

Dur Hospitality Company
(A Saudi Joint Stock Company)

**INTERIM CONDENSED CONSOLIDATED FINANCIAL
STATEMENTS (UNAUDITED)**

For the three months and nine months periods ended 30 September 2023

Dur Hospitality Company
(A Saudi Joint Stock Company)

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
30 September 2023

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INDEPENDENT AUDITOR'S REVIEW REPORT ON THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF DUR HOSPITALITY COMPANY (A Saudi Joint Stock Company)

Introduction:

We have reviewed the accompanying interim condensed consolidated statement of financial position of Dur Hospitality Company (the "Company") and its subsidiaries (collectively referred to as the "Group") as at 30 September 2023, and the related interim condensed consolidated statement of comprehensive income for the three-month and nine-month periods ended 30 September 2023, and the related interim condensed consolidated statements of changes in equity and cash flows for the nine-month period then ended, and explanatory notes. Board of Directors is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34") as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review:

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" endorsed in the Kingdom of Saudi Arabia. A review of interim financial statements consists of making inquiries, primarily from 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.

Conclusion:

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

for Ernst & Young Professional Services

Fahad M. Al-Toaimi
Certified Public Accountant
License No. 354



Riyadh: 22 Rabi Al-Thani 1445H
(6 November 2023)

Dur Hospitality Company
(A Saudi Joint Stock Company)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2023

		30 September 2023 (Unaudited) SR	31 December 2022 (Audited) SR
	<i>Note</i>		
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	106,669,692	85,347,614
Trade receivables	6	137,459,034	133,821,186
Prepayments and other current assets	7	74,558,612	89,176,047
Inventories		21,615,867	21,774,628
Derivative financial instrument	8	-	109,916
TOTAL CURRENT ASSETS		340,303,205	330,229,391
NON-CURRENT ASSETS			
Investment at fair value through other comprehensive income (FVOCI)		2,520,084	2,520,084
Investments in equity accounted investees		43,215,591	33,066,318
Right of use assets	9	191,621,783	201,999,960
Property and equipment	10	2,619,059,923	2,673,840,935
Projects under construction	11	315,928,662	175,213,850
TOTAL NON-CURRENT ASSETS		3,172,346,043	3,086,641,147
TOTAL ASSETS		3,512,649,248	3,416,870,538
LIABILITIES AND EQUITY			
LIABILITIES			
CURRENT LIABILITIES			
Term loans - current portion	13	217,796,152	171,007,341
Lease liabilities - current portion	14	49,183,288	34,472,722
Trade payables		32,710,034	24,798,564
Accrued expenses and other current liabilities	12	179,843,225	152,498,046
Due to related parties		33,714,886	35,246,712
Dividend payable	17	43,572,916	43,659,810
Provision for zakat	15	7,630,991	11,205,828
TOTAL CURRENT LIABILITIES		564,451,492	472,889,023
NON-CURRENT LIABILITIES			
Term loans – non-current portion	13	913,429,320	928,786,254
Lease liabilities – non-current portion	14	283,650,495	296,207,390
Employees' terminal benefits		64,539,444	60,679,823
TOTAL NON-CURRENT LIABILITIES		1,261,619,259	1,285,673,467
TOTAL LIABILITIES		1,826,070,751	1,758,562,490
EQUITY			
Share capital	16	1,000,000,000	1,000,000,000
Statutory reserve		500,000,000	500,000,000
Retained earnings		131,886,376	103,460,229
Revaluation reserve of investment at fair value through OCI		(4,479,916)	(4,479,916)
TOTAL EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT COMPANY		1,627,406,460	1,598,980,313
Non-controlling interests		59,172,037	59,327,735
TOTAL EQUITY		1,686,578,497	1,658,308,048
TOTAL LIABILITIES AND EQUITY		3,512,649,248	3,416,870,538

The attached notes 1 to 29 form an integral part of these interim condensed consolidated financial statements.

Dur Hospitality Company
(A Saudi Joint Stock Company)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE
INCOME (UNAUDITED)

For the three-month and nine-month periods ended 30 September 2023

		For the three-month period ended 30 September		For the nine-month period ended 30 September	
	Note	2023 SR	2022 SR (Restated Note 26)	2023 SR	2022 SR (Restated Note 26)
REVENUE					
Hospitality income	18	114,143,651	87,082,213	391,144,995	292,897,609
Rental income	18	34,362,421	32,557,792	100,510,316	95,840,874
Management fees income	18	883,137	1,020,897	3,693,859	2,366,018
TOTAL REVENUE		149,389,209	120,660,902	495,349,170	391,104,501
Cost of revenues	19	(118,902,429)	(101,755,044)	(372,271,997)	(317,635,019)
GROSS PROFIT		30,486,780	18,905,858	123,077,173	73,469,482
EXPENSES					
Selling and marketing expenses		(193,657)	(709,343)	(1,798,778)	(2,253,602)
General and administrative expenses	20	(11,932,771)	(8,812,274)	(35,870,438)	(29,787,999)
TOTAL EXPENSES		(12,126,428)	(9,521,617)	(37,669,216)	(32,041,601)
OPERATING INCOME		18,360,352	9,384,241	85,407,957	41,427,881
Financial charges		(16,362,893)	(11,680,042)	(46,953,447)	(29,365,087)
Financial charges on lease liabilities	14	(3,633,761)	(3,564,879)	(10,854,160)	(10,543,953)
Finance income	5	371,827	60,794	595,265	88,664
Other (expenses) / income, net	21	(713,586)	106,284	(2,095,219)	3,067,261
Net (losses)/gain on derivative instruments at fair value through profit or loss	8	(109,916)	3,967,315	(109,916)	32,716,296
Gain from settlement of derivatives	8	7,211,681	-	7,211,681	-
Dividend from investment at FVOCI		350,000	-	350,000	-
Share in results of equity accounted investees		-	592,000	-	1,185,556
INCOME/(LOSS) BEFORE ZAKAT		5,473,704	(1,134,287)	33,552,161	38,576,618
Zakat	15	(939,212)	(1,508,851)	(4,187,212)	(4,569,850)
NET INCOME/(LOSS) FOR THE PERIOD		4,534,492	(2,643,138)	29,364,949	34,006,768
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE PERIOD		4,534,492	(2,643,138)	29,364,949	34,006,768
Attributable to:					
Equity holders of the Parent		4,400,493	(2,078,103)	28,426,147	34,891,396
Non-controlling interests		133,999	(565,035)	938,802	(884,628)
		4,534,492	(2,643,138)	29,364,949	34,006,768
Earnings per share					
Basic and diluted earnings per share for the attributable to equity holders of the Parent	23	0.04	(0.02)	0.28	0.35

The attached notes 1 to 29 form an integral part of these interim condensed consolidated financial statements.

Dur Hospitality Company
(A Saudi Joint Stock Company)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months period ended 30 September 2023

	<i>Attributable to the equity holders of the parent</i>						
	<i>Share capital</i>	<i>Statutory</i>	<i>Retained</i>	<i>Revaluation</i>	<i>Total equity</i>	<i>Non-</i>	<i>Total equity</i>
	<i>SR</i>	<i>reserve</i>	<i>earnings</i>	<i>reserve of</i>	<i>attributable to</i>	<i>controlling</i>	<i>SR</i>
		<i>SR</i>	<i>SR</i>	<i>investment at fair</i>	<i>shareholders of</i>	<i>interests</i>	
				<i>value through</i>	<i>the parent</i>	<i>SR</i>	
				<i>OCI</i>	<i>Company</i>		
				<i>SR</i>	<i>SR</i>		
<u>For the nine months period ended 30 September 2023</u>							
At 1 January 2023 (audited)	1,000,000,000	500,000,000	103,460,229	(4,479,916)	1,598,980,313	59,327,735	1,658,308,048
Total comprehensive income for the period	-	-	28,426,147	-	28,426,147	938,802	29,364,949
Dividends	-	-	-	-	-	(1,094,500)	(1,094,500)
At 30 September 2023 (unaudited)	1,000,000,000	500,000,000	131,886,376	(4,479,916)	1,627,406,460	59,172,037	1,686,578,497
<u>For the nine months period ended 30 September 2022</u>							
At 1 January 2022 (audited)	1,000,000,000	500,000,000	61,847,817	(4,898,343)	1,556,949,474	59,387,923	1,616,337,397
Total comprehensive income/(loss) for the period	-	-	34,891,396	-	34,891,396	(884,628)	34,006,768
At 30 September 2022 (unaudited)	1,000,000,000	500,000,000	96,739,213	(4,898,343)	1,591,840,870	58,503,295	1,650,344,165

The attached notes 1 to 29 form an integral part of these interim condensed consolidated financial statements.

Dur Hospitality Company
(A Saudi Joint Stock Company)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(UNAUDITED)

For the nine months period ended 30 September 2023

		<i>For the nine months period ended 30 September</i>	
	Note	2023 SR	2022 SR (Restated Note 26)
OPERATING ACTIVITIES			
Income before zakat		33,552,161	38,576,618
Adjustments for:			
Depreciation of property and equipment	10	74,657,436	76,347,463
Depreciation of right of use assets	14	10,291,739	10,140,409
Provision of expected credit losses on trade receivables, net	6	7,247,766	3,447,164
COVID-19 related rent concession		-	(251,035)
Share of results of equity accounted investees		-	(1,185,556)
Gain on sale of property and equipment		(37,385)	(95,858)
Provision for employees' terminal benefits		10,023,910	9,255,653
Dividend from investment at FVOCI		(350,000)	-
Financial charges on lease liabilities	14	10,854,160	10,543,953
Financial charges on term loans		46,455,871	26,664,188
Loss / (gain) on change in fair value of derivatives at FVTPL, net		109,916	(45,553,172)
		192,805,574	127,889,827
Working capital changes:			
Trade receivables		(10,885,614)	(7,228,884)
Prepayments and other current assets		14,617,435	(4,609,836)
Inventories		158,761	(2,988,760)
Trade payables		7,911,470	(10,394,477)
Accrued expenses and other current liabilities		19,948,275	(936,506)
Due to related parties		(1,531,826)	(1,258,514)
Cash from operations		223,024,075	100,472,850
Zakat paid	15	(7,762,049)	(7,026,713)
Employees' terminal benefits paid		(6,164,289)	(9,433,105)
Net cash from operating activities		209,097,737	84,013,032
INVESTING ACTIVITIES			
Additions to property and equipment	10	(12,266,533)	(13,921,214)
Additions to projects under construction		(138,762,048)	(119,473,221)
Additions to investment in equity accounted investee		(10,149,273)	(17,019,440)
Proceeds from investment in equity accounted investees		-	3,750,000
Dividend from investment at FVOCI		350,000	-
Proceeds from sale of property and equipment		63,612	713,691
Net cash used in investing activities		(160,764,242)	(145,950,184)
FINANCING ACTIVITIES			
Proceeds from term loans		166,958,249	192,351,405
Repayment of term loans		(98,401,352)	(119,666,938)
Dividends paid		(86,894)	(279,484)
Payments of lease liabilities	14	(9,056,190)	(13,957,329)
Financial charges paid on term loans		(49,300,210)	(17,797,378)
Net cash from financing activities		10,113,603	40,650,276
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		58,447,098	(21,286,876)
Cash and cash equivalents at the beginning of the period		48,222,594	74,444,282
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	5	106,669,692	53,157,406
SIGNIFICANT NON-CASH TRANASCATIONS:			
Transfer of projects under construction to property and equipment	11	(7,636,118)	(5,185,066)
Finance cost on term loans capitalized in projects under construction		9,146,743	685,412
Finance cost on lease liabilities capitalized in projects under construction		355,701	678,777
Depreciation of right of use assets capitalized in projects under construction		86,438	238,705
Gain from settlement of derivative financial instruments		7,211,681	-

The attached notes 1 to 29 form an integral part of these interim condensed consolidated financial statements.

Dur Hospitality Company
(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
30 September 2023

1 ACTIVITIES

Dur Hospitality Company (the “Company” or the “Parent Company”) is a Saudi Joint Stock Company formed under the Regulations for Companies and is registered in the Riyadh, Kingdom of Saudi Arabia (“KSA”) under the commercial registration number 1010010726 dated 6 Muharram 1397H (corresponding to 27 December 1976).

The Company's principal activities comprise of the 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. In addition, the activities include the acquisition, development and sale of lands and construction of buildings thereon or rent of lands, providing services to pilgrims and visitors of the Prophet's (PBUH) Mosque. The Company carry out its activities by itself or through others jointly or separately.

These interim condensed consolidated financial statements include the financial information of the Company and the following subsidiaries (together referred to as the “Group”):

<i>Subsidiaries</i>	<i>Share Capital</i>	<i>Direct and indirect Ownership %</i>	
		30 September 2023	31 December 2022
	<i>SR</i>		
Makkah Hotels Company Limited	165,600,000	99.44%	99.44%
Saudi Hotel Services Company	70,000,000	70%	70%
Alnakheel for Tourist Areas Company Limited	59,250,000	98.73%	98.73%
Nuzul Shada Hospitality Company	40,000,000	60%	60%
Tabuk Hotels Company Limited	27,300,000	97.14%	97.14%
Jude Alia Company Limited	100,000	99%	99%
Al Sawaed Al Kareemah Investment and Real Estate Development Company	100,000	95%	95%
Sofraa Al Ewaa Hospitality Company (One Person Company)	100,000	100%	100%
Dara Oasis Company Limited (One Person Company)	100,000	100%	100%
Dur Real Estate Communities Company (One Person Company)	100,000	100%	100%
Alsarh Alaniq operation and maintenance Company (One Person Company)	100,000	100%	100%
Smart Zone Hotel Company	25,000	84%	-

The following are details of the subsidiaries and their activities:

Makkah Hotels Company Limited

Makkah Hotels Company Limited is a Saudi limited liability company and is registered under the commercial registration number 4031011879 dated 20 Ramadan 1402H (corresponding to 12 July 1982). The company is engaged in hospitality services inside and outside the KSA. The company owns Makarem Ajyad Hotel in Makkah.

Saudi Hotel Services Company Limited

Saudi Hotel Services Company is a Saudi limited liability company and is registered under the commercial registration number 1010010454 dated 11 Dhul-Qadah 1396H (corresponding to 4 November 1976). The company owns Crown Plaza - Riyadh Palace Hotel.

Alnakheel for Tourist Areas Company Limited

Alnakheel for Tourist Areas Company Limited is a Saudi limited liability company and is registered under the commercial registration number 4030092204 dated 22 Jumad Thani 1413H (corresponding to 17 December 1992). The company owns Makarem Alnakheel Hotel and Resort in Jeddah.

Nuzul Shada Hospitality Company

Nuzul Shada Hospitality Company is a Saudi limited liability company and is registered under the Commercial Registration number 4030166369 dated 8 Muharram 1428H (corresponding to 27 January 2007). The company is engaged in general construction of residential buildings, management and leasing of owned and leased real estate (residential), and management and leasing of real estate owned or leased (non-residential).

Dur Hospitality Company
(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENT (UNAUDITED) (CONTINUED)
30 September 2023

1 ACTIVITIES (CONTINUED)

Tabuk Hotels Company Limited

Tabuk Hotels Company Limited is a Saudi limited liability company and is registered under the commercial registration number 3550006303 dated 5 Rabi Thani 1406H (corresponding to 17 December 1985). The company owns Holiday Inn Tabuk Hotel.

Jude Alia Company Limited

Jude Alia Company Limited is a Saudi limited liability company and is registered under the commercial registration number 1010428949 dated 25 Safar 1436H (corresponding to 17 December 2014). The principal activities of the company include building and construction.

Al Sawaed Al Kareemah Investment and Real Estate Development Company

Al Sawaed Al Kareemah Investment and Real Estate Development Company is a Saudi limited liability company and is registered under the commercial registration number 1010437489 dated 26 Dhul-Qadah 1436H (corresponding to 10 September 2015). The company is engaged in construction, transportation, storage, refrigeration, financial and business services, as well as tourist accommodation services pursuant to the license of the Saudi Commission for Tourism and National Heritage No. (37/0096/F) dated 6 Safar 1437H (corresponding to 18 November 2015).

Sofraa Al Ewaa Hospitality Company

Sofraa Al Ewaa Hospitality Company is Saudi One Person limited liability company and is registered under commercial registration number 1010901133 dated 27 Safar 1439H (corresponding to 16 November 2017). The company is engaged in providing hospitality services, establishment of restaurants, hotels and exhibitions.

Dara Oasis Company Limited

Dara Oasis Company Limited is a Saudi One Person limited liability company and is registered under commercial registration number 1010901132 dated 27 Safar 1439H (corresponding to 16 November 2017). The company is engaged in providing tourism activities.

Dur Real Estate Communities Company (One Person Company)

Dur Real Estate Communities Company (one person company) is a Saudi limited liability company registered under CR No. 1010596957 on 30 Muharram 1441H (corresponding to 29 September 2019). The main activity of the company is the management and leasing of owned or leased residential and non-residential properties.

Alsarh Alaniq Operation and Maintenance Company

Alsarh Alaniq operation and maintenance Company (one-person company) is a Saudi limited liability company registered under CR No. 1010596958 on 30 Muharram 1441H (corresponding to 29 September 2019). The main activity of the company is cleaning of new buildings after construction.

Smart Zone Hotel Company

Smart Zone Hotel Company is a Saudi limited liability company and is registered under the commercial registration number 1010916446 dated 15 Safar 1445H (corresponding to 31 August 2023). The principal activities of the company include construction and management of hotels, executive apartments, furnished apartments, and other tourist accommodations.

2 SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

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

The interim condensed consolidated financial statements do not include all information and disclosures required for a complete set of financial statements prepared in accordance with International Financial Reporting Standards as endorsed in the Kingdom of Saudi Arabia and should be read in conjunction with the Group's consolidated financial statements as at and for the year ended 31 December 2022.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
STATEMENT (UNAUDITED) (CONTINUED)
30 September 2023

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Basis of measurement

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

2.4 New standard and amendments issued and effective

Following are standards and amendments, which are effective for annual periods beginning on or before 1 January 2023:

Name of standard, amendment, or interpretation

- 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 standard and amendments had no impact on the interim condensed 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.

2.5 New standard and amendments 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

- | Name of standard, amendment, or interpretation | Effective date |
|--|-----------------------|
| - 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 Leaseback | 1 January 2024 |

The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective. These standard and amendments will have no impact on the interim condensed consolidated financial statements of the Group.

3 SIGNIFICANT JUDGMENTS, ASSUMPTIONS AND ESTIMATES

In preparing these interim condensed consolidated financial statements, management has made estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses and the accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The estimates and underlying assumptions are reviewed on an ongoing basis. The differences arising on revisions to estimates are recognised prospectively.

The significant judgments, assumptions and estimates made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the Group's annual consolidated financial statements for the year ended 31 December 2022.

Dur Hospitality Company
(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENT (UNAUDITED) (CONTINUED)

30 September 2023

3 SIGNIFICANT JUDGMENTS, ASSUMPTIONS AND ESTIMATES (CONTINUED)

Fair value measurement

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 from the asset's highest and best use or by selling it to another market participant that would utilize 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.

4 OPERATING SEGMENTS

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:

<i>Hospitality</i>	represents hotels owned by the Group and revenues generated through them whether
	: these hotels are operated by the Group or by a third party.
<i>Property management</i>	represents management and operation of hotels and properties that are not owned by
	: the Group.
<i>Property rental</i>	represents properties owned by the Group which are leased to others. These properties
	: primarily comprise of residential compounds and commercial complexes.
<i>Others</i>	: represents corporate office and other support services departments.

Following is a summary of certain financial information for the two periods ended 30 September:

2023 SAR (Unaudited)	Hospitality	Property management	Property rental	Others	Eliminations	Total
Revenue from external customers	391,144,995	3,693,859	100,510,316	-	-	495,349,170
Inter-segment revenue	990,000	5,035,116	18,207,458	-	(24,232,574)	-
Cost of revenue	352,086,901	3,402,241	40,711,679	-	(23,928,824)	372,271,997
Gross profit	40,048,094	5,326,734	78,006,095	-	(303,750)	123,077,173
Depreciation of property and equipment and right of use assets	66,210,635	-	18,738,540	-	-	84,949,175
Property and equipment	1,759,017,224	-	860,042,699	-	-	2,619,059,923
Right of use assets	173,192,270	-	18,429,513	-	-	191,621,783
Projects under construction	185,781,778	-	130,146,884	-	-	315,928,662
Total assets	1,370,215,623	6,488,191	1,929,156,532	660,683,071	(453,894,169)	3,512,649,248
Total liabilities	1,645,920,970	17,080,232	163,259,695	37,118	(227,264)	1,826,070,751

Dur Hospitality Company
(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
STATEMENT (UNAUDITED) (CONTINUED)

30 September 2023

4 OPERATING SEGMENTS (CONTINUED)

2022 SAR (Unaudited)	Hospitality	Property management	Property rental	Others	Eliminations	Total
Revenue from external customers	292,897,609	2,366,018	95,840,874	-	-	391,104,501
Inter-segment revenue	1,690,000	12,253,621	5,560,158	-	(19,503,779)	-
Cost of revenue	299,621,198	3,099,476	34,114,374	-	(19,200,029)	317,635,019
Gross profit	(5,033,589)	11,520,163	67,286,658	-	(303,750)	73,469,482
Depreciation of property and equipment and right of use assets	68,377,727	-	18,110,145	-	-	86,487,872
Property and equipment	1,776,458,176	-	877,172,982	-	-	2,653,631,158
Right of use assets	186,590,067	-	18,873,097	-	-	205,463,164
Projects under construction	168,263,380	-	43,134,724	-	-	211,398,104
Total assets	1,518,697,797	7,195,350	1,739,000,943	661,392,594	(467,179,375)	3,459,107,309
Total liabilities	1,660,053,424	13,701,925	155,296,193	211,864	(20,500,262)	1,808,763,144

Reconciliation of information on reportable segments to income before zakat of the Group for the two periods ended 30 September:

	2023 SR	2022 SR (Restated Note 26)
Gross profit of operating segments	123,077,173	73,469,482
Un-allocated amount:		
Selling and marketing expenses	(1,798,778)	(2,253,602)
General and administration expenses	(35,870,438)	(29,787,999)
Financial charges	(46,953,447)	(29,365,087)
Financial charges on lease liabilities	(10,854,160)	(10,543,953)
Finance income	595,265	88,664
Other (expenses) / income, net	(2,095,219)	3,067,261
Net gain on derivative financial instruments at FVTPL	(109,916)	32,716,296
Gain on settlement of derivatives	7,211,681	-
Dividend from investment at FVOCI	350,000	-
Share in results of equity accounted investees	-	1,185,556
Total un-allocated amounts	(89,525,012)	(34,892,864)
Income before zakat	33,552,161	38,576,618

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5 CASH AND CASH EQUIVALENTS

	<i>30 September 2023</i>	<i>31 December 2022</i>
	SR	SR
Bank balances	105,902,390	73,698,564
Short term deposits (a)	-	11,000,000
Cash on hand	767,302	649,050
Cash and cash equivalents	106,669,692	85,347,614
Bank overdraft (note 13)	-	(37,125,020)
Cash and cash equivalents (for interim condensed consolidated statement of cash flows)	106,669,692	48,222,594

- (a) Short term deposits represent Murabaha deposits with commercial banks and the maturity average of those deposits ranges between 10 to 90 days and bears an average Murabaha commission of 539 basis points. Finance income for the nine months period ended 30 September 2023 amounted to SR 595,265 (30 September 2022: SR 88,664).
- (b) As at 30 September 2023, the Group has available cash facilities amounting SR 289.7 million (31 December 2022: SR 438.7 million) representing unwithdrawn cash from the cash facility granted.

6 TRADE RECEIVABLES

	<i>30 September 2023</i>	<i>31 December 2022</i>
	SR	SR
Trade receivables	174,425,869	163,540,255
Expected credit loss (ECL)	(36,966,835)	(29,719,069)
	137,459,034	133,821,186

Movement of expected credit loss is as follows:

	<i>30 September 2023</i>	<i>31 December 2022</i>
	SR	SR
At 1 January	29,719,069	25,233,972
Charge for the period / year, net	7,247,766	4,817,360
Bad debts written off during the period / year	-	(332,263)
At the end of the period/ year	36,966,835	29,719,069

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7 PREPAYMENTS AND OTHER CURRENT ASSETS

	<i>30 September 2023</i>	<i>31 December 2022</i>
	SR	SR
Advance for rent (*)	43,818,607	58,818,607
Contract assets	6,509,593	6,192,289
Prepayments	5,703,514	6,359,973
Advances to employees	4,127,593	3,270,738
Advances to suppliers	3,929,396	3,758,955
Amounts due from related parties	1,830,848	4,442,099
Advances for real estate projects	1,796,104	1,796,104
Others	6,842,957	4,537,282
	74,558,612	89,176,047

- (*) Advance for rent represents a payment to lease a hotel building in Makkah Al-Mukaramah for a period of three and a half years. The Group terminated the lease contract during 2020 and the amount will be recovered from the lessor, and accordingly, the entire advance payment is classified under current assets. During 2021, the Group filed a lawsuit against the lessor in order to enforce the collateral on the hotel land and recover the advance for rent. During the nine months period ended 30 September 2023, the Group has received SR 15 million. Management believes that the outstanding amount is fully recoverable as it is secured through collateral on the title deed of the hotel's land owned by the lessor.

8 DERIVATIVE FINANCIAL INSTRUMENTS

During 2018, the Group entered into two Interest Rate Swap derivative agreements ("the agreements") with a local financial institution. The derivatives carried an original maturity of 10 December 2024. One of these derivatives was called back by the financial institution on 10 December 2022.

During 2020, the Group disputed the validity of these agreements and filed a lawsuit against the financial institution. The financial institution also filed a lawsuit against the group claiming for the amounts from those agreements and later the Group filed a new lawsuit for revocation of the agreements with the Committee for resolution of securities disputes "CRSD". During the period ended 30 September 2023, the Group and the financial institution signed a settlement agreement to amicably resolve the dispute. Accordingly, the Group has settled its liability under the agreements amounting to SR 37.1 million (note 13) for an amount of SR 29.9 million as per the settlement agreement, and the remaining amount of SR 7.2 million has been recognised as a gain in condensed consolidated comprehensive income as a result of this settlement.

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9 RIGHT OF USE ASSETS

The Group leases several assets including lands and a building. Information about assets for which the Group is a lessee is presented below:

	<i>Lands</i>	<i>Buildings</i>	<i>Total</i>
	<i>SR</i>	<i>SR</i>	<i>SR</i>
Cost:			
As at 1 January and 30 September 2023	54,973,553	207,408,999	262,382,552
Depreciation:			
As at 1 January 2023	8,094,928	52,287,664	60,382,592
Charge for the period	1,787,338	8,590,839	10,378,177
As at 30 September 2023	9,882,266	60,878,503	70,760,769
Net book values:			
As at 30 September 2023	45,091,287	146,530,496	191,621,783
Cost:			
As at 1 January 2022	54,973,553	221,127,829	276,101,382
Lease adjustments (a)	-	(13,718,830)	(13,718,830)
As at 31 December 2022	54,973,553	207,408,999	262,382,552
Depreciation:			
As at 1 January 2022	5,710,560	40,829,714	46,540,274
Charge for the year	2,384,368	11,457,950	13,842,318
As at 31 December 2022	8,094,928	52,287,664	60,382,592
Net book values:			
As at 31 December 2022	46,878,625	155,121,335	201,999,960

- (a) Lease adjustments represent changes made to lease payments and terms agreed upon with the lessor.
- (b) There were no leases with residual value guarantees to which the Group is committed.
- (c) The depreciation charge amounting to SR 0.09 million has been capitalized in projects under construction, whereas the remaining has been allocated in the interim condensed consolidated statement of income to cost of revenue.

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10 PROPERTY AND EQUIPMENT

	<i>Lands SR</i>	<i>Buildings SR</i>	<i>Building's improvements SR</i>	<i>Furniture SR</i>	<i>Motor vehicles SR</i>	<i>Machinery and equipment SR</i>	<i>Elevators and central air conditioning SR</i>	<i>Total SR</i>
Cost:								
At the beginning of the period	744,072,519	2,196,741,425	153,950,981	399,822,286	7,578,306	203,586,058	115,800,263	3,821,551,838
Additions	-	-	3,359,788	4,097,055	162,017	4,348,773	298,900	12,266,533
Disposals	-	-	-	(29,960)	(182,800)	-	-	(212,760)
Transfer from projects under construction (note 11)	-	-	3,587,925	1,350,652	-	2,600,191	97,350	7,636,118
At 30 September 2023	744,072,519	2,196,741,425	160,898,694	405,240,033	7,557,523	210,535,022	116,196,513	3,841,241,729
Accumulated depreciation								
At the beginning of the period	-	618,745,012	105,060,089	276,937,473	6,814,254	97,082,891	43,071,184	1,147,710,903
Charge for the period	-	31,224,801	8,879,712	17,576,090	172,192	14,246,601	2,558,040	74,657,436
Disposals	-	-	-	(3,735)	(182,798)	-	-	(186,533)
As 30 September 2023	-	649,969,813	113,939,801	294,509,828	6,803,648	111,329,492	45,629,224	1,222,181,806
Net Book Value:								
As at 30 September 2023	744,072,519	1,546,771,612	46,958,893	110,730,205	753,875	99,205,530	70,567,289	2,619,059,923

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10 PROPERTY AND EQUIPMENT (CONTINUED)

	<i>Lands SR</i>	<i>Buildings SR</i>	<i>Building's improvements SR</i>	<i>Furniture SR</i>	<i>Motor vehicles SR</i>	<i>Machinery and equipment SR</i>	<i>Elevators and central air conditioning SR</i>	<i>Total SR</i>
<i>Cost:</i>								
At the beginning of the year	744,072,519	2,173,942,670	142,337,318	403,458,073	7,783,678	187,653,667	114,813,941	3,774,061,866
Additions	-	2,521,000	6,187,184	4,000,301	244,724	9,293,013	228,070	22,474,292
Disposals	-	-	-	(14,352,616)	(450,096)	(957,561)	(377,743)	(16,138,016)
Transfer from projects under construction (note 11)	-	20,277,755	5,426,479	8,195,138	-	7,596,939	1,135,995	42,632,306
Adjustments (a)	-	-	-	(1,478,610)	-	-	-	(1,478,610)
As 31 December 2022	<u>744,072,519</u>	<u>2,196,741,425</u>	<u>153,950,981</u>	<u>399,822,286</u>	<u>7,578,306</u>	<u>203,586,058</u>	<u>115,800,263</u>	<u>3,821,551,838</u>
<i>Accumulated depreciation</i>								
At the beginning of the year	-	576,651,826	93,874,820	265,993,909	7,036,576	79,037,544	39,977,017	1,062,571,692
Charge for the year	-	42,093,186	11,185,269	24,803,330	227,774	18,920,720	3,462,697	100,692,976
Disposals	-	-	-	(13,859,766)	(450,096)	(875,373)	(368,530)	(15,553,765)
As 31 December 2022	<u>-</u>	<u>618,745,012</u>	<u>105,060,089</u>	<u>276,937,473</u>	<u>6,814,254</u>	<u>97,082,891</u>	<u>43,071,184</u>	<u>1,147,710,903</u>
Net Book Value:								
As at 31 December 2022	<u>744,072,519</u>	<u>1,577,996,413</u>	<u>48,890,892</u>	<u>122,884,813</u>	<u>764,052</u>	<u>106,503,167</u>	<u>72,729,079</u>	<u>2,673,840,935</u>

(a) During the year ended 31 December 2022, the Group re-estimated cost of certain items of the projects by SR 1.5 million.

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11 PROJECTS UNDER CONSTRUCTION

Movement in projects under construction is as follows:

	<i>For the nine months period ended 30 September 2023</i>	<i>For the year ended 31 December 2022</i>
	SR	SR
At the beginning of the period/year	175,213,850	95,507,055
Additions during the period / year	148,350,930	149,771,785
Transfers to property and equipment (note 10)	(7,636,118)	(42,632,306)
Impairment of projects under construction	-	(27,432,684)
At the end of the period/year	315,928,662	175,213,850

- (a) The projects under construction mainly represent the cost of constructing new hotels and renovating existing hotels in addition to other projects. This item includes contractors' costs, project management expenses, design expenses, advances to contractors, borrowing cost and other miscellaneous expenses.
- (b) The Group reviews the progress of these projects periodically. During the nine months period ended 30 September 2023, the Group did not notice any indicators of impairment for the ongoing projects.
- (c) Transfers into property and equipment during 2023 amounting SR 7.6 million mainly represent the cost of renovation of properties in Hospitality segment in Riyadh City. Transfers during 2022 amounting SR 42.6 million mainly represent the cost of construction of new apartments in Tabuk Region and cost of renovation of properties in Hospitality and Property Rental segments in Riyadh City.

12 ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

	<i>30 September 2023</i>	<i>31 December 2022</i>
	SR	SR
Contract liabilities	76,646,720	62,434,029
Accrued staff benefits	23,219,696	23,878,761
Retentions payable	21,945,013	15,719,558
Accrued financial charges	17,396,129	11,093,725
Payable to contractors	13,109,576	16,328,089
Accrued utilities and other services	6,334,611	3,600,233
Accrued professional fees and other services	3,415,740	2,530,180
Accrued management and franchising fee	2,699,898	4,791,691
Others (*)	15,075,842	12,121,780
	179,843,225	152,498,046

(*) This includes accruals for VAT, municipality charges, tobacco tax and other accruals.

13 TERM LOANS

The Group has secured term loans from number of local banks in the form of Murabaha financing with a total carrying value of SR 1,131 million as at 30 September 2023 (31 December 2022: SR 1,063 million) which accrue Murabaha 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.

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13 TERM LOANS (CONTINUED)

Loan agreements include covenants mainly related to maintaining certain leverage ratios, total debt to equity and other covenants. Under the terms of these agreements, the banks have the right to demand immediate repayment of the loans if any of the covenants are not met. The Group was compliant with the loan covenants as at 30 September 2023 and 31 December 2022.

	<i>30 September 2023 SR</i>	<i>31 December 2022 SR</i>
Term loans	1,131,225,472	1,062,668,575
Bank overdraft	-	37,125,020
	<u>1,131,225,472</u>	<u>1,099,793,595</u>

Classification of the borrowings is as follows:

	<i>30 September 2023 SR</i>	<i>31 December 2022 SR</i>
Term loans - current portion	217,796,152	133,882,321
Bank overdraft	-	37,125,020
Term loans - current portion	217,796,152	171,007,341
Term loans - non- current portion	913,429,320	928,786,254
Total borrowings	<u>1,131,225,472</u>	<u>1,099,793,595</u>

14 LEASE LIABILITIES

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

	<i>For the nine months period ended 30 September 2023 SR</i>	<i>For the year ended 31 December 2022 SR</i>
At the beginning of the period/year	330,680,112	345,652,935
Interest	11,209,861	15,006,421
Payments	(9,056,190)	(16,009,379)
Lease adjustment	-	(13,718,830)
COVID-19 related rent concession	-	(251,035)
At the end of the period/year	<u>332,833,783</u>	<u>330,680,112</u>

The present value of the net lease payments is as follows:

Current portion	49,183,288	34,472,722
Non-current portion	283,650,495	296,207,390

The following are the amounts recognised in interim condensed consolidated statement of income:

	<i>For the nine months period ended 30 September 2023 SR</i>	<i>30 September 2022 SR</i>
Depreciation expense of right-of-use assets	10,291,739	10,140,409
Financial charges on lease liabilities	10,854,160	10,543,953
Total amount recognised in consolidated statement of income	<u>21,145,899</u>	<u>20,684,362</u>

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15 ZAKAT

The Company and its subsidiaries file their Zakat returns individually based on their financial statements. Therefore, Zakat base is identified and calculated for the Company and its subsidiaries individually, and total estimated Zakat is presented in the interim condensed consolidated statement of income for the Group.

Movement in provision for Zakat is as follows:

	<i>For the nine months period ended 30 September 2023</i>	<i>For the year ended 31 December 2022</i>
	SR	SR
At the beginning of the period/year	11,205,828	13,662,198
Provided during the period/year	4,187,212	4,575,343
Payments made during the period/year	(7,762,049)	(7,031,713)
At the end of the period/year	<u>7,630,991</u>	<u>11,205,828</u>

Zakat status

The Company and its subsidiaries have filed their Zakat returns with Zakat, Tax and Customs Authority ("ZATCA") for all years up to 2022.

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

ZATCA issued zakat assessments for the year 2015. The Company 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 has submitted its response to ACTVDR within the timeline required and the outcome has not been finalized yet.

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 outcome has not been finalized yet.

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.

16 SHARE CAPITAL

The authorised, issued and fully paid share capital of the Company consists of 100 million shares of SR 10 each (31 December 2022: 100 million shares of SR 10 each).

17 DIVIDENDS PAYABLE

As at 30 September 2023, current liabilities include the balance of dividends payable amounting to SR 43.6 million (31 December 2022: SR 43.7 million), which 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.

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Following is the disaggregation of the Group's revenue from contracts with customers:

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19 COST OF REVENUES

	<i>For the three-month period ended 30 September</i>		<i>For the nine-month period ended 30 September</i>	
	2023	2022	2023	2022
	SR	SR	SR	SR
Salaries and other employee benefits	46,027,313	40,500,421	141,624,493	129,042,252
Depreciation of property and equipment and right of use assets	28,193,946	28,430,806	83,904,844	85,485,502
Operating supplies	11,900,245	8,363,949	51,130,962	24,581,774
Food and beverage	7,670,352	8,612,114	25,889,605	25,050,913
Utilities	7,770,470	7,654,336	20,917,362	19,904,235
Advertising and promotion activities	5,037,427	1,160,313	14,825,834	9,239,394
Commission for travelling agency and credit cards	3,799,408	2,263,394	10,122,187	5,485,262
Repair and maintenance	3,788,558	1,780,239	9,850,567	8,468,879
Service and operation fees	2,975,857	2,389,043	10,461,953	7,237,937
Security and guarding	108,115	87,691	269,971	382,553
Others	1,630,738	512,738	3,274,219	2,756,318
	118,902,429	101,755,044	372,271,997	317,635,019

20 GENERAL AND ADMINISTRATIVE EXPENSES

	<i>For the three-month period ended 30 September</i>		<i>For the nine-month period ended 30 September</i>	
	2023	2022	2023	2022
	SR	SR	SR	SR
Salaries and other employee benefits	5,981,677	4,930,724	18,769,850	16,354,795
Expected credit loss, net (note 6)	3,003,995	340,190	7,247,766	3,228,472
Professional fee	538,374	781,587	1,804,040	1,893,536
Board of Director remuneration	980,000	887,500	3,225,000	3,005,870
Subscription	372,988	642,929	1,632,270	1,925,803
Depreciation of property and equipment	355,440	315,790	1,044,331	1,002,370
Hospitalities	212,118	217,404	483,288	774,296
Others	488,179	696,150	1,663,893	1,602,857
	11,932,771	8,812,274	35,870,438	29,787,999

21 OTHER (EXPENSES) / INCOME, NET

	<i>For the three-month period ended 30 September</i>		<i>For the nine-month period ended 30 September</i>	
	2023	2022	2023	2022
	SR	SR	SR	SR
Consultancy expenses (a)	(2,533,654)	-	(4,324,405)	-
Accruals no longer required	1,717,500	-	1,717,500	2,220,155
COVID-19 related rent concession	-	-	-	251,035
Others, net	102,568	106,284	511,686	596,071
	(713,586)	106,284	(2,095,219)	3,067,261

(a) The Group incurred certain expenses of due diligence and other professional services as a result of proposed merger activities.

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22 COMMITMENTS AND CONTINGENCIES

Capital commitments

- a) The Group has entered into capital commitments of SR 150.7 million (31 December 2022: SR 286.9 million) related to its capital work in progress.
- b) The Group has capital commitment in relation to equity accounted investees' projects under construction of SR 38.8 million (31 December 2022: SR 49 million).

Contingencies

- a) As at 30 September 2023, the Group had issued letters of guarantee amounting to SR 28.8 million (31 December 2022: SR 29.03 million). These guarantees are without cash margin.
- b) For Zakat related matters, refer to note 15.

23 BASIC AND DILUTED EARNINGS PER SHARE

Basic and diluted earnings per share is calculated by dividing the profit for the period attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the period plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

	30 September 2023 SR	30 September 2022 SR
Income for the year attributable to the equity holders of the parent	28,426,147	34,891,396
Weighted average number of outstanding shares	100,000,000	100,000,000
Basic and diluted earnings per share	0.28	0.35

24 INTERIM RESULTS

The operations and revenues of the Group are affected by the seasonal changes during the year and for certain periods. Therefore, the results of operations for the nine months period ended 30 September 2023 may not necessarily be indicative of the annual results of the Group.

25 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

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. Financial instruments comprise of financial assets and financial liabilities. The Group's financial assets consist of cash and bank balances, short term deposits, investments, trade receivables and due from related parties. Its financial liabilities consist of term loans, trade payables, due to related parties and derivatives.

The management assessed that fair value of cash and bank balances, short term deposits, trade receivables, amounts due from related parties, trade payables and amounts due to related parties approximate their carrying amounts largely due to the short-term maturities of these instruments. As for term loans, the fair value does not materially differ from the book value included in the interim condensed consolidated financial statements as the current interest rates prevailing in the market for similar financial instruments do not significantly differ from the contracted prices.

The investment at FVOCI is classified within Level 3 of the fair value levels and measured by management at fair value using the two income methods (discounted cash flows) and market (Price-to-earnings Ratio) methods.

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25 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (CONTINUED)

For derivative financial instruments, the fair value is calculated using valuation techniques include swap models using present value calculations. The models incorporate various inputs including the credit quality of counterparties, interest rate curves and forward rate curves of the underlying commodity.

Financial Assets

	<i>30 September 2023 SR</i>	<i>31 December 2022 SR</i>
Financial assets carried at fair value		
Investment at FVOCI	2,520,084	2,520,084
Derivative financial instrument	-	109,916
Total financial assets carried at fair value	2,520,084	2,630,000
Financial assets carried at amortised cost		
Cash and cash equivalents	106,669,692	85,347,614
Trade receivables	137,459,034	133,821,186
Due from related parties	1,830,848	4,442,099
Total financial assets carried at amortised cost	245,959,574	223,610,899
Total financial assets	248,479,658	226,240,899
Total current financial assets	245,959,574	223,610,899
Total non-current financial assets	2,520,084	2,630,000
	248,479,658	226,240,899

Financial liabilities

	<i>30 September 2023 SR</i>	<i>31 December 2022 SR</i>
Financial liabilities carried at amortised cost		
Trade payables	32,710,034	24,798,564
Term loans	1,131,225,472	1,099,793,595
Due to related parties	33,714,886	35,246,712
Total financial liabilities carried at amortised cost	1,197,650,392	1,159,838,871
Total current financial liabilities	284,221,072	231,052,617
Total non-current financial liabilities	913,429,320	928,786,254
	1,197,650,392	1,159,838,871

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26 COMPARATIVE PERIOD ADJUSTMENTS

During the three months period ended 31 December 2022, the Group retrospectively processed the accounting of financial derivatives relating to the prior periods. Those adjustments are related to the interest rate swaps, which were not previously recorded by management in the periods prior to 31 December 2022.

The effect of those adjustment on the interim condensed consolidated financial statements for the nine-months period ended 30 September 2022 has been summarized below:

(a) Impact on interim condensed consolidated statement of profit or loss

	30 September 2022
	SR
Net gain on derivative instruments at fair value through profit or loss	32,716,296
Net impact on profit for the period	<u>32,716,296</u>
Attributable to:	
Equity holders of the Parent	32,716,296
Non-controlling interests	-

(b) Impact on basic and diluted earnings per share (EPS)

Basic and diluted earnings per share for the period attributable to equity holders of the Parent	<u>0.33</u>
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(c) Impact on the statement of cashflows:

	30 September 2022
Net cash used in operating activities	<u>(12,836,876)</u>

Certain other comparative numbers have been reclassified to conform with the current period presentation.

27 SIGNIFICANT EVENTS

The Company's board of directors, on 23 Juma'ada I 1444H (corresponding to 17 December 2022), signed a non-binding Memorandum of Understanding ("MOU") with Taiba Investments Company ("Taiba"), a Saudi Joint Stock Company, for potential acquisition ("Proposed Transaction") of the Company by Taiba.

Pursuant to the MOU, the Proposed Transaction was to be implemented through share exchange offer made by Taiba (in its capacity as the offeror) to Company's shareholders (in their capacity as the offerees) for the purposes of acquiring all of the Company's issued shares. The consideration payable by Taiba to Company's shareholders will be the issuance of new shares in Taiba in accordance with the Merger and Acquisition Regulations issued by the board of the Capital Market Authority ("CMA") and other relevant rules and regulations, which would result in the delisting of Dur Hospitality Company, and it would be a wholly owned subsidiary of Taiba.

On 17/9/1444H (corresponding to 8/4/2023G), the Company entered into a legally binding implementation agreement with Taiba Company (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.

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28 SUBSEQUENT EVENTS

There are no subsequent events that have occurred up to and including the date of the approval of the interim condensed consolidated financial statements which could materially affect the interim condensed consolidated financial statements and the related disclosures for the period ended 30 September 2023.

29 APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL

These interim condensed consolidated financial statements were approved on 16 Rabi Al-Thani 1445H (corresponding to 31 October 2023).