

**Makkah Construction and Development Company**  
**(A Saudi Joint Stock Company)**

**Interim Condensed Financial Statements (Unaudited)**  
**Independent Auditor's Review Report**

**For the period from 14 June 2022**  
**(The beginning of the Gregorian period)**

**To 30 September 2022**

# Makkah Construction and Development Company (A Saudi Joint Stock Company)

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**INDEPENDENT AUDITOR'S REVIEW REPORT ON  
THE INTERIM CONDENSED FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF MAKKAH  
CONSTRUCTION AND DEVELOPMENT COMPANY  
(A Saudi Joint Stock Company)**

**Introduction**

We have reviewed the accompanying interim condensed statement of financial position of Makkah Construction and Development Company (A Saudi Joint Stock Company) (the "Company") as at 30 September 2022, and the related interim condensed statement of profit or loss and other comprehensive income, for the period from 14 June 2022 to 30 September 2022, and the related interim condensed statements of changes in equity and cash flows for the period then ended, and other explanatory notes. Management is responsible for the preparation and presentation of these interim condensed 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 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" as endorsed in the Kingdom of Saudi Arabia. A review of interim financial statements consists of making inquiries, primarily to 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.

**Basis for Qualified Conclusion**

1. As at 30 September 2022, and as disclosed in note 10 to the accompanying interim condensed financial statements, trade receivables amounted to SR 150.3 million (13 June 2022: SR 144.4 million) against which an allowance for expected credit loss of SR 29.9 million (13 June 2022: SR 29.9 million) was maintained. We have requested for, but not been provided with, adequate supporting documentation to verify the accuracy of financial data used in the calculation of ECL. We were, therefore, unable to satisfy ourselves as to the valuation of the trade receivable balance. Consequently, we are unable to determine whether any adjustment is necessary to the trade receivable balance, as well as the results for the current and prior period. Our audit opinion on the financial statements of the Company for the period ended 13 June 2022 was also modified in respect of the same matter.

**INDEPENDENT AUDITOR'S REVIEW REPORT ON  
THE INTERIM CONDENSED FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF MAKKAH  
CONSTRUCTION AND DEVELOPMENT COMPANY  
(A Saudi Joint Stock Company) (continued)**

**Basis for Qualified Conclusion (continued)**

2. As at 30 September 2022, amounts due from related parties include an amount due from Jabal Omar for Development Company amounting to SR 309.6 million (13 June 2022: SR 309.6 million), as disclosed in note 9. The management has not carried out an assessment to determine expected credit loss on this outstanding balance at the reporting date and for prior periods presented, which constitutes a departure from International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants (IFRS as endorsed in KSA) . Had the management carried out an assessment to determine expected credit loss in accordance with the requirements of IFRS as endorsed in KSA, certain elements in the accompanying interim condensed financial statements, including comparative amounts, together with the related disclosures may have been materially affected. The possible impact on the interim condensed financial statements have not been determined for neither the current period nor prior periods. Our audit opinion on the financial statements of the Company for the period ended 13 June 2022 was also modified in respect of the same matter.
3. As at 30 September 2022, accrued expenses and other accounts payable include advance from customers amounting to net SR 35.7 million (13 June 2022: 28.4 million). We have requested, but not been provided with, related details and analyses as well as supporting documentation to understand how this balance initially originated, and to determine the accuracy and completeness of the related transactions and balances. Consequently, we were unable to satisfy ourselves with respect to the origination, nature and completeness of the transactions, this account and balances in any other related accounts. Accordingly, we are unable to determine whether any adjustments may be required to these interim condensed financial statements. Our audit opinion on the financial statements of the Company for the period ended 13 June 2022 was also modified in respect of same matter.
4. As at 30 September 2022, the accompanying interim condensed financial statements included value added tax "VAT" payable, accrued expenses and retained earnings amounted to SR 7.5 million (13 June 2022: SR 32.7 thousand), SR 20.3 million (13 June 2022: SR 18.7 million) and SR 220.3 million (13 June 2022: SR 162.2 million), respectively. The current period's beginning balances of these accounts and certain other accounts were impacted from an account titled "current account balance" by adjustments during prior period amounting to SR 36.9 million, SR 6.7 million, and SR 2.2 million, respectively, that caused us to qualify our audit opinion on the financial statements of the Company for the period ended 13 June 2022. We have requested but not been provided with any explanations and any supporting documentation to understand how the balances initially originated and to satisfy ourselves as to the occurrence, accuracy and reasonableness of those transactions and balances impacted by these adjustments. Accordingly, we are unable to determine whether any adjustments may be required to these accounts and related impact on these interim condensed financial statements, including opening balances.

**INDEPENDENT AUDITOR'S REVIEW REPORT ON  
THE INTERIM CONDENSED FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF MAKKAH  
CONSTRUCTION AND DEVELOPMENT COMPANY  
(A Saudi Joint Stock Company) (continued)**

**Basis for Qualified Conclusion (continued)**

5. As at 30 September 2022, the accompanying interim condensed financial statements included a current account net balance of SR 1.7 million classified under prepayments and other current assets. We have requested but not been provided with any analysis and any supporting documentation to understand how the balance initially originated and to satisfy ourselves as to the occurrence, accuracy and reasonableness of transactions and balance in this account. Accordingly, we are unable to determine whether any adjustments may be required to this account and related impact on these interim condensed financial statements.

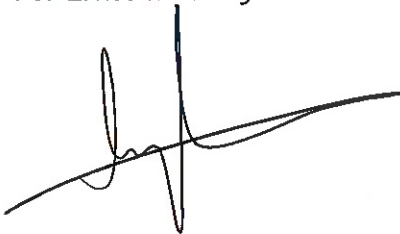
**Qualified review conclusion**

Based on our review, with the exception of the matters described in the preceding paragraph, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial statements are not prepared, in all material respects, in accordance with IAS 34 as endorsed in the Kingdom of Saudi Arabia.

**Other matters**

1. The financial statements of the Company for the year ended 4 December 2021 (corresponding to 29 Rabi Thani 1443H), were audited by another auditor who expressed an unqualified opinion on those financial statements on 28 February 2022 (corresponding to 27 Rajab 1443H). In addition, the interim condensed financial statements of the Company for the three-month period ended 3 March 2022 (corresponding to 30 Rajab 1443H) and the interim condensed financial statements for the three-month period ended 7 September 2021 (corresponding to 30 Muharram 1443H) have been reviewed by another auditor who expressed an unmodified conclusion on those interim condensed financial statements on 14 April 2022 (corresponding to 13 Ramadan 1443H) and 20 October 2021 (corresponding to 14 Rabi Al-Awwal 1443H), respectively.
2. As stated in note (2) to the accompanying financial statements, the additional comparative information presented in statement of profit or loss and other comprehensive income and its related notes for the period ended from 11 June 2021 to 7 September 2021 have been presented for comparative purposes only.

For Ernst & Young Professional Services



Abdullah Ali AlMakrami  
Certified Public Accountant  
License no. 476



Jeddah: 11 Jumada Al-Akhirah 1444H  
04 January 2023G

Makkah Construction and Development Company  
(A Saudi Joint Stock Company)

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 30 September 2022

SAUDI RIYAL (SR)

	Notes	30 September 2022 (Unaudited)	13 June 2022 (Audited)	4 December 2021 (Audited) (Restated- Note 18)
<b>ASSETS</b>				
<b>NON CURRENT ASSETS</b>				
Property and equipment	5	1,307,304,905	1,314,228,210	1,328,334,663
Investment properties	6	214,004,986	215,619,876	219,002,124
Financial assets at fair value through other comprehensive income (FVOCI)	7	1,961,035,828	2,412,152,803	2,685,901,088
<b>TOTAL NON-CURRENT ASSETS</b>		<b>3,482,345,719</b>	<b>3,942,000,889</b>	<b>4,233,237,875</b>
<b>CURRENT ASSETS</b>				
Inventories		2,824,241	2,238,038	1,703,453
Amount due from a related party	9	316,457,754	316,453,635	315,642,801
Trade receivables	10	120,355,431	114,496,417	113,712,048
Prepayments and other current assets		54,769,769	43,491,172	29,627,509
Cash and cash equivalents		275,618,600	206,612,823	162,815,957
<b>TOTAL CURRENT ASSETS</b>		<b>770,025,795</b>	<b>683,292,085</b>	<b>623,501,768</b>
<b>TOTAL ASSETS</b>		<b>4,252,371,514</b>	<b>4,625,292,974</b>	<b>4,856,739,643</b>
<b>EQUITY AND LIABILITIES</b>				
<b>EQUITY</b>				
Share Capital		1,648,162,400	1,648,162,400	1,648,162,400
Statutory reserve		836,280,685	836,280,685	836,280,685
Unrealized profits from financial assets at FVOCI	7	991,086,432	1,442,203,407	1,715,951,693
Retained earnings		220,291,313	162,236,021	108,846,036
<b>TOTAL EQUITY</b>		<b>3,695,820,830</b>	<b>4,088,882,513</b>	<b>4,309,240,814</b>
<b>NON-CURRENT LIABILITIES</b>				
Long term Loan		124,998,850	137,498,850	149,998,850
Employees' defined benefit liabilities		33,673,251	34,673,752	32,738,269
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>158,672,101</b>	<b>172,172,602</b>	<b>182,737,119</b>
<b>CURRENT LIABILITIES</b>				
Current portion of a long term loan		25,000,000	26,798,718	25,000,000
Deferred revenue		37,514,393	25,867,998	8,488,556
Trade payable		3,698,100	2,221,298	6,843,747
Amounts due to related parties	9	3,200,337	3,068,450	3,136,235
Accrued expense and other payables		86,414,910	67,772,657	77,316,547
Dividend payable	14	181,869,876	184,924,208	192,364,589
Zakat payable	11	60,180,967	53,584,530	51,612,036
<b>TOTAL CURRENT LIABILITIES</b>		<b>397,878,583</b>	<b>364,237,859</b>	<b>364,761,710</b>
<b>TOTAL LIABILITIES</b>		<b>556,550,684</b>	<b>536,410,461</b>	<b>547,498,829</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>4,252,371,514</b>	<b>4,625,292,974</b>	<b>4,856,739,643</b>

Mr. Ahmed Abdulaziz Al Hamdan  
Authorized Board Member



Mr. Siraj Hamza Abdullah Ateeq  
General manager



Mr. Amr Husain Abdelfattah  
Finance Director



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

Makkah Construction and Development Company  
(A Saudi Joint Stock Company)

INTERIM CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME (UNAUDITED)

For the period from 14 June 2022 to 30 September 2022  
SAUDI RIYAL (SR)

		<i>For the period from 14 June 2022 To 30 September 2022</i>	<i>For the period from 5 December 2021 To 3 March 2022 (Restated - Note 18)</i>	<i>For the period from 11 June 2021 To 7 September 2021 (Restated - Note 18)</i>
	Note			
Revenue		132,518,069	55,249,209	44,666,684
Cost of revenue		(50,419,889)	(31,843,504)	(21,139,431)
<b>Gross profit</b>		<b>82,098,180</b>	<b>23,405,705</b>	<b>23,527,253</b>
General and administrative expense		(17,446,451)	(14,416,303)	(10,703,741)
<b>Operating profits</b>		<b>64,651,729</b>	<b>8,989,402</b>	<b>12,823,512</b>
Finance Cost		-	-	(1,059,567)
<b>PROFIT FOR THE PERIOD BEFORE ZAKAT</b>		<b>64,651,729</b>	<b>8,989,402</b>	<b>11,763,945</b>
Zakat expense	11	(6,596,437)	(224,735)	-
<b>NET PROFIT FOR THE PERIOD</b>		<b>58,055,292</b>	<b>8,764,667</b>	<b>11,763,945</b>
<b>Other comprehensive (loss):</b> <i>Items that will not be reclassified to statement of profit or loss in subsequent periods:</i>				
Net unrealized (loss) from revaluation of financial assets FVOCI	7	(451,116,975)	(360,508,010)	(231,342,038)
<b>TOTAL OTHER COMPREHENSIVE (LOSS)</b>		<b>(451,116,975)</b>	<b>(360,508,010)</b>	<b>(231,342,038)</b>
<b>Total comprehensive (loss) for the period</b>		<b>(393,061,683)</b>	<b>(351,743,343)</b>	<b>(219,578,093)</b>
<b>Earnings per share:</b> Basic and diluted earnings per share from net profit for the period	13	<b>0.35</b>	<b>0.05</b>	<b>0.07</b>

Mr. Ahmed Abdulaziz Al Hamdan  
Authorized Board Member

Mr. Siraj Hamza Abdullah Ateeq  
General manager

Mr. Amr Husain Abdelfattah  
Finance Director

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Makkah Construction and Development Company  
(A Saudi Joint Stock Company)

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the period from 14 June 2022 to 30 September 2022  
SAUDI RIYAL (SR)

	Share Capital	Statutory reserve	Unrealized profits from financial assets at FVOCI	Retained Earnings	Total Equity
Balance at 4 December 2021 (as reported previously)	1,648,162,400	836,280,685	1,534,717,344	164,085,838	4,183,246,267
Prior year adjustments (Note 18)	-	-	181,234,349	(55,239,802)	125,994,547
Balance at 4 December 2021 (restated - note 18)	1,648,162,400	836,280,685	1,715,951,693	108,846,036	4,309,240,814
Net profit for the period	-	-	-	8,764,667	8,764,667
Other comprehensive (loss) for the period (restated - note 18)	-	-	(360,508,010)	-	(360,508,010)
Total Comprehensive Income For The Period	-	-	(360,508,010)	8,764,667	(351,743,343)
Balance at 3 March 2022 (unaudited)	1,648,162,400	836,280,685	1,355,443,683	117,610,703	3,957,497,471
Balance at 13 June 2022	1,648,162,400	836,280,685	1,442,203,407	162,236,021	4,088,882,513
Net profit for the period	-	-	-	58,055,292	58,055,292
Other comprehensive loss for the period (note 7)	-	-	(451,116,975)	-	(451,116,975)
Total Comprehensive Income For The Period	-	-	(451,116,975)	58,055,292	(393,061,683)
Balance at 30 September 2022 (Unaudited)	1,648,162,400	836,280,685	991,086,432	220,291,313	3,695,820,830

Mr. Ahmed Abdulaziz Al Hamdan  
Authorized Board Member



Mr. Siraj Hamza Abdullah Ateeq  
General manager



Mr. Amr Husain Abdelfattah  
Finance Director



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



Makkah Construction and Development Company  
(A Saudi Joint Stock Company)

INTERIM CONDENSED STATEMENT OF CASH FLOWS (UNAUDITED)

For the period from 14 June 2022 to 30 September 2022  
SAUDI RIYAL (SR)

	Note	For the period from 14 June 2022 To 30 September 2022	For the period from 5 December 2021 to 3 March 2022
<b>OPERATING ACTIVITIES</b>			
Profit for the period before zakat		64,651,729	8,989,402
<i>Adjustments to reconcile profit before zakat to net cash flows:</i>			
Depreciation of property, equipment		8,111,089	6,800,780
Depreciation of investment properties		1,836,385	1,730,779
Provision for employees' defined benefits obligation		1,357,115	1,325,501
		<b>75,956,318</b>	<b>18,846,462</b>
<i>Working Capital adjustments:</i>			
Inventories		(586,203)	(42,399)
Trade receivables		(5,859,014)	9,132,763
Prepayments and other current assets		(11,278,597)	(8,004,983)
Deferred revenue		11,646,395	(6,350,322)
Trade payables		1,476,802	1,861,444
Accrued expenses and other payables		18,642,253	(2,080,656)
Amounts due from/to related parties		127,768	-
Cash generated from operations		<b>90,125,722</b>	<b>13,362,309</b>
Employees' benefits paid		(2,357,616)	(1,076,234)
Interest paid		(1,798,718)	-
Zakat paid		-	(7,155,125)
<b>Net cash generated from operating activities</b>		<b>85,969,388</b>	<b>5,130,950</b>
<b>INVESTING ACTIVITIES</b>			
Additions to property and equipment		(1,187,784)	(118,335)
Additions to investment properties		(221,495)	-
<b>Net Cash used in investing activities</b>		<b>(1,409,279)</b>	<b>(118,335)</b>
<b>FINANCING ACTIVITIES</b>			
Dividend paid		(3,054,332)	(2,237,941)
Paid of loans, advances and interest		(12,500,000)	-
<b>Net cash used in financing activities</b>		<b>(15,554,332)</b>	<b>(2,237,941)</b>
<b>Net increase in cash and cash equivalents</b>		<b>69,005,777</b>	<b>2,774,674</b>
Bank balances at the beginning of the period		<b>206,612,823</b>	<b>162,815,957</b>
<b>BANK BALNCES AT THE END OF THE PERIOD</b>		<b>275,618,600</b>	<b>165,590,631</b>
<b>Significant non-cash transactions</b>			
Unrealized (loss) from revaluation of financial assets at FVOCI	7	(451,116,975)	(360,508,010)

Mr. Ahmed Abdulaziz Al Hamdan  
Authorized Board Member



Mr. Siraj Hamza Abdullah Ateeq  
General manager



Mr. Amr Husain Abdelfattah  
Finance Director



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

# MAKKAH CONSTRUCTION AND DEVELOPMENT COMPANY (A Saudi Joint Stock Company)

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For the period from 14 June 2022 to 30 September 2022

SR

### 1 CORPORATE INFORMATION

Makkah Construction and Development Company (A Saudi Joint Stock Company) (the "Company") was incorporated in accordance with the Companies' Law and as per Royal Decree no. (M/5) dated 13 Dhu Al Qidah 1408H. The incorporation was declared by the Minister of Commerce and Investment's resolution no. 859 dated 21 Dhul-Qi'dah 1409H (corresponding to 24 June 1989). The Company is registered in Makkah under Commercial Registration number 4031020101 dated 1 Dhul-Hijjah 1409H (corresponding to 4 July 1989).

The Head office of the Company is located in Makkah Al Mukaramah, Faqih Center, P O Box 7134- KSA.

As at 30 September 2022, the share capital amounted to SR 1,648,162,400 (13 June 2022 corresponding to 14 Dhul-Qi'dah 1443H: SR 1,648,162,400) (4 December 2022 corresponding to 29 Rabi Al -Thani 1443H: SR 1,648,162,400) divided into 164,816,240 shares (13 June 2022 corresponding to 14 Dhul-Qi'dah 1443H: 164,816,240 shares (4 December 2022 corresponding to 29 Rabi' Al-Thani 1443H: 164,816,240 shares) fully paid with nominal value of SR 10 each.

The main activity of the Company is the construction of the area near Al Masjid Al Haram, the ownership, development, management, investment, purchase and lease of the properties near Al Masjid Al Haram. In addition to performing all necessary engineering works to perofm building, constructing, repairing, and demolishing works.

The Company has two sub-commercial registrations to perform activities of hospitality, hotel services Omrah services. These interim condensed financial statements include the results and activities of the following branches:

<u>Location of Branch</u>	<u>Branch's commercial registration number</u>	<u>Date</u>
Makkah Hotel and Towers Company	4031045190	18 Ramadan 1424 H (Corresponding to 12 November 2003)
Branch of Makkah Construction and Development Company for Omrah Services	4031102134	18 Rabi Al-Awwal 1439H (Corresponding to 6 December 2017)

### 2 BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

#### 2.1 BASIS OF PREPRATION

These financial statements have been prepared under the historical cost basis using the accrual basis of accounting except for the items measured as follows:

<i>Particulars</i>	<i>Basis of Measurement</i>
Employees' defined benefit liability	Present value of the defined benefit obligation using projected credit unit method
Financial assets at fair value through other comprehensive income (FVOCI)	Fair value

The Financial statements have been presented in Saudi Riyals representing the functional and presentation currency of the Company.

#### Changes to financial year end

- The shareholders of the Company in their meeting held on 15 Shawwal 1443H (corresponding to 16 May 2022) agreed to change the financial year of the Company from Hijri to Gregorian, which will end on 31 December every year. The legal formalities concerning the change of the financial year were completed on 14 Dhul Qi'dah 1443 H (corresponding to 13 June 2022). These financial statements are the first Gregorian financial statements covering the short period as of 14 June 2022 to 30 September 2022.
- These financial statements have been prepared for the period from 14 June 2022 to 30 September 2022 ( see note above) as per IAS 34 as endorsed in KSA. The comparative financial information presented in these financial statements are related to the period from 5 December 2021 to 13 June 2022 and accordingly such information is not comparable.

# MAKKAH CONSTRUCTION AND DEVELOPMENT COMPANY (A Saudi Joint Stock Company)

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)

For the period from 14 June 2022 to 30 September 2022

SR

### 2 BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE (CONTINUED)

#### 2.1 BASIS OF PREPARATION (CONTINUED)

##### **Changes to financial year end (continued)**

- The Company presented additional comparative unaudited financial information for the period from 11 June 2021 to 7 September 2021 in the statement of profit or loss and other comprehensive income and related disclosures as per IAS 34 “Interim financial Reporting” as endorsed in KSA.

#### 2.2 STATEMENT OF COMPLIANCE

These interim financial statements of the Company for the period from 14 June 2022 (the beginning of the Gregorian year) to 30 September 2022 have been prepared in accordance with IAS 34 “Interim financial Reporting” as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants (“SOCPA”).

The Company has elected to present a single statement of profit or loss and other comprehensive income and presents its expenses by function.

These interim financial statements do not include all information and disclosures required in the annual financial statements and consequently should be read side by side with the Company’s financial statements for the period ended 13 June 2022 (corresponding to 14 Dhul Qi’dah 1443H. In addition, the results for the interim period ended 30 September 2022 are not necessarily indicative of the results that may be expected for the financial year ended 31 December 2022.

#### 2.3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company’s financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

##### **Accounting judgments**

In the process of applying the Company’s accounting policies, the management has made the following judgements, which have the most significant effect on the amounts recognized in the financial statements:

##### ***Satisfaction of performance obligations***

The Company is obliged to evaluate each of its contracts with customers in case performance obligations are performed over a period or in a certain period for the purpose of recognizing revenue. The Company assessed that one performance obligation is related to maintenance services and can be measured reliably.

##### ***Determination of transaction prices***

The Company is required to determine the transaction price in respect of in each of its contracts entered into with customers. In making such judgments, the Company assesses the impact of any variable consideration in the contract, due to discounts or penalties, the existence of any significant financing component in the contract and any non-cash consideration in the contract costs, if any.

##### ***Going concern***

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

# MAKKAH CONSTRUCTION AND DEVELOPMENT COMPANY (A Saudi Joint Stock Company)

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)

For the period from 14 June 2022 to 30 September 2022

SR

### 2 BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE (CONTINUED)

#### 2.3 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

##### *Estimations and assumptions*

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

##### *Classification of investment properties*

The Company exercises its judgment in the classification of real estate as property and equipment and investment properties. The Company considers the recognition criteria as per the relevant accounting standard supported with management's intention and active plan. The Hotels are considered as occupied by the owner and held for use to provide services while commercial malls are classified as investment properties as they are held for a third-party leasing.

##### *Zakat provision and Zakat assessment*

The determination for zakat provision and results of received Zakat assessment involves significant management judgement that involves calculation of the zakat base and zakatable profits in accordance with the zakat and income tax regulations enforced in the Kingdom of Saudi Arabia and the expected outcome of the appeals on Zakat assessments, which may be subject to different interpretations. The final amount of the assessment might differ significantly from returns and objections submitted by the Company. At the time of determining the amount due to ZATCA, the Company applied its judgment and its interpretation of ZATCA's requirements when calculating Zakat.

##### *Property lease classification – the Company as a lessor*

The Company entered into commercial leases for its investment property. The Company has determined, based on an Estimation of the terms and conditions of the arrangements, that as the lease term not constituting a major part of the economic life of the property and the present value of the minimum lease payments not amounting to substantially all of the fair value of the commercial property, that it retains all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases

##### *Impairment of non-financial assets*

The carrying amounts of the Company's non-financial assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

Impairment exists when the carrying value of an asset or cash generating unit ("CGU") exceeds the recoverable amount, which is the higher of the fair value less costs to sell and value in use. The fair value less costs to sell is arrived based on available data from binding sales transactions at arm's length, for similar assets. The value in use is based on a discounted cash flow (DCF) model, whereby the future expected cash flows discounted using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

Impairment losses are recognised in statement of profit or loss and OCI. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

##### *Useful lives and residual values of property and equipment and investment properties*

The Company's management estimates the useful lives of its property, equipment and investment properties for calculating depreciation. Such estimates are updated after considering the expected use of the assets, obsolescence, and damage. The management periodically reviews estimated useful lives, the residual values and depreciation method to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from these assets.

# MAKKAH CONSTRUCTION AND DEVELOPMENT COMPANY (A Saudi Joint Stock Company)

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)

For the period from 14 June 2022 to 30 September 2022

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### 2 BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE (CONTINUED)

#### 2.3 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

##### *Impairment for expected credit losses (ECL) in trade and other receivables*

The Company uses a provision matrix to calculate ECLs for trade receivables and. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

The determination of ECL of trade and other receivables require the Company to consider certain estimates when calculating the possibility of default. These estimates may differ from actual circumstances.

The provision matrix is initially based on the Company's historical observed default rates. The Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The Company determined the growth rate in the gross domestic product which more related to the macroeconomic factor of the looking forward information that it might affect customers' credit and therefore, the adjustment of historical loss of the expected changes of this factor using different scenarios. The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The ECL is very sensitive to changes in circumstances and of forecast economic conditions. The previous credit loss experience and forecast of economic conditions may also not be representative of customers' actual default in the future. The information about the ECLs on the Company's trade receivables and is disclosed in Note 10.

##### *Employees' terminal benefits plan*

The cost of the employees' terminal benefit plan and the present value of the obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions, which may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and employees' turnover. Due to the complexities involved in the valuation and its long-term nature, a defined benefit liability is highly sensitive to changes in these assumptions. All assumptions are reviewed at each year end. The most sensitive parameters are discount rate and future salary increases. In determining the appropriate discount rate, the management considers the market yield on high quality corporate/government bonds. Future salary increases are based on expected future inflation rates, seniority, promotion, demand and supply in employment market. The mortality rate is based on publicly available mortality tables for the respective countries. Those mortality tables tend to change only at intervals in response to demographic changes.

##### *Fair value measurement of financial instruments*

When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments.

### 3 CHANGES TO THE COMPANY'S ACCOUNTING POLICIES

The accounting policies adopted, and methods of computation followed are consistent with those of the previous financial year, except for items disclosed below.

There were several and amendments to the new standards and interpretations which are applicable for the first time in 2022, but do not apply to the Company's financial statements or have no significant impact on the financial statements of the Company. The Company has not early adopted any standard, interpretation or amendments that has been issued but is not yet effective. See Note 3.2.

# MAKKAH CONSTRUCTION AND DEVELOPMENT COMPANY (A Saudi Joint Stock Company)

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)

For the period from 14 June 2022 to 30 September 2022

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### 3 CHANGES TO THE COMPANY'S ACCOUNTING POLICIES (CONTINUED)

#### 3.1 NEW AND AMENDED STANDARDS AND INTERPRETATIONS

##### **"Interest Rate Benchmark Reform"- Stage 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16**

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). The amendments include the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest
- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued
- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

These amendments had no impact on the financial statements of the Company. The Company intends to use the practical expedients in future periods if they become applicable.

#### 3.2 STANDARDS ISSUED BUT NOT YET EFFECTIVE

The new and amended standards and interpretations that are issued, but not yet effective, up to the reporting date of the Company's financial statements are disclosed below which are expected to have an impact on the Company's financial statements. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

##### **IFRS 17 "Insurance Contracts"**

In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features.

A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects.

The core of IFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

IFRS 17 is effective for reporting periods beginning on or after 1 January 2023, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. This standard is not applicable to the Company.

##### **Amendments to IAS 1: Classification of Liabilities as Current or Non-current**

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement?
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

# MAKKAH CONSTRUCTION AND DEVELOPMENT COMPANY (A Saudi Joint Stock Company)

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)

For the period from 14 June 2022 to 30 September 2022

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### **3 CHANGES TO THE COMPANY'S ACCOUNTING POLICIES (CONTINUED)**

#### **3.2 STANDARDS ISSUED BUT NOT YET EFFECTIVE (CONTINUED)**

##### **Amendments to IAS 1: Classification of Liabilities as Current or Non-current (Continued)**

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. The Company is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

##### **Definition of Accounting Estimates - Amendments to IAS 8**

In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of 'accounting estimates'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Early adoption is permitted as long as this fact is disclosed.

The amendments are not expected material to have any impact on the financial statement of the Company.

##### **Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2**

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments to IAS 1 are applicable for annual periods beginning on or after 1 January 2023 with earlier application permitted. Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary. The Company is currently revisiting their accounting policy information disclosures to ensure consistency with the amended requirements.

##### **Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12**

In May 2021, the Board issued amendments to IAS 12, which narrow the scope of the initial recognition exception under IAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

The amendments should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability should also be recognised for all deductible and taxable temporary differences associated with leases and decommissioning obligations.



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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)**

For the period from 14 June 2022 to 30 September 2022

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**4 SEGMENTAL INFORMATION**

	<i>The Commercial Center</i>	<i>The Hotel and Towers</i>	<i>Investment Segment</i>	<i>Others</i>	<i>TOTAL</i>
<b>For the period from 14 June 2022 to 30 September 2022</b>					
Revenue	53,653,809	78,864,260	-	-	132,518,069
Cost of revenue	(15,349,572)	(35,070,317)	-	-	(50,419,889)
Gross profit for the Segment	38,304,237	43,793,943	-	-	82,098,180
General and administrative expenses	-	(13,289,248)	-	(4,157,203)	(17,446,451)
Zakat	-	-	-	(6,596,437)	(6,596,437)
Profit (loss) during the period	38,304,237	30,504,695	-	(10,753,640)	58,055,292
<b>As at 30 September 2022</b>					
Segment assets	598,437,215	1,142,077,704	1,961,035,828	550,820,767	4,252,371,514
Segment liabilities	42,614,525	88,638,305	-	266,625,753	397,878,583
<b>For the period from 5 December 2021 to 3 March 2022</b>					
Revenue	26,870,774	28,378,435	-	-	55,249,209
Cost of revenue	(10,407,038)	(21,436,466)	-	-	(31,843,504)
Gross profit for the Segment	16,463,736	6,941,969	-	-	23,405,705
General and administrative expenses	-	(8,830,083)	-	(5,586,220)	(14,416,303)
Zakat	-	-	-	(224,735)	(224,735)
Profit (loss) during the period	16,463,736	(1,888,114)	-	(5,810,955)	8,764,667
<b>As at 13 June 2022 (Audited)</b>					
Segment assets	470,539,443	1,153,919,254	2,412,152,803	588,681,474	4,625,292,974
Segment liabilities	39,151,520	231,494,873	-	265,764,068	536,410,461

**MAKKAH CONSTRUCTION AND DEVELOPMENT COMPANY**  
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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)**

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**4 SEGMENTAL INFORMATION (CONTINUED)**

	<i>The Commercial Center</i>	<i>The Hotel and Towers</i>	<i>Investment Segment</i>	<i>Others</i>	<i>Total</i>
<b>For the period from 11 June 2021 to 7 September 2021</b>					
Revenue	38,082,885	6,583,799	-	-	44,666,684
Cost of revenue	(7,418,923)	(13,720,508)	-	-	(21,139,431)
Gross profit for the Segment	30,663,962	(7,136,709)	-	-	23,527,253
General and administrative expenses	-	(7,447,507)	-	(3,256,234)	(10,703,741)
Finance Cost	-	-	-	(1,059,567)	(1,059,567)
Zakat	-	-	-	-	-
Profit (loss) during the period	30,663,962	(14,584,216)	-	(4,315,801)	11,763,945
<b>As at 4 December 2021 (Audited)</b>					
Segment assets	479,237,781	1,132,015,881	2,991,078,338	254,407,643	4,856,739,643
Segment liabilities	20,733,830	248,822,688	-	277,942,311	547,498,829

The way main segments were presented is based on the fact that the Company's related risk and benefits are significantly affected by the difference in services and products provided by such segments. These segments are organized separately as per the nature of services and products in a way that each one represents a separate unit. The operating segments shown below are determined through distinguishing the commercial activities from which the Company achieves revenue and incurs costs. The economic characteristics are reviewed and the operating segments are pooled based on the operating decision maker each quarter at least which is also reviewed by top management of the Company. The Company is operating in KSA through the following main activities:

- Commercial center which includes commercial stores' rents,
- The Hotel and residential Towers,
- investments, including the investment in financial instruments and investments in associates,
- others including revenue of 4 properties leased to other parties.

Management monitors the operating results of segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in financial statements.

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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)**  
(CONTINUED)

For the period from 14 June 2022 to 30 September 2022

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**5 PROPERTY AND EQUIPMENT**

The movement in property and equipment during the period ended from 14 June 2022 to 30 September 2022 and the period from 5 December 2021 to 3 March 2022 and the period from 11 June 2021 to 7 September 2021 is as the following:

	<i>30 September 2022 (Unaudited)</i>	<i>13 June 2022 (Audited)</i>	<i>4 December 2021 (Audited)</i>
<b>COST:</b>			
Balance at beginning of the period	<b>1,811,773,103</b>	1,811,591,244	1,765,587,215
Additions to property and equipment during the period / year	<b>1,187,784</b>	989,523	50,185,152
Transfer from investment properties	-	20,321	-
Disposals/write-off during the period / year	-	(827,985)	(4,181,123)
Balance at the end of the period/year	<b>1,812,960,887</b>	1,811,773,103	1,811,591,244
<b>Accumulated depreciation:</b>			
Balance at the beginning of the period/ year	<b>497,544,893</b>	483,256,581	465,658,238
Depreciation during the period/ year	<b>8,111,089</b>	15,027,492	21,599,533
Transfer from investment properties	-	10,216	-
Disposals during the period/year	-	(749,396)	(4,001,190)
Balance at the end of the period/year	<b>505,655,982</b>	497,544,893	483,256,581
Net book value	<b>1,307,304,905</b>	1,314,228,210	1,328,334,663

**6 INVESTMENT PROPERTIES**

The movement in investment properties during the period ended from 14 June 2022 to 30 September 2022 and the period from 5 December 2021 to 3 March 2022 and the period from 11 June 2021 to 7 September is as the following:

	<i>30 September 2022 (Unaudited)</i>	<i>13 June 2022 (Audited)</i>	<i>4 December 2021 (Audited)</i> (Restated- Note 19)
<b>COST:</b>			
Balance at beginning of the period/year	<b>336,123,559</b>	336,217,189	332,258,021
Addition during the period/year	<b>221,495</b>	27,250	4,414,278
Transferred to property and equipment	-	(20,321)	-
Disposals/write-off during the period / year	-	(100,559)	(455,110)
	<b>336,345,054</b>	336,123,559	336,217,189
<b>Impairment and accumulated depreciation:</b>			
Balance at beginning of the period/year	<b>120,503,683</b>	117,215,065	107,494,652
Depreciation during the period/ year	<b>1,836,385</b>	3,398,905	5,778,668
Transferred to property and equipment	-	(10,216)	-
Disposals/write-off during the period / year	-	(100,071)	(445,955)
Impairment during the period / year	-	-	4,387,700
	<b>122,340,068</b>	120,503,683	117,215,065
Net book value	<b>214,004,986</b>	215,619,876	219,002,124

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**6 INVESTMENT PROPERTIES (CONTINUED)**

- The Company's investment properties consist of a commercial center and other 4 properties that are leased to third parties.
- On 30 September 2022, The fair value of all investment properties have been classified as level 3 based on the inputs of used valuation technique.
- As disclosed in note 18, the valuation has indicated impairment amounted to SR 4.3 million in two investment properties for the financial year ended 4 December 2021 (29 Rabi Al-Thani 1443H) which has been recognised by the Company.
- The total fair value of the investment properties was determined by an external valuer, a member of Saudi Authority for Accredited Valuers, a Company specialized in the valuation of investment properties, however, the management revisited the basis and assumption used in the valuations and determined that one of the key assumptions used in the determination of valuations needed to be changed by management to reflect the market conditions, practice and circumstances existed as at that reporting date and concluded that the fair values as at 30 September 2022 amounted to SR 2,918,276,651 (13 June 2022 corresponding to 14 Dhul-Qi'dah 1443H: SR 2,918,276,651) (see note 18 for restatement of the prior period).
- Amounts recognized in statement of profit or loss and other comprehensive income for investment properties are as follows:

	<i>For the period from 14 June 2022 To 30 September 2022</i>	<i>For the period from 5 December 2021 To 3 March 2022</i>	<i>For the period from 11 June 2021 To 7 September 2021</i>
Rental income from operating leases	<u>53,653,809</u>	<u>26,870,774</u>	<u>38,082,885</u>
Direct operating expenses on property that generated rental income	<u>(15,349,572)</u>	<u>(10,407,038)</u>	<u>(7,418,923)</u>

There were no direct operating expenses on investment properties that don't generate rental income (under development) during period ended 30 September 2022 and the period ended 13 June 2022 and the year ended 4 December 2021.

- The table below shows the technical methods used in measuring the fair value of the investment properties, and the significant unobservable inputs used.

<i>Valuation technique</i>	<i>Unobservable inputs</i>
Income approach: The valuation model considers the present value of net cash flows to be generated from the property, taking into account the expected rental, cap rates and occupancy rate. The expected net cash flows are discounted using risk-adjusted discount rates. Among other factors, the discount rate estimation considers the quality of a building and its location and lease terms.	Please refer to table below

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**6 INVESTMENT PROPERTIES (CONTINUED)**

Management has determined the above approaches using the above key assumptions as follows:

<i>Assumption</i>	<i>Approach used to determine values</i>
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 neighbouring districts.
Discount rates	Reflects current market assessments of uncertainty in the amount and timing of cash flows.
Capitalization rate (%)	It is based on actual location, size and quality of the properties and taking into account market data at the valuation date.

Significant increases (decreases) in estimated rental value and rent growth per annum in isolation would result in a significantly higher (lower) fair value of the properties. Significant increases (decreases) in the long-term vacancy rate and discount rate (and exit yield) in isolation would result in a significantly lower (higher) fair value. Generally, a change in the assumption made for the estimated rental value is accompanied by a directionally similar change in the rent growth per annum and discount rate (and exit yield), and an opposite change in the long-term vacancy rate.

**7 FINANCIAL ASSETS AT FAIR VALUE THROUGH OCI**

**a) Investment in financial assets designated at fair value through other comprehensive income:**

The Company classified the investments below as financial assets at fair value through other comprehensive income. This is because these financial assets represent investments the Company intends to hold for the a long term for strategic purposes.

**Investee company**

	<b>30 September 2022 (Unaudited)</b>	<b>13 June 2022 (Audited)</b>	<b>4 December 2021 (Audited) (Restated- Note 18)</b>
Jabal Omar for Development - investments in listed equity, note (7-b)	<b>1,960,056,993</b>	2,411,173,968	2,684,928,713
Commodity Trading Fund - investments in unlisted equity, note (7-c)	<b>978,835</b>	978,835	972,375
	<b>1,961,035,828</b>	<b>2,412,152,803</b>	<b>2,685,901,088</b>

The table below shows unrealized gains on revaluation and investment movements in equity instruments designed at Fair Value through Other Comprehensive Income (FVOCI):

	<b>30 September 2022 (Unaudited)</b>	<b>13 June 2022 (Audited)</b>	<b>4 December 2021 (Audited) (Restated- Note 19)</b>
Balance at the beginning of the period / year	<b>1,442,203,407</b>	1,715,951,693	2,034,039,539
Unrealized Losses	<b>(451,116,975)</b>	(273,748,286)	(318,087,846)
Balance at the end of the period/year	<b>991,086,432</b>	<b>1,442,203,407</b>	<b>1,715,951,693</b>

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## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)

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### 7 FINANCIAL ASSETS AT FAIR VALUE THROUGH OCI (CONTINUED)

- b) The Company has investments in Jabal Omar for Development Company "JODC" that represent investments in listed equity. The Company has a non-controlling interest of 9.327%. These investments have been irrevocably classified at fair value through other comprehensive income. The fair values of these shares are determined by the quoted values in an active market.

The Company holds a total of 96,392,516 share in JODC. The Company requested JODC to confirm the number of shares owned by the Company as at 30 September 2022. According to the confirmation received, JODC confirmed number of shares less by 1,198,571 share as compared to the total number of shares recorded in the Company's books and records. These capital shares are under ongoing reconciliation as a result of the difference in the measurement of the areas of lands compared to title deeds provided as in-kind shares from Makkah Construction and Development Company. The management of the Company sought a legal opinion from their external legal advisor. Th Company has been advised by its legal advisor that:

1. JODC may not make any adjustment to the number of shares of MCDC, by decreasing, modifying, or taking any other action, and thus, no amendment or change may occur to the value of the shares entered into by MCDC as a shareholder in JODC. According to Article (61) of the Companies' Law, the evaluation report of the in-kind shares submitted by the Company is binding to JODC as long as it is not objected to by the Constituent Assembly.
2. Before adding the final amount of the area as per the deeds by the respective authorities and departments, the value of the contribution entered into by the Company in JODC remains fixed as it is, and there is no modification or change to it until the total area of the deeds is added by the respective authorities. It is not permissible for JODC to enforce the Company to pay amounts in excess of the amount they are committed to when issuing the share.
3. Accordingly, the balance of the in-kind shares owned by the Company at JODC is 96,392,516 shares, including the shares related to title deeds that have not yet been transferred to JODC to date, until the total area as per the deeds is added by the respective authorities, and JODC may not reduce the number of shares or reduce the value of the assessment of in-kind shares submitted upon subscription.

Based on the legal opinion above, the management recorded all shares at fair value in the financial statements.

Additionally, out of the total shares owned at JODC, there are 8,509,144 shares that represent in-kind capital shares, in exchange for land titles that the Company acquired from landowners in favor of JODC's project and the transfer of the titles have not yet been finalized. Accordingly, these shares are being registered in Makkah Company's portfolio upon completion of transferring of the lands' titles to JODC and then, the Company will be able to access its rights over those shares in the sale transactions. Such shares are actually recorded as a part of the share capital of Jabal Omar for Development Company.

- a) As at 30 September 2022 and 13 June 2022 (corresponding to 14 Dhul-Qi'dah 1443H), the fair value of the Commodity Trading Fund was estimated to be close to its book values.

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**8 THE INVESTMENT IN AN ASSOCIATE**

The details of the Company's investment in an associate are as follows:

<i>Name</i>	<i>Country of incorporation</i>	<i>Principle field of activity</i>	<i>Effective ownership %</i>			<i>30</i>	<i>13 June</i>	<i>4 December</i>
			<i>30</i> <i>September</i> <i>2022</i>	<i>13 June</i> <i>2022</i>	<i>4 December</i> <i>2021</i>	<i>September</i> <i>2022</i> <i>(Unaudited)</i>	<i>2022</i> <i>(Audited)</i>	<i>2021</i> <i>(Audited)</i> <i>Restated</i> <i>(Note 18)</i>
Jarrham for Development and Growth Company	Kingdom of Saudi Arabia ("KSA")	Development of lands and leasing investment properties	27,5%	27,5%	27,5%	-	-	-

The Board of Directors decided in its meeting no. 133 held on 25 Muharram 1435H (corresponding to 28 November 2013) unanimously provide a cash contribution interest in the share capital of Jarrham for Development and Growth Company, which operates in field of developing real estate and which will develop Al-Sharashif mountain area. Based on this resolution, the Company decided on 11 Jumada Al-Ula 1435 H to pay the amount of SR 28.84 million, representing 27.5% of the Company's share capital amounting to SR 104.84 million.

The carrying amount of investment in Jarrham for Development and Growth Company was accounted for at cost as there were no approved financial statements. Based on the latest audited financial statements for the year ended 31 December 2017, a provision was provided during 2018 and the carrying amount of the investment was reduced to become SR 14.9 million after the reduction of the investee's capital against the accumulated losses. During the period ended 4 may 2022, a provision was made and the carrying value of the investment was fully reduced by restating the prior period (see note 18).



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**8. RELATED PARTY TRANSACTIONS AND BALANCES**

Related parties represent the shareholders, directors and key management personnel of the Company, and entities controlled or significantly influenced by such parties. Pricing policies and terms of payment for these transactions are approved by the Company's management. The following are the related parties' transactions and the balances:

Name	Relationship type	Nature of transactions	Amount of transactions as at			Closing balance as at		
			For the period from 14 June 2022 To 30 September 2022	For the period from 5 December 2021 To 3 March 2022	For the period from 11 June 2021 To 7 September 2021	30 September 2022	13 June 2022	4 December 2021
<u>a) Amounts due from related parties</u>								
Jabal Omar for Development Company (see note “B” below)	Affiliate	Funding	-	-	-	309,564,950	309,564,950	309,564,950
Abdulrahman Abdulkadir Fakeih	Affiliate	Purchases	4,119	683,089	3,205,114	6,186,892	6,182,772	5,499,683
Fakeih BBQ Chicken — Al Tazaj	Affiliate	Expenses	-	583,100	(548,535)	583,100	583,100	-
Fakeih Chicken Farms	Affiliate	Purchases	-	(3,363)	33,555	574,804	574,805	578,168
						316,909,746	316,905,627	315,642,801
<u>Less:</u>								
Impairment loss on related parties						(451,992)	(451,992)	-
						316,457,754	316,453,635	315,642,801

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**9 RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)**

Name	Relationship type	Nature of transactions	30 September 2022	Amount of transactions as at		Closing balance as at		
				For the period from	For the period from			
			14 June 2022	5 December 2021	11 June 2021	13 June 2022	December 2021	
			To 30 September 2022	To 3 March 2022	To 7 September 2021	SR	SR	
<u>b) Amounts due to related parties</u>								
Fakeih Chicken Farms	Common management	Purchase	131,887	67,785	-	3,200,337	3,068,450	3,136,235
						3,200,337	3,068,450	3,136,235

a) Terms and conditions of transactions with related parties:

The transactions with related parties are performed in the course of normal business of the Company. Outstanding balances at the period ended 30 September 2022 are unsecured, interest free and settled in cash. There have been no guarantees provided or received for any related party receivable or payable.

b) This represents amount due from a related party - Jabal Omar for Development Company amounting to SR 359,564,950 as at 30 September 2022. Due to the location of the project and the characteristics associated with land ownership around the Haram area, there were some plots of land without title deeds. Accordingly, the shareholders of the plots of land worth SR 359 million were unable to complete the documents related to the ownership of these lands. With regard to those owners who were unable to present their legal title deeds, in accordance with the ownership transfer agreement, Makkah Construction and Development Company (MCDC) has subscribed to the Company's shares on behalf of these owners. This was approved by Royal Decree No. M/63 on 25 Ramadan 1427H (corresponding to 18 October 2006).

The amount paid to MCDC during the year ended on 30 Dhul-Hijjah 1436H (14 October 2015) amounting to SR 50 million was settled in return for the amounts receivable.

Accordingly, Jabal Omar for Development Company acquired rights to use these lands and accordingly Jabal Omar for Development Company completed construction on these lands and the authorities issued during the year 2020 a unified title deed in the name of the Company for the entire area of the project in the name of Jabal Omar for Development Company. The fact that the Company subscribed to the shares on behalf of the owners who were unable to present the legal title deeds for their ownership, the corresponding amount was recognized as a liability of Jabal Omar for Development Company. The receivables from Jabal Omar for Development Company will be settled when the owners who were unable to present their title deeds earlier, are able to do so, with a corresponding redistribution of ownership between the Company and that owner. Management is expecting the settlement of the due amounts from the related party on demand and accordingly, recorded this amount as current assets.

The management assessed that; in the absence of a formal contract signed with Jabal Omar for Development Company to indicate any repayment terms with specific dates, that the amount due is on demand in nature and therefore, the recorded amount was classified as current assets (see note 18).

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**9 RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)**

**c) Key management compensation**

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any director (whether executive or otherwise).

	<i>For the period from 14 June 2022 To 30 September 2022</i>	<i>For the period from 5 December 2021 To 3 March 2022</i>	<i>For the period from 11 June 2021 To 7 September 2021</i>
Salaries, allowances and incentives	<b>802,353</b>	2,055,706	3,650,412
Rents and consultation contracts	<b>819,710</b>	2,239,420	2,131,869
	<b><u>1,622,063</u></b>	<u>4,295,126</u>	<u>5,782,281</u>

**10 TRADE RECEIVABLES**

	<i>30 September 2022 (Unaudited)</i>	<i>13 June 2022 (Audited)</i>	<i>4 December 2021 (Audited)</i>
Trade Receivables	<b>150,298,959</b>	144,439,945	127,914,010
Less: Provision for impairment of trade receivables	<b>(29,943,528)</b>	(29,943,528)	(14,201,962)
	<b><u>120,355,431</u></b>	<u>114,496,417</u>	<u>113,712,048</u>

The movement in provision of impairment in trade receivables:

	<i>30 September 2022 (Unaudited)</i>	<i>13 June 2022 (Audited)</i>	<i>4 December 2021 (Audited)</i>
Balance at the beginning of the period/ year	<b>29,943,528</b>	14,201,962	95,029,104
Charge for the period / year	-	15,741,566	12,117,345
Written off*	-	-	(92, 944, 487)
	<b><u>29,943,528</u></b>	<u>29,943,528</u>	<u>14,201,962</u>

- Unbilled revenue is initially recognized for lease income earned from investment properties rendered but yet to be billed to customers. Upon Billing of invoice, the amounts recognized as unbilled revenue are reclassified to trade receivables.
- Old debt balances in favor of Makkah Construction and Development Company were written off for others as at 4 December 2021 (corresponding to 29 Rabi al-Thani 1443H), as per the decision of the Company's Board of Directors ("BOD") by passing through no. 220/A dated 27 Rabi Al-Thani 1443H corresponding to 2 December 2021).

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**11 ZAKAT**

Zakat charge for the period ended 30 September 2022 consists of:

	<i>For the period from 14 December 2022 to 30 September 2022</i>	<i>For the period from 5 December 2021 to 3 March 2022</i>	<i>For the period from 11 June 2021 to 7 September 2021</i>
Charge for the period / year	<u>(6,596,437)</u>	<u>(224,735)</u>	<u>-</u>
<b>Movement in zakat provision</b>			
	<i>30 September 2022</i>	<i>13 June 2022 (Audited)</i>	<i>4 December 2021 (Unaudited) Restated( Note 18)</i>
Balance at the beginning of the period/ year	<b>53,584,530</b>	51,612,036	43,917,802
Charge for the period / year	<b>6,596,437</b>	9,944,525	7,972,031
Paid during the period / year	<u>-</u>	<u>(7,972,031)</u>	<u>(277,797)</u>
At the end of the period /year	<u><b>60,180,967</b></u>	<u>53,584,530</u>	<u>51,612,036</u>

- a) The Company finalized its Zakat status up to the year ended 30 Rabi Al-Thani 1436H, filed its zakat returns and financial statements for the years from 1437H up to Rabi Al-Thani 1443H and paid zakat. The Company received an assessment for the years 1438H and 1439H with an amount of SR 15,019,502. The Company appealed against these assessments, but the appeal was rejected by Zakat, Tax and Customs Authority (ZATCA). The Company appealed to the General Secretariat of Tax Committees. The appeal is still under review by the General Secretariat of Tax Committees. The Company also believes it has an opportunity to file a request to the Internal Settlement Committees to obtain a settlement.

During the year ended 4 December 2021 (corresponding to 29 Rabi Al-Thani 1443H), two assessments for 1440H and 1441H were raised at an amount of SR 28,620,237. The Company objected against these two assessments, which were rejected by the ZATCA. The Company will file an objection against this rejection during the statutory period.

The Company, during the period, recognized an additional amount of SR 35,955,072 through the restatements of the prior year (see note 18).

- b) The management believes that the provisions recoded are sufficient against future zakat liabilities but will continue to appeal against such assessments as the Company is confident of the correctness of such appeals.

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## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)

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### 12 FINANCIAL INSTRUMENTS

The Company measures the financial instruments at fair value as at the date of the financial statements. The fair value is the selling price of an asset or the transfer of a liability in a regular transaction between two parties to the market at the measurement date. The measurement is based on the assumption that selling an asset or transferring an obligation will take place either:

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

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

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

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

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

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

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

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

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

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change occurred.

As at 30 September 2022 and 13 June 2022 and 4 December 2021, there were no transfers between levels.

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. As at 30 September 2022, and 13 June 2022 and 4 December 2021, the fair values of the financial instruments approximated their carrying amounts. This is attributable to short term maturity of such instruments.

### 13 EARNINGS PER SHARE

#### Basic earnings (loss) per share

Basic earnings/ (loss) per share for the period / year ended up to 30 September 2022, 3 March 2022 and 7 September 2021 have been computed by dividing the profit / (loss) for the period / year attributable to the shareholders of the Company by the number of shares outstanding during such period / year. As there are no diluted shares outstanding, basic and diluted losses per share are identical.

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(CONTINUED)

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**13 EARNINGS PER SHARE (CONTINUED)**

	<i>30 September 2022</i>	<i>13 June 2022</i>	<i>4 December 2021</i>
Profit for the period/ year attributable to shareholders of the Company	<b>58,055,292</b>	8,764,667	11,763,945
Weighted average number of shares outstanding	<b>164,816,240</b>	164,816,240	164,816,240
Earnings per share (Saudi Riyals) – Basic and diluted	<b>0.35</b>	0.05	0.07

**Diluted earnings (loss) per share**

During the period, there were no transactions resulting in diluting the earnings (loss) of the shares, and thus, the diluted earnings (loss) per share don't differ from the basic earnings (loss) per share.

**14 DIVIDENDS PAYABLE**

There were no dividends declared during the period from 14 June 2022 to 30 September 2022 (the period from 5 December 2021 to 3 March 2022: nil) (the period from 11 June 2021 to 7 December 2021: nil). Below is the movement in dividend payable.

	<i>30 September 2022 (Unaudited)</i>	<i>13 June 2022 (Audited)</i>	<i>4 December 2021 (Audited)</i>
<b>Balance at the beginning of the period/year</b>	<b>184,924,208</b>	192,364,589	205,043,020
Dividend payments during the period/ year	<b>(3,054,332)</b>	(7,440,381)	(12,678,431)
<b>Balance at the end of the period / year</b>	<b>181,869,876</b>	184,924,208	192,364,589

The dividends payable as at 30 September 2022 represent the remaining balance related to dividends declared for the years from 1415H up to 1441H, pending completion of necessary bank transfer procedures by certain shareholders before the payments are made. The Company holds separate bank accounts amounting to SR 112.75 million (13 June 2022 corresponding to 14 Dhul Qi'dah 1443H: SR 114,18 million) (4 December 2021 corresponding to 29 Rabi Al-Thani 1443H: SR 115,36 million) related to dividends payable to the Company's shareholders.

**15 CONTINGENT LIABILITIES**

The contingent Liabilities against letters of guarantee issued by certain banks on behalf of the Company on 30 September 2022 amounted to SR 2,000,000 (13 June 2022 corresponding to 14 Dhul Qi'dah 1443H: SR 2,000,000) (4 December 2021 corresponding to 29 Rabi Al-Thani 1443H: SR 2,000,000).

As at 30 September 2022, the Company had commitments of SR 36.11 million (13 June 2022 corresponding to 14 Dhul Qi'dah 1443H: Sr 42,17 million) (4 December 2021 corresponding to 29 Rabi Al-Thani 1443H: Sr 64,54 million).relating to capital expenditures.

**16 SEASONALITY**

The business results for the period do not necessarily represent an accurate indication of the actual results for the full year operations. The revenue of operating suits and hotel rooms increase during Hajj and Omrah seasons and during summer vacations, while revenue decrease during the rest of the year. Such changes are reflected on the financial results of the Company's operations during the period. Therefore, the operation results for this period may not be an accurate indication of the actual results of the full year.

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## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)

For the period from 14 June 2022 to 30 September 2022

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### 17 LEGAL CASES

#### a) Cases filed by the Company against others

- There are lawsuits filed by the Company against others with determined value by total amounts of SR 14.1 million in addition to one lawsuit with undetermined value for property evacuation.
- The Company filed a lawsuit against the previous hotel operator, "Millennium and Copthorne Middle East Holding Ltd.", for recovery of a receivable balance amounting to SR 39 million, representing the minimum guaranteed difference in accordance with the signed agreement with Makkah Construction and Development Company at the Economic Court. The lawsuit has not yet been decided and is currently under arbitration at the reporting date. The Company recorded sufficient allowance against the receivable balance, according to the opinion of the management and its legal advisor.
- A lawsuit raised by the Company against Makkah Region Development Authority ("the Authority") for the recovery of consultancy fees, designs, and models and various other costs that were incurred by the Company amounting to SR 17.36 million on the studies of the Western Parallel Road project under the supreme order no. 22589 dated 14 Jumada Al-Ula, 1424H. The Authority has appealed the case, however, the appeal ruling was issued in favor of Company which forced the Authority to compensate the Company for the incurred cost. The Authority appealed against the case during the year ended 4 December 2021 (corresponding to 29 Rabi' II 1443H) and is still pending with court. The Company believes that sufficient provisions were provided against the receivable balance according to the opinion of the management and its legal advisor.

#### b) Cases filed by others against the Company

There are cases filed against the Company amounting to SR 7,974,417 and one case with no precise amount for a contract termination. The Company has been advised by its legal advisor that the Company has strong position to win the case filed.

### 18 RESTATEMENT OF PRIOR YEAR FIGURES

During the period ended 30 September 2022, the management of the Company performed a comprehensive exercise to assess the appropriateness of applying its accounting policies and estimates to financial statements. Based on this exercise, the management concluded that in prior years, the accounting policies had not been correctly applied on certain transactions and balances and that certain reliable financial information available to determine the appropriateness estimates and assumptions have not been considered during determination of the proper assumptions used. Consequently, prior periods balances have been restated and the errors have been corrected by restating each of the affected financial statement line items for the prior periods, as follows:

#### *Restatement 1*

The Company owns 96,392,516 shares in Jabal Omar for Development Company (note 7). As per the Company's policy, a number of 86,210,811 shares were remeasured at fair value through Other Comprehensive Income. However, 10,181,705 in-kind capital shares that belong to same class and transaction were inadvertently remeasured at the par value of SR 10 per share instead of remeasuring the entire shares at FVTOCI in accordance with the Company's policy.

#### *Restatement 2*

The investment properties consist of a commercial center, Hotel and Towers, and 4 other properties that are leased to third parties 4 December 2021 (corresponding to 29 Rabi al-Thani 1443H), the fair values of all the investment properties were calculated based on valuations carried out by the Management's external expert. The valuations indicated an impairment of SR 4.3 million in two properties as at the financial year then ended. Although the management identified such properties were separate cash generating residential units, their fair values were calculated by reference to the proper methodology and assumptions, and the fair values were less than the carrying amounts and the impairment was not recognized unintentionally in the respective year.

#### *Restatement 3*

In prior years, the carrying value of investment in Jarrham for Development and Growth Company was adjusted to reflect the absorption of the accumulated losses based on the latest audited financial statements for the year ended 31 December 2017 and was carried at SR 14.9 million till the last reporting period. The management determined that, in view of the reliable information existed as detailed below but not properly addressed in prior years that clearly indicate impairment factors of the investment, full impairment should have been recognized in the earliest period presented.

- The financial statements of Jarrham for Development and Growth Company for the year 2018 were issued and available in prior years showing further losses. These financial statements also indicated recognition of a significant internally generated intangible asset with corresponding credit balance to equity and presented



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**18 RESTATEMENT OF PRIOR YEAR FIGURES (CONTINUED)**

as prior year adjustments in these financial statements. No sufficient information was made available to the Company to determine the appropriateness of recognition of such intangible asset.

- The financial statements of Jarrah for Development and Growth Company for the year 2019 were issued and available in prior years showing further losses.

No business plan of Jarrah for Development and Growth Company was made available.

**Restatement 4**

In prior years, ZATCA raised zakat assessments claiming additional Zakat of SR 43.7 million for the years from 1438H until 1441H. Based on the management's assessment, a provision amounting to SR 35.9 million against the total of these additional claims should have been provided for the said years in accordance with the Company's accounting policy, and therefore, the management assessed that the zakat provision for the aforementioned prior years was understated and concluded to restate prior years zakat provision.

**Restatement 5**

With reference to the amount due from a related party as stated in note 9 to the accompanying financial statements, the management assessed that in the absence of a formal contract signed with Jabal Omar for Development Company to indicate any repayment terms with specific dates, it was expected that the amounts due will be settled on demand, and therefore, these amounts should have been classified as current assets since its initial recognition:

The table below shows the impact of restatements on the Company's financial statements.

		<u>As at 4 December 2021- year end</u>		
	<i>Restatement</i>	<i>Balance as</i>	<i>Impact of</i>	<i>As restated</i>
<u>Impact on the statement of financial position</u>	<i>notes</i>	<i>previously presented</i>	<i>restatements</i>	
<b>NON CURRENT ASSETS</b>				
Investment properties	2	223,389,824	(4,387,700)	219,002,124
Financial assets at fair value through other comprehensive income (FVOCI)	1	2,504,666,739	181,234,349	2,685,901,088
Investment in an associate	3	14,897,030	(14,897,030)	-
Amount due from a related party	5	309,564,950	(309,564,950)	-
<b>CURRENT ASSETS</b>				
Amount due from a related party	5	-	309,564,950	309,564,950
<b>EQUITY</b>				
Unrealized profits from financial assets at FVOCI	1	1,534,717,344	181,234,349	1,715,951,693
<b>Retained earnings</b>	2	164,085,838	(4,387,700)	108,846,036
	3	-	(14,897,030)	-
	4	-	(35,955,072)	-
<b>CURRENT LIABILITIES</b>				
ZAKAT	4	15,656,964	35,955,072	51,612,036

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**18 RESTATEMENT OF PRIOR YEAR FIGURES (CONTINUED)**

		<i>For the period from 5 December 2021 to 3 March 2022</i>		
	<i>Restatement notes</i>	<i>Balance as previously presented</i>	<i>Impact of restatements</i>	<i>Balance after restatement</i>
<b><u>Impact on the Statement of Profit or Loss and Other Comprehensive Income</u></b>				
<b>Other Comprehensive Income:</b>				
<i>Items are not reclassified to statement of profit or loss in subsequent periods:</i>				
Net unrealized profits from revaluation of financial assets at fair value through other comprehensive income	7	(319,772,049)	(40,735,961)	(360,508,010)
Total comprehensive loss for the period	7	<u>(311,007,382)</u>	<u>(40,735,961)</u>	<u>(351,743,343)</u>

		<i>For the period from 11 June 2021 to 7 September 2021</i>		
	<i>Restatement notes</i>	<i>Balance as previously presented</i>	<i>Impact of restatements</i>	<i>Balance after restatement</i>
<b><u>Impact on the Statement of Profit or Loss and Other Comprehensive Income</u></b>				
<b>Other Comprehensive Income:</b>				
<i>Items are not reclassified to statement of profit or loss in subsequent periods:</i>				
Net unrealized profits from revaluation of financial assets at fair value through other comprehensive income	7	(206,905,946)	(24,436,092)	(231,342,038)
Total comprehensive loss for the period	7	<u>(195,142,001)</u>	<u>(24,436,092)</u>	<u>(219,578,093)</u>

**Restatement 6**

As at 4 December 2021 (corresponding to ( 29 Rabi' Al-Thani 1443H), the fair values of the investment properties were calculated based on valuations carried out by Sima for Real state Valuation Company, a member of Saudi Authority for Accredited Valuers, a Company specialized in the valuation of investment properties. The fair value of the properties amounted to SR 4,839,658,959. During the year, the management revisited the bases and assumptions used in the valuations and determined that one of the key assumptions used in the determination of valuations needed to be changed by management to reflect the market conditions, practice and circumstances existed as at that reporting date. Hence, the management believes that the total of the revised fair values of the investment properties considering the reasonable key assumptions would have been SR 2,820,202,997.

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**19 COMPARATIVE FIGURES**

In addition to the restatements, certain of the prior year numbers have been reclassified as at 4 December 2021 in the statement of financial position to conform with the presentation in the current period.

	<i>Balance before adjustment</i>	<i>Adjustment</i>	<i>Balance after adjustment</i>
Amounts due from related parties	309,564,950	6,077,851	315,642,801
Trade Receivables	119,521,943	(5,809,895)	113,712,048
Prepayments and other current assets	29,395,592	231,917	29,627,509
Deferred revenue	(11,124,918)	2,636,362	(8,488,556)
Trade payables	(30,118,366)	23,274,619	(6,843,747)
Amounts due to related parties	-	(3,136,235)	(3,136,235)
Prepaid expenses and other current liabilities	(54,041,928)	(23,274,619)	(77,316,547)

Certain prior year figures have been reclassified in the interim condensed statement of profit or loss and other comprehensive income to conform with the current period presentation.

	<i>Balance before adjustment</i>	<i>Adjustment</i>	<i>Balance after adjustment</i>
<u>For the period from 5 December 2021 to 3 March 2022</u>			
Cost of revenue	(40,673,587)	8,830,083	(31,843,504)
Gross Profit	14,575,622	8,830,083	23,405,705
General and administrative expense	(5,587,220)	(8,829,083)	(14,416,303)
<u>For the period from 11 June 2021 to 7 September 2021</u>			
Cost of revenue	(28,586,938)	7,447,507	(21,139,431)
Gross Profit	16,079,746	7,447,507	23,527,253
General and administrative expense	(3,251,234)	(7,452,507)	(10,703,741)

**20 SUBSEQUENT EVENTS**

In the opinion of management, there have been no significant subsequent events since the period ended 30 September 2022, which would have a material impact on the financial position of the Company as reflected in these interim condensed financial statements.

**21 APPROVAL OF FINANCIAL STATEMENTS**

The interim condensed financial statements have been approved for issue by the Board of Directors ("BOD") on 29 December 2022G ( corresponding to 05 Jumada Al-Alkhirah 1444H).