat and tax file was finalized, and the CR was closed.

30. REVENUE

	2023	2022
Hospitality revenue - hotel activities	**324,637,506**	199,743,654
Rental - real estate properties	**210,334,681**	130,540,252
Property management	**1,434,345**	-
	536,406,532	330,283,906

31. COSTS OF REVENUE

	2023	2022
Hotel operations cost	**124,477,622**	96,154,441
Real estate properties cost	**23,136,150**	17,438,310
Property management operations cost	**1,336,125**	-
Depreciation and amortization	**44,719,975**	27,707,466
	193,669,872	141,300,217

32. GENERAL AND ADMINISTRATIVE EXPENSES

	2023	2022
Salaries and other employee benefits	**38,705,022**	32,834,040
Professional fee	**10,605,817**	5,964,227
Board of Director remuneration	**5,701,264**	4,475,363
Subscription	**3,724,521**	1,163,278
Corporate social responsibilities	**3,046,124**	2,974,508
Repair and maintenance	**1,785,374**	3,105,967
Depreciation and amortization	**1,761,267**	1,546,299
Communication and utilities	**1,321,663**	799,142
Hospitalities	**387,905**	231,411
Others	**2,527,768**	2,471,966
	69,566,725	55,566,201

33. OTHER OPERATING EXPENSES

	2023	2022
Provision for legal cases (note 27.1)	**59,417,082**	1,424,582
Acquisition related consultancy expenses (note 1, 40)	**49,554,939**	-
Impairment of investment property	**3,238,663**	-
Losses from cancellation and termination of leases	**2,647,019**	10,505,237
(Reversal) / impairment losses on slow moving inventory	**(253,778)**	188,515
Reversal of impairment of due from related parties	**-**	(3,259,267)
Others	**4,458,761**	-
	119,062,686	8,859,067

34. DIVIDENDS OF FINANCIAL ASSTES CARRIED AT FVOCI

	2023	*2022*
Sabic for Agri-Nutrients Company	**13,378,299**	9,577,669
Kinan International Real Estate Development Company	**1,678,818**	905,279
Makkah Construction and Development Company	**1,186,581**	-
	16,243,698	10,482,948

35. OTHER (EXPENSES) INCOME, NET

	2023	*2022*
Reversal (Provision) against losses of investment in associate (13.3)	**(2,781,791)**	1,715,508
Murabaha investments income	**4,929,405**	5,621,956
(Loss) /Gain on property and equipment disposal	**(13,959,502)**	59,088
Gains from compensation for expropriated land	-	3,198,331
Profits from selling investment	-	3,000,000
Others	**2,362,089**	2,488,063
	(9,449,799)	16,082,946

36. FINANCE COSTS

	2023	*2022*
Financial charges on term loans	**12,697,034**	1,402,974
Financial charges on lease liabilities	**1,177,704**	-
Bank charges	**84,782**	-
	13,959,520	1,402,974

37. EARNING PER SHARE

Earnings per share is calculated as follows:

	2023	*2022*
Net profit for the year to shareholders	**109,799,263**	139,570,012
Weighted average number of ordinary shares	**168,790,816**	160,457,483
Earning per share - basic and diluted	**0.65**	0.87

No item for diluting earnings per share that impacts weighted average number of ordinary shares.

38. DERIVATIVE FINANCIAL INSTRUMENTS

The Group has covered the risk of Murabaha rates on some of the loans obtained from local banks. This is to reduce the risk of Murabaha rates that are eligible for designation as "cash flow hedges". The Group's share of changes in effective cash flow hedge reserves, subsequent to acquisition is recognized in its equity. According to the Company's policy, financial derivatives are not used for trading and speculation purposes.

As of 31 December 2023, Murabaha price swap agreements ("swap contracts") with local banks amounted to a total nominal amount of SR 600 million to hedge against future fluctuations in Murabaha rates for part of their loans signed with the bank for financing projects under development.

38. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

The tables below provide a summary of hedged items, hedging instruments and derivative trading, the notional amounts, and their fair values. The notional amounts indicate the volume of transactions outstanding at the financial statements date and are neither indicative of market risk nor credit risk.

Maturity date for swap contracts, and average rate of interest are as follow:

	Maturity date				
	Less than 3 months	*3 to 12 months*	*1 to 5 years*	*More than 5 years*	*Total*
Murabaha rate swap contracts	–	–	–	**600,000,000**	**600,000,000**
Average rate of Murabaha	–	–	–	**4.37%**	**4.37%**

The impact of Hedging instrument on the statement of financial position is as below:

Murabaha rate swap contracts as at 31 December	*Nominal value*	*Carrying value*	*Item in the statement of financial position*	*Change in fair value*
2023	**600,000,000**	**4,136,864**	**Derivative Financial instruments**	**(11,209,811)**
2022	300,000,000	15,346,675	Derivative Financial instruments	15,346,675

The impact of Cash flow hedges recorded in statement of income and other comprehensive income consist of:

	Profits and losses through other comprehensive income	*Non-effectiveness recognized in statement of income*	*Item in the statement of income*	*Reclassified amounts through the statement of income*	*Item in the statement of income*
2023	**(9,672,468)**	–	–	**(3,797,648)**	**Finance costs**
2022	15,346,675	–	–	209,618	Finance costs

39. CONTINGENCIES & COMMITMENTS

As at 31 December 2023, the Group has guarantee amounted to SR 37.63 million (31 December 2022: SR 37.63 million) granted to local bank against loans and bank facilities to an associate (Note 13.3). The Group has contingencies in the form of letters of guarantee amounted to SR 31.55 million (December 31, 2022: SR 21.3 million).

As at December 31, 2023, the Group has capital obligations related to projects under development that represent the remaining value of design and implementation agreements and contracts amounting to SR 1,076 million (31 December 2022: SR 1,167.9 million). Further, the Group has capital commitment in relation to equity accounted investees' projects under construction of SR 35.9 million.

For Zakat related matters, refer to note 28.

40. BUSINESS COMBINATION

On 30 November 2023 Taiba Investment Company acquired 100% of the issued share capital of Dur Hospitality Company ("DUR"), which is involved in the business of construction, acquisition, operation, management, through partnership and rent of hotels, restaurants, motels, rest stops, entertainment centers, travel agencies, private and public roads and tourism areas. The acquisition is in line with the Group's strategy of growth market competitiveness.

40. BUSINESS COMBINATION (continued)

The acquisition has been accounted for using the acquisition method under IFRS 3 – Business Combinations (the "Standard") with the Company being the acquirer and DUR being the acquiree. As required by the Standard, the Company is in the process of allocating the purchase consideration to the identifiable assets and liabilities till the date of consolidated financial statements were authorized for issue. Accordingly, the Company has accounted for the acquisition based on the provisional values of the acquired assets and liabilities as at the acquisition date as the independent valuations have not been finalized. Adjustment to those provisional values will be finalized within twelve months of the date of acquisition as allowed by the Standard.

Purchase consideration

The fair value of the 100 million shares issued as part of the consideration paid for the acquisition was determined on the basis of closing market price of the Company's ordinary share on the Saudi stock exchange, on the last trading date prior to the date of acquisition date of 30 November 2023 of SR 27.2 per share.

	SAR
100,000,000 shares of Taiba Investment Company	**2,720,000,000**

As a result of issuance of shares, there was an increase in share capital and share premium of the Company by SR 1,000 million and SR 1,720 million, respectively.

Acquisition accounting

The Company is in the process of evaluating the identifiable assets acquired and liabilities assumed and allocating the purchase consideration, for the purpose of initial accounting for the business combination. However, due to the inherent complexity and judgement associated with identifying intangible assets and determining the fair value of identified intangible assets and on-balance sheet items, till the date of consolidated financial statements were authorized for issue the process was incomplete. Accordingly, the Company reported the assets acquired and liabilities assumed at their carrying values as at the acquisition date. The Company shall retrospectively adjust provisional amounts recognized during the measurement period. The provisional fair values of the identifiable assets and liabilities of Dur Hospitality Company as at the date of acquisition were:

ASSETS	
Property and equipment	**2,380,151,761**
Projects under construction	**299,484,016**
Intangible assets	**3,434,157**
Investment properties	**218,129,618**
Right-of-use assets	**178,597,483**
Financial assets carried at FVOCI	**1,716,084**
Investment in equity accounted investees	**44,617,760**
Advances, prepayments, and other receivables – non-current	**37,736,238**
Inventories	**21,732,021**
Trade receivables	**150,740,237**
Amounts due from related parties	**2,097,254**
Advances, prepayments, and other receivables - current	**70,930,250**
Cash and cash equivalent	**126,190,408**
TOTAL ASSETS	**3,535,557,287**
LIABILITIES	
Employees' defined benefits liabilities	**66,968,848**
Term loans	**1,160,314,288**
Lease liabilities	**324,056,688**
Trade and other payables	**227,517,555**
Amounts due to related parties	**33,314,034**
Dividends payable	**43,572,916**
Zakat payable	**14,111,032**
TOTAL LIABILITIES	**1,869,855,361**
TOTAL IDENTIFIABLE NET ASSETS	**1,665,701,926**

40. BUSINESS COMBINATION (continued)

(i) Acquired receivables

The fair value of acquired trade receivables is SAR 150.7 million. The gross contractual amount for trade receivables due is SAR 190.1 million, with provision for impairment of SAR 39.4 million recognized on acquisition.

(ii) Revenue and profit contribution

Dur Hospitality Company contributed revenues of SAR 59.6 million and net loss of SAR 5.6 million to the Group for the period from 30 November 2023 to 31 December 2023. If the acquisition had occurred on 1 January 2023, consolidated pro-forma revenue and profit for the year ended 31 December 2023 would have been SAR 1,168 million and SAR 192.7 million respectively.

(iii) Acquisition related costs

Acquisition related costs for the year ended 31 December 2023, was SR 49.6 million. These were not directly attributable to the issue of shares and are included in "Other operating expenses" in the consolidated statement of income and in operating cash flows in the consolidated statement of cash flows.

Goodwill

	SAR
Purchase consideration	**2,720,000,000**
Add: Non-controlling interest acquired	**59,729,827**
Less: provisional value of Dur Hospitality Company's net assets acquired	**1,665,701,926**
Goodwill	**1,114,027,901**

The Company is in the process of undertaking a comprehensive purchase price allocation which is expected to be completed within twelve months from the acquisition date and will focus on, but is not limited to, finalizing valuation adjustments to the following:

- recognition of intangible assets including brands and vendor relationships
- investment properties and property and equipment
- other recognized financial and non-financial assets and liabilities

41. FINANCIAL RISK MANAGEMENT

The Group's significant financial liabilities include trade payables, other payables, advance from customers, and due to related parties, are initially measured at fair value and thereafter carried at their amortized cost. Financial assets comprise of trade receivables, due from related parties, other debit balances, and cash and cash equivalents measured at amortized cost, financial assets at fair value through OCI.

The Group is exposed to market risk, liquidity risk and credit risk. The Group's senior management oversees the management of these risks. The Group's senior management is supported by the Group's Treasury Department under a Service Level Agreement that advises on the financial risks and the appropriate financial risk governance framework. The Board reviews and agrees policies for managing each of these risks, which are summarized below.

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 two kinds of risks: Commission rate risk and currency risk. Financial instruments affected by market risk include loans.

Commission rate risk.

Commission rate risk is the risk that the value of financial instruments will fluctuate due to changes in the market commission rates.

The Company's exposure to the Group's risk of changes in market commission rates relates primarily to the Group's loans related to floating commission rates.

41. FINANCIAL RISK MANAGEMENT (continued)

Currency risk

Currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities. The Company is not exposed to any significant currency risks, as the Group has no material balances as at 31 December 2023 dominated in currencies other that SR and US Dollars.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Concentration risk arises when a number of counterparties engaged in similar business activities or activities in the same geographical region or have economic features that would cause them to fail their contractual obligations. To reduce exposure to credit risk, the Group has developed a formal approval process whereby credit limits are applied to its customers. The Group's management also continuously monitors credit risk to customers. It recognizes the costs of the necessary decrease against the balances deemed doubtful. To reduce this risk, the Group has a system to reduce credit limits granted to customers based on an extensive assessment of customer rating and payment history. Receivables are monitored regularly. The credit granted to most of the receivables is secured, where possible, by obtaining letters of credit, bank guarantee deposits, bank guarantees and insurance guarantees.

The Group also deposits its cash balances with a number of financial institutions of good reputation, given the previous business of the banks that the Group deals with the management does not expect any party to be unable to fulfill its obligations towards the other.

The Group's gross maximum exposure to credit risk at the reporting date is as follows:

	2023	*2022*
Financial assets:		
Trade receivables	**156,015,260**	11,334,445
Cash and cash equivalent	**388,501,103**	187,631,365
	544,516,363	198,965,810

Financial assets:	***2023***	*2022*
Secured	**388,501,103**	187,631,365
Unsecured	**156,015,260**	11,334,445
	544,516,363	198,965,810

The debt lives of trade receivables are as follows:

31 December 2023	**Trade receivables**				
	Due days				
	Less 90 days	***91- 180 days***	***180- 270 days***	**More 270 days**	***Total***
Expected losses rate	**0.07**	**0.25**	**0.09**	**0.65**	**0.45**
Carrying amount exposed to default	**61,603,900**	**10,911,294**	**30,701,762**	**177,182,425**	**280,399,381**
Expected credit loss	**(4,152,124)**	**(2,711,041)**	**(2,845,633)**	**(114,675,323)**	**(124,384,121)**

31 December 2022	Trade receivables				
	Due days				
	Less 90 days	*91- 180 days*	*181- 270 days*	More 270 days	Total
Expected losses rate	0,29	0,56	0,83	0,98	0,90
Carrying amount exposed to default	7,565,673	9,895,199	1,023,926	95,588,726	114,073,524
Expected credit loss	(2,191,447)	(5,582,759)	(854,667)	(94,110,206)	(102,739,079)

41. FINANCIAL RISK MANAGEMENT (continued)

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments, Liquidity risk may result from an inability to realize financial assets quickly at an amount close to its fair value. The Group manages liquidity risk by monitoring working capital requirements and cash flows on a regular basis.

Management has developed policies and practices to manage liquidity risk in accordance with risk tolerance and ensure that the Group maintains adequate liquidity. Senior management continuously reviews information on the Group's liquidity developments.

The Group has set a strong mechanism to manage its cash to ensure the best use of available cash resources. This requires the regulation of collection and exchange systems in a way that maximizes the investment of un-invested funds through term deposits and short-term deposits, while reducing the borrowing of funds and ensuring that necessary facilities are available to manage its operations.

At 31 December 2023	***Within 1 year***	***Two years and over***	***Total***
Trade and other payables	**59,844,097**	**-**	**59,844,097**
Dividend payables	**155,678,170**	**-**	**155,678,170**
Zakat payable	**28,434,620**	**-**	**28,434,620**
Loans liabilities	**261,002,550**	**1,451,473,438**	**1,712,475,988**
Lease liabilities	**39,687,428**	**285,546,964**	**325,234,392**
	544,646,865	**1,737,020,402**	**2,281,667,267**

At 31 December 2022	*During a year*	*Two years and over*	*Total*
Trade and other payables	30,200,858	–	30,200,858
Dividend payables	114,722,804	–	114,722,804
Loans liabilities	84,597,917	275,258,947	359,856,864
Zakat payable	11,163,964	–	11,163,964
	240,685,543	275,258,947	515,944,490

There is no material difference between the carrying amount and the fair value of these financial liabilities.

42. CAPITAL MANAGEMENT

Capital is equity attributable to the partners' equity of the Group. The Group's main objective when managing capital is to support its business and maximize the Shareholder's return.

Management's policy is to maintain a strong capital base so as to maintain investors and lenders and market confidence and to sustain future development of the business. The Group manages its capital structure and makes adjustments in light of changes in economic conditions. The Board of Directors monitors the return on capital, which the Group determines by the output of operating activities divided by total shareholders' equity. The Board of Directors also monitors the level of dividends to shareholders. There were no changes in the Group's approach to capital management during the year. The Group is not subject to externally imposed capital requirements.

42. CAPITAL MANAGEMENT (continued)

Group's debt to adjusted capital ratio is as follows:

	2023	*2022*
Total liabilities	**2,902,038,452**	690,138,236
Less: Cash and cash equivalent	**(388,501,103)**	(187,631,365)
Net (surplus) debt (less cash and cash equivalent)	**(2,513,537,349)**	(502,506,871)
Equity	**6,619,443,895**	3,656,628,244
Net obligations to equity	**(37.97%)**	(13.74%)

43. FINANCIAL INSTRUMENTS

The Group measures financial instruments at fair value as at the date of the financial statements, set aside 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 assumption that selling an asset or transferring an obligation will take place either:

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

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants may use when pricing the asset or liability and assuming that the participants act for their best interest.

When measuring the fair value of a non-financial asset, the market participant's ability to generate economic benefits arising from the best use of the asset or its sale to another market participant who may be using the best use is taken into account.

The Group 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 values are measured or disclosed in the financial statements are classified within the fair value hierarchy, which is illustrated below, on the basis of the minimum inputs that are important to measure the fair values as a whole:

Level 1 quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 Valuation techniques so that the minimum limit that can be determined for significant inputs to measure fair value can be observed directly or indirectly.

Level 3 Valuation techniques so that the minimum limit that can be determined for significant inputs to measure fair value cannot be observed.

43. FINANCIAL INSTRUMENTS (continued)

Following are the details of the classification of financial instruments:

	2023				*2022*			
	Total	***Amortized cost***	***fair value through statement of income***	***Fair value through OCI***	*Total*	*Amortized cost*	*fair value through statement of income*	*Fair value through OCI*
Financial Assets								
Financial asset at fair value	**744,207,303**	**–**	**–**	**744,207,303**	630,051,595	–	–	630,051,595
Trade receivables	**156,020,260**	**156,020,260**	**–**	**–**	11,334,445	11,334,445	–	–
Due from related parties	**17,278,752**	**17,278,752**	**–**	**–**	–	–	–	–
Cash and cash equivalent	**388,501,103**	**388,501,103**	**–**	**–**	187,631,365	187,631,365	–	–
Derivative Financial instruments	**4,136,864**	**–**	**–**	**4,136,864**	15,346,675	–	–	15,346,675
TOTAL	**1,310,144,282**	**561,800,115**	**–**	**748,344,167**	844,364,080	198,965,810	–	645,398,270
Financial liabilities								
Trade and other payable	**59,844,097**	**59,844,097**	**–**	**–**	30,200,858	30,200,858	–	–
Dividend Payable	**155,678,170**	**155,678,170**	**–**	**–**	114,722,804	114,722,804	–	–
Bank borrowing	**1,712,475,988**	**1,712,475,988**	**–**	**–**	359,856,864	359,856,864	–	–
	1,927,998,255	**1,927,998,255**	**–**	**–**	504,780,526	504,780,526	–	–

44. SUBSEQUENT EVENTS

44.1 Subsequent to the year end, the Group has received amounts aggregating SR 47 million from the advance for rent paid to rent a hotel in Mecca (refer note 17).

44.2 Subsequent to the year end, the Group received a final award in respect of the arbitration hearing in respect of a legal dispute against a hotel operator (refer note 27.1).

No other matters that have occurred up to and including the date of the approval of the consolidated financial statements which could materially affect the consolidated financial statements and the related disclosures for the year ended 31 December 2023.

45. COMPARATIVE FIGURES

Certain of the prior year numbers have been reclassified to conform with the presentation in the current year.

46. APPROVAL OF THE CONSOLIDATED FINANCIAL

The consolidated financial statements were approved and authorized for issue by the Group’s Board Directors on 16 Ramadan 1445H (corresponding to 26 March 2024).