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 and nine-month periods ended 30 September 2022

JABAL OMAR DEVELOPMENT COMPANY
(A Saudi Joint Stock Company)

UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the three-month and nine-month periods ended 30 September 2022

KPMG Professional Services
Zahran Business Center
Prince Sultan Street
P.O. Box 55078
Jeddah 21534
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
جده 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 30 September 2022 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 30 September 2022;
- the condensed consolidated statement of profit or loss and other comprehensive income for the three-month and nine-month periods ended 30 September 2022;
- the condensed consolidated statement of changes in equity for the nine-month period ended 30 September 2022;
- the condensed consolidated statement of cash flows for the nine-month period ended 30 September 2022; 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 interim financial information 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)

Basis for Qualified Conclusion

As of 30 September 2022, the Group's total assets include Property, Plant and Equipment and Investment Property (collectively referred to as the 'properties') amounting to SR 20,064 million and SR 5,032 million respectively (31 December 2021: SR 19,370 million and SR 5,024 million respectively).
Management carried out an impairment exercise in prior periods to compare the carrying amounts with the recoverable amounts (being the higher of fair value or value in use) in respect of these properties. As described in the other matter paragraph, the conclusion expressed by the predecessor auditor on the financial statements of the Group for the prior period ended 30 September 2021 was a qualified conclusion due to inability to determine whether any impairment provision was required in respect of the properties. Further the opinion expressed by the predecessor auditor on the financial statements of the Group for the year ended 31 December 2021 and conclusions expressed on the financial statements of the Group for the periods ended 31 March 2022 and 30 June 2022 were also qualified opinion / conclusion since the predecessor auditor assessed the valuation approach to be inappropriate and certain significant assumptions to be not reasonable. Our report for the current period is qualified due to the effects of these matters on the comparability of the current period's figures and the corresponding figures as well as their impact on the current period amounts included in the condensed consolidated interim financial statements as at and for the nine months period ended 30 September 2022.

While carrying out the impairment exercise for the nine months period ended 30 September 2022, management has updated the assessment of the recoverable amount using the acceptable approaches set out under IFRS. The foregoing assessment of recoverable amounts includes various elements such as consideration of highest and best use from market participant perspective as well as the use of appropriate assumptions and application of judgments. Pursuant to our review procedures carried out in respect of management's determination of recoverable amounts, which included review of the valuation methodology and approach used by the valuation expert engaged by management, we were not able to assess certain significant assumptions and judgments (such as growth rate of future operating and disposal cashflows) used by management in the determination of recoverable amounts of certain properties are reasonable. Due to the high degree of judgment, it was impracticable for us to quantify the financial effects of adjustments to the amounts included in the condensed consolidated interim financial statements which would have resulted from using appropriate assumptions and judgments.

Qualified Conclusion

Except for the effects of the matter described in the basis of qualified conclusion section of our report, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements are not prepared, in all material respects, in accordance with IAS 34 as endorsed in the Kingdom of Saudi Arabia.

Emphasis of matter

We draw attention to note 1 to the condensed consolidated interim financial statements, which indicates that the Group incurred a loss for the period of SR 158 million and negative operating cash flows amounting to SR 319 million during the nine-month period ended 30 September 2022. In addition, the Group's current liabilities exceeded its current assets by SR 612 million and the Group had accumulated losses amounting to SR 1,393 million as at 30 September 2022. These conditions, along with other matters set forth in note 1, indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

KPMG

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

To the Shareholders of Jabal Omar Development Company (continued)

Other matter

The condensed consolidated interim financial statements for the nine-month period ended 30 September 2021 were reviewed by another auditor who expressed a qualified conclusion on those financial statements on 16 November 2021 due to the inability to determine whether any impairment provision was required in respect of the properties. The consolidated financial statements for the year ended 31 December 2021 and the condensed consolidated interim financial statements for the periods ended 31 March 2022 and 30 June 2022 were audited/reviewed by another auditor who expressed a qualified opinion/conclusion on those financial statements on 10 April 2022, 31 May 2022 and 28 August 2022 respectively due to the use of inappropriate approach and assumptions in determination of the recoverable amounts of properties.

KPMG Professional Services

Ebrahim Oboud Baeshen
License No. 382

Jeddah, 14 November 2022
Corresponding to 20 Rabi Al Thani 1444H

JABAL OMAR DEVELOPMENT COMPANY
(A Saudi Joint Stock Company)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)
As at 30 September 2022

	Note	30 September 2022 SR'000 (Unaudited)	31 December 2021 SR'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	6	**20,064,273**	19,369,516
Intangible assets		**853**	4,646
Investment properties	5	**5,031,649**	5,024,028
Investment in an equity accounted investee	9	**126,469**	121,762
Investment held at fair value through profit or loss	8	**295,306**	304,122
Restricted cash - non-current portion	7	**242,590**	242,590
Other non-current assets		**21,439**	18,396
Total non-current assets		**25,782,579**	25,085,060
Current assets			
Properties for development and sale	10	**23,363**	24,806
Other current assets		**61,443**	95,230
Investment held at fair value through profit or loss	8	--	24,475
Trade and other receivables	11	**340,264**	548,060
Restricted cash - current portion	7	**332,693**	716,520
Cash and cash equivalents	7	**325,609**	328,427
Total current assets		**1,083,372**	1,737,518
Total assets		**26,865,951**	26,822,578
EQUITY AND LIABILITIES			
Equity			
Share capital	1	**11,545,342**	9,294,000
Share premium	1	**2,917,739**	--
Statutory reserve		**108,506**	108,506
Reserve for advances to certain founding shareholders		**(285,960)**	(285,960)
Accumulated losses		**(1,392,538)**	(1,179,491)
Equity attributable to the equity holders of the Parent before subordinated perpetual instrument		**12,893,089**	7,937,055
Subordinated perpetual instrument	12(a)	**689,668**	689,668
Net equity attributable to the equity holders of the Parent after subordinated perpetual instrument		**13,582,757**	8,626,723
Non-controlling interest		**1,503**	1,503
Total equity		**13,584,260**	8,628,226

Muhammad Jawad	Khaled Mohmmed Al Amoudi	Saeed Mohammed AlGhamdi
Acting Chief Financial Officer	Chief Executive Officer	Chairman of the Board of Director

The accompanying notes from 1 to 21 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 30 September 2022

	Note	30 September 2022 SR'000 (Unaudited)	31 December 2021 SR'000 (Audited)
Liabilities			
Non-current liabilities			
Loans and borrowings - non-current portion	12	**10,445,206**	8,042,845
Liabilities against lease - non-current portion	13	**4,408**	11,309
Payable to other unitholders of investment fund – non-current portion	1	--	4,964,244
Provision for employees' terminal benefits		**27,836**	27,309
Other non-current liabilities		**1,109,403**	1,131,480
Total non-current liabilities		**11,586,853**	14,177,187
Current liabilities			
Loans and borrowings - current portion	12	**217,264**	1,766,085
Trade payables and other current liabilities		**1,172,992**	1,539,866
Payable to other unitholders of investment fund – current portion	1	--	406,199
Liabilities against lease - current portion	13	**2,814**	3,247
Zakat payable	17	**301,768**	301,768
Total current liabilities		**1,694,838**	4,017,165
Total liabilities		**13,281,691**	18,194,352
Total equity and liabilities		**26,865,951**	26,822,578

Muhammad Jawad Acting Chief Financial Officer	Khaled Mohmmed Al Amoudi Chief Executive Officer	Saeed Mohammed AlGhamdi Chairman of the Board of Director

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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 and nine-month periods ended 30 September 2022

	Note	Three-month period ended 30 September 2022 SR'000	Three-month period ended 30 September 2021 SR'000	Nine-month period ended 30 September 2022 SR'000	Nine-month period ended 30 September 2021 SR'000
Revenue	14	**218,630**	43,121	**609,922**	141,979
Cost of revenue		**(210,650)**	(107,983)	**(530,431)**	(342,039)
Gross profit / (loss)		**7,980**	(64,862)	**79,491**	(200,060)
Selling and marketing expenses		**(445)**	(768)	**(1,552)**	(2,627)
General and administration expenses		**(54,162)**	(13,727)	**(115,771)**	(137,036)
(Allowance) / reversal of financial loss on financial assets		**(40,157)**	21,531	**(79,911)**	35,444
Other operating income		**3,487**	--	**6,448**	--
Other operating expense		**(9,566)**	(163)	**(12,681)**	(118,685)
Operating loss		**(92,863)**	(57,989)	**(123,976)**	(422,964)
Finance costs	15	**(14,771)**	(176,877)	**(298,330)**	(550,434)
Share of results from investment in an equity accounted investee		**1,121**	4,035	**4,707**	5,505
Other non-operating income	1,16	**259,618**	--	**259,618**	662,179
Profit / (loss) for the period before zakat		**153,105**	(230,831)	**(157,981)**	(305,714)
Zakat	17	--	(39,206)	--	(39,206)
Profit / (Loss) for the period		**153,105**	(270,037)	**(157,981)**	(344,920)
Other comprehensive income		--	--	--	--
Total comprehensive income/ (loss) for the period		**153,105**	(270,037)	**(157,981)**	(344,920)
Attributable to:					
Shareholders of the Parent Company		**153,105**	(270,037)	**(157,981)**	(344,771)
Non-controlling interests		--	--	--	(149)
		153,105	(270,037)	**(157,981)**	(344,920)
Earnings/ (loss) per share (Saudi Riyals):					
Weighted average number of ordinary shares (number in thousand)		**1,004,445**	929,400	**954,415**	929,400
Earnings/ (loss) per share attributable to ordinary equity holders of the Parent Company (basic and diluted)		**0.15**	(0.29)	**(0.17)**	(0.37)

Muhammad Jawad Acting Chief Financial Officer	Khaled Mohammed Al Amoudi Chief Executive Officer	Saeed Mohammed AlGhamdi Chairman of the Board of Director

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JABAL OMAR DEVELOPMENT COMPANY
(A Saudi Joint Stock Company)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
For the nine-month period ended 30 September 2022

	Share capital SR'000	Share premium SR'000	Statutory reserve SR'000	Reserve for advances to certain founding shareholders SR'000	Accumulated losses SR'000	Equity attributable to the equity holders of the Parent before subordinated perpetual instrument SR'000	Subordinated perpetual instrument SR'000	Net Equity attributable to the equity holders of the Parent after subordinated perpetual instrument SR'000	Non-controlling interests SR'000	Total Equity SR'000
Balance at 1 January 2021 (audited)	9,294,000	--	108,506	(287,296)	(2,128,187)	6,987,023	--	6,987,023	1,719	6,988,742
Loss for the period	--	--	--	--	(344,771)	(344,771)	--	(344,771)	(149)	(344,920)
Other comprehensive income	--	--	--	--	--	--	--	--	--	--
Total comprehensive loss for the period	--	--	--	--	(344,771)	(344,771)	--	(344,771)	(149)	(344,920)
Payments received against advance to certain founding shareholders	--	--	--	1,326	--	1,326	--	1,326	--	1,326
Balance at 30 September 2021 (unaudited)	9,294,000	--	108,506	(285,970)	(2,472,958)	6,643,578	--	6,643,578	1,570	6,645,148
Balance at 1 January 2022 (audited)	9,294,000	--	108,506	(285,960)	(1,179,491)	7,937,055	689,668	8,626,723	1,503	8,628,226
Loss for the period	--	--	--	--	(157,981)	(157,981)	--	(157,981)	--	(157,981)
Other comprehensive income	--	--	--	--	--	--	--	--	--	--
Total comprehensive loss for the period	--	--	--	--	(157,981)	(157,981)	--	(157,981)	--	(157,981)
Issue of share capital under debt to equity swap (note 1)	2,251,342	2,917,739	--	--	--	5,169,081	--	5,169,081	--	5,169,081
Dissolution of subsidiary (note 1)	--	--	--	--	(55,066)	(55,066)	--	(55,066)	--	(55,066)
Balance at 30 September 2022 (unaudited)	**11,545,342**	**2,917,739**	**108,506**	**(285,960)**	**(1,392,538)**	**12,893,089**	**689,668**	**13,582,757**	**1,503**	**13,584,260**

Muhammad Jawad
Acting Chief Financial Officer

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Chief Executive Officer

Saeed Mohammed AlGhamdi
Chairman of the Board of Director

The accompanying notes from 1 to 21 are an integral part of these condensed consolidated interim financial statements.

JABAL OMAR DEVELOPMENT COMPANY
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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)
For the nine-month period ended 30 September 2022

	Note	For the nine-month period ended 30 September 2022 SR' 000 (Unaudited)	2021 SR' 000 (Unaudited)
OPERATING ACTIVITIES			
Loss for the period before zakat		**(157,981)**	(305,714)
Adjustments for:			
Depreciation on property, plant and equipment	6	**174,992**	182,999
Depreciation on investment properties	5	**21,823**	21,822
Amortization of intangible assets		**3,958**	783
Provision/(reversal) for employees' terminal benefits		**2,191**	(1,420)
Allowance/(reversal) of financial loss on financial assets		**79,911**	(35,444)
Share of results of investment in an equity accounted investee	9	**(4,707)**	(5,505)
Financial costs	15	**269,137**	227,155
Finance charges on lease liabilities	1	**29,193**	323,279
Loss from disposal / write off of property, plant and equipment		**2,271**	1,906
Other non-operating income		**(259,618)**	(662,179)
Impact of cancellation of lease		**(7,286)**	--
Changes in fair value of investments held at fair value through profit or loss	8	**8,816**	13,208
		162,700	(239,110)
Working capital adjustments:			
Other non-current assets		**(3,042)**	2,562
Properties for development and sale		**12,355**	(59,226)
Other current assets		**33,787**	(52,522)
Trade and other receivables		**(104,208)**	12,592
Other non-current liabilities		**(22,079)**	(3,668)
Trade payables and other current liabilities		**(136,309)**	(92,712)
Cash used in operations		**(56,796)**	(432,084)
Financial costs paid		**(260,357)**	(153,068)
Employees' termination benefits paid		**(1,664)**	(10,820)
Net cash used in operating activities		**(318,817)**	(595,972)
INVESTING ACTIVITIES			
Additions to property, plant and equipment	6	**(816,436)**	(110,017)
Purchase of intangible assets		**(165)**	(2,921)
Additions to investment properties		**(483)**	(5,296)
Net change in restricted cash balances		**383,828**	41,753
Proceeds from disposal of property held for sale		--	630,000
Net cash (used in)/from investing activities		**(433,256)**	553,519

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JABAL OMAR DEVELOPMENT COMPANY
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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED) (continued)
For the nine-month period ended 30 September 2022

	Note	For the nine-month period ended 30 September 2022 SR' 000 (Unaudited)	2021 SR' 000 (Unaudited)
FINANCING ACTIVITIES			
Payments received against advance to certain founding shareholders		--	1,326
Loans and borrowings drawdown		**1,072,967**	577,499
Loans and borrowings repayment		**(323,665)**	(106,320)
Repayments of lease		**(47)**	(10,211)
Net cash from financing activities		**749,255**	462,294
Net (decrease) / increase in cash and cash equivalents		**(2,818)**	419,841
Cash and cash equivalents at beginning of the period		**328,427**	51,225
Cash and cash equivalents at end of the period	7	**325,609**	471,066
Major non-cash supplemental information:			
Capitalization of borrowing cost on investment property	5(a)	**28,961**	--
Capitalization of borrowing cost on property, plant and Equipment	6(d)	**66,496**	57,048
Write off of trade receivable balances		--	7,246
Issue of share capital under debt-to-equity Swap			--
Trade and other receivables	1	**227,821**	--
Trade payables and other current liabilities	1	**259,760**	--

Muhammad Jawad
Acting Chief Financial Officer

Khaled Mohmmed Al Amoudi
Chief Executive Officer

Saeed Mohammed AlGhamdi
Chairman of the Board of Director

The accompanying notes from 1 to 21 are an integral part of these condensed consolidated interim financial statements.

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 29 October 2007 (corresponding to 17 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's and its subsidiaries (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 Company's interest; in addition to 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.

Going concern

The Group utilizes debt financing to fund the development of each of the Project's phases. However, the revenues from the Group's operational assets are insufficient to meet the servicing requirements of the Group's debt structure after accounting for operational costs.

Moreover, this shortfall was exacerbated by the outbreak of novel coronavirus (COVID-19), classified as a pandemic, in March 2020, the impact of which continued to affect the Group during the period. The continued outbreak of COVID-19 led to a substantial reduction in cash generated from the Group's hotel and commercial area operations. The Group has incurred a total comprehensive loss amounting of SR 158 million (30 September 2021: SR 345 million) and negative operating cash flows amounting to SR 319 million (30 September 2021: SR 596 million) during the nine-month period ended 30 September 2022. In addition, the Group's current liabilities exceeded its current assets by SR 612 million (31 December 2021: SR 2,280 million) and the Group had accumulated losses amounting to SR 1,393 million as at 30 September 2022 (31 December 2021: SR 1,179 million).

Consequently, the Group continues to be dependent on the cash that will be generated from debt financing and the sale of certain plots of land to meet its obligations as and when they become due and to continue its operations without a significant curtailment. These conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern.

1. CORPORATE INFORMATION (continued)

Going Concern (continued)

The table below summarizes the maturity profile of the Group's financial liabilities based on contractual gross and undiscounted cash outflows:

At 30 September 2022

	Less than 1 year SR' 000	1-2 years SR' 000	2-5 years SR' 000	Over 5 years SR' 000	Total SR' 000
Loans and borrowings	172,714	1,457,501	2,481,313	7,171,802	11,283,330
Trade payables and other current liabilities	1,172,997	--	--	--	1,172,997
Liabilities against leases (note 13)	3,074	4,952	--	--	8,026
Other non-current liabilities	62,239	412,630	186,717	903,189	1,564,775
Total	**1,411,024**	**1,875,083**	**2,668,030**	**8,074,991**	**14,029,128**

The Group's obligations towards lenders and banks carry financial covenants which are detailed in note 12.

In assessing the appropriateness of applying the going concern basis in the preparation of these condensed consolidated interim financial statements, the Group has taken various measures and established a plan to enable the Group to meet both its obligations as they become due and to continue its operations, as a going concern. The plan comprises the Group's forecasted cash flows taking into account reasonably possible outcomes over a 12-month period from the date of approval of these condensed consolidated interim financial statements. The measures taken include the following:-

- On 5 October 2021, the Group announced the restructuring of loan facility amounting to SR 4.7 billion with an additional SR 1.2 billion credit limit to be drawn down, taking the total financing to SR 5.9 billion. The restructured loan agreement would require the Group to sell phase 5. The Group has appointed a real estate broker for the sale of plots of land belonging to phase 5. The total available undrawn facility as at reporting period amounts to SR 606 million. The cash expected to be generated from this sale would be utilized to partially repay the loan, amounting to SR 1.2 billion. An amount of SR 1.3 billion, will be drawn within twelve months from the date of the condensed consolidated interim statement of financial position. The funds from additional facility will go towards the completion of phase 2 and 4 of the Group's master plan. This loan has been considered in maturity profile as per restructured repayment plan.

1. CORPORATE INFORMATION (continued)

- During the year ended 31 December 2021, the Group announced the restructuring of loan facility from the Ministry of Finance ("MoF") which involves significant modifications of loan terms such as extending the maturity of the existing loans, waiver of the accrued commission, capitalization of commission for certain period for commencing repayments, revision in commission rates and conversion of certain portion of the existing loan into a subordinated perpetual instrument. The modified financial liability has been considered as non-current in maturity profile while no call of subordinated perpetual instrument is expected in foreseeable future.

  The MoF has also supported the Group by acting as guarantor for a new financing arrangement amounting to SR 1.6 billion (note 12).

- The Group is also in process of selling certain plots of land in phase 7 along with the plots of land belonging to phase 5 (as mentioned above) and expects to generate aggregate cash amounting to SR 3.7 billion within 12 months from the date of the condensed consolidated interim statement of financial position.

- During the year ended 31 December 2021, the Group entered into a financing arrangement amounting to SR 1.6 billion with a lender for the completion of phase 3 and made a drawdown of SR 831 million. Remaining drawdowns from this facility amounting to SR 769 million are planned to be made within 12 months from the date of the condensed consolidated interim statement of financial position.

- During the nine-month period ended 30 September 2022, the Group has restructured loan obtained from a local bank amounting to SR 1.6 billion. The Group has rescheduled the repayment terms of two facilities amounting to SR 1,000 million and SR 600 million respectively. The repayment terms of the new restructured loan is to extended to 5 years with 1 year grace period, payable semi-annually. As at 30 September 2022, the legal documentation related to the restructured agreement facility is in the process of finalization.

- On 26 September 2021, the Group signed a revised facility with another lender, as per the terms of the agreement, the facility will increase from SR 0.6 billion to SR 1 billion. During the nine-month period ended 30 September 2022, the group made payments of 0.6 billion, and drawdown of SR 1 billion for the purpose of settlement of certain Group's outstanding liabilities. The repayment for the facility will be due in 18 months from the day of the first withdrawal.

- During the period ended 30 September 2022, the Company entered into a swap agreement ("the Swap Agreement") with Alinma Investment Company ("the Fund Manager") on behalf of Alinma Makkah Real Estate Fund ("the Fund") the Group's investee and also lessor for a finance lease obligation entered into to settle the entire lease obligations that the Company held towards the Fund against issue of shares to the unitholders of the Fund and extinguishment of Group's investment in the Fund. The events leading up to the execution of Swap Agreement are as follows:

1. CORPORATE INFORMATION (continued)

On 13 September 2021 (corresponding to 6 Safar 1443H) the Company submitted a non-binding offer to the Fund Manager of the Fund relating to the full settlement of the rights and obligations in respect of the lease obligations. Subsequently, the Company made changes in the offer and made announcements on Tadawul. On 2 April 2022 (corresponding to 1 Ramadan 1443H) an agreement was entered between the Company and the Fund Manager in order to settle all rent payment obligations and other liabilities owed by the Company to the Fund, and for the Fund, to surrender all of their rights over the assets, including rights of ownership to be transferred to the Company, in exchange for the delivery of the new shares to the unitholders in accordance with the terms of the Agreement. On 21 April 2022 (corresponding to 20 Ramadan 1443H) the Company made an announcement that the Board of Directors recommended the increase of the Company’s share capital by way of lease obligation settlement.

On 25 August 2022 (corresponding to 27 Muharram 1444H), the shareholders of the Company approved the Board of Directors recommendation to increase the Company’s share capital from SR 9,294 million to SR 11,545 million in the extra ordinary general meeting, representing an increase of 24.22% in the Company’s current share capital, for the purpose of converting the entire lease obligation owed by the Company towards the Fund by issuing 2.2 million new shares in the Company to the Fund unitholders for each unit they own in the Fund at an agreed exchange ratio of 0.442 for each unit of the Fund in accordance with Article (138)(b) of the Companies Law, Article (56) of the Rules on the Offer of Securities and Continuing Obligations, and pursuant to the terms and conditions of the corresponding agreement at a share premium amounting to SR 2.9 million. Consequently, the Swap Agreement was completed, and the debt-to-equity conversion took place on 1 September 2022 (corresponding to 5 Safar 1444H) whereby the lease liability was settled against the investment made by the Company in the Fund as well as through the issuance of new shares which resulted in a gain of SR 259 million which has been recognised in the statement of profit or loss for the current period under non-operating income. Moreover, the finance charges accrued during the nine months period ended 30 September 2022 amounting to SR 315 million have also been reversed and the reversal has been reflected within finance costs. On 1 September 2022 (corresponding to 5 Safar 1444H), the Fund Manager announced the expiry of the term of the Fund.

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

1. CORPORATE INFORMATION (continued)

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 four branches bearing commercial registration numbers 4030291056, 4031097883, 4031098207 and 1010465230, respectively.

Name	Commencement of operation	Registration No.	Registration date	SCTA's-letter No.	SCTA's-letter date
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)
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)
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)
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)
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)
Marriott Makkah	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)

Further to the above operating hotels, the Company has two additional hotels, the operations of which are not yet commenced, bearing commercial registration numbers 4031215100 and 4031247845, respectively.

1. CORPORATE INFORMATION (continued)

These condensed consolidated interim financial statements comprise the financial statements of the Company and its subsidiaries (together referred to as the 'Group'). The Company has the following subsidiaries as at 30 September 2022. The Group is incorporated in the Kingdom of Saudi Arabia except for Jabal Omar Sukuk Company Limited which is incorporated in the Cayman Island.

Name of the Subsidiary	Registration No.	Registration date	Ownership interest	Financial year end	Principal activities
Shamikhat Company for Investment and Development	4030594602	09 October 2017 corresponding to 19 Muharram 1439H	100%	31 December	Investment & Development services in the real estate sector
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
Ishrakat for logistic services Company	4030303509	06 May 2018 corresponding to 21 Shaban 1439H	100%	31 December	Logistic services
Alyaat for marketing Company	4030326220	05 March 2019 corresponding to 27 Jumada Al-Thani 1440H	100%	31 December	Marketing services
Rasyat Company	4031051838	8 August 2017 corresponding to 15 Dhul Qadah 1438H	100%	31 December	Investment in infrastructure facilities
Jabal Omar Sukuk Company Limited	334209	12 March 2018 corresponding to 24 Jumada Al Thani 1439H	100%	31 December	Issuance of sukuks

Pursuant to the Swap Agreement executed during the period ended 30 September 2022 (note 1), the Fund Manager announced the expiry of the term of the Fund on 1 September 2022 (corresponding to 5 Safar 1444H). As part of the Swap Agreement, the Company derecognized its investment in the Fund in full.

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 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 2021 ("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 period ended 30 September 2022 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2022.

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
Investment held 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 Significant accounting judgments, estimates and assumptions

The preparation of the Group's condensed consolidated interim financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. The significant judgments made by management in applying the Group's accounting policies and the methods of computation and the key sources of estimation are the same as those that applied to the financial statements for the year ended 31 December 2021. However, in the view of the uncertainty initially created due to COVID-19, which continued to affect the Group, any future change in the assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future periods. As the situation is still evolving with future uncertainties, management will continue to assess the impact based on prospective developments.

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 annual financial statements for the year ended 31 December 2021, except for the adoption of new standards given below effective as of 1 January 2022. The Group has not adopted any standard, interpretation or amendment that has been issued but is not yet effective.

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

Amendments to Standards

There are no new standards issued and the adoption of the following amendments to the existing standards had no significant impact on the condensed consolidated interim financial statements of the Company 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 on or after the following date
IAS 37	Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)	1 January 2022
Annual Improvements	Annual Improvements to IFRS Standards 2018-2020	1 January 2022
IAS 16	Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)	1 January 2022
IFRS 3	Reference to the Conceptual Framework (Amendments to IFRS 3)	1 January 2022

Standards and Amendments Issued but Not Yet Effective

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2023 and earlier application is permitted. However, the Company has not early adopted any of the forthcoming new or amended standards in preparing these condensed consolidated interim financial statements.

Standard / Interpretation	Description	Effective from periods beginning after the following date
IFRS 17	Insurance contracts and amendments	1 January 2023
IAS 1	Classification of liabilities as current or non-current (Amendments to IAS 1)	1 January 2023
IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)	1 January 2023
IAS 8	Definition of Accounting Estimate (Amendments to IAS 8)	1 January 2023
IAS 12	Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction – Amendments to IAS 12 Income Taxes	1 January 2023
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 comprising the condensed consolidated interim statement of financial position, condensed consolidated interim statement of profit or loss and other comprehensive income, condensed consolidated interim statement of changes in equity, condensed consolidated interim statement of cash flows and notes to the condensed consolidated interim financial statements of the Group include assets, liabilities and the results of the operations of the Company and its subsidiaries, as set out in note 1. The Company and its subsidiaries are collectively referred to as the “Group”. Subsidiaries are entities controlled by the Group.

5. 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 2021 (Audited)	1,339,673	879,983	367,215	92,335	2,493,293	5,172,499
Additions during the year	--	--	--	--	11,292	11,292
Balance at 31 December 2021 (Audited)	1,339,673	879,983	367,215	92,335	2,504,585	5,183,791
Additions during the period	--	--	483	--	28,961	29,444
Balance at 30 September 2022 (Unaudited)	**1,339,673**	**879,983**	**367,698**	**92,335**	**2,533,546**	**5,213,235**
Accumulated depreciation:						
Balance at 1 January 2021 (Audited)	--	39,352	73,217	18,099	--	130,668
Depreciation for the year	--	10,613	16,557	1,925	--	29,095
Balance at 31 December 2021 (Audited)	--	49,965	89,774	20,024	--	159,763
Depreciation for the period	--	7,958	12,420	1,445	--	21,823
Balance at 30 September 2022 (Unaudited)	**--**	**57,923**	**102,194**	**21,469**	**--**	**181,586**
Net book value:						
At 30 September 2022 (Unaudited)	**1,339,673**	**822,060**	**265,504**	**70,866**	**2,533,546**	**5,031,649**
At 31 December 2021 (Audited)	1,339,673	830,018	277,441	72,311	2,504,585	5,024,028

5. INVESTMENT PROPERTIES (continued)

a) Investment properties comprise commercial centers, parking areas and properties under development. Developed commercial centers and parking areas generate income through lease agreements. During the nine-month period ended 30 September 2022, there was SR 28.9 million capitalized as borrowing costs for the construction of investment properties included in capital work in progress (For the year ended 31 December 2021: SR 11.3 million). Further, 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 4.02% per annum (31 December 2021: 3.62 % per annum).

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

c) Deprecation charged for the nine-month period ended 30 September 2022 and 2021 has been allocated to cost of sale.

d) As at 30 September 2022, the Group's land in the investment properties with a carrying amount of SR 1,018 million (31 December 2021: SR 1,018 million) were mortgaged as collateral against loans and borrowings. (note 1)

e) As at 30 September 2022, the fair value of the investment property of the Group amounts to SR 1,668 million (31 December 2021: SR 1,621 million)

f) Refer Note 6 for key assumptions and information about fair value measurements using significant unobservable input.

6. 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 SR' 000	Total SR' 000
Cost:								
Balance at 1 January 2021 (Audited)	2,896,000	4,207,847	1,007,154	1,969,224	758,997	429,057	7,514,486	18,782,765
Additions during the year	--	--	--	1,031	4,151	--	449,077	454,259
Disposals/write offs during the year	--	--	--	--	(20,825)	--	--	(20,825)
Transfer from development properties (note 10)	135,997	--	--	--	--	--	1,259,061	1,395,058
Transfers from CWIP	--	--	11,868	--	--	--	(11,868)	--
Transfer to non-current asset classified as held for sale (note 6 (b))	(54,557)	--	--	--	--	--	(56,278)	(110,835)
Reclassification	41,103	--	--	--	--	--	(41,103)	--
Balance at 31 December 2021 (Audited)	3,018,543	4,207,847	1,019,022	1,970,255	742,323	429,057	9,113,375	20,500,422
Additions during the period	--	--	--	1,195	2,393	--	879,344	882,932
Write offs during the period	--	--	--	--	(6,752)	--	--	(6,752)
Transfers from CWIP to development properties (note 10)	--	--	--	--	--	--	(10,912)	(10,912)
Balance at 30 September 2022 (Unaudited)	**3,018,543**	**4,207,847**	**1,019,022**	**1,971,450**	**737,964**	**429,057**	**9,981,807**	**21,365,690**
Accumulated depreciation:								
Balance at 1 January 2021 (Audited)	--	184,788	119,454	250,983	314,592	37,838	--	907,655
Depreciation for the year	--	49,873	34,227	81,552	68,838	7,984	--	242,474
Disposals/write-off during the year	--	--	--	--	(19,223)	--	--	(19,223)
Balance at 31 December 2021 (Audited)	--	234,661	153,681	332,535	364,207	45,822	--	1,130,906
Depreciation for the period	--	37,404	25,670	61,194	44,738	5,986	--	174,992
Write-off during the period	--	--	--	--	(4,481)	--	--	(4,481)
Balance at 30 September 2022 (Unaudited)	**--**	**272,065**	**179,351**	**393,729**	**404,464**	**51,808**	**--**	**1,301,417**
Net book value:								
At 30 September 2022 (Unaudited)	**3,018,543**	**3,935,782**	**839,671**	**1,577,721**	**333,500**	**377,249**	**9,981,807**	**20,064,273**
At 31 December 2021 (Audited)	3,018,543	3,973,186	865,341	1,637,720	378,116	383,235	9,113,375	19,369,516

6. PROPERTY, PLANT AND EQUIPMENT (continued)

a) The Group signed an agreement ("the Agreement") with the Central District Cooling Company ("CDCC") an equity accounted investee for the construction, operation and maintenance of the District Cooling System ("DCS") for 26.5 years from the date of final commissioning of DCS which became effective 31 December 2014. The DCS is pledged against a loan obtained by CDCC. The Group is entitled to obtain all economic benefits from the DCS during its entire life and therefore recognises the DCS from the commencement of construction by CDCC.

b) The amounts referred in the note 6 represents transfer of non-current assets classified as property, plant and equipment to non-current assets classified as held for sale pertaining to assets determined by management to be recovered principally through a sale transaction rather than continuing use.

c) Land (the ‘Land’) represents plots situated in the Jabal Omar area, which were received by the Company from the founding shareholders (the ‘Owners’) against issuance of its shares at nominal value of SR 10 per share by virtue of a Royal Decree (the ‘Decree’) (note 1). Valuation of land was prepared and approved by Development Commission of Makkah Al Mukkaramah. Legal formalities for the transfer of title deeds from the Owners were completed. The Company had intended to complete the procedures for transferring any remaining title deeds in the name of the Company and issue corresponding shares, as and when their Owners would complete the related statutory and legal documentation (the ‘documentation’).

However, due to the physical location of the Project and peculiarities attached to the land ownership around Haram area, there were certain plots without identified title deeds. Accordingly, owners of plots amounting to SR 359 million remained unable to complete the documentation even after several years post incorporation of the Company. Accordingly, during 2016, the management of the Company recognised this remaining unrecorded land in its financial statements, considering the following:

- No title deeds had been submitted for the past 2 years;
- In respect of the Owners who could not submit their legal tittle deeds, pursuant to the transfer arrangement, Makkah Construction and Development Company ("MCDC") subscribed for shares in the Company on behalf of those owners. This mechanism was ratified by Royal Decree No. M/63, dated 25/9/1427H (corresponding to 18 October 2006) and therefore legal ownership of the land is with the Group;
- The Company possesses substantive rights to the use of complete Land by virtue of the Decree;
- The Group has been in the possession of the Land for the past several years and has started construction thereon; and
- During 2020, the competent authorities issued a unified title deed in the name of the Company for the entire area of the Group's Project which amounts to 235,869.11 square meters.

Moreover, in lieu of the fact that MCDC subscribed for the shares on behalf of owners who could not submit their legal title deeds, a corresponding payable to MCDC was recognised. The amount payable to MCDC would be settled as and when owners who could not submit their title deeds earlier, would do so, with a corresponding re-allocation in shareholding between MCDC and such owner. Management expects the liability to be settled on demand and hence recorded as current liability.

6. PROPERTY, PLANT AND EQUIPMENT (continued)

d) During the period ended 30 September 2022, an amount of SR 66.4 million (31 December 2021; SR 47.8 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 4.02% per annum (31 December 2021: 3.62% per annum).

e) The outbreak of COVID-19 led to a substantial reduction in cash generated from the Group's hotel and commercial area operations, which continued to affect the Group's operations. It has also interrupted the development of the Group's projects. As a result, management had considered there to be indicators of impairment. There is a risk that the carrying value of non-financial assets, hotels, commercial properties and land parcels ("properties") associated with the Group's operations will be higher than the recoverable amounts.

For the purpose of impairment testing of the non-financial assets, the underlying assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. The Group has determined the recoverable amounts of each CGU by assessing the fair value less cost of disposal (FVLCOD) of the underlying assets. The valuation is considered to be Level 3 in the fair value hierarchy due to unobservable inputs used in the valuation. Based on the valuation, no impairment was identified.

The valuation methodology and related significant inputs and assumptions used by valuers in estimation of net recoverable amount are as follows:

Valuation methodology:
The Group engaged independent professionally qualified valuation experts for the fair market valuation of the non-financial assets as at 30 September 2022.

The valuation expert engaged by the Company is accredited by the Saudi Authority for Accredited Valuers and performed their work in accordance with the International Valuation Standards Council (IVSC) as well as the regulations issued by the Saudi Authority for Accredited Valuers (TAQEEM). The valuation expert has experience under IFRS 13, in determining the fair value for properties in the locations and segments where the Group's properties are situated.

The Group's finance department includes a team that reviews the valuations performed by the independent valuer for financial reporting purposes. This team reports directly to the Chief Financial Officer (CFO) of the Group. Discussions of valuation processes and results are held between the CFO and the valuation team at least once in every quarter, in line with the Group's quarterly reporting dates.

6. PROPERTY, PLANT AND EQUIPMENT (continued)

At each financial year-end the finance department:

- verifies all major inputs to the independent valuation report;
- assesses property valuation movements when compared to the prior year valuation report; and
- holds discussions with the independent valuer.

Changes in Level 2 and 3 fair values are analysed at each reporting date during the quarterly valuation discussions between the CFO and the valuation team. As part of this discussion, the team presents a report that explains the reasons for the fair value movements.

The Group has a number of operating hotels and hotels under construction. Each hotel is considered a separate CGU for purposes of impairment testing. In determining the fair value, the valuer has used an income approach, residual value approach, cost approach and in certain cases a weighted average of approaches. In case of non-operated assets comprising land parcels only the valuer has used comparable values approach. The Group also has a number of commercial centers and each commercial center is considered a separate CGU. The valuer has used income approach for developed commercial centers and commercial centers under development. Moreover, the valuer and Group's management has determined the fair value whilst considering the highest and best use of the assets (as per the guidance set out in IFRS 13).

Key assumptions used in the fair valuation include the following:-

Assumption	Approach used to determine values
Average daily rate	Based on the actual location, type and quality of the properties and supported by historic trends and approved room rents including impacts of expected inflations.
Estimated occupancy rate	Based on current, historic and expected future market conditions.
Retail developed land value	Prices of residential and commercial land parcels per square meter in the neighboring districts.
Discount rates	Reflects current market assessments of the uncertainty in the amount and timing of cash flows.
Capitalization rate	It is based on actual location, size and quality of the properties and taking into account market data at the valuation date.
Costs to complete	These are largely consistent with internal budgets developed by the Group's management, based on its experience and knowledge of market conditions.
Growth rate	Cash flow projections till the disposal of cash generating unit are estimated by extrapolating the cash flow projections based on the financial budgets/forecasts using a growth rate for subsequent years. The management has assumed a steady growth rate in the cashflow projections for its properties.

7. CASH AND CASH EQUIVALENTS

	30 September 2022 (Unaudited) SR'000	31 December 2021 (Audited) SR'000
Cash on hand	**85**	85
Cash at banks (see notes (7(a)), and (7(b)) below)	**669,382**	981,527
Term deposits less than three months (note (7(a)) below)	**231,425**	305,925
	900,892	1,287,537
Less: Restricted cash - non-current (see note (7(a)) below)	**(242,590)**	(242,590)
Less: Restricted cash - current (see note (7(a)) below)	**(332,693)**	(716,520)
	325,609	328,427

a) These represent cash and deposit placed in Murabaha deposits 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 agreements under corresponding arrangements with commercial banks. The classification depends on the contractual arrangement and is classified as current when the payment is on demand.

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 the carrying value at 30 September 2022 and 31 December 2021.

8. INVESTMENT HELD AT FAIR VALUE THROUGH PROFIT OR LOSS

8.1 Classification of financial assets at fair value through profit or loss

The Group classifies the following financial assets at fair value through profit or loss:

- debt investments that do not qualify for measurement at either amortised cost or FVOCI;
- equity investments that are held for trading; and
- equity investments for which the entity has not elected to recognize fair value gains and losses through OCI.

8.2 Equity investments at fair value through profit or loss

		Carrying value as at		Unrealized (loss) / gain as at	
	Note	30 September 2022 (Unaudited) SR'000	31 December 2021 (Audited) SR'000	30 September 2022 (Unaudited) SR'000	31 December 2021 (Audited) SR'000
Non-current assets					
Al Bilad Makkah Hospitality Fund	a	**295,306**	304,122	(8,816)	(588)
Current assets					
Alinma Saudi Riyal Liquidity Fund	b	**--**	24,475	**--**	844

8. INVESTMENT HELD AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

a) This represents investment in 20 million units (31 December 2021: 20 million units) of the investee which is a private placement closed ended real estate investment fund domiciled in KSA and managed by Al Bilad Investment Company. The objective of the investee is to acquire interest in properties situated in Makkah in order to generate income and capital growth. The main assets of the investee are represented by investment properties. The investee prepares and publishes financial statements on semi-annual basis under which it reports net asset value of the fund based on the fair value of these investment properties, as determined by two independent valuers (referred to as 'Indicative NAV'). Since the units of the fund are traded with reference to such Indicative NAV, management believes that it is a reasonable approximation of the fair value of the investee. As per the audited financial statements of the investee for the year ended 30 June 2022, the indicative NAV per unit amounts to SR14.77, has accordingly been used as a valuation basis of the Group's investment as at 30 September 2022 as the Group’s management believe that there have been no major change in circumstances during the period.

b) This represented investment made by Alinma Makkah Real Estate Fund in Alinma Saudi Riyal Liquidity Fund which is a public investment fund domiciled in KSA and managed by Alinma Investment Company. The objective of the investee is to invest in Murabaha Contracts which complies with Islamic Shari’a. Pursuant to the Swap Agreement, referred in note 1, the Fund has been liquidated.

c) Financial assets at FVTPL comprise investments in funds. The following tables show the valuation techniques used in measuring fair values for financial instruments in the statement of financial position, as well as the significant unobservable inputs used.

			Fair value measurement using		
	Date of valuation	Total SR’000	Quoted prices in active markets (Level 1) SR’000	Significant observable inputs (Level 2) SR’000	Significant unobservable inputs (Level 3) SR’000
Equity investments at fair value through profit or loss	**30 September 2022 (Unaudited)**	**295,306**	**--**	**295,306**	**--**
Equity investments at fair value through profit or loss	31 December 2021 (Audited)	328,597	24,475	304,122	--

Type	Valuation technique
Investment in public funds	Quoted market prices
Investment in non-public funds	Indicative NAV of the Fund based on the fair value of the underlying assets of the Fund

There are no transfers in the fair value levels during the period ended 30 September2022.

9. INVESTMENT IN AN EQUITY ACCOUNTED INVESTEE

This represents Group's 40% investment in an equity accounted investee arrangement in Central District Cooling Company ("CDCC"), which is principally engaged in the business of providing central district cooling system services.

During the period, the Group has recorded share of result amounting to SR 4.7 million (30 September 2021: SR 5.5 million).

10. PROPERTIES FOR DEVELOPMENT AND SALE

These represent properties being developed for sale as residential units and plot of lands which determined by management to be used for future sale in the ordinary course of Group's operations.

Movement during the period ended 30 September 2022 is as follows:

	30 September 2022 (Unaudited) SR'000	31 December 2021 (Audited) SR'000
Opening balance	**24,806**	1,419,044
Transfers (note 6)	**10,912**	(1,395,058)
Additions	**--**	820
	35,718	24,806
Less: Charged to cost of revenue	**(12,355)**	--
	23,363	24,806

10.1 At 30 September 2022 and 31 December 2021, the net realizable value of the properties is assessed to be higher than their carrying value.

Residential units
The management of the Group has carried out an exercise to determine the net realizable value of their residential units. This exercise involved determination of planned mode of disposal and the estimation of certain significant variables such as estimated selling price based on planned mode of disposal, estimated cost to sell and estimated cost to make the asset ready for sale. As at 30 September 2022 and 31 December 2021, the net realizable value of the residential units is assessed to be higher than their carrying value.

11. TRADE AND OTHER RECEIVABLES

	30 September 2022 (Unaudited) SR'000	31 December 2021 (Audited) SR'000
Receivables from contract with customers	**29,128**	16,757
Receivables from rental arrangements and land sale	**124,312**	156,322
Contract assets	**41,890**	56,550
Advances to suppliers	**159,224**	152,904
Margin and other deposits	**14,571**	14,571
Other receivables	**102,293**	211,645
Less: Allowance for expected credit losses	**(131,154)**	(60,689)
	340,264	548,060

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 30 September 2022, five largest customers accounted for 66% (31 December 2021: 71%) of the outstanding trade receivables. Due to short-term nature of the trade receivables, their carrying amounts are considered to approximate their fair values.

Advances to suppliers mainly include advances for undertaking repair and maintenance of infrastructure work.

12. LOANS AND BORROWINGS

Details of the Group's loans and borrowings are as follows:

	30 September 2022 (Unaudited) SR'000	31 December 2021 (Audited) SR'000
Loans and borrowings	**10,397,228**	9,632,872
Accrued commission on term loan	**330,141**	241,320
Less: Deferred financial costs	**(64,899)**	(65,262)
	10,662,470	9,808,930
Current portion	**(217,264)**	(1,766,085)
Non-current portion	**10,445,206**	8,042,845

12. LOANS AND BORROWINGS (continued)

Non-current portion

	30 September 2022 (Unaudited) SR'000	31 December 2021 (Audited) SR'000
Government loan (Note (a) below)	**1,361,233**	1,326,088
Syndicate loan (Note (b) below)	**5,293,944**	4,889,028
Accrued commission	**205,365**	201,980
Facility from a local bank (Note (c) below)	**928,600**	--
Facility from local bank (Note (f) below)	**29,150**	29,150
Facility from a local bank (Note (d) below)	**1,600,000**	600,000
Subordinated Sukuk (Note (g) below)	**252,585**	506,250
Facility from local bank (Note (h) below)	**831,167**	547,550
	10,502,044	8,100,046
Less: Deferred financial costs	**(56,838)**	(57,201)
	10,445,206	8,042,845

Current portion

	30 September 2022 (Unaudited) SR'000	31 December 2021 (Audited) SR'000
Facility from a local bank (Note (c) below)	**71,400**	635,656
Accrued commission	**7,381**	9,496
Facility from a local bank (Note (d) below)	**--**	1,000,000
Accrued commission	**--**	3,171
Facility from a local bank (Note (e) below)	**--**	70,000
Accrued commission	**--**	1,099
Facility from a local bank (Note (f) below)	**29,150**	29,150
Accrued commission	**1,744**	420
Accrued commission (Note (d) below)	**98,189**	15,455
Accrued commission (note (g) below	**11,324**	8,318
Accrued commission (Note (h) below)	**6,137**	1,381
	225,325	1,774,146
Less: Deferred financial costs	**(8,061)**	(8,061)
Current portion	**217,264**	1,766,085

12. LOANS AND BORROWINGS (continued)

Term loans

a) On 13 December 2011 (corresponding to 18 Muharram 1433H), the Group signed an agreement with the Ministry of Finance ("MoF"), a government entity, to obtain a loan amounting to SR 3 billion. The loan was designated for development of Phase 3 of the Group's Project. At origination, the amount was due for settlement in six semiannual installments commencing from 1 January 2014. There are no financial debt covenants related to the facility.

During 2016, the Group obtained an extension on the settlement's commencement date to 1 January 2019.

During 2018, the Group obtained approval from the lender to further reschedule the loan for repayment in three equal installments annually, commencing from 31 December 2018, with interest rate of SIBOR plus 1.75%.

During 2020, the Group obtained approval form the lender to postpone until 31 March 2022 the repayment of all installments that were due on or before 31 December 2020. The Group has also pledged Phase 3 to the lender as mortgage against the loan.

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 for 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 SAR 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.

The SR 1.5 billion Bullet Loan will be repaid from 31 December 2026 and semiannual installments thereafter until its final maturity on 31 March 2031. The Bullet Loan, carries an annual profit commencing immediately after restructuring. Certain updates to the collateral provided against the Bullet Loan.

12. LOANS AND BORROWINGS (continued)

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. The changes in the terms of the original MoF loan constitute a substantial modification and, accordingly, the difference between the pre-restructuring loan carrying amount and the fair value of the Perpetual Instrument and Bullet Loan, amounting to SR 1.4 billion, has been recognized as net gain on loan restructuring in the condensed consolidated interim statement of profit or loss and other comprehensive income. The Group management is in the process of finalizing the facilities agreement as at 30 September 2022.

b) On 18 May 2015 (corresponding to 29 Rajab 1436H), the Group signed a syndicated Islamic loan agreement under Ijara arrangement with a credit limit of Saudi Riyals 8 billion with two local banks. Such loan shall be used to repay all bank liabilities related to Phases 2, 4 and 5, including a loan from a local bank with a credit limit of Saudi Riyals 2 billion (already paid) and another short-term liability in addition to completing the construction of Phases 2 and 4 and executing Phase 5. The syndicated Islamic loan was payable over a period of 12 years from the date of signing the agreement in quarterly payments ending at September 2027. The Group had withdrawn Saudi Riyals amounting to 4.5 billion under the facility, carrying profit at SIBOR plus spread. During 2020, the Group received letter for the deferral of payment due till 31 March 2021.

The Group had provided the following securities against the facility:

- Mortgage of the above-mentioned phases' lands deeds and properties with carrying amount of Saudi Riyals 7,285 million as of 31 December 2020.
- Promissory note by the Group for the syndicate of Saudi Riyals 6.1 billion

During the year ended 31 December 2021, the Group completed the restructuring of the Syndicate loan facility with the following key changes:

- Additional SR 1.2 billion of available limit for future drawdowns.
- Extension in Syndicate Loan's final maturity by 3 years from the original date of maturity with an option to extend by a further 3 years, subject to certain pre-agreed conditions
- Sculpted repayment schedule based on the underlying projects' cash flows
- Scheduled repayments will initiate after a grace period of 3 years
- Scope for step-down in profit rate based on achieved progress on Phases 2 and 4 of the Project and deleveraging of the facility

The Group has analysed the renegotiated terms and identified the changes to represent a non-substantial modification. Accordingly, the resulting modification loss amounted to SR 173 million had been recognized in net gain on loan restructuring presented in the statement of profit or loss and other comprehensive income during the year ended 31 December 2021. The Group has recorded the amortization of above-mentioned modification loss during nine-month period ended 30 September 2022 amounting to SR 18.7 million (30 September 2021: SR nil)

12. LOANS AND BORROWINGS (continued)

c) On 20 March 2017 (corresponding to 21 Jumada II 1438H), the Group signed an unsecured long term loan facility agreement with a local bank, the facility limit of SR 842 million for the purpose of settlement of certain Group's outstanding liabilities, whereby the loan will be repaid over a period of four years. Accordingly, as per the repayment terms, the loan was repayable in seven semi-annual equal instalments; the first instalment was due on 20 March 2018 (corresponding to 03 Rajab 1439H) and last instalment would have been due on 20 March 2021 (corresponding to 7 Shabaan 1442H). The loan carries borrowing costs at SIBOR plus 5%. On 21 March 2019 (corresponding to 14 Rajab 1441), the Group entered into a revised/ restructured agreement relating to the facility for the outstanding amount of the loan as at the restructuring date. Accordingly, as per the revised terms, the loan is repayable in nine installments: the first installment falling due on 18 August 2019 (corresponding to 17 Dhual Hijjah 1440H) and last installment due on 19 September 2023 (corresponding to 4 Rabi Al Awal 1445). During the year ended 31 December 2020, the Group has received short-term deferral on the instalment due in March 2020 and September 2020 until the following instalment due date in March 2021 and remaining amount to be settled till September 2023 based on semi-annual installment schedule. Due to restructuring in current payments, the Group has recognized modification losses amounting to SR 4.9 million during the year ended 31 December 2020. During 2021, the Group received short-term deferral on the instalment due in March 2021 until July 2021. As of 31 December 2021, the Group has utilized SR 636 million. There are no financial debt covenants related to the facility. During the nine-month period ended 30 September 2022, the Group has repaid the loan in full.

   Further, during the nine-month period ended 30 September 2022, the Group has finalized signing of new loan facility agreement, having facility limit of SR 1,000 million for the purpose of settlement of certain Group's outstanding liabilities, whereby the loan will be repaid over a period of eight years. Accordingly, as per the repayment terms, the loan is repayable in eight semi-annual equal instalments; the first instalment is due on 31 July 2023 and last instalment would be due on 31 January 2030. The loan carries borrowing costs at SIBOR plus 2.25%.

d) On 17 July 2017 (corresponding to 22 Shawal 1438H), the Group signed an unsecured facility with a local bank, with an amount of SR 500 million for the purpose of settlement of certain Group's outstanding liabilities. The loan carries borrowing costs at commercial rates and was repayable after six months (with an option to extend for a further period of six month). Original maturity date of the loan was 31 August 2018 (corresponding to 20 Dul-Hajjah 1439H). On 16 October 2017 (corresponding to 26 Muharram 1439H), the Group has re-negotiated and signed an agreement to convert the existing unsecured facility with secured facility for an additional amount of SR 500 million which increased the facility to SR 1 billion for the purpose of Group's outstanding liabilities. This new facility is secured with SR 1 billion subscribed units of JODC in the Group's subsidiary interest, Alinma Makkah Real Estate Fund and was due for payment on 31 March 2018. The loan carries borrowing costs at commercial rates. During the year ended 31 December 2020, the Group has finalized the terms and condition of restructuring the facilities and accordingly maturity has been extended to 23 February 2022 with borrowing cost of SIBOR plus 3%. The Group had recognized modification losses amounting to SR 36.2 million, as a result of facilities rescheduled during the year ended 31 December 2020. There are no financial debt covenants related to the facilities. The loan facility has a history of roll-over in the past and during the period ended 30 September 2022, the Group obtained approval from lender to roll-over a loan facility amounting to SR 1 billion to 28 August 2022.

12. LOANS AND BORROWINGS (continued)

On 30 January 2019 (corresponding to 24 Jamada Al Awal 1440H), the Group has signed a facility with a local bank, with an amount of SR 600 million for the purpose of financing existing phase 3 project overhead requirements and other financial commitments. The loan was repayable on 27 February 2020. The Group has provided a hotel as mortgage against the loan amount. The facility carries borrowing costs at commercial rates at SIBOR plus 2%. During the year ended 31 December 2020, the Group finalized the terms and condition of restructuring the facility and accordingly its maturity has been extended to December 2025. During 2020, the Group had recognized modification losses amounting to SR 18.5 million due to rescheduling during the year 2020. The deferred repayments will be linked with the assigned operating cashflows of the hotel. There are no financial debt covenants related to the facility.

During the nine-month period ended, the Group has restructured the above-mentioned facilities from the bank amounting to SR 1,000 million and SR 600 million and pursuant to this restructuring, the Group has entered into a new facility amounting to SR 1,600 million through modification of the previously obtained facilities. The restructured loan carries borrowing rate at SIBOR plus 2.3%. The restructured facility has been secured against the property in phase 1 of the Group. The Group has recognized modification losses amounting to SR 79.2 million, as a result of facilities rescheduled during the period ended 30 September 2022. The Group management is in the process of finalizing the restructuring facilities agreement as at 30 September 2022.

e) On 17 January 2018 (corresponding to 30 Rabi Al-Akhar 1439H), the Group signed an unsecured nonfunded facilities with a local bank, with a limit of SR 300 million for the purpose of opening letters of credit (L/C) and letters of guarantees (L/G) by the Group. The facility was renewed with an amount of SR 209.8 million with an expiry date of 30 January 2020. During the year ended 31 December 2020, the facility had been extended. At 31 December 2021, the Group has utilized SR 70 million to settle some of the outstanding liabilities SIBOR plus 2.5%. During the nine-month period ended 30 September 2022, the Group has repaid the loan amount in full.

f) On 16 August 2017 (corresponding to 24 Dhul Qadah 1438H), the Group signed an unsecured non funded facilities with a local bank, with an amount of SR 200 million for the purpose of opening letters of credit (L/C) and letters of guarantees (L/G) by the Group. The facility carries borrowing costs at commercial rates and facility was rolled over till 05 October 2023 (corresponding to 21 Safar 1444) and requires the loan to be repaid in two equal installments. The facility carries borrowing costs at SIBOR plus spread. As at 30 September 2022, the Group has utilized SR 58 million to settle some of the outstanding liabilities. There are no financial debt covenants related to the facility.

g) On 12 November 2018, the Group issued sharia compliant unsecured and subordinated private Sukuk amounting to SR 506 million, with a maturity date of 15 November 2023. The sukuks were issued under wholly owned subsidiary ‘Jabal Omar Sukuk Company Limited’ in United States Dollars. The outstanding principal is repayable in a single instalment due on the maturity date. The Sukuk carries a fixed commission rate of 9.85% per annum. There are no financial debt covenants related to the Sukuk.

During the nine-month period ended 30 September 2022, the Group announced and redeemed the partial early redemption of Sukuk amounting to USD 67,500,000 in aggregate face amount of its Certificates (out of total face amount of USD 135,000,000) that were issued on 12 November 2018 and its original maturity date is 15 November 2023.

12. LOANS AND BORROWINGS (continued)

h) During the year ended 31 December 2021, the Group entered into a secured financing arrangement amounting to SR 1.6 billion with a lender for the completion of the Phase 3 of the Group's Project. SR 547 million were drawn which were used to settle some of Phase 3 related liabilities. Remaining drawdowns from this facility will be made within twelve months from the date of the condensed consolidated interim statement of financial position. Cost of borrowing is SIBOR plus 0.9% per annum. As per the repayment terms, the loan is repayable in is twenty-four equal semi-annual installments. First installment due after 24 months from the date of end of initial availability period dated 30 November 2024. There are no financial debt covenants related to the facility.

13. LIABILITIES AGAINST LEASE

The liabilities against lease are as follows:

	30 September 2022 (Unaudited) SR'000	31 December 2021 (Audited) SR'000
Total leases payments under leases	**8,026**	15,090
Finance charges	**(804)**	(534)
	7,222	14,556
Less: Current portion	**(2,814)**	(3,247)
Non-current portion	**4,408**	11,309

	Future lease rentals SR'000	Unamortized finance charges SR'000	Lease Liability SR'000
30 September 2022 (Unaudited)			
Less than one year	**3,074**	**(260)**	**2,814**
Between one to five years	**4,952**	**(544)**	**4,408**
	8,026	**(804)**	**7,222**
31 December 2021 (Audited)			
Less than one year	3,407	(160)	3,247
Between one to five years	11,683	(374)	11,309
	15,090	(534)	14,556

14. REVENUE

	For the nine-month period ended	
	30 September 2022 (Unaudited) SR'000	30 September 2021 (Unaudited) SR'000
Revenue from operating hotels and properties for development and sale	**540,787**	122,338
Revenue from rental income	**69,135**	19,641
	609,922	141,979

14. REVENUE (continued)

a) Disaggregation of revenue from contract with customers

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 nine-month period ended 30 September (Unaudited)							
	Operating Hotels		Commercial centers		Properties for development and sale		Total	
	2022	2021	**2022**	2021	**2022**	2021	**2022**	2021
	SR'000	SR'000	**SR'000**	SR'000	**SR'000**	SR'000	**SR'000**	SR'000
Type of revenue:								
Sale of Properties for development and sale	**--**	--	**--**	--	**38,322**	5,719	**38,322**	5,719
Hotel's operations	**502,465**	116,619	**--**	--	**--**	--	**502,465**	116,619
Lease of Commercial center	**--**	--	**69,135**	19,641	**--**	--	**69,135**	19,641
	502,465	116,619	**69,135**	19,641	**38,322**	5,719	**609,922**	141,979
Timing of revenue recognition:								
Point-in-time	**107,314**	23,364	**--**	--	**21,720**	--	**107,314**	23,364
Over time	**395,151**	93,255	**69,135**	19,641	**16,602**	5,719	**502,608**	118,615
Total Revenue from contract with customers	**502,465**	116,619	**69,135**	19,641	**38,322**	5,719	**609,922**	141,979

15. FINANCIAL COSTS

	For the nine-month period ended	
	30 September 2022 (Unaudited) SR'000	30 September 2021 (Unaudited) SR'000
Finance cost on leasing arrangement	**29,193**	323,279
Finance cost on loan arrangements	**269,137**	227,155
	298,330	550,434

16. OTHER NON-OPERATING INCOME

Other non-operating income for the nine months period ended 30 September 2022 comprises of net gain on the settlement of lease liability (note 1) (30 September 2021: nil) and gain on disposal of sale of land amounting to SR nil (30 September 2021: SR 662 million).

During the nine-month period ended 30 September 2021, the Group consummated the sale of a plot of land, measuring 2,572 square meters located in Phase 7 of the Group's project amounting to SR 830 million by transferring the plot's legal title to the buyer, whereas the carrying amount of the land disposed amounted to SR 115.8 million. Out of SR 830 million, an amount of SR 52 million was deferred and to be recognized on fulfillment of related performance obligation.

17. ZAKAT

During the nine-month period ended 30 September 2022, the Group has recorded zakat charge of nil (30 September 2021: SR 39.2 million)

Zakat status:
The Tax and Zakat Appellate Committee – Tax Violation and Disputes Appellate Committee [TVDAC] has rendered its decision for the years up to and including 1433H.

For the years 1427H to 1430H, the additional agreed assessed liability is SR 23.57 million against which the JODC had lodged a bank guarantee of SR 29.1. The company has requested the ZATCA to liquidate the bank guarantee and refund the excess amount.

For the years 1431H through 1433H the appeal has been decided in the JODC's favor and as such no additional zakat liability is payable. ZATCA to thus return the bank guarantee of SR 14.6 lodged by the JODC earlier. JODC is awaiting the ZATCA's confirmation in this regard and return of the bank guarantee for cancellation. During the year 2021, JODC has recorded an additional zakat payable of SR 17 million for the related assessments in addition to SR 21 million recorded in the prior years under accruals and transferred it to the zakat provisions in year ended 31 December 2021.

17. ZAKAT (continued)

For the years ended 30 Dhul Hijjah 1434H to 1437H along with the periods ended 15 Rajab 1438H and 31 December 2018, ZATCA has demanded an additional zakat of SR 421 million. The Group has recorded zakat provision based on the received assessments of SR 133.1 million and filed an appeal against the said assessments. The case awaits Tax Violations and Disputes Appellate Committee (TVDAC) review. Management expects a favorable outcome.

During the year ended 31 December 2021, ZATCA raised assessments for the years 2019 and 2020 assessing an additional zakat liability of SR 209 million. The Group has made a provision of SR 102 million thereagainst. JODC has submitted an objection against the aforesaid assessments after lodging a bank guarantee being 10% of the assessed liability as per the relevant regulations. The objection awaits the preliminary tax and zakat appeal committee – Tax Violation and Disputes Review Committee's [TVDRC] review of the case in accordance with the relevant regulations. Management expects a favorable outcome.

18. RELATED PARTIES TRANSACTIONS AND BALANCES

Related parties represent the shareholders, directors and 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 management.

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 30 September and balances arising there from are summarized below

The following are the details of major related party transactions during the period and the related balances at period end:

Related party	Nature of transaction	For the nine-month period ended **30 September 2022 (Unaudited) SR'000**	 30 September 2021 (Unaudited) SR'000
Bank Al Bilad affiliate	Finance cost on loan from a local bank	**--**	9,031
Senior management	- Short term employee benefits	**6,300**	5,813
Employees	- Post-employment benefits	**112**	112
Board of Directors	Meeting attendance fee	**225**	474
Central District Cooling Company - an equity accounted investee	Cooling charges and lease payment (note 6(a))	**51,601**	20,496
	Concession fee 7%	**3,608**	1,782
	Others	**3,042**	2,631

18. 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.

Balances arising from transactions with related parties are as follows:

Related party	Included under	**30 September 2022 (Unaudited) SR'000**	31 December 2021 (Audited) SR'000
Al-Bilad Makkah Hospitality Fund	Accounts payable and other current liabilities	**83,513**	69,496
Bank Al-Bilad	Loans and Borrowings	**1,010,116**	642,277
Central District Cooling Company	Accounts payable and other current liabilities	**230,902**	208,817
Central District Cooling Company	Other non-current liabilities	**741,205**	741,205
Central District Cooling Company	Accounts and other receivables	**(12,996)**	(11,467)
Makkah Construction and Development Company	Other non-current liabilities	**309,565**	309,565

19. SEGMENT REPORTING

Basis for segmentation

The Group has the following five strategic divisions which are its reportable operating segments. These divisions offer different products and/or services and are managed separately. The following summary describes the operations of each reportable segment.

Reportable segments	Operations
Operating Hotels	Includes leasing rooms and selling food and beverages ("the Hotels").
Commercial centers	Includes operating and leasing commercial shopping malls ("the Commercial Centers").
Properties for development and sale	Includes construction and development of property and sale of completed dwellings
Property under construction	Includes construction and development activities of Hotels under all phases.
Corporate (Head office)	Activities of corporate office including selling and marketing.

19. SEGMENT REPORTING (continued)

The condensed consolidated interim statement of financial position items as at 30 September 2022 (Unaudited):

	For the nine-month period ended 30 September 2022 (Unaudited)				
	Operating Hotels SR'000	**Commercial Centres SR'000**	**Properties for development and sale SR'000**	**Corporate SR'000**	**Total SR'000**
Current assets	**334,534**	**78,885**	**65,252**	**604,701**	**1,083,372**
Property and equipment	**20,007,186**	**44,930**	**--**	**12,157**	**20,064,273**
Investment properties	**1,610,233**	**3,421,416**	**--**	**--**	**5,031,649**
Other non-current assets	**284**	**--**	**686,373**	**--**	**686,657**
Total assets	**21,952,237**	**3,545,231**	**751,625**	**616,858**	**26,865,951**
Total liabilities	**117,269**	**7,913**	**126,028**	**13,030,481**	**13,281,691**

The condensed consolidated interim statement of profit or loss and other comprehensive income items for the nine-month period ended 30 September 2022 (unaudited):

	Operating Hotels SR'000	**Commercial Centres SR'000**	**Properties for development and sale SR'000**	**Corporate SR'000**	**Total SR'000**
Revenues from operations	**502,465**	**69,135**	**38,322**	**--**	**609,922**
Total comprehensive (loss)/income	**42,147**	**40,021**	**(23,760)**	**(216,389)**	**(157,981)**

	For the year ended 31 December 2021				
	Operating Hotels SR'000	Commercial Centres SR'000	Properties for development and sale SR'000	Corporate SR'000	Total SR'000
Current assets	224,451	38,961	67,674	1,406,432	1,737,518
Property and equipment	19,309,403	44,930	--	15,183	19,369,516
Investment properties	1,611,306	3,412,722	--	--	5,024,028
Other non-current assets	455	--	--	691,061	691,516
Total assets	21,145,615	3,496,613	67,674	2,112,676	26,822,578
Total liabilities	135,127	6,470	149,005	17,903,750	18,194,352

19. SEGMENT REPORTING (continued)

The condensed consolidated interim statement of profit or loss and other comprehensive income items for the nine-month period ended 30 September 2021 (unaudited):

	Operating Hotels SR'000	Commercial Centres SR'000	Properties for development and sale SR'000	Corporate SR'000	Total SR'000
Revenues from operations	116,619	19,641	5,719	--	141,979
Total comprehensive (loss) / income	(448,246)	(165,393)	(8,344)	277,063	(344,920)

20. COMMITMENTS AND CONTINGENCIES

a) As at 30 September 2022, the outstanding capital commitments in respect of development of the Project amounted to SR 3,914 million (31 December 2021: SR 4,297 million).
b) Note 17 for Zakat and tax related contingencies.
c) As at 30 September 2022, the Group has bank letter of credits amounting to SR 6.4 million (31 December 2021: SR 56.2 million) issued from local bank in the Kingdom of Saudi Arabia
d) As at 30 September 2022, the contingencies against banks' letter of guarantees issued on behalf of the Group amounted to SR 79.1 million (31 December 2021: SR 50 million).

21. 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 08 November 2022, corresponding to 14 Rabi Al Thani 1444H.