JABAL OMAR DEVELOPMENT COMPANY
(A Saudi Joint Stock Company)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
with
INDEPENDENT AUDITOR'S REVIEW REPORT
For the three-month period ended 31 March 2024

JABAL OMAR DEVELOPMENT COMPANY
(A Saudi Joint Stock Company)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the three-month period ended 31 March 2024

KPMG Professional Services
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P.O. Box 55078
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Kingdom of Saudi Arabia
Commercial Registration No 4030290792

Headquarters in Riyadh

كي بي إم جي للاستشارات المهنية
مركز زهران للأعمال
شارع الأمير سلطان
ص.ب 55078
جـده 21534
المملكة العربية السعودية
سجل تجاري رقم 4030290792

المركز الرئيسي في الرياض

Independent auditor's report on review of condensed consolidated interim financial statements

To the Shareholders of Jabal Omar Development Company

Introduction

We have reviewed the accompanying 31 March 2024 condensed consolidated interim financial statements of Jabal Omar Development Company ("the Company") and its subsidiaries ("the Group") which comprises:

- the condensed consolidated statement of financial position as at 31 March 2024;
- the condensed consolidated statement of profit or loss and other comprehensive income for the three-month period ended 31 March 2024;
- the condensed consolidated statement of changes in equity for the three-month period ended 31 March 2024;
- the condensed consolidated statement of cash flows for the three-month period ended 31 March 2024; and
- the notes to the condensed consolidated interim financial statements.

Management is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

Scope of Review

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

Independent auditor's report on review of condensed consolidated interim financial statements

To the Shareholders of Jabal Omar Development Company (continued)

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 31 March 2024 condensed consolidated interim financial statements of Jabal Omar Development Company and its subsidiaries are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia.

Emphasis of Matter

We draw attention to note 2.4 of the condensed consolidated interim financial statements, which indicates that as at the three-month period ended 31 March 2024, the Group's current liabilities exceeded its current assets by SR 611 million and the Group's forecasted cash flows, showing a net positive cashflow position, for the next twelve months, from the reporting date, are significantly dependent upon debt financing and the Group's ability to sell certain land parcels including those classified under Assets held for sale in the condensed consolidated statement of financial position as at 31 March 2024. As stated in note 2.4, these events and conditions along with other matters set forth therein, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

KPMG Professional Services

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Jeddah, 23 May 2024
Corresponding to 15 Dhul Qadah 1445H

JABAL OMAR DEVELOPMENT COMPANY
(A Saudi Joint Stock Company)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 2024

	Note	31 March 2024 SR'000 (Unaudited)	31 December 2023 SR'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	5	**21,422,807**	21,356,632
Intangible assets		**1,215**	359
Investment properties	6	**3,523,256**	3,507,787
Equity-accounted investee		**132,346**	127,982
Other non-current assets		**15,024**	16,509
Restricted cash	7	**109,950**	109,950
Total non-current assets		**25,204,598**	25,119,219
Current assets			
Financial investments		**258,010**	267,259
Properties for development and sale		**--**	21,069
Trade and other receivables	8	**397,582**	342,608
Other current assets		**17,277**	13,743
Restricted cash – current portion	7	**594,303**	296,596
Cash and cash equivalents	7	**540,561**	298,848
Assets held for sale		**923,356**	923,356
Total current assets		**2,731,089**	2,163,479
Total assets		**27,935,687**	27,282,698
EQUITY AND LIABILITIES			
Equity			
Share capital		**11,545,342**	11,545,342
Share premium		**627,596**	627,596
Statutory reserve		**108,506**	108,506
Retained earnings		**54,840**	35,822
Reserve for advances to certain founding shareholders		**(285,514)**	(285,674)
Equity attributable to Owners of the Company before subordinated perpetual instrument		**12,050,770**	12,031,592
Subordinated perpetual instrument	9(a)	**689,668**	689,668
Net equity attributable to Owners of the Company after subordinated perpetual instrument		**12,740,438**	12,721,260
Non-controlling interest		**1,560**	1,560
Total equity		**12,741,998**	12,722,820

Muhammad Jawad Chief Financial Officer	Khalid Mohmmed Al Amoudi Chief Executive Officer	Saeed Mohammed AlGhamdi Chairman of the Board of Directors

The accompanying notes from 1 to 19 are an integral part of these condensed consolidated interim financial statements.

JABAL OMAR DEVELOPMENT COMPANY
(A Saudi Joint Stock Company)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)
As at 31 March 2024

	Note	**31 March 2024 SR'000 (Unaudited)**	31 December 2023 SR'000 (Audited)
Liabilities			
Non-current liabilities			
Loans and borrowings	9	**11,000,927**	11,048,007
Provision for employees' terminal benefits		**41,195**	40,959
Other non-current liabilities		**809,429**	834,782
Total non-current liabilities		**11,851,551**	11,923,748
Current liabilities			
Loans and borrowings – current portion	9	**1,301,411**	678,503
Trade payables and other current liabilities		**1,544,241**	1,471,941
Zakat payable	12	**496,486**	485,686
Total current liabilities		**3,342,138**	2,636,130
Total liabilities		**15,193,689**	14,559,878
Total equity and liabilities		**27,935,687**	27,282,698

Muhammad Jawad Chief Financial Officer	Khalid Mohmmed Al Amoudi Chief Executive Officer	Saeed Mohammed AlGhamdi Chairman of the Board of Directors

The accompanying notes from 1 to 19 are an integral part of these condensed consolidated interim financial statements.

JABAL OMAR DEVELOPMENT COMPANY
(A Saudi Joint Stock Company)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UNAUDITED)
For the three-month period ended 31 March 2024

	Note	For the three-month period ended 31 March 2024 SR'000	2023 SR'000
Revenue	10	**592,852**	317,088
Cost of revenue		**(338,574)**	(194,834)
Gross profit		**254,278**	122,254
Selling and marketing expenses		**(1,848)**	(328)
General and administration expenses		**(73,556)**	(51,001)
(Allowance) / reversal of expected credit loss on financial assets		**(287)**	28,145
Other operating expense		**(17)**	--
Operating profit		**178,570**	99,070
Finance costs	11	**(138,967)**	(91,426)
Finance income		**5,662**	3,061
Change in fair value of financial instruments carried at fair value through profit or loss		**(19,812)**	--
Share of results from equity-accounted investee		**4,365**	1,222
Profit for the period before Zakat		**29,818**	11,927
Zakat	12	**(10,800)**	--
Profit for the period		**19,018**	11,927
Other comprehensive income		**--**	--
Total comprehensive income for the period		**19,018**	11,927
Attributable to:			
Shareholders of the Parent Company		**19,018**	11,927
Non-controlling interests		--	--
		19,018	11,927
Earnings per share (Saudi Riyals):			
Earnings per share attributable to ordinary equity holders of the Parent Company (basic and diluted)	13	**0.02**	0.01

Muhammad Jawad Chief Financial Officer	Khalid Mohmmed Al Amoudi Chief Executive Officer	Saeed Mohammed AlGhamdi Chairman of the Board of Directors

The accompanying notes from 1 to 19 are an integral part of these condensed consolidated interim financial statements.

JABAL OMAR DEVELOPMENT COMPANY
(A Saudi Joint Stock Company)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the three-month period ended 31 March 2024

	Attributable to Owners of the Company									
	Share capital SR'000	Share premium SR'000	Statutory reserve SR'000	Retained earnings SR'000	Reserve for advances to certain founding shareholders SR'000	Equity attributable to Owners of the Company before subordinated perpetual instrument SR'000	Subordinated perpetual instrument SR'000	Net equity attributable to Owners of the Company after subordinated perpetual instrument SR'000	Non-controlling interests SR'000	Total equity SR'000
Balance at 1 January 2023 (Audited)	11,545,342	627,596	108,506	--	(285,960)	11,995,484	689,668	12,685,152	1,560	12,686,712
Profit for the period	--	--	--	11,927	--	11,927	--	11,927	--	11,927
Other comprehensive income	--	--	--	--	--	--	--	--	--	--
Total comprehensive income for the period	--	--	--	11,927	--	11,927	--	11,927	--	11,927
Balance at 31 March 2023 (Unaudited)	11,545,342	627,596	108,506	11,927	(285,960)	12,007,411	689,668	12,697,079	1,560	12,698,639
Balance at 1 January 2024 (Audited)	**11,545,342**	**627,596**	**108,506**	**35,822**	**(285,674)**	**12,031,592**	**689,668**	**12,721,260**	**1,560**	**12,722,820**
Profit for the period	--	--	--	**19,018**	--	**19,018**	--	**19,018**	--	**19,018**
Other comprehensive income	--	--	--	--	--	--	--	--	--	--
Total comprehensive income for the period	--	--	--	**19,018**	--	**19,018**	--	**19,018**	--	**19,018**
Payments received against advance to certain founding shareholders	--	--	--	--	**160**	**160**	--	**160**	--	**160**
Balance at 31 March 2024 (Unaudited)	**11,545,342**	**627,596**	**108,506**	**54,840**	**(285,514)**	**12,050,770**	**689,668**	**12,740,438**	**1,560**	**12,741,998**

Muhammad Jawad
Chief Financial Officer

Khalid Mohmmed Al Amoudi
Chief Executive Officer

Saeed Mohammed AlGhamdi
Chairman of the Board of Directors

JABAL OMAR DEVELOPMENT COMPANY
(A Saudi Joint Stock Company)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)
For the three-month period ended 31 March 2024

	Note	For the three-month period ended 31 March 2024 SR' 000	2023 SR' 000
Cash flows from operating activities			
Profit for the period before Zakat		**29,818**	11,927
Adjustments for:			
Depreciation on property, plant and equipment	5	**70,185**	53,862
Depreciation on investment properties	6	**3,715**	7,289
Amortization of intangible assets		**72**	289
Impairment of property, plant and equipment	5	**28,935**	--
Change in fair value of financial instrument carried at fair value through profit or loss		**19,812**	--
Provision for employees' terminal benefits		**2,494**	1,634
(Allowance) / reversal of expected credit loss on financial assets		**287**	(28,145)
Share of results from equity-accounted investee		**(4,365)**	(1,222)
Finance costs	11	**138,967**	91,426
Gain from disposal of property, plant and equipment		**--**	(161)
		289,920	136,899
Working capital adjustments:			
Other non-current assets		**1,485**	1,486
Properties for development and sale		**21,069**	--
Trade and other receivables		**(55,261)**	(67,243)
Other current assets		**(3,534)**	47,346
Other non-current liabilities		**(25,353)**	69,127
Trade payables and other current liabilities		**51,196**	(115,163)
Cash generated from operations		**279,522**	72,452
Finance costs paid		**(235,936)**	(74,530)
Employees' termination benefits paid		**(2,256)**	(143)
Net cash generated from / (used in) operating activities		**41,330**	(2,221)
Cash flows from investing activities			
Additions to property, plant and equipment	5	**(66,239)**	(282,648)
Additions to intangible assets		**(928)**	(33)
Proceeds from disposal of property, plant and equipment		**--**	161
Net change in restricted cash balances	7	**(297,707)**	38,198
Net cash used in investing activities		**(364,874)**	(244,322)

Muhammad Jawad Chief Financial Officer	Khalid Mohmmed Al Amoudi Chief Executive Officer	Saeed Mohammed AlGhamdi Chairman of the Board of Directors

The accompanying notes from 1 to 19 are an integral part of these condensed consolidated interim financial statements.

JABAL OMAR DEVELOPMENT COMPANY
(A Saudi Joint Stock Company)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED) (continued)

For the three-month period ended 31 March 2024

	Note	For the three-month period ended 31 March 2024 SR' 000	2023 SR' 000
Cash flows from financing activities			
Payments received against advance to certain founding shareholders		**160**	--
Proceeds from loans and borrowings		**704,997**	303,195
Repayment of loans and borrowings		**(139,900)**	(26,235)
Net cash generated from financing activities		**565,257**	276,960
Net increase in cash and cash equivalents		**241,713**	30,417
Cash and cash equivalents at beginning of the period	7	**298,848**	340,384
Cash and cash equivalents at end of the period	7	**540,561**	370,801

Major non-cash supplemental information:

	Note	2024 SR' 000	2023 SR' 000
Capitalization of borrowing costs on property, plant and equipment	5(a)	**99,056**	111,448
Capitalization of borrowing costs on investment properties	6(a)	**19,184**	22,698

Muhammad Jawad
Chief Financial Officer

Khalid Mohmmed Al Amoudi
Chief Executive Officer

Saeed Mohammed AlGhamdi
Chairman of the Board of Directors

1. CORPORATE INFORMATION

Jabal Omar Development Company ("the Company" or "the Parent Company"), a Saudi Joint Stock Company, was established under the Regulations for Companies in the Kingdom of Saudi Arabia ("KSA") as per Royal Decree No. M/63, dated 18 October 2006 (corresponding to 25 Ramadan 1427H). The Ministerial Resolution No. 253/S dated 28 October 2007 (corresponding to 16 Shawal 1428H) declared the incorporation of the Company. The Company is registered in Makkah Al Mukkaramah City under Commercial Registration number 4031051838 dated 25 November 2007 (corresponding to 15 Dhul Qida 1428H).

The Company and its subsidiaries (collectively referred to as the "Group") main activity is to own Jabal Omar area adjacent to the western side of the Holy Mosque in Makkah and develop it into plots of land to manage, invest, sell and lease them for the Group's interest ("Project") along with carrying out operations necessary for construction, maintenance, management, demolishing, surveying, and furnishing hotels, commercial facilities and staff residences, as well as importing and exporting hotels' equipment and furniture and operating the hotels. For administrative purposes the Project has been disaggregated into different phases and zones with the latter being consistent with the master title deed approved by the Makkah Development Authority.

These condensed consolidated interim financial statements comprise the financial statements of the Group. Subsidiaries are entities controlled by the Group. The Group is incorporated in the Kingdom of Saudi Arabia except for Jabal Omar Sukuk Company Limited which is incorporated in the Cayman Island. The Company has the following dormant subsidiaries as at 31 March 2024:

Name of the Subsidiary	***Registration Number***	***Registration date***	***Ownership interest***	***Financial year end***	***Principal Activities***
Sahat For Facility Management Company	4031210499	22 October 2017 corresponding to 02 Safar 1439H	100%	31 December	Real estate services
Warifat Hospitality Company	4030298569	1 January 2018 corresponding to 14 Rabi II 1439H	90%	31 December	Hospitality services
Jabal Omar Sukuk Company Limited	334209	12 March 2018 corresponding to 24 Jumada Al Thani 1439H	100%	31 December	Issuance of sukuks

The Company's 100% owned subsidiaries Ishrakat for Logistic services Company and Alyaat for Marketing Company were liquidated during the year ended 31 December 2023.

The Company has branch commercial registrations to engage in hospitality activities as per the Saudi Commission for Tourism and National Heritage's ("SCTA") letters. These condensed consolidated interim financial statements include the results of the operating activities relating to the following hotels in addition to its three non-operational branches bearing commercial registration numbers 4030291056, 4031097883 and 4031098207 respectively.

1. CORPORATE INFORMATION (continued)

Name	*Commencement of operation*	*Registration number*	*Registration date*	*SCTA's-letter No.*	*SCTA's-letter date*
Jabal Omar Hilton Suites Hotel (Hilton Suites Makkah)	01 July 2014 (corresponding to 4 Ramadan 1435H)	4031077081	25 May 2013 (corresponding to 15 Rajab 1434H)	AVM/5887/34	04 March 2013 (corresponding to 22 Rabi II 1434H)
Jabal Omar Hyatt Regency Hotel (Hyatt Regency)	22 June 2015 (corresponding to 5 Ramadan 1436H)	4031087547	09 September 2014 (corresponding to 14 Dhul Qida 1435H)	8957	25 May 2014 (corresponding to 26 Rajab 1435H)
Jabal Omar Conrad Hotel (Conrad)	30 July 2016 (corresponding to 25 Shabaan 1437H)	4031091636	29 April 2015 (corresponding to 10 Rajab 1436H)	9347	16 March 2015 (corresponding to 25 Jumada I 1436H)
Jabal Omar Hilton Hotel (Hilton Convention)	31 March 2017 (corresponding to 3 Rajab 1438H)	4031097174	10 August 2016 (corresponding to 07 Dhul Qida 1437H)	16474	19 July 2016 (corresponding to 14 Shawwal 1437H)
Jabal Omar Doubletree by Hilton Hotel (Double Tree by Hilton)	01 August 2019 (corresponding to 29 Dhul Qida 1440H)	4031214815	15 May 2018 (corresponding to 29 Shaban 1439H)	1651	14 May 2018 (corresponding to 28 Shaban 1439H)
Jabal Omar Marriott Hotel	22 June 2015 (corresponding to 5 Ramadan 1436H)	4031085088	07 May 2014 (corresponding to 8 Rajab 1435H)	AVM/8332/35	17 March 2014 (corresponding to 16 Jumada I 1435H)
Jabal Omar Address Al Bawaba Makkah (Address)[1]	06 June 2023 (corresponding to 17 Dhul Qidah 1444H)	4031215100	28 May 2018 (corresponding to 9 Ramadan 1439H)	10006429	16 May 2023 (corresponding to 26 Shawwal 1444H)
Jabal Omar Jumeirah Hotel[1]	03 September 2023 (corresponding to 18 Safar 1445H)	4031247845	28 February 2021 (corresponding to 16 Rajab 1442H)	10002521	28 August 2023 (corresponding to 12 Safar 1445)

[1]*Both hotels were inaugurated during the year ended 31 December 2023.*

2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

2.1 Statement of compliance

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

These condensed consolidated interim financial statements do not include all the information and disclosures required for a complete set of financial statements prepared in accordance with IFRS Accounting Standards as endorsed in the KSA and should therefore be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2023 ("last annual consolidated financial statements"). However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual consolidated financial statements. In addition, results for the interim three-month period ended 31 March 2024 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2024.

2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE (continued)

2.2 Basis of Measurement

These condensed consolidated interim financial statements have been prepared under the historical cost basis using the accrual basis of accounting except for the following items which are measured as follows:

Items	Measurement basis
Provisions for employee terminal benefits	Present value of the defined benefit obligation using projected credit unit method
Financial instruments at fair value through profit or loss	Fair value

2.3 Functional and presentation currency

These condensed consolidated interim financial statements are presented in Saudi Riyals (SR), which is also the functional currency of the Group. All figures are rounded off to the nearest thousands (SR ‘000), unless when otherwise stated.

2.4 Going concern basis of accounting

The condensed consolidated interim financial statements have been prepared on a going concern basis, which assumes that the Group will be able to discharge its liabilities including the mandatory repayment terms of the banking facilities as disclosed in note 9.

As of 31 March 2024, the Group’s current liabilities exceed its current assets by SR 611 million (31 December 2023: SR 473 million). Furthermore, the Group significantly relies on debt financing to fund construction of its Project’s under development and historically the operating cashflows from hotels and commercial malls have been insufficient to meet the debt servicing requirements. Accordingly, the Group has entered into different loan restructuring agreements in prior years and further financing avenues are continuously being explored on a need basis. The existing and new financing arrangements, as well as the Group’s capital expenditure and working capital requirements, necessitate the Group to generate sufficient cashflows through operations and sale of properties in order to meet all financial obligations when they fall due without significant curtailment of operations. These conditions and events indicate that a material uncertainty exists that may cast significant doubt on the Group’s ability to continue as a going concern and therefore that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

In assessing the appropriateness of Group’s going concern assessment, management has developed a plan (the “Plan”) to enable the Group to meet its obligations as and when they become due. While management is actively pursuing the Plan for the next twelve months, certain material uncertainties exist and therefore the Group’s ability to continue as a going concern is dependent on the successful execution of the Plan.

2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE (continued)

2.4 Going concern basis of accounting (continued)

This Plan principally includes:

1) To sell certain plots of undeveloped land and generate aggregate cash inflows amounting to SR 3.6 billion within 12 months from the date of the condensed consolidated statement of financial position. In this respect, during the prior year ended 31 December 2023, the Board of Directors approved the sale of certain plots of land situated in phase 5 and 6 of the Project. Accordingly, the Group has received a non-binding offer for one such plot of land while the Group has appointed a bidding agent for the sale of other two more plots of land. As at the reporting date, some of the foregoing plots of land meet the criteria for being classified as asset held for sale under IFRS 5 and have been presented as such at the reporting date.

2) To fully operationalize hotels that were inaugurated during 2023 (note 1), which are expected to increase the operating revenue and cashflows of the Group. During the period ended 31 March 2024, Jabal Omar Address Al Bawaba Makkah became fully operational while Jabal Omar Jumeirah Hotel’s 3 towers out of 4 became operational during the period and is expected to be fully operational by Q2 2024.

3) To enter into new lending arrangements to meet the Group’s financing requirements. During the period ended 31 March 2024, the Group has entered into Murabaha facility arrangement of SR 1.9 billion with a local bank comprising of both revolving and long-term financing facilities secured against two properties in phase 6 of the Project.

Based on the foregoing, the Group’s cash flow forecast for the 12-month period from the reporting date indicates a net positive position. Accordingly, management believes that the Group continues to be going concern and therefore these condensed consolidated interim financial statements have been prepared on that basis.

2.5 Significant accounting judgments, estimates and assumptions

The preparation of the Group’s condensed consolidated interim financial statements requires management to make judgments and estimates that affect the application of accounting policies and the reported amounts of income, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

The significant judgments made by management in applying the Group's accounting policies, the methods of computation and the key sources of estimation uncertainty were the same as those described in the last annual consolidated financial statements.

3. CHANGES TO THE GROUP’S ACCOUNTING POLICIES

The accounting policies and methods of calculation adopted in the preparation of the condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group’s last annual consolidated financial statements, except for the adoption of new standards given below effective from 1 January 2024. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

3. CHANGES TO THE GROUP'S ACCOUNTING POLICIES (continued)

3.1 Amendments to standards and standards issued and standards issued but not yet effective

Amendments to Standards

The following table lists the recent changes to the Standards that are required to be applied for annual period beginning after 1 January 2024. The adoption of the following amendments to the existing standards had no significant impact on the condensed consolidated interim financial statements of the Group on the current period or prior periods and is expected to have no significant effect in the future periods.

Standard / Interpretation	Description	Effective from periods beginning after the following date
IAS 1	Classification of liabilities as current or non-current - Amendments to IAS 1	1 January 2024
IAS 1	Non- current liabilities with covenants - Amendments to IAS 1	1 January 2024
IFRS 16	Lease Liability in a Sales and Leaseback - Amendments to IFRS 16	1 January 2024
IAS 7 and IFRS 7	Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7	1 January 2024

Following are the new IFRS sustainability disclosure standards effective for annual periods beginning on or after 1 January 2024 subject to endorsement of the standards by SOCPA.

Standard / Interpretation	Description	Effective from periods beginning after the following date
IFRS S1	General Requirements for Disclosure of Sustainability-related Financial Information	1 January 2024
IFRS S2	Climate-related Disclosures	1 January 2024

Standards and Amendments Issued but Not Yet Effective

The standards, interpretations and amendments issued, but not yet effective up to the date of issuance of the condensed interim financial statements are disclosed below. The Group intends to adopt these standards, where applicable, when they become effective.

Standard / Interpretation	Description	Effective from periods beginning after the following date
IAS 21	Lack of Exchangeability	1 January 2025
IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)	Available for optional adoption / effective date deferred indefinitely

4. BASIS OF CONSOLIDATION

These condensed consolidated interim financial statements comprise of the condensed consolidated statement of financial position, condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity, condensed consolidated statement of cash flows and notes to the condensed consolidated interim financial statements of the Group and include assets, liabilities and the results of the operations of the Company and its subsidiaries, as set out in note 1.

5. PROPERTY, PLANT AND EQUIPMENT

	Lands SR' 000	Buildings SR' 000	Central District Cooling System SR' 000	Equipment SR' 000	Furniture and fixtures and other assets SR' 000	Infra-structure assets SR' 000	Capital work in progress (CWIP) SR' 000	Total SR' 000
Cost:								
Balance at 1 January 2023 (Audited)	2,887,794	4,207,847	1,019,022	1,971,810	492,011	429,057	10,390,950	21,398,491
Additions during the year	--	39	18,861	692	6,159	--	1,485,669	1,511,420
Disposals during the year	--	--	--	--	(466)	--	--	(466)
Transfer from CWIP	--	3,244,879	--	1,440,543	453,337	--	(5,138,759)	--
Transfer to assets held for sale	(923,356)	--	--	--	--	--	--	(923,356)
Transfer to properties for development and sale	--	--	--	--	--	--	(6,845)	(6,845)
Transfer from investment properties (note 6)	--	394,237	--	188,961	--	38,371	1,083,282	1,704,851
Balance at 31 December 2023 (Audited)	**1,964,438**	**7,847,002**	**1,037,883**	**3,602,006**	**951,041**	**467,428**	**7,814,297**	**23,684,095**
Additions during the period	**--**	**--**	**--**	**99**	**2,058**	**--**	**163,138**	**165,295**
Transfer from CWIP ((note 5 (b))	**--**	**310,491**	**--**	**137,840**	**43,378**	**--**	**(491,709)**	**--**
Balance at 31 March 2024 (Unaudited)	**1,964,438**	**8,157,493**	**1,037,883**	**3,739,945**	**996,477**	**467,428**	**7,485,726**	**23,849,390**
Accumulated depreciation and impairment losses:								
Balance at 1 January 2023 (Audited)	--	434,795	187,908	443,681	264,175	62,359	504,034	1,896,952
Impairment (reversal) / charge on property, plant and equipment	--	(7,294)	--	(1,357)	(349)	--	80,166	71,166
Depreciation for the year	--	66,031	34,856	96,744	56,713	8,423	--	262,767
Disposals / write off during the year	--	--	--	--	(457)	--	--	(457)
Transfers to investment properties and properties for development and sale	--	31,581	--	57,936	--	7,518	--	97,035
Balance at 31 December 2023 (Audited)	**--**	**525,113**	**222,764**	**597,004**	**320,082**	**78,300**	**584,200**	**2,327,463**
Impairment (reversal) / charge on property, plant and equipment	**--**	**(29,517)**	**--**	**(5,804)**	**(1,493)**	**(1,680)**	**67,429**	**28,935**
Depreciation for the period	**--**	**16,735**	**8,557**	**24,467**	**18,211**	**2,215**	**--**	**70,185**
Balance at 31 March 2024 (Unaudited)	**--**	**512,331**	**231,321**	**615,667**	**336,800**	**78,835**	**651,629**	**2,426,583**
Net book value:								
At 31 March 2024 (Unaudited)	**1,964,438**	**7,645,162**	**806,562**	**3,124,278**	**659,677**	**388,593**	**6,834,097**	**21,422,807**
At 31 December 2023 (Audited)	1,964,438	7,321,889	815,119	3,005,002	630,959	389,128	7,230,097	21,356,632

5. PROPERTY, PLANT AND EQUIPMENT (continued)

a) During the three months period ended 31 March 2024, an amount of SR 99 million (31 December 2023; SR 523.9 million) was capitalized as borrowing cost for the construction of property plant and equipment included in capital work in progress. Further, the capitalization rate used to determine the amount of borrowing cost to be capitalized is the weighted average interest rate applicable to the Group general borrowing during the period, in this case 8.5% per annum (31 December 2023: 7.9% per annum).

b) In lieu to the matters set out in note 2.4, the management had identified the existence of indicators of impairment and has caried out an impairment testing exercise for its properties held as part of property, plant and equipment and investment properties, in current as well as in prior periods. As part of this assessment, management has engaged valuation experts accredited by the Saudi Authority for Accredited Valuers (TAQEEM) for the determination of the value in use and fair value less cost to disposal ("fair values") of the relevant CGUs to which its properties correspond. Management has considered such fair values and value-in-use for assessing the recoverable amounts of the properties which have then been compared with the respective carrying amounts of the CGUs (represented by different zones in case of fair value less cost to disposal and in case of value in use, hotels and commercial centers). In the determination of fair values, management has taken into account a market participant's ability to generate economic benefits by using the properties in their highest and best use or by selling it to another market participant that would use the properties in its highest and best use'. Such highest and best use assessment considers possible uses of the properties that are physically possible, legally permissible and financially feasible. Moreover, any costs ancillary to or associated with the possible uses are also estimated and considered in the valuation assessment.

   As such, as at the reporting date, management has determined that the fair values of certain properties/CGUs are maximized in the event of the sale of associated land less any associated cost of demolition of adjacent structures. Accordingly, while different zones (note 1) may include one or more properties that are capable of generating largely independent cashflows, however, from the perspective of the highest and best use, it has been determined that the relevant CGUs are represented by each distinct zones, whereby such distinct zones represents specific parcel / plot of land (over which construction may or may not have been carried out) and such zones are distinctly physically separated by surrounding infrastructure such roads, pathways, etc. This is because any structures constructed over such zones that include developments such as hotels and commercial centers are physically interconnected. Moreover, management has identified that the infrastructure assets constructed and located across all phases/zones are not reasonably allocable to any specific zone since these provide benefits pervasively to all the zones of the Company. As such, for impairment testing purposes such infrastructure has been assessed on an aggregate basis.

   The fair value measurement for all of the property, plant and equipment has been categorised as a Level 3 fair value based on the inputs to the valuation technique used.

5. PROPERTY, PLANT AND EQUIPMENT (continued)

S.No.	CGU description	Carrying amount 31 March 2024	Accumulated impairment 31 March 2024	Valuation approach	Key assumption
		SR'000	SR'000		
1	Operating hotel and commercial center[1]	**1,851,472**	**142,827**	**Market approach -** Recoverable amount based on immediate sale of lands under fair value less cost of disposal method.	• Relevant comparable transactions • Adjustments applied and weightages allocated to comparable transaction. • Overall market situation and growth • Demolition Cost
2		**6,094,645**	**302,048**		
3		**3,439,139**	**67,431**		
4	Operating hotel	**3,578,899**	**341,081**	**Income Approach -** Recoverable amount based on income approach Discounted Cash Flow model (DCF).	• Discount rate • Average occupancy rate • Average daily rate • Budgeted EBITDA • Cost to complete • Commercial lease rate per square meter • Growth rate of cashflows including terminal growth rate

[1] *This includes certain hotel and commercial center currently under construction/development.*

Valuation approach	Input/assumption description	Value	Sensitivity
Market approach	Demolition cost rate per square meter (in SR)	130	+/- 0.5%
	Relevant comparable transactions (actual transactions) *	SR 170,000 per square meter to SR 323,000 per square meter	N/A
	Adjustments applied to comparable transaction	Various adjustments applied based on the similarity / dissimilarity of the subject property with the comparable	+/- 5%
Income approach	Discount rate *	8.11%	+/- 1%
	Average occupancy rate *	10% - 91.7%	+/- 1%
	Average daily rate (in SR) *	642 – 3,003	+/- 5%
	EBITDA *	44% - 54%	+/- 1%
	Commercial lease rate per square meter (in SR)	39,546 - 147,658	+/- 1%
	Growth rate of cashflows and land value at disposal	2%	+/- 1%
	Overall market situation and growth	0 - 15%	+/- 5%

**Represents sensitive assumptions*

6. INVESTMENT PROPERTIES

	Land SR' 000	Buildings SR' 000	Equipment SR' 000	Infrastructure assets SR' 000	Capital work in progress SR' 000	Total SR' 000
Cost:						
Balance at 1 January 2023 (Audited)	1,339,673	879,983	370,336	92,335	2,556,016	5,238,343
Transfer from property, plant and equipment (note 5)	--	(394,237)	(188,961)	(38,371)	(1,083,282)	(1,704,851)
Additions during the year	--	--	--	--	88,443	88,443
Balance at 31 December 2023 (Audited)	**1,339,673**	**485,746**	**181,375**	**53,964**	**1,561,177**	**3,621,935**
Additions during the period	**--**	**--**	**--**	**--**	**19,184**	**19,184**
Balance at 31 March 2024 (Unaudited)	**1,339,673**	**485,746**	**181,375**	**53,964**	**1,580,361**	**3,641,119**
Accumulated depreciation:						
Balance at 1 January 2023 (Audited)	--	60,578	107,975	21,949	--	190,502
Transfer from property, plant and equipment (note 5)	--	(31,581)	(57,936)	(7,518)	--	(97,035)
Depreciation for the year	--	7,788	11,406	1,487	--	20,681
Balance at 31 December 2023 (Audited)	**--**	**36,785**	**61,445**	**15,918**	**--**	**114,148**
Depreciation for the period	**--**	**1,442**	**2,011**	**262**	**--**	**3,715**
Balance at 31 March 2024 (Unaudited)	**--**	**38,227**	**63,456**	**16,180**	**--**	**117,863**
Net book value:						
At 31 March 2024 (Unaudited)	**1,339,673**	**447,519**	**117,919**	**37,784**	**1,580,361**	**3,523,256**
At 31 December 2023 (Audited)	1,339,673	448,961	119,930	38,046	1,561,177	3,507,787

6. INVESTMENT PROPERTIES (continued)

a) During three-month period ended 31 March 2024 SR 19.2 million (31 December 2023: SR 88.4 million) was capitalized as borrowing costs due to construction of investment properties included in capital work in progress. Furthermore, the capitalization rate used to determine the amount of borrowing costs to be capitalized is the weighted average interest rate applicable to the Group's general borrowings during the period, in this case 8.5% per annum (31 December 2023: 7.9% per annum).

b) Capital work in progress represents assets under construction relating to commercial centers and infrastructure development work on the land.

c) Refer note 5 for key assumptions and information about fair value measurements using significant unobservable input.

7. CASH AND CASH EQUIVALENTS

	31 March 2024 (Unaudited) SR'000	31 December 2023 (Audited) SR'000
Cash on hand	**1,026**	1,545
Cash at banks	**721,063**	593,899
Term deposits less than three months (see note (a) below)	**522,725**	109,950
	1,244,814	705,394
Less: Restricted cash – non-current (see note (a) below)	**(109,950)**	(109,950)
Less: Restricted cash – current (see note (a) below)	**(594,303)**	(296,596)
Cash and cash equivalents	**540,561**	298,848

a) These represent Murabaha deposits placed with commercial banks having original maturity of three months or less and yielding profit at prevailing market rate. Further, these Murabaha deposits are restricted under reserve accounts as per the corresponding loan arrangements with commercial banks.

b) The cash is held in accounts with banks having sound credit ratings. The fair value of cash and cash equivalent and restricted cash approximates their respective carrying value at 31 March 2024 and 31 December 2023.

8. TRADE AND OTHER RECEIVABLES

	31 March 2024 (Unaudited) SR'000	31 December 2023 (Audited) SR'000
Receivables from contract with customers	**103,827**	26,874
Receivables from rental arrangements	**118,076**	106,061
Contract assets	**33,952**	24,683
Advances to suppliers	**75,196**	75,538
Other receivables	**114,743**	156,848
Less: Allowance for expected credit losses (note 8.1)	**(48,212)**	(47,396)
	397,582	342,608

Trade receivables are non-derivative financial assets carried at amortised cost and are generally on terms of 90 to 180 days. The carrying value may be affected by changes in the credit risk of the counterparties. It is not the practice of the Group to obtain collateral over third party trade receivables and these are, therefore, unsecured. The Group's trade receivables are concentrated in the Kingdom of Saudi Arabia. As at 31 March 2024, five largest customers accounted for 65% (31 December 2023: 68%) of the outstanding trade receivables. Due to short-term nature of the trade receivables, their carrying amounts are considered to approximate their fair values.

8.1 Movement in allowance for credit losses against trade and other receivables are as follows:

	31 March 2024 (Unaudited) SR'000	31 December 2023 (Audited) SR'000
Opening balance	**47,396**	99,801
Charge / (reversal) for the period / year	**816**	(47,790)
Provision written off against receivables	**--**	(4,615)
Closing balance	**48,212**	47,396

9. LOANS AND BORROWINGS

The following notes provides information about the contractual terms of the Group's interest-bearing loans and borrowings, which are measured at amortized cost.

	2023 SR'000	2022 SR'000
Loans and borrowings	**12,003,298**	11,433,470
Accrued commission	**349,500**	345,238
Less: Deferred financial charges	**(50,460)**	(52,198)
	12,302,338	11,726,510
Current portion	**(1,301,411)**	(678,503)
Non-current portion	**11,000,927**	11,048,007

9. LOANS AND BORROWINGS (continued)

Below is the summary of the loans and borrowings arrangement of the Company along with details of any associated collateral:

31 March 2024	**Non-current portion***	**Current portion***	**Facility limit**	**Last restructuring date**	**Repayment period**	**Repayment term**	**Collateral**	**Carrying amount of the Collateral**
			SR '000					***SR '000***
Secured bank loans								
Government loan (note (a))	**1,504,787**	**29,264**	1,500,057	14-Nov-21	31-Mar-31	Bullet payment	Refer note (a)	6,451,474
Syndicate loan (note (b))	**5,887,495**	**224,381**	5,898,890	23-Oct-21	31-Dec-24 to 30-Sep-30	Quarterly	Refer note (b)	8,323,016
Facility from a local bank (note (c))	**714,400**	**155,588**	1,000,000	--	23-Jan-23 to 27-Jan-30	Semi-Annual	Refer note (c)	304,139
Facility from a local bank (note (d))	**1,394,500**	**210,206**	1,600,000	28-Aug-22	28-Feb-24 to 28-Aug-27	Semi-Annual	Refer note (d)	1,839,872
Facility from a local bank (note (f))	--	**617,876**	1,900,000	--	Earlier of sale of collateral assets or 24-Jan-26	Single Bullet	--	757,811
Unsecured bank loans								
Facility from a local bank (note (e))	**1,542,029**	**72,272**	1,600,000	--	3-Nov-24 to 3-May-36	Semi-Annual	--	--
	11,043,211	**1,309,587**						
Less: Deferred financial charges	**(42,284)**	**(8,176)**						
	11,000,927	**1,301,411**						

31 December 2023	**Non-current portion***	**Current portion***	**Facility limit**	**Last restructuring date**	**Repayment period**	**Repayment term**	**Collateral**	**Carrying amount of the Collateral**
			SR '000					***SR '000***
Secured bank loans								
Government loan (note (a))	1,500,057	--	1,500,057	14-Nov-21	31-Mar-31	Bullet payment	Refer note (a)	6,451,474
Syndicate loan (note (b))	5,891,811	225,988	5,898,890	23-Oct-21	31-Dec-24 to 30-Sep-30	Quarterly	Refer note (b)	8,323,016
Facility from a local bank (note (c))	785,800	176,234	1,000,000	--	23-Jan-23 to 27-Jan-30	Semi-Annual	Refer note (c)	304,139
Facility from a local bank (note (d))	1,463,000	216,077	1,600,000	28-Aug-22	28-Feb-24 to 28-Aug-27	Semi-Annual	Refer note (d)	1,839,872
Unsecured bank loans								
Facility from a local bank (note (e))	1,451,361	68,380	1,600,000	--	3-Nov-24 to 3-May-36	Semi-Annual	--	--
	11,092,029	686,679						
Less: Deferred financial charges	(44,022)	(8,176)						
	11,048,007	678,503						

**these balances include accrued commission*

9. LOANS AND BORROWINGS (continued)

a) During 2021, the Group entered into a loan restructuring agreement with MoF that involved significant modifications of the loan terms, including waiver of the accrued commission, capitalization of commission for certain period before commencing repayments, revision in commission rates and conversion of SR 1.5 billion of the total existing loan amount into a new unsecured Shariah-compliant subordinated perpetual instrument ("Perpetual instrument"), and maturity extension of the remaining secured SR 1.5 billion to 31 March 2031, with bullet payment ("Bullet Loan").

The SR 1.5 billion Perpetual instrument includes the following main features:

1. Waiver of the entire accrued and unpaid profit amounting to SR 457 million.

2. The Perpetual instrument do not carry a contractual maturity nor does the government entity hold a contractual right to redemption or repayment in the ordinary course of Group's business.

Moreover, the Group may elect not to make any of the profit payments, except in the event of distribution of dividend to ordinary shareholders, and such non-payment of profit shall neither accumulate nor be considered an event of default.

The Group has analysed the Perpetual Instrument having features of an equity instrument under IAS-32 and hence classified the instrument under equity at its fair value on the date of debt conversion.

Pursuant to receipt of binding term sheets from MoF, confirmation from the facility agent and approval of Board of Directors (BoD) of acceptance of term sheets, the Group derecognized the old facility and recognized new facilities during 2021.

The Group has pledged its properties in phase 3 and phase 7 to the lender as mortgage against the loan. There are no financial debt covenants related to the facility.

b) The Group has pledged its properties in phase 2, phase 4 and phase 5 to the lender as mortgage against the loan. Furthermore, the Group has also issued a promissory note in favor of the syndicate amounting to SR 6.1 billion.

The above facility contains certain financial covenants; however, the Group is in compliance with these covenants as at 31 March 2024.

c) The Group has pledged plots of land in phase 7 to the lender as mortgage against the loan. The above facility contains certain financial covenants; however, the Group is in compliance with these covenants as at 31 March 2024.

9. LOANS AND BORROWINGS (continued)

d) During the year ended 31 December 2022, the Group has restructured its facilities with a local bank amounting to SR 1,000 million and SR 600 million, respectively, and pursuant to this restructuring, the Group entered into a new facility agreement amounting to SR 1,600 million through modification of the previously obtained facilities. The Group recognized modification losses amounting to SR 79.2 million, as a result of facilities rescheduled during the year ended 31 December 2022.

The Group has pledged one property in phase 1 to the lender as mortgage against the loan.

The above facility contains certain financial covenants; however, the Group is in compliance with these covenants as at 31 March 2024.

e) This loan is secured against the guarantee provided by the Government to the lender. There are no financial debt covenants related to the facility.

f) During the period ended 31 March 2024, the Group has entered into Murabaha facility arrangement of SR 1.9 billion with a local bank comprising of both revolving and long-term financing facilities secured against two properties in phase 6 as mortgage against the loan. This loan is secured against the guarantee provided by the Government to the lender. There are no financial debt covenants related to the facility.

10. REVENUE

	For the three-month period ended 31 March	
	2024 (Unaudited) SR'000	2023 (Unaudited) SR'000
Revenue from contract with customers	**556,809**	290,331
Revenue from rental income	**36,043**	26,757
	592,852	317,088

10. REVENUE (continued)

10.1 Disaggregation of revenue

Set out below is the revenue disaggregated by type of revenue and timing of revenue recognition. The table also includes a reconciliation of the disaggregated revenue with the Group's reportable segments. Further, the Group's revenue is earned in Kingdom of Saudi Arabia.

	For the three-month period ended 31 March (Unaudited)							
	Operating Hotels		Commercial centers		Properties for development and sale		Total	
	2024	2023	**2024**	2023	**2024**	2023	**2024**	2023
	SR'000	SR'000	**SR'000**	SR'000	**SR'000**	SR'000	**SR'000**	SR'000
Revenue from contract with customers:								
Sale of properties for development and sale	**--**	--	**--**	--	**104,720**	--	**104,720**	--
Hotel's operations	**452,089**	290,331	**--**	--	**--**	--	**452,089**	290,331
Revenue from rental income:								
Lease of commercial center	**--**	--	**36,043**	26,757	**--**	--	**36,043**	26,757
	452,089	290,331	**36,043**	26,757	**104,720**	--	**592,852**	317,088
Timing of revenue recognition:								
Point-in-time	**79,818**	74,798	**--**	--	**104,720**	--	**184,538**	74,798
Over time	**372,271**	215,533	**36,043**	26,757	**--**	--	**408,314**	242,290
Total revenue	**452,089**	290,331	**36,043**	26,757	**104,720**	--	**592,852**	317,088

10.2 The customers for operating hotels are represented by various diversified members of general public from all over the world. The customers for commercial centers are represented by shop owners in KSA. While the customer for properties for development and sale are largely represented by members of general public. There is no significant concentration of revenue to specific customers in any of the segments.

11. FINANCE COSTS

	For the three-month period ended 31 March	
	2024 (Unaudited) SR'000	2023 (Unaudited) SR'000
Finance cost on leasing arrangement and other non-current liabilities	**10,541**	9,541
Finance cost on loan arrangements	**128,426**	81,885
	138,967	91,426

12. ZAKAT

During three-month period ended 31 March 2024, the Group has recorded Zakat charge of SR 10.8 million for the current period (31 March 2023: SR nil).

Status of assessments

The Group has filed Zakat returns for all periods / years up to and including 31 December 2023.

In prior periods, ZATCA had raised an additional Zakat demand of SR 421 million in respect of the years ended 30 Dhul Hijjah 1434H (corresponding to 4 November 2013) to 1437H (corresponding to 2016) along with the periods ended 15 Rajab 1438H (corresponding to 12 April 2017) and 31 December 2018. The Group filed an appeal against the additional demand based on which during the year ended 31 December 2022 the Tax Violation and Dispute Appellate Committee (TVDAC) issued a notification in respect of the appeal revising the Zakat demand to SR 354 million. The Group submitted a request for reconsideration with TVDAC. During the year ended 31 December 2023, TVDAC rejected the subject matter of the reconsideration appeal, which resulted in the Company's commitment to pay the amount of Zakat assessed for the aforementioned years, accordingly, Zakat assessments for the years from 1434H (corresponding to 2013) to 2018G have been finalized and the Group has booked the required provision during the year ended 31 December 2023.

During the year ended 31 December 2021, ZATCA issued assessments for the years 2019 and 2020 raising an additional Zakat demand of SR 209 million. The Group submitted an appeal in respect of the foregoing assessments based on which the Tax Violation and Dispute Resolution Committee (TVDRC) rendered its decision on the Group's appeal revising the additional Zakat demand to SR 189 million. Later, ZATCA cancelled the assessment for the year 2019, and the Group agreed on ZATCA cancellation and sent an acceptance letter to TVDAC during the year ended 31 December 2023. For the year 2020, the Group has filed an appeal with the TVDAC against TVDRC's decision. As at the reporting date, TVDAC's response is awaited in this respect. During the year ended 31 December 2023, the Company has presented a settlement offer to the Settlement Committee at ZATCA, hearing was conducted on December 2023. Subsequent to year ended 31 December 2023, the Company has submitted the information requested by Settlement Committee and the case is currently under review.

12. ZAKAT (continued)

Furthermore, in lieu of the above developments, while TVDAC through its decision on Zakat assessments for the years from 1434H (corresponding to 2013) to 2018G has disallowed deductions pertaining to certain balances including restricted cash balance and investment in the funds along with other similar matters, however, management believes that considering the basis / reasons for rejections, the Company has sufficient grounds to successfully contest any Zakat contingencies arising out of the years currently under review with TVDAC as well as for the unassessed years. Nonetheless based on management's best estimate any non-contestable exposures have been adequately provided for. However, the assessment pending with TVDAC for years under assessment as well as for unassessed years, continue to represent Zakat contingencies due to the uncertainty associated with the timing and / or amount of eventual settlement.

13. EARNINGS PER SHARE

Basic earnings per share for the three months period ended 31 March 2024 and 31 March 2023, have been computed by dividing the profit for the period attributable to the shareholders of the Parent Company by weighted average the number of shares outstanding during such year. As there are no dilutive shares outstanding, basic and diluted losses per share are identical.

	For the three-month period ended 31 March	
	2024	2023
	SR'000	SR'000
Profit for the period attributable to shareholders of the Parent Company	**19,018**	11,927
Weighted average number of outstanding shares (number in thousand)	**1,154,534**	1,154,534
Earnings per share (Saudi Riyals) - Basic and diluted	**0.02**	0.01

13.1 Weighted-average number of shares

	For the three-month period ended 31 March	
	2024	2023
	SR'000	SR'000
In thousand of shares		
Issued shares at 1 January	**1,154,534**	1,154,534
Weighted-average number of shares at 31 March	**1,154,534**	1,154,534

14. RELATED PARTIES TRANSACTIONS AND BALANCES

Related parties include key management personnel of the Group, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Group's Board of Directors and transactions with related parties are carried out at agreed terms. Following is the list of certain key related party transactions and balances of the Group.

14. RELATED PARTIES TRANSACTIONS AND BALANCES (continued)

Key management personnel comprise chief executive officer and heads of departments. Compensation of the group's key management personnel includes salaries, non-cash benefits and contributions to a post-employment defined Benefit plan.

Related party	Relationship
Central District Cooling Company	Joint venture
Key management personnel	Responsible for planning, directing, and controlling the activities of the entity

In addition to related party transactions disclosed in notes to these condensed consolidated interim financial statements, significant transactions with related parties in the ordinary course of business included in the condensed consolidated interim financial statements for the period ended 31 March and balances arising there from are summarized below:

Related party	Nature of transaction	For the three-month period ended 31 March 2024 (Unaudited) SR'000	2023 (Unaudited) SR'000
Key Management Personnel Compensation	- Short term employee benefits	**2,478**	2,256
	- Post-employment benefits	**116**	94
Central District Cooling Company	Cooling charges	**9,529**	18,930
	Concession payable related finance charges	**10,992**	9,541
	Rental income	**1,014**	1,016

Balances arising from transactions with related parties are as follows:

Related party	Nature	For the three-month period ended 31 March 2024 (Unaudited) SR'000	For the year ended 31 December 2023 (Audited) SR'000
Central District Cooling Company	Other non-current liabilities	**729,389**	734,412
	Other non-current assets	**15,024**	16,509
	Trade and other receivables	**31,534**	27,763
	Trade payable and other current liabilities*	**291,028**	259,848

* During the prior year ended 31 December 2023, the Board of Directors of the Company resolved to settle the amount payable to CDCC amounting to SR 237 million by way of share capital issuance. The management expects the transaction to be completed during the year ending 31 December 2024.

14. RELATED PARTIES TRANSACTIONS AND BALANCES (continued)

Description	Nature of transaction	For the three-month period ended 31 March	
		2024	2023
		SR'000	SR'000
Board of Directors	Meeting attendance fee	**581**	1,226

15. SEGMENT REPORTING

Basis for segmentation

The Group has the following three strategic divisions which are its reportable operating segments. These divisions offer different products and/or services and are managed separately as they require different operational and marketing strategies. The Group's Chairman and Group Chief Executive Officer (CEO) monitor the results of the Group's operations for the purpose of making decisions about resource allocation and performance assessment. They are collectively the Chief Operating Decision Makers (CODM) for the Group. The following summary describes the operations of each reportable segment.

Reportable segments	Operations
Operating Hotels	Includes leasing of rooms, parking facilities and selling food and beverages ("the Hotels").
Commercial centers	Includes operating and leasing of commercial shopping malls ("the Commercial Centers").
Properties for development and sale	Includes construction and development of property and sale of completed dwellings.

Non-current assets of the Group are based in Saudi Arabia.

The following table represent the segment information for the period ended 31 March:

	For the three month period ended 31 March 2024 (Unaudited)					
Particulars	**Operating hotels**	**Commercial centers**	**Properties for development and sale**	**Total for reportable segments**	**Other unallocated amounts**	**Consolidated total**
	SR'000	**SR'000**	**SR'000**	**SR'000**	**SR'000**	**SR'000**
Property, plant and equipment	**21,290,366**	**45,301**	**--**	**21,335,667**	**87,140**	**21,422,807**
Investment properties	**--**	**3,523,256**	**--**	**3,523,256**	**--**	**3,523,256**
Asset held for sale	**--**	**--**	**--**	**--**	**923,356**	**923,356**
Other non-current assets (total)	**261**	**--**	**--**	**261**	**258,274**	**258,535**
Other current assets (total)	**650,479**	**63,391**	**--**	**713,870**	**1,093,863**	**1,807,733**
Segment assets	**21,941,106**	**3,631,948**	**--**	**25,573,054**	**2,362,633**	**27,935,687**
Segment liabilities	**226,296**	**28,679**	**69,879**	**324,854**	**14,868,835**	**15,193,689**

15. SEGMENT REPORTING (continued)

The condensed consolidated statement of profit or loss and other comprehensive income items for the three-month period ended 31 March 2024 (unaudited):

	Operating hotels SR'000	**Commercial centers SR'000**	**Properties for development and sale SR'000**	**Total for reportable segments SR'000**	**Other unallocated amounts SR'000**	**Consolidated total SR'000**
Revenue – external customers	**452,089**	**36,043**	**104,720**	**592,852**	--	**592,852**
Cost of revenue	**(282,577)**	**(31,541)**	**(24,456)**	**(338,574)**	--	**(338,574)**
Segment profit / (loss)	**130,418**	**1,474**	**80,264**	**212,156**	**(193,138)**	**19,018**

The following table represent the segment information for the year ended 31 December 2023:

	As at the year ended 31 December 2023 (Audited)					
Particulars	Operating hotels SR'000	Commercial centers SR'000	Properties for development and sale SR'000	Total for reportable segments SR'000	Other unallocated amounts SR'000	Consolidated total SR'000
Property, plant and equipment	21,224,600	45,161	--	21,269,761	86,871	21,356,632
Investment properties	--	3,507,787	--	3,507,787	--	3,507,787
Asset held for sale	--	--	--	--	923,356	923,356
Other non current assets (total)	257	--	--	257	254,543	254,800
Other current assets (total)	446,235	43,487	17,806	507,528	732,595	1,240,123
Segment assets	21,671,092	3,596,435	17,806	25,285,333	1,997,365	27,282,698
Segment liabilities	216,856	27,483	170,965	415,304	14,144,574	14,559,878

The condensed consolidated statement of profit or loss and other comprehensive income items for the three-month period ended 31 March 2023 (unaudited):

	Operating hotels SR'000	Commercial centers SR'000	Properties for development and sale SR'000	Total for reportable segments SR'000	Other unallocated amounts SR'000	Consolidated total SR'000
Revenue – external customers	290,331	26,757	--	317,088	--	317,088
Cost of revenue	(182,604)	(12,230)	--	(194,834)	--	(194,834)
Segment profit / (loss)	84,943	18,104	(1,567)	101,480	(89,553)	11,927

Revenue from operating business segment is generated from Kingdom of Saudi Arabia only.

16. FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT

16.1 Accounting classification and fair values

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

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group.

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

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the condensed consolidated interim financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the condensed consolidated interim financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair value hierarchy

As at 31 March 2024 and 31 December 2023 the fair values of financial assets and financial liabilities carried at amortised cost approximate their respective fair values, whereas, financial investments at fair value through profit or loss are classified under level 3.

17. COMMITMENTS AND CONTINGENCIES

a) As at 31 March 2024, the outstanding capital commitments in respect of development of the Project amounted to SR 2,320 million (31 December 2023: SR 2,533 million).
b) Zakat and tax related contingencies (note 12).
c) As at 31 March 2024, the contingencies against banks' letter of guarantees issued on behalf of the Group amounted to SR 50 million (31 December 2023: SR 50 million).

18. RECLASSIFICATION IN PRIOR PERIOD

During the period ended 31 March 2024, the Group reclassified certain comparative amounts to conform to the current period classification. The table below summarizes the impacts on the Group's condensed consolidated interim financial statements:

Consolidated statement of profit or loss and other comprehensive income:

		Impact of reclassification		
For the period ended 31 March 2023	Note	**As previously reported**	**Adjustments**	**As reclassified**
		SR'000	SR'000	SR'000
Other operating income	18.1	3,061	(3,061)	--
Operating profit		102,131	(3,061)	99,070
Finance income	18.1	--	3,061	3,061
Profit for the period before Zakat		11,927	--	11,927
Profit for the period		11,927	--	11,927
Total comprehensive loss for the year		11,927	--	11,927

The reclassification does not have an impact on the net profit of the Group, hence, there is no impact on basic or diluted earnings per share and total operating, investing, or financing cashflows for the period ended 31 March 2023.

18.1 This represents reclassification of an amount of SR 3.06 million for the period ended 31 March 2023 representing finance income from other operating income to a separate line-item titled Finance income.

19. APPROVAL OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

These condensed consolidated interim financial statements have been approved and authorized to issue by the Board of Directors on 16 May 2024, corresponding to 8 Dhul Qadah 1445H.