

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

UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS
INDEPENDENT AUDITOR'S REVIEW REPORT
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED
29 SHAWWAL 1443H

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

UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 29 SHAWWAL 1443H

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INDEPENDENT AUDITORS' 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 29 Shawwal 1443H, and the related interim condensed statement of profit or loss and other comprehensive income, for the three-month and six-month periods ended 29 Shawwal 1443H, and the related interim condensed statements of changes in equity and cash flows for the six-month period then ended, and other explanatory notes. Management is responsible for the preparation and fair 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 of persons responsible for financial and accounting matters, and applying analytical and other review procedures. This 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

As at 29 Shawwal 1443H, the carrying value of trade receivables amounts to SR 148.7 million. The management has not carried out any assessment to determine expected credit loss at the reporting date and at the comparative interim period, which constitutes a departure from IFRS as endorsed in KSA. Had the management carried out an exercise 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 together with the related disclosures may have been materially affected. The impact on the financial statements have not been determined.

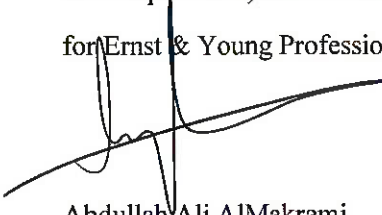
Qualified Conclusion

Based on our review, with the exception of the matter 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 Matter

The financial statements of the Company for the year ended 29 Rabi Al-Thani 1443H, were audited by another auditor, who expressed an unmodified opinion on those financial statements on 27 Rajab 1443H (corresponding to 28 February 2022). In addition, the interim condensed financial statements of the Company for the three-month period ended 30 Rajab 1443H and the interim condensed financial statements of the Company for the three-month and six-month periods ended 29 Shawwal 1442H have been reviewed by another auditor who expressed an unmodified conclusion on those interim condensed financial statements on 13 Ramadan 1443H (corresponding to 14 April 2022) and 23 Dhul Hijjah 1442H (corresponding to 2 August 2021), respectively.

for Ernst & Young Professional Services


Abdullah Ali AlMakrami
Certified Public Accountant
Licence no. 476

Jeddah: 18 Muharram 1444H
16 August 2022



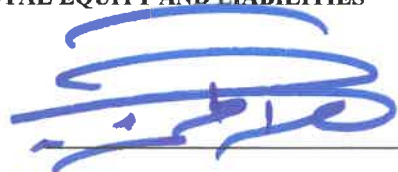
Makkah Construction and Development Company
(A Saudi Joint Stock Company)

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 29 Shawwal 1443H

Saudi Riyals

		29 Shawwal 1443 H (Unaudited)	29 Rabi Al-Thani 1443H (Audited) (Restated- Note 19)	1 Jumada Al-Ula 1442 H (Audited) (Restated- Note 19)
ASSETS				
NON CURRENT ASSETS				
Property and equipment	5	1,314,648,963	1,328,334,663	1,299,928,977
Investment properties	6	215,902,516	219,002,124	224,763,369
Financial assets at fair value through other comprehensive income	7	2,599,147,824	2,685,901,088	3,003,988,934
TOTAL NON-CURRENT ASSETS		4,129,699,303	4,233,237,875	4,528,681,280
CURRENT ASSETS				
Inventories		1,832,348	1,703,453	2,183,226
Amount due from a related party	9	309,564,950	309,564,950	309,564,950
Trade receivables	10	148,734,625	119,521,943	67,064,054
Prepayments and other current assets		65,643,205	29,395,592	57,370,112
Cash and cash equivalents		204,282,126	162,815,957	194,475,554
TOTAL CURRENT ASSETS		730,057,254	623,001,895	630,657,896
TOTAL ASSETS		4,859,756,557	4,856,239,770	5,159,339,176
EQUITY AND LIABILITIES				
EQUITY				
Share Capital	1	1,648,162,400	1,648,162,400	1,648,162,400
Statutory reserve		836,280,685	836,280,685	836,280,685
Unrealized gain on financial assets at fair value through other comprehensive income	19	1,629,198,429	1,715,951,693	2,034,039,539
Retained earnings		191,260,357	108,846,036	109,437,038
TOTAL EQUITY		4,304,901,871	4,309,240,814	4,627,919,662
NON-CURRENT LIABILITIES				
Long term Loan		149,998,850	149,998,850	149,999,000
Employees' defined benefit liabilities		33,108,891	32,738,269	32,758,055
TOTAL NON-CURRENT LIABILITIES		183,107,741	182,737,119	182,757,055
CURRENT LIABILITIES				
Current portion of a long term loan		12,500,000	25,000,000	-
Deferred revenue		25,698,796	11,124,918	17,713,177
Trade payables		31,190,935	30,118,366	28,545,687
Accrued expense and other payables		67,653,000	54,041,928	53,442,773
Dividend payable	14	184,989,483	192,364,589	205,043,020
Zakat payable	11	49,714,731	51,612,036	43,917,802
TOTAL CURRENT LIABILITIES		371,746,945	364,261,837	348,662,459
TOTAL LIABILITIES		554,854,686	546,998,956	531,419,514
TOTAL EQUITY AND LIABILITIES		4,859,756,557	4,856,239,770	5,159,339,176



Authorized Board Member



General Manager



Finance Director

The accompanying notes from 1 to 20 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 three-month and six-month periods ended 29 Shawwal 1443H

Saudi Riyals

	Note	Three-month period ended 29 Shawwal		Six-month period ended 29 Shawwal	
		<i>1443 H</i>	<i>1442 H</i> (Restated- Note 19)	<i>1443 H</i>	<i>1442 H</i> (Restated- Note 19)
Revenues		145,812,311	33,308,452	201,061,520	56,622,723
Cost of revenues		(59,936,977)	(30,088,025)	(100,610,564)	(56,352,890)
GROSS PROFIT		85,875,334	3,220,427	100,450,956	269,833
General and administrative expenses		(6,375,689)	(6,276,614)	(11,961,909)	(12,269,435)
OPERATING PROFIT (LOSS)		79,499,645	(3,056,187)	88,489,047	(11,999,602)
Finance cost		—	(766,924)	—	(2,326,624)
INCOME (LOSS) BEFORE ZAKAT		79,499,645	(3,823,111)	88,489,047	(14,326,226)
Zakat	11	(5,849,991)	-	(6,074,726)	-
NET INCOME (LOSS) FOR THE PERIOD		73,649,654	(3,823,111)	82,414,321	(14,326,226)
OTHER COMPREHENSIVE INCOME:					
<i>Other comprehensive income that will not be reclassified to profit or loss in subsequent periods (net of tax):</i>					
Net unrealized gain (losses) on financial assets at fair value through other comprehensive income	7	273,754,745	616,912,102	(86,753,264)	448,225,200
OTHER COMPREHENSIVE INCOME (LOSS)		273,754,745	616,912,102	(86,753,264)	448,225,200
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD		347,404,399	613,088,991	(4,338,943)	433,898,974
Earnings (loss) per share:					
Basic and diluted earnings per share from net profit (loss) for the period	13	0.45	(0.02)	0.5	(0.09)



Authorized Board Member



General Manager



Finance Director

The accompanying notes from 1 to 20 are considered part of these interim condensed financial statements.

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

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the six-month period ended at 29 Shawwal 1443H

Saudi Riyals

	Share capital	Statutory reserve	Unrealized gain on financial assets at FVOCI	Retained earnings	Total equity
Balance at 30 Rabi Al-Thani 1442H (as previously reported)	1,648,162,400	836,280,685	1,819,205,563	160,289,140	4,463,937,788
Prior year adjustments (note 19)	-	-	214,833,976	(50,852,102)	163,981,874
Balance at 1 Jumada Al-Ula 1442H (restated)	1,648,162,400	836,280,685	2,034,039,539	109,437,038	4,627,919,662
Net loss for the period	-	-	-	(14,326,226)	(14,326,226)
Other comprehensive income for the period (note 19 - restated)	-	-	448,225,200	-	448,225,200
Total comprehensive income for the period	-	-	448,225,200	(14,326,226)	433,898,974
Balance at 29 Shawwal 1442H (unaudited)	1,648,162,400	836,280,685	2,482,264,739	95,110,812	5,061,818,636
Balance at 29 Rabi Al-Thani 1443H (as previously reported)	1,648,162,400	836,280,685	1,534,717,344	164,085,838	4,183,246,267
Prior year adjustments (note 19)	-	-	181,234,349	(55,239,802)	125,994,547
Balance at 1 Jumada Al-Ula 1443H (restated)	1,648,162,400	836,280,685	1,715,951,693	108,846,036	4,309,240,814
Net income for the period	-	-	-	82,414,321	82,414,321
Other comprehensive loss for the period (note 7)	-	-	(86,753,264)	-	(86,753,264)
Total comprehensive income for the period	-	-	(86,753,264)	82,414,321	(4,338,943)
Balance at 29 Shawwal 1443H (unaudited)	1,648,162,400	836,280,685	1,629,198,429	191,260,357	4,304,901,871



Authorized Board Member



General Manager



Finance Director

The accompanying notes from 1 to 20 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 six-month period ended at 29 Shawwal 1443H

Saudi Riyals

	Note	For Six-month period ended 29 Shawwal	
		1443H	1442H
Income (Loss) before zakat		88,489,047	(14,326,226)
<i>Adjustments to reconcile income before zakat to net cash flow:</i>			
Depreciation of Property and equipment	5	13,821,435	11,225,924
Depreciation of investment properties	6	3,126,858	2,874,740
Provision for employess' benefits charged for the period		2,370,395	1,793,671
		107,807,735	1,568,109
Working capital adjustments:			
Inventories		(128,895)	186,912
Trade receivables		(29,212,682)	(44,413,371)
Prepayments and other current assets		(36,247,613)	(13,336,666)
Deferred revenue		14,573,878	20,489,025
Trade payable		1,072,569	11,264,831
Accrued expense and other payables		13,611,072	(4,558,071)
Cash generated from (used in) operations		71,476,064	(28,799,231)
Employees benefits paid		(1,999,773)	(1,794,637)
Zakat paid	11	(7,972,031)	(277,797)
Net cash flows generated from (used in) operating activities		61,504,260	(30,871,665)
Cash flow from investing activities			
Additions to property and equipment	5	(135,735)	(3,827,330)
Additions to investment properties	6	(27,250)	(21,019)
Net cashflows used in investing activities		(162,985)	(3,848,349)
Cash flow from financing activities			
Dividends paid	14	(7,375,106)	(10,737,200)
Proceeds from long term loan		—	24,999,850
Repayment of long term loan		(12,500,000)	—
Net cash flows (used in) from financing activities		(19,875,106)	14,262,650
Net change in cash and cash equivalents		41,466,169	(20,457,364)
Cash and cash equivalents at the beginning of the period		162,815,957	194,475,554
Cash and cash equivalents at end of the period		204,282,126	174,018,190
Significant non-cash transactions			
Unrealized (loss) gain on financial assets at fair value through other comprehensive income	7	(86,753,264)	448,225,200



Authorized Board Member



General Manager



Finance Director

The accompanying notes from 1 to 20 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)

At 29 Shawwal 1443H
Saudi Riyals

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 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 29 Shawwal 1443H, the share capital amounted to SR 1,648,162,400 (29 Rabi Al-Thani 1443H: SR 1,648,162,400) divided into 164,816,240 share (29 Rabi Al-Thani 1443H: 164,816,240 share) fully paid with nominal value of SR 10 each.

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

The Company has sub-commercial registrations to perform activities of hospitality, hotel services and Umrah services. These interim condenssed 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	4031045190	18 Ramadan 1424 H
Branch of Makkah Construction and Development Company for Omrah Services	4031102134	18 Rabi Al -Awwal1439H

The shareholders of the Company resolved on the extraordinary general assembly meeting dated 15 Shawwal 1443H (corresponding to 16 May 2022) to change the financial year from Hijri to Gregorain to end at 31 December of each year. The legal procedures have been completed regarding changing the financial year on 14 Duh Al-Qi’dah1443 H (corresponding to 13 June 2022).

2- BASIS OF PREPRATION

2-1 Statement of compliance

The interim condensed financial statements for the six month period ended 29 Shawwal 1443H have been prepared in accordance with International Accounting Standard IAS 34 “Interim Financial Reporting” as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by Saudi Organization for Chartered and Professional Accountants (“SOCPA”).

These interim financial statements do not include all information and disclosures required for the complete set of annual financial statements and consequently should be read side by side with the Company’s annual financial statements for the year ended 29 Rabi Al-Thani 1443H (see note 2.4). In addition, results for the interim period ended 29 Shawwal 1443H 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 interim condensed financial statements have been prepared under historical cost convention except for equity instruments which are measured at fair value. Employees’ defined benefit liabilities are prepared at the current value of future obligations are recognized using the expected actuarial credit unit method.

2-3 Functional and presentation currency

The interim condensed financial statements are presented in Saudi Riyals (SR), which is also the Company’s functional and presentation currency.

Makkah Construction and Development Company

(A Saudi Joint Stock Company)

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

At 29 Shawwal 1443H

Saudi Riyals

2- BASIS OF PREPARATION (continued)

2-4 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES, AND ASSUMPTIONS

The preparation of the Company's interim condensed financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets, liabilities, the accompanying disclosures and the disclosure of contingent liabilities. The significant judgments made by management in applying the Company'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 29 Rabi Al-Thani 1443H. However, in the light of the current uncertainty regarding Covid-19, any future change in assumptions and estimates could lead to results that may require a significant adjustment in the carrying amount listed for assets and liabilities affected in future periods. As the situation continues to evolve with the future uncertainty, management will continue to assess the impact based on future developments (see note 18).

3- CHANGES TO THE COMPANY'S ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the interim condensed financial statements of Company are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 29 Rabi Al-Thani 1443H, except for the adoption of new standards which are effective from 1 January 2022 disclosed below. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

"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

This amendment had no impact on the interim condensed financial statements of the Company.

The Company intends to use the practical expedients in future periods if they become applicable.

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (continued)
As at 29 Shawwal 1443H
Saudi Riyals

4- OPERATING SEGMENTS

	<i>The Commercial Center</i>	<i>The Hotel and Towers</i>	<i>Investments Segment</i>	<i>Other</i>	<i>TOTAL</i>
<u>For the six-month ended 29 Shawwal 1443H</u>					
Revenue	68,704,573	131,494,947	—	862,000	201,061,520
Cost of revenue	(23,149,738)	(77,460,826)	—	—	(100,610,564)
Gross profit for the Segment	45,554,835	54,034,121	—	862,000	100,450,956
General and administrative expenses	—	—	—	(11,961,909)	(11,961,909)
Zakat	—	—	—	(6,074,726)	(6,074,726)
Profit (loss) during the period	45,554,835	54,034,121	—	(17,174,635)	82,414,321
<u>As at 29 Shawwal 1443H</u>					
Segment assets	490,844,702	1,161,183,796	2,908,712,774	299,015,285	4,859,756,557
Segment liabilities	41,625,667	83,150,021	—	430,078,998	554,854,686
<u>For the six-month ended 29 Shawwal 1442H</u>					
Revenue	32,090,396	24,432,327	—	100,000	56,622,723
Cost of revenue	(13,467,360)	(42,885,530)	—	—	(56,352,890)
Gross profit for the Segment	18,623,036	(18,453,203)	—	100,000	269,833
General and administrative expenses	—	—	—	(12,269,435)	(12,269,435)
Finance cost	—	—	—	(2,326,624)	(2,326,624)
Loss during the period	18,623,036	(18,453,203)	—	(14,496,059)	(14,326,226)
<u>As at 29 Shawwal 1442H</u>					
Segment assets	453,301,037	1,105,065,155	3,726,941,996	314,272,545	5,599,580,733
Segment liabilities	54,095,183	71,686,347	—	446,817,655	572,599,185
<u>As at 29 Rabi Al-Thani 1443H (Audited)</u>					
Segment assets	479,005,864	1,131,747,925	2,991,078,338	254,407,643	4,856,239,770
Segment liabilities	20,233,957	248,822,688	—	277,942,311	546,998,956

The presentation of operating segments is based on the Company's related risk and benefits which 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 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 centre which includes commercial stores' rents,
- The Hotel and residential Towers,
- Investments, including the investment in financial instruments and investments in associates,
- Others, including the revenues of 4 other properties that are leased to external 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.

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

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

As at 29 Shawwal 1443H

Saudi Riyals

5- PROPERTY AND EQUIPMENT

The movement in property, plant, and equipment during the six month period ended 29 Shawwal 1443H and for the year ended 29 Rabi Al-Thani 1443H are as the following:

	<i>29 Shawwal 1443H (Unaudited)</i>	<i>29 Rabi Al-Thani 1443H (Audited)</i>
Cost:		
Balance at beginning of the period / year	1,811,591,244	1,765,587,215
Additions to property and equipment the period / year	135,735	50,185,152
Disposal during the period / year	-	(4,181,123)
	1,811,726,979	1,811,591,244
Accumulated depreciation:		
Balance at beginning of the period / year	483,256,581	465,658,238
Depreciation during the period / year	13,821,435	21,599,533
Disposal during the period / year	-	(4,001,190)
	497,078,016	483,256,581
Net book value	1,314,648,963	1,328,334,663

6- INVESTMENT PROPERTIES

The movement in investment properties during the six month period ended 29 Shawwal 1443H and for the year ended 29 Rabi Al-Thani 1443H are as the following:

	<i>29 Shawwal 1443H (Unaudited)</i>	<i>29 Rabi Al-Thani 1443H (Audited)</i>
		(Restated Note19)
Cost:		
Balance at beginning of the period / year	336,217,189	332,258,021
Additions during the period / year	27,250	4,414,278
Disposal during the period / year	-	(455,110)
	336,244,439	336,217,189
The impairment and accumulated depreciation:		
Balance at beginning of the period / year	117,215,065	107,494,652
Depreciation during the period / year	3,126,858	5,778,668
Disposal during the period / year	-	(445,955)
Impairment during the period / year	-	4,387,700
	120,341,923	117,215,065
Net book value	215,902,516	219,002,124

- Investment properties consist of commercial center, Hotel and Towers, and other 4 properties that are leased to third parties.
- The fair values of the properties as at 29 Rabi Al-Thani 1443H were calculated based on valuations carried out by Sima for Real estate valuation company, a member of Saudi Authority for Accredited Valuers, a Company specialized in the valuation of investment properties. The valuer prepares a valuation report of such properties every year (see note 19).

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

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

As at 29 Shawwal 1443H

Saudi Riyals

6- INVESTMENT PROPERTIES (continued)

- On 29 Rabi Al-Thani 1443H, the fair value measurement for all of the investment properties has been categorised as a Level 3 fair value based on the inputs to the valuation technique used.
- As disclosed in note 19, the valuation has indicated impairment amounted to SR 4.3 million in two investment properties as at the financial year ended 29 Rabi Al-Thani 1443H which has been recognised by the Company.
- The total fair value of the investment properties amounted to SR 2,820,202,997 (see note 19).
- The table below shows the technical methods used in measuring the fair value of the investment properties, and the significant unobservable inputs used.

Valuation technique	Significant unobservable input
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.	– Cap rate, Occupancy rate and the Risk-adjusted discount rates.

Any significant change in the assumptions used in the fair valuation of investment properties, such as the discount rate, return, expected rental value etc., will result in a significant lower / higher than fair value for these assets. The Company believes that there were no significant changes to the sensitivity information and there were no significant change in the circumstances and use of Company's properties during the six-month period ended 29 Shawwal 1443H.

7- FINANCIAL ASSETS AT FAIR VALUE THROUGH OCI ("FVOCI")

(a) Investments in financial assets designated at fair value through other comprehensive income:

The Company has classified the investments shown below as financial assets designated at fair value through other comprehensive income as these financial instruments represent investments that the Company intends to hold for the long term for strategic purposes.

Investee

	29 Shawwal 1443H (Unaudited)	29 Rabi Al-Thani 1443H (Audited) Restated
Jabal Omar Development Company - listed equity investments (note b)	2,598,175,449	2,684,928,713
Commodity Trading Fund - Unlisted Equity Investments (Note c)	972,375	972,375
	2,599,147,824	2,685,901,088

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7- FINANCIAL ASSETS AT FAIR VALUE THROUGH OCI (“FVOCI”) (continued)

(A) Investments in financial assets designated at fair value through other comprehensive income (continued)

The table below shows the unrealized gain on revaluation and the movement of investment in equity instruments classified at FVTOCI:

	29 Shawwal 1443H (Unaudited)	29 Rabi Al-Thani 1443H (Audited) (Restated- Note 19)
Balance at the beginning of the period / year	1,715,951,693	2,034,039,539
Unrealised Losses	(86,753,264)	(318,087,846)
Balance at the end of the period / year	1,629,198,429	1,715,951,693

- (b) The Company has investments in Jabal Omar Development Company “JODC” that represent investments in listed shares. The Company has a non-controlling interest of 9.327%. These investments have been irrevocably designated at fair value through other comprehensive income. The fair values of these shares are determined by the quoted share price 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 on 29 Rabi’ Al-Thani 1443 H and 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 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 the 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 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 the Article (61) of the Companies’ Law, the evaluation report of in-kind shares submitted by the Company is binding on JODC as long as it is not objected 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 committed when issuing the share.
- 3- Accordingly, the balance of the in-kind shares owned by the Company at JODC is 96,392,516 share, 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 above legal opinion, the management has recorded the total number of shares at the fair value in the financial statements.

Furthermore, out of the total JODC shares owned by the Company, there are 8,509,144 share 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 under Makkah Company’s portfolio and upon completion of transferring of the lands’ titles to JODC, the Company will be able to access its rights over these shares like in the sale transactions. These shares are already recorded as part of JODC’s capital.

- (c) As on 29 Shawwal 1443 H and 29 Rabi’ Al-Thani 1443 H, the fair value of the Commodity Trading Fund was estimated to be close to its book values.

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8- INVESTMENT IN AN ASSOCIATE

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

Name	Country of incorporation	Principle activity	Effective ownership %		29 Shawwal 1443H (Unaudited)	29 Rabi Al-Thani 1443H (Audited) Restated (note 19)
			29 Shawwal 1443H	29 Rabi Al-Thani 1443H		
Jarrham for Development and Growth Company*	Kingdom of Saudi Arabia	Development of lands and leasing properties	27,5%	27,5%	-	-

The Board of Directors unanimously resolved in its meeting no. 133 held on 25 Muharram 1435H (corresponding to 28 November 2013) to offer a cash contribution interest in the share capital of Jarrham for Development Company, which operates in the field of developing real state and which the main objective to 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 value of investment in Jarrham for Development Company was accounted at cost due to absence of the approved financial statements and based on the latest audited financial statements for the year ended 31 December 2017. During the year ended 2018, a provision was provided and the carrying value of the investment was reduced to SR 14.9 million after decreasing the capital of the investee company against the accumulated losses. During the period ended 29 Shawwal 1443H, a provision was made and the carrying value of the investment was fully impaired by restating prior period (see note 19).

9- 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:

1- Amount due from a related party

This represents amount due from a related party - Jabal Omar Development Company amounting to SR 359,564,950 as of 29 Rabi' Al-Thani 1443 H. 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, MCDC has subscribed to the company's shares on behalf of these owners. This was approved by Royal Decree No. M/63 on 9/25/1427H (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 receivable.

Accordingly, Jabal Omar Company acquired rights to use these lands and accordingly Jabal Omar 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 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 title deeds, the corresponding amount was recognized as a liability of Jabal Omar Company. The receivables from Jabal Omar 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 expects these amounts due from a related party to be settled on demand and hence recorded as current assets.

The management assessed that; in the absence of a formal contract signed with Jabal Omar Company to indicate any payments terms with specific dates, it is expected that the amount due will be settled on demand and therefore, the recorded amount classified as current assets.

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9- RELATED PARTY TRANSACTIONS AND BALANCES (continued)

2- Key management compensation

Key management personnel represent 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>Three month period ended</i> <i>29 Shawwal</i>		<i>Six month period ended</i> <i>29 Shawwal</i>	
	<u>1443H</u>	<u>1442 H</u>	<u>1443H</u>	<u>1442H</u>
Salaries, allowances and incentives	1,253,353	1,243,353	2,055,706	2,045,706
Rents and consultation contracts	1,119,710	300,000	2,239,420	815,627
	2,373,063	1,543,353	4,295,126	2,861,333

10-TRADE RECEIVABLES

	<i>29 Shawwal</i> <i>1443H</i> <i>(Unaudited)</i>	<i>29 Rabi Al-Thani</i> <i>1443H</i> <i>(Audited)</i>
Trade receivables	162,936,587	133,723,905
Less: Provision for impairment of trade receivables	(14,201,962)	(14,201,962)
	148,734,625	119,521,943

The movement in provision of impairment in trade receivables:

	<i>29 Shawwal</i> <i>1443H</i> <i>(Unaudited)</i>	<i>29 Rabi Al-Thani</i> <i>1443H</i> <i>(Audited)</i>
Balance at the beginning of the period	14,201,962	95,029,104
Charge for the period / year	—	12,117,345
Written off*	—	(92,944,487)
	14,201,962	14,201,962

* Old debt balances in favor of Makkah Construction and Development Company were written off for others as at 29 Rabi Al-Thani 1443H, as per the Company's Board of Directors resolution no. 228/A dated 27 Rabi Al-Thani 1443H corresponding to 2 December 2021.

11-Zakat

Zakat charge for the period ended 29 Shawwal comprise the following:

	<i>Three month period ended</i> <i>29 Shawwal</i>		<i>Six month period ended</i> <i>29 Shawwal</i>	
	<u>1443H</u>	<u>1442H</u>	<u>1443H</u>	<u>1442 H</u>
Charged to the period	5,849,991	-	6,074,726	-

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11-Zakat (Continued)

Movements in zakat provision

	29 Shawwal 1443H (Unaudited)	29 Rabi Al- Thani 1443H (Audited)
		Restated (note 19)
Balance at beginning of the period/ year	51,612,036	43,917,802
Charged to the period / year	6,074,726	7,972,031
Paid during the period/ year	(7,972,031)	(277,797)
Balance at the end of the period / year	49,714,731	51,612,036

- B- 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 1442H and paid zakat. The Company received an assessment for the years 1438H and 1439H amounting to SR 15,019,502. The Company appealed against these assessments which 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 Settlement Internal Committees to obtain a settlement.

During the year ended 29 Rabi Al-Thani 1443H, the assessments have been raised for the years 1440H and 1441H amounting to SR 28,620,237. The Company objected against these assessment which was rejected. The Company will appeal against this rejection during the statutory period.

During the period, the Company recognised additional of SR 35,955,072 by restating as prior year (see note 19).

- C- The Company's management believes that the provisions recorded against zakat obligations are sufficient, however, the company's management will continue appealing against those assessments since the company's has been rightful in those appeals.

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 market must be accessible by the Company.

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

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

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

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12- FINANCIAL INSTRUMENTS (continued)

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.

At at 29 Shawwal 1443H and 29 Rabi Al-Thani 1443H, there were no transfers between levels.

For assets and liabilities that are recognized 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 categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. As at 29 Shawwal 1443H and 29 Rabi Al-Thani 1443H, the fair values of the Company's financial instruments are estimated to approximate their carrying values.

13-EARNINGS (LOSS) PER SHARE

Basic earnings (loss) per share

Basic earnings (loss) per share is calculated based on the distributable profits to shareholders of ordinary shares through using the weighted average number of ordinary shares outstanding at the date of the financial statements amounting to 164,816,240 share (29 Shawwal 1442H: 164,816,240 share)

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 doesn't differ from the basic earnings (loss) per share.

14-DIVIDENDS PAYABLE

There were no dividends declared during the six-month period ended 29 Shawwal 1443H (corresponding to 29 Rabi Al-Thani 1443H: nil). Below is the movement in dividend payable.

	29 Shawwal 1443H (Unaudited)	29 Rabi Al-Thani 1443H (Audited)
Balance at the beginning of the period/year	192,364,589	205,043,020
Dividend payments during the period/ year	(7,375,106)	(12,678,431)
Balance at the end of the period / year	184,989,483	192,364,589

The dividends payable as of 29 Shawwal 1443H represent 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 116.5 million as at 29 Shawwal 1443H (29 Rabi Al-Thani 1443H: SR 117.76 million) related to dividends payable to the Company's shareholders.

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15- CONTINGENT LIABILITIES

The contingent Liabilities against letter of guarantees issued by cetrain banks on behalf of the Company on 29 Shawwal 1443H amounted to SR 2,000,000 (29 Rabi Al-Thani 1443H: SR 2,000,000).

16-SEASONAL CHANGES

The business results for the six-month period do not necessarily represent an accurate indication of the actual results for the full year operations. The revenue of opertaing suits and hotel rooms increase during Hajj and Umrah 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 year. Therefore, the operation results for this interim period may not be an accurate indication of the actual results of the full year.

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 19.78 million in addition to one lawsuit with undetermined value for property evacuation.
- The company has filed a lawsuit against the previous hotel operator, "Millennium and Copthorne Middle East Holding Ltd.", amounting to SR 39 million against the minimum guaranteed difference in accordance with the signed agreement with Makkah Construction and Development Company at the Economic Court, however, the lawsuit has not yet been decided, as the lawsuit is currently in the arbitration stage. The company has recorded sufficient provisions against this lawsuit, according to the opinion of the management and its legal advisor.
- A lawsuits raised by the Company against Development of Makkah Region Authority "the Authority" for consultancy fees, designs, and models, in addition to various other costs were incurred by the company by the amount of approximately SR 17.36 million against of studies of the Western Parallel Road project under the supreme order no. 22589 dated 14 Jumada Al-Awwal, 1424H. The Authority has appealed the case, however, the appeal ruling was issued in favor of Company and obligating the Authority to compensate the Company for the incurred cost, while the lawsuit was later appealed to the respective courts and the lawsuit is still under consideration. The company believes that sufficient provisions were provided against the amounts due in accordance with the Company's 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 counsel that the Company has strong position to win the case filed.

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18-IMPACT OF COVID-19

The outbreak of Covid-19 was confirmed across many geographical areas in early 2020, causing fundamental uncertainty about macroeconomics, disrupting business and economic activities. During March 2020, the Government of Saudi Arabia took several initiatives until beyond March 2020 to contain the spread of the virus, which included restrictions on travel, gatherings and curfews.

The extent of COVID-19 pandemic affects the Company's business, operations and financial results were confirmed, but without knowing to what extent, which depends on many future factors and developments that the Company may not be able to reliably estimate during the current period. These factors include the rate of virus transmission, the duration of its outbreak and precautionary measures that government may take to reduce the spread of the epidemic, and the impact of these measures on the economic activity, as well as the Company's customers business and other factors.

Although it is difficult to predict the total impact and its extent on operations and economy, management of the Company carried out an assessment to the overall operations of the Company and estimated liquidity requirements and business operations etc. The Company was uncertain whether the assumptions used in estimates are correct or not. In addition, the extent, volume and speed of the spread of the pandemic are still uncertain. Therefore, the management took certain steps to mitigate the effects of the pandemic including cost cuts, and stopping the recording of the revenue unexpected to continue or be collected. Further, the management also evaluated the cash flow situation, including bank facilities, continuation of existing lease contracts and the readiness of operational processes when the situation improves.

In the light of the current uncertainty, any future changes in assumptions and estimates could lead to results that may require substantial adjustments to the book values listed for assets or liabilities affected by these results in future periods. The Company's management will continue to estimate the effects based on future developments and will inform shareholders about any updates as soon as it has more information. Based on financial position and assessing potential scenarios, management does not believe that there are any significant risks related to the going concern basis.

19-RESTATEMENT OF PRIOR YEAR FIGURES

During the period ended 29 Shawwal 1443H, the management of the Company has performed a comprehensive exercise to assess the appropriateness of applying its accounting policies and estimates and assumptions over financial statements. Based on the 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 had not been used. As a consequence, prior year 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 Development Company ("JODC") (note 7). In accordance with the Company's policy, 86,210,811 share were remeasured at FVTOCI. However, 10,181,705 in-kind capital shares that belongs 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 other 4 properties that are leased to third parties. On 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 determined that these properties were separate cash generating units, their fair values were calculated with reference to appropriate methodology and assumptions and the fair values were lower than the carrying values, the impairment was inadvertently not recognised in the respective financial year.

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19- RESTATEMENT OF PRIOR YEAR FIGURES (continued)

Restatement 3:

In prior years, the carrying value of investment in Jarrham for Development 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 has 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 recognised to the earliest period presented.

- The financial statements of Jurhom for Development 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 to equity and presented as prior year adjustments in these financial statements. No sufficient information was made available to the Company determine the appropriateness of recognition of such intangible.
- The financial statements of Jurhom for Development Company for the year 2019 were issued and available in prior years showing further losses.
- No business plan of Jurhom for Development Company was made available to the Company.

Restatement 4:

In prior years, Zakat Authority issued 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 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 No. 9 to the accompanying financial statements, the management assessed that; in the absence of a formal contract signed with Jabal Omar Company to indicate any payments 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 following table summarize the impact on the Company's financial statements:

		As at 29 Rabia Althani 1443H Year end - the preceding period		
	Restatement No.	Balance as previously reported	Effect of adjustments	Balance as restated
<u>Impact on the statement of financial position</u>				
Non -current assets				
Investment properties	2	223,389,824	(4,387,700)	219,002,124
Financial assets at 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)	-
Current assets				
Amounts due from a related party	5	-	309,564,950	309,564,950
Equity				
Unrealized gains on financial assets FVOCI	1	1,534,717,344	181,234,349	1,715,951,693
Retained earnings	2	164,085,838	(4,387,700)	108,846,036
	3		(14,897,030)	
	4		(35,955,072)	
Current liabilities				
Zakat	4	15,656,964	35,955,072	51,612,036

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19- RESTATEMENT OF PRIOR YEAR FIGURES (continued)

		As at 1 Jumadah Alwala 1442H - The beginning of the preceding period		
	Restatement No.	Balance as previously reported	Effect of adjustments	Balance as restated
<u>Impact on the statement of financial position</u>				
Non -current assets				
Financial assets at FVOCI	1	2,789,154,958	214,833,976	3,003,988,934
Investment in an associate	3	14,897,030	(14,897,030)	-
Amount due from a related party	5	309,564,950	(309,564,950)	-
Current assets				
Amount due from a related party	5	-	309,564,950	309,564,950
Equity				
Unrealized gains on financial assets at FVOCI	1	1,819,205,563	214,833,976	2,034,039,539
Retained earnings	4	160,289,140	(35,955,072)	109,437,038
	3		(14,897,030)	

Current liabilities				
Zakat	4	7,962,730	35,955,072	43,917,802

	For the three months ended in 29 Shawwal 1442H - Quarter 2 PY			
	Restatement No.	Balance as previously reported	Effect of adjustments	Balance as restated
<u>Impact on the Statement of Profit or Loss and Other Comprehensive Income</u>				
OTHER COMPREHENSIVE INCOME:				
Other comprehensive income/ (loss) that will not be reclassified to statement of profit or loss in subsequent periods:				
Net gains on equity instruments designated at FVOCI	1	551,749,190	65,162,912	616,912,102
Total Comprehensive Income for the period	1	547,926,079	65,162,912	613,088,991

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19- RESTATEMENT OF PRIOR YEAR FIGURES (continued)

	For the six months ended in 29 Shawwal 1442H - Quarter 2 PY			
	Restatement No.	Balance as previously <u>reported</u>	Effect of <u>adjustments</u>	Balance as <u>restated</u>
<u>Impact on the Statement of Profit or Loss and Other Comprehensive Income</u>				
OTHER COMPREHENSIVE INCOME:				
Other comprehensive income/ (loss) that will not be reclassified to statement of profit or loss in subsequent periods:				
Net gains on equity instruments designated at FVOCI	1	400,880,272	47,344,928	448,225,200
Total Comprehensive Income for the period	1	386,554,046	47,344,928	433,898,974

Restatement 6:

As at 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 values of the properties amounted to SR 4,839,658,959. During the period, 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. 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.

20-APPROVAL OF THE FINANCIAL STATEMENTS

The interim condensed financial statements have been approved for issue by the Board of Directors ("BOD") on 18 Muharram 1444H (corresponding to 16 August 2022).