

**JABAL OMAR DEVELOPMENT COMPANY**  
**(A Saudi Joint Stock Company)**

**CONDENSED CONSOLIDATED INTERIM**  
**FINANCIAL STATEMENTS AND REVIEW REPORT**  
**FOR THE THREE MONTH AND NINE MONTH PERIODS**  
**ENDED 30 SEPTEMBER 2020**

**JABAL OMAR DEVELOPMENT COMPANY**  
**(A Saudi Joint Stock Company)**  
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE THREE MONTH AND NINE MONTH PERIODS ENDED 30 SEPTEMBER 2020

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## Report on review of condensed consolidated interim financial statements

To the shareholders of Jabal Omar Development Company:  
(A Saudi Joint Stock Company)

### Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of Jabal Omar Development Company (the "Company") and its subsidiaries (collectively, the "Group") as at 30 September 2020 and the related condensed consolidated statement of profit or loss and other comprehensive income for the three-month and nine-month periods then ended and the condensed consolidated statements of changes in equity and cash flows for the nine-month period then ended and other explanatory notes. Management is responsible for the preparation and presentation of these condensed consolidated interim 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 condensed consolidated interim 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. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, as endorsed in the Kingdom of Saudi Arabia, and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

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

### Emphasis of matter

We draw attention to Note 1 to the condensed consolidated interim financial statements, which indicates that the Group incurred a net loss amounting to Saudi Riyals 918 million during the nine-month period ended 30 September 2020. In addition, the Group had accumulated losses amounting to Saudi Riyals 1.6 billion as at 30 September 2020 and negative operating cash flows of Saudi Riyals 330.8 million for the nine-month period then ended. The Group is dependent on the successful execution of management's plans to generate sufficient cash flows to enable it to meet its obligations as they fall due and for the continuity of its operations without significant curtailment. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

### PricewaterhouseCoopers

Ali A. Alotaibi  
License Number 379


December 17, 2020




**JABAL OMAR DEVELOPMENT COMPANY**  
**(A Saudi Joint Stock Company)**  
**Condensed consolidated statement of financial position**  
**As at 30 September 2020**  
All amounts in Saudi Riyals thousands unless otherwise stated

		As at 30 September 2020 (Unaudited)	As at 31 December 2019 (Audited) (Restated)	As at 1 January 2019 (Audited) (Restated)
<b>Assets</b>	<b>Notes</b>			
<b>Non-current assets</b>				
Property, plant and equipment	6, 23	16,596,325	16,772,527	14,446,833
Intangible assets		2,399	3,302	966
Investment properties	5, 23	5,158,343	5,511,478	6,957,088
Investment in a joint venture	9	114,781	87,082	-
Investment held at fair value through profit or loss	8, 23	298,966	331,000	220,000
Restricted cash	7	242,590	242,590	342,590
Other non-current assets		19,691	23,291	19,191
<b>Total non-current assets</b>		<b>22,433,095</b>	<b>22,971,270</b>	<b>21,986,668</b>
<b>Current assets</b>				
Properties for development and sale	10	2,722,966	1,928,376	1,520,957
Other current assets		18,062	24,732	43,246
Trade and other receivables	11	343,902	302,322	290,212
Investment held at fair value through profit or loss	8	67,399	205,527	129,760
Investment at amortised cost		-	150,441	270,989
Restricted cash – current portion	7	365,400	446,244	573,060
Cash and cash equivalents	7	122,254	239,142	654,488
		<b>3,639,983</b>	<b>3,296,784</b>	<b>3,482,712</b>
Investment in a joint venture classified as held for sale		-	-	82,858
<b>Total current assets</b>		<b>3,639,983</b>	<b>3,296,784</b>	<b>3,565,570</b>
<b>Total assets</b>		<b>26,073,078</b>	<b>26,268,054</b>	<b>25,552,238</b>
<b>Equity and liabilities</b>				
<b>Equity</b>				
Share capital		9,294,000	9,294,000	9,294,000
Statutory reserve		108,506	108,506	108,506
Reserve for advances to certain founding shareholders	23	(287,356)	(302,458)	(306,702)
Accumulated losses		(1,605,903)	(688,125)	(87,533)
<b>Equity attributable to owners of the Company</b>		<b>7,509,247</b>	<b>8,411,923</b>	<b>9,008,271</b>
Non-controlling interests		1,732	2,316	4,700
<b>Total equity</b>		<b>7,510,979</b>	<b>8,414,239</b>	<b>9,012,971</b>

The accompanying notes from 1 to 23 form an integral part of these condensed consolidated interim financial statements.

  
Wael Emad El-Turk  
Chief Financial Officer


  
Khaled Mohammed Al Amoudi  
Chief Executive Officer

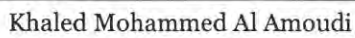
  
Ziyad Othman Alhekail  
Chairman of the Board of Directors

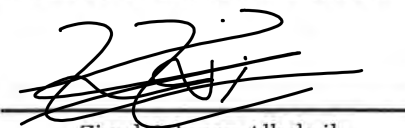
**JABAL OMAR DEVELOPMENT COMPANY**  
**(A Saudi Joint Stock Company)**  
**Condensed consolidated statement of financial position (Continued)**  
**As at 30 September 2020**  
All amounts in Saudi Riyals thousands unless otherwise stated

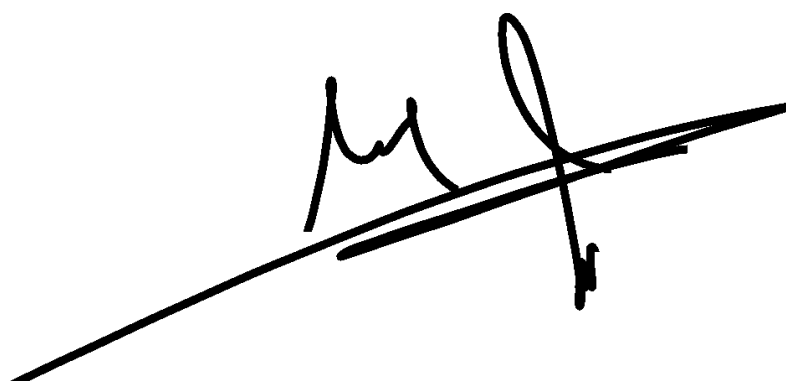
		As at 30 September 2020 (Unaudited)	As at 31 December 2019 (Audited) (Restated)	As at 1 January 2019 (Audited) (Restated)
	Notes			
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Loans and borrowings	12	9,383,593	4,948,012	5,659,030
Liabilities against lease	13, 23	1,400	2,578	7,857
Payable to other unitholders of investment fund	23	5,039,057	5,099,861	5,089,235
Provision for employees' terminal benefits		24,382	29,523	23,860
Other non-current liabilities	23	1,484,245	1,468,930	1,389,729
<b>Total non-current liabilities</b>		<b>15,932,677</b>	<b>11,548,904</b>	<b>12,169,711</b>
<b>Current liabilities</b>				
Loans and borrowings – current portion	12	1,482,235	5,262,821	3,613,183
Accounts payable and other current liabilities	23	1,147,187	1,037,586	747,348
Liabilities against lease – current portion	13, 23	-	4,504	3,695
Zakat payable	17	-	-	5,330
<b>Total current liabilities</b>		<b>2,629,422</b>	<b>6,304,911</b>	<b>4,369,556</b>
<b>Total liabilities</b>		<b>18,562,099</b>	<b>17,853,815</b>	<b>16,539,267</b>
<b>Total equity and liabilities</b>		<b>26,073,078</b>	<b>26,268,054</b>	<b>25,552,238</b>

The accompanying notes from 1 to 23 form an integral part of these condensed consolidated interim financial statements.

  
Wael Emad El-Turk  
Chief Financial Officer

  
Khaled Mohammed Al Amoudi  
Chief Executive Officer

  
Ziyad Othman Alhekail  
Chairman of the Board of Directors





**JABAL OMAR DEVELOPMENT COMPANY**
**(A Saudi Joint Stock Company)**
**Condensed consolidated statement of profit or loss and other comprehensive income  
For the three month and nine month period ended 30 September 2020**

All amounts in Saudi Riyals thousands unless otherwise stated

	Notes	For the three month period ended 30 September		For the nine month period ended 30 September	
		2020 (Unaudited)	2019 (Unaudited) (Restated)	2020 (Unaudited)	2019 (Unaudited) (Restated)
Revenue	14	1,932	244,328	144,962	727,060
Cost of revenue		(69,087)	(150,040)	(393,073)	(532,339)
<b>Gross (loss) / profit</b>		<b>(67,155)</b>	<b>94,288</b>	<b>(248,111)</b>	<b>194,721</b>
Selling and marketing expenses		(1,359)	(6,265)	(6,055)	(21,518)
General and administrative expenses		(61,958)	(43,475)	(120,231)	(132,930)
Net impairment loss on financial assets		(12,587)	134	(66,811)	401
Other (expenses) income, net	15	(65,445)	(25,621)	(18,918)	194,348
<b>Operating (loss) / profit</b>		<b>(208,504)</b>	<b>19,061</b>	<b>(460,126)</b>	<b>235,022</b>
Financial charges	16	(28,423)	(153,347)	(462,475)	(444,846)
Share of results from investment in a joint venture		(406)	1,284	4,239	4,630
<b>Loss before zakat</b>		<b>(237,333)</b>	<b>(133,002)</b>	<b>(918,362)</b>	<b>(205,194)</b>
Zakat	17	-	692	-	-
<b>Loss for the period</b>		<b>(237,333)</b>	<b>(132,310)</b>	<b>(918,362)</b>	<b>(205,194)</b>
<b>Other comprehensive income</b>		-	-	-	-
<b>Total comprehensive (loss) for the period</b>		<b>(237,333)</b>	<b>(132,310)</b>	<b>(918,362)</b>	<b>(205,194)</b>
<b>(Loss) / profit attributable to:</b>					
Owners of the Company		(236,945)	(132,867)	(917,778)	(205,992)
Non-controlling interests		(388)	557	(584)	798
		<b>(237,333)</b>	<b>(132,310)</b>	<b>(918,362)</b>	<b>(205,194)</b>
<b>Total comprehensive (loss) / income attributable to:</b>					
Owners of the Company		(236,945)	(132,867)	(917,778)	(205,992)
Non-controlling interests		(388)	557	(584)	798
		<b>(237,333)</b>	<b>(132,310)</b>	<b>(918,362)</b>	<b>(205,194)</b>
<b>Loss per share (Saudi Riyals):</b>					
Basic and diluted loss per share attributable to owners of the Company		(0.25)	(0.14)	(0.99)	(0.22)

The accompanying notes from 1 to 23 form an integral part of these condensed consolidated interim financial statements.

Wael-Emad El-Turk  
Chief Financial Officer

Khaled Mohammed Al Amoudi  
Chief Executive Officer


Ziyad Samir Alhekail  
Chairman of the Board of  
Directors

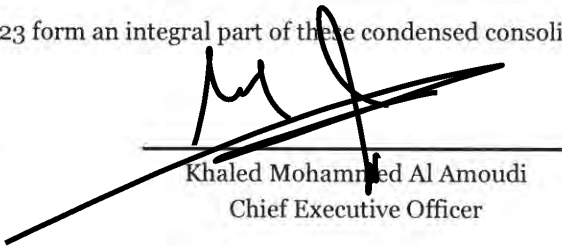
**JABAL OMAR DEVELOPMENT COMPANY**
**(A Saudi Joint Stock Company)**
**Condensed consolidated statement of changes in equity**
**For the nine month period ended 30 September 2020**

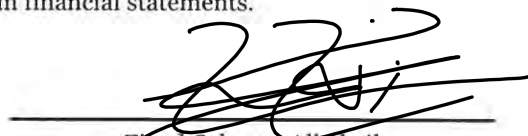
All amounts in Saudi Riyals thousands unless otherwise stated

	Equity attributable to Owners of the Company						
	Share capital	Statutory reserve	(Accumulated losses) / retained earnings	Reserve for Advances to certain founding shareholders	Total	Non-controlling interests	Total equity
<b>Balance at 01 January 2020 (Restated)</b>	<b>9,294,000</b>	<b>108,506</b>	<b>(688,125)</b>	<b>(302,458)</b>	<b>8,411,923</b>	<b>2,316</b>	<b>8,414,239</b>
Total comprehensive loss for the period	-	-	(917,778)	-	(917,778)	(584)	(918,362)
Payments received against advance to certain founding shareholders	-	-	-	15,102	15,102	-	15,102
<b>Balance at 30 September 2020 (Unaudited)</b>	<b>9,294,000</b>	<b>108,506</b>	<b>(1,605,903)</b>	<b>(287,356)</b>	<b>7,509,247</b>	<b>1,732</b>	<b>7,510,979</b>
<b>Balance at 1 January 2019 (As previously reported)</b>	9,294,000	108,506	376,024	-	9,778,530	4,700	9,783,230
Impact of initial application of IFRS 16	-	-	(166,073)	-	(166,073)	-	(166,073)
Impact of restatements (Note 23)	-	-	(297,484)	(306,702)	(604,186)	-	(604,186)
<b>Balance at 1 January 2019 (Restated)</b>	9,294,000	108,506	(87,533)	(306,702)	9,008,271	4,700	9,012,971
Total comprehensive (loss) income for the period (Restated)	-	-	(205,992)	-	(205,992)	798	(205,194)
Payments received against advance to certain founding shareholders	-	-	-	4,244	4,244	-	4,244
<b>Balance at 30 September 2019 (Unaudited) (Restated)</b>	9,294,000	108,506	(293,525)	(302,458)	8,806,523	5,498	8,812,021

The accompanying notes from 1 to 23 form an integral part of these condensed consolidated interim financial statements.

  
 Wael Emad El-Turk  
 Chief Financial Officer

  
 Khaled Mohammed Al Amoudi  
 Chief Executive Officer


  
 Ziyad Othman Alhekail  
 Chairman of the Board of Directors

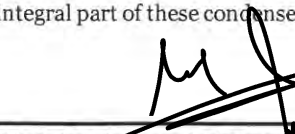


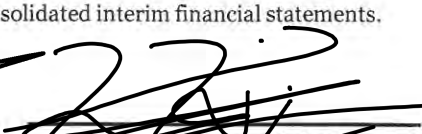
**JABAL OMAR DEVELOPMENT COMPANY**  
**(A Saudi Joint Stock Company)**  
**Condensed consolidated statement of cash flows**  
**For the nine month period ended 30 September 2020**  
All amounts in Saudi Riyals thousands unless otherwise stated

		For the nine month period ended 30 September	
		2020 (Unaudited)	2019 (Unaudited) (Restated)
	Notes		
<b>Cash flows from operating activities</b>			
Loss before Zakat		(918,362)	(205,194)
<u>Adjustments for:</u>			
Depreciation on property, plant and equipment	6	194,746	146,429
Depreciation on investment properties	5	31,368	48,393
Amortization of intangible assets		903	737
(Reversal) / provision for employees' terminal benefits		(1,341)	2,096
Net impairment loss on financial assets		66,811	401
Loss from disposal of property, plant and equipment		4,738	-
Share of results of investment in a joint venture		(4,239)	(4,630)
Financial charges	16	462,475	444,846
Change in fair value of investments held at fair value through profit or loss		32,034	(107,378)
		(130,867)	325,700
<u>Changes in operating assets and liabilities:</u>			
Other non-current assets		3,600	(40,849)
Properties for development and sale		6,912	(97,312)
Other current assets		6,670	(13,381)
Trade and other receivables		(105,766)	(76,334)
Other non-current liabilities		15,315	24,889
Accounts payable and other current liabilities		109,601	(17,543)
Cash generated from operations		(94,535)	105,170
Financial charges paid		(232,419)	(488,275)
Employees' termination benefits paid		(3,800)	-
<b>Net cash used in operating activities</b>		(330,754)	(383,105)
<b>Cash flows from investing activities</b>			
Additions to property, plant and equipment		(346,409)	(443,994)
Additional investment in a joint venture		(23,460)	-
Additions to investment properties		(749)	(207,173)
Purchase of intangible assets		-	(3,371)
Proceed from disposal of investment held at fair value through profit or loss		138,128	16,335
Proceed from disposal of investment held at amortized cost		150,441	(9,229)
Net change in restricted cash balances		80,844	90,458
<b>Net cash used in investing activities</b>		(1,205)	(556,974)
<b>Cash flows from financing activities</b>			
Payments received against advance to certain founding shareholders		15,102	4,069
Loans and borrowings drawdown		402,146	524,231
Loans and borrowings repayment		(202,177)	-
Lease obtained		-	2,071
<b>Net cash from financing activities</b>		215,071	530,371

The accompanying notes from 1 to 23 form an integral part of these condensed consolidated interim financial statements.

  
Wael Emad El-Turk  
Chief Financial Officer

  
Khaled Mohammed Al Amoudi  
Chief Executive Officer

  
Ziyad Othman Alhekail  
Chairman of the Board of Directors




**JABAL OMAR DEVELOPMENT COMPANY**  
**(A Saudi Joint Stock Company)**  
**Condensed consolidated statement of cash flows (continued)**  
**For the nine month period ended 30 September 2020**  
All amounts in Saudi Riyals thousands unless otherwise stated


		<b>For the nine month period ended 30 September</b>	
		<b>2020</b>	<b>2019</b>
	<b>Notes</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>
			<b>(Restated)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(116,888)</b>	<b>(409,708)</b>
Cash and cash equivalents at beginning of the period		<b>239,142</b>	<b>654,488</b>
<b>Cash and cash equivalents at end of the period</b>	<b>7</b>	<b>122,254</b>	<b>244,780</b>

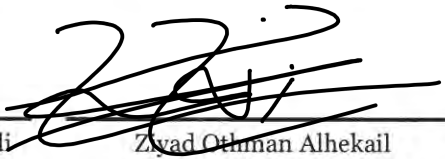
**MAJOR NON-CASH SUPPLEMENTAL INFORMATION**

Capitalization of borrowing cost on investment property		<b>53,079</b>	<b>90,887</b>
Capitalization of borrowing cost on property, plant and equipment		<b>102,780</b>	<b>162,275</b>
Transfer from property, plant and equipment to Properties for development and sale	<b>6</b>	<b>425,907</b>	-
Transfer from Investment Property to Properties for development and sale	<b>5</b>	<b>375,595</b>	-
Financial charges paid by a Government entity on behalf of the Group		<b>175,928</b>	-
Account Receivable write-off		<b>2,625</b>	-
Capitalization of borrowing cost on Properties for development and sale		-	<b>23,285</b>
Right of use assets – previously classified as operating leases		-	<b>15,824</b>
Impairment of right of use asset charged to accumulated losses		-	<b>166,073</b>
Addition of property, plant and equipment against due to related party		-	<b>182,208</b>

The accompanying notes from 1 to 23 form an integral part of these condensed consolidated interim financial statements.

  
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Chief Financial Officer

  
Khaled Mohammed Al Amoudi  
Chief Executive Officer

  
Ziyad Othman Alhekail  
Chairman of the Board of Directors

**JABAL OMAR DEVELOPMENT COMPANY****(A Saudi Joint Stock Company)****NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

For the nine month period ended 30 September 2020

(All amounts in Saudi Riyals thousands unless otherwise stated)

**1. General information**

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

The Company's and its subsidiaries (the "Group") main activity is to own Jabal Omar area adjacent to the western side of the Holy Mosque in Makkah and develop it into plots of land to manage, invest, sell and lease them for the Company's interest; in addition to carrying out operations necessary for construction, maintenance, management, demolishing, surveying, and furnishing hotels, commercial facilities and staff residences, as well as importing and exporting hotels' equipment and furniture and operating the hotels.

**Going concern**

The Group's envisioned project (hereafter, the "Project") comprises seven phases where each phase will include podiums and towers intended for mixed-use. The Group has completed development work and commenced operations for the first phase. The Group has substantially developed the second, third and fourth phases but the completion of the development still requires a sizable amount of investment to be ready for their intended use. The Group has not commenced development of the remaining phases.

The Group utilizes debt financing to fund the development of each of the Project's phases. However, the revenues from the Group's operational assets are insufficient to meet the servicing requirements of the Group's debt structure. Moreover, this shortfall was exacerbated by the outbreak of novel coronavirus (COVID-19), classified as a pandemic, in March 2020. The outbreak of COVID-19 led to a substantial reduction in cash generated from the Group's hotel and commercial area operations in addition to a net loss incurred during the nine month period ended 30 September 2020 amounting to Saudi Riyals 918.36 million. Consequently, the Group is critically dependent on the cash that will be generated from debt financing and the sale of certain plots of land to meet its obligations when they become due and to continue its operations without a significant curtailment. These conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

<b>At 30 September 2020</b>	<b>Within 1 year</b>	<b>1-2 years</b>	<b>2-5 years</b>	<b>Over 5 years</b>	<b>Total contractual cash flows</b>
Borrowings	1,484,390	5,039,329	2,409,917	2,029,145	10,962,781
Accounts payable and other current liabilities	1,204,434	-	-	-	1,204,434
Other non-current liabilities	-	860,091	6,629,581	2,038,657	9,528,329
Lease liabilities	-	1,868	-	-	1,868
<b>Total</b>	<b>2,688,824</b>	<b>5,901,288</b>	<b>9,039,498</b>	<b>4,067,802</b>	<b>21,697,412</b>

**JABAL OMAR DEVELOPMENT COMPANY****(A Saudi Joint Stock Company)****NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

For the nine month period ended 30 September 2020

(All amounts in Saudi Riyals thousands unless otherwise stated)

**1. GENERAL INFORMATION (continued)****Going concern (continued)**

The Group's management has developed a plan aimed at providing adequate financial support to enable the Group to meet its obligations as they become due and to continue its operations without a significant curtailment as a going concern. This plan principally includes:

- Sale of certain plots of land belonging to the seventh phase of the Project in respect of which the Group is at an advanced stage of negotiation. The sale of these plots is expected to generate cash from operations amounting to Saudi Riyals 2 billion within twelve month from the date of the condensed consolidated statement of financial position. Also see Note 10.
- Securing additional long term financing facility amounting to Saudi Riyals 1.6 billion which is at an advanced stage of negotiations to fund the Group's operational cash requirements and completion of the third phase of the Project.

Based on the above plan, the Group's cash flow forecast for the 12 month period from the reporting date shows a net positive cash flow position. In preparing its forecast, the Group has considered all reasonably probable cash flows with such timing and amount as supported by the circumstances and facts available as of the date of issuance of these condensed consolidated interim financial statements, including the impact of COVID-19. Accordingly, management believes that the Group continues to be a going concern and the condensed consolidated interim financial statements have been prepared on that basis.

The Company has branch commercial registrations to engage in hospitality activities as per the Saudi Commission for Tourism and National Heritage's ("SCTA") letters. These condensed consolidated interim financial statements include the results of the operating activities relating to the following hotels in addition to its two branches in Jeddah and Riyadh bearing commercial registration numbers 4030291056 and 1010465230 respectively.

<b>Name</b>	<b>Commencement of operation</b>	<b>Registration number</b>	<b>Registration date</b>	<b>SCTA's-letter No.</b>	<b>SCTA's-letter date</b>
Hilton suites Makkah	01 July 2014 (corresponding to 4 Ramadan 1435H)	4031077081	25 May 2013 (corresponding to 15 Rajab 1434H)	AVM/5887/34	04 March 2013 (corresponding to 22 Rabi II 1434H)
Hyatt Regency	22 June 2015 (corresponding to 5 Ramadan 1436H)	4031087547	09 September 2014 (corresponding to 14 Dhul Qida 1435H)	8957	25 May 2014 corresponding to 26 (Rajab 1435H)
Conrad	30 July 2016 (corresponding to 25 Shabaan 1437H)	4031091636	29 April 2015 (corresponding to 10 Rajab 1436H)	9347	16 March 2015 (corresponding to 25 Jumada I 1436H)
Hilton Convention	31 March 2017 (corresponding to 3 Rajab 1438H)	4031097174	10 August 2016 (corresponding to 07 Dhul Qida 1437H)	16474	19 July 2016 (corresponding to 14 Shawwal 1437H)
Double Tree by Hilton	01 August 2019 (corresponding to 29 Dhul Qida 1440H)	4031214815	15 May 2018 (corresponding to 29 Shaban 1439H)	1651	14 May 2018 (corresponding to 28 Shaban 1439H)
Marriott Makkah	22 June 2015 (corresponding to 5 Ramadan 1436H)	4031085088	07 May 2014 (corresponding to 8 Rajab 1435H)	AVM/8332/35	17 March 2014 (corresponding to 16 Jumada I 1435H)



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**1. GENERAL INFORMATION (continued)**

These condensed consolidated interim financial statements comprise the financial statements of the Company and its subsidiaries (together referred to as the 'Group'). The Company has the following subsidiaries as at 30 September 2020. The Group is incorporated in Kingdom of Saudi Arabia.

<i><b>Name of the Subsidiary</b></i>	<i><b>Registration No.</b></i>	<i><b>Registration date</b></i>	<i><b>Ownership interest</b></i>	<i><b>Financial year end</b></i>	<i><b>Principal activities</b></i>
Shamikhath Company for Investment and Development	4030594602	09 October 2017 corresponding to 19 Muharram 1439H	100%	31 December	Investment & Development services in the real estate sector
Sahat For Facility Management Company	4031210499	22 October 2017 corresponding to 02 Safar 1439H	100%	31 December	Real estate services
Warifat Hospitality Company	4030298569	1 January 2018 corresponding to 14 Rabi II 1439H	90%	31 December	Hospitality services
Ishrakat for logistic services Company	4030303509	06 May 2018 corresponding to 21 Shaban 1439H	100%	31 December	Logistic services
Alyaat for marketing Company	4030326220	05 March 2019 corresponding to 27 Jumada Al-Thani 1440H	100%	31 December	Marketing services
Rasyat Company	4031051838	8 August 2017 corresponding to 15 Dhul Qadah 1438	100%	31 December	Investment in infrastructure facilities
Alinma Makkah Real Estate Fund	CMA letter no. 17/4432/5/3	22 August 2017 corresponding to 30 Dhul Qadah 1438	16.42%	31 December	Acquire a number of income generating real estate assets located within the first phase of Jabal Omar project next to the Grand Mosque in Makkah

**2 Basis of preparation****2.1 Statement of compliance**

The accompanying condensed consolidated interim financial statements 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 Certified Public Accountants (SOCPA).

These condensed consolidated interim financial statements do not include all the information and disclosures required for a complete set of annual consolidated financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to the understanding of the material changes in the Group's financial position and performance since the date of last audited financial statements. In addition, results for the three and nine month period ended 30 September 2020 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2020. Accordingly, the condensed consolidated interim financial statements should be read in conjunction with the Group's last audited consolidated financial statements for the year ended 31 December 2019.

## **JABAL OMAR DEVELOPMENT COMPANY**

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## **2 Basis of preparation (continued)**

### **2.2 Basis of Measurement**

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

<b>Items</b>	<b>Measurement basis</b>
Lease liability	Present value of minimum lease payment
Provisions for employee terminal benefits	Present value of the defined benefit obligation using projected credit unit method
Investment held at fair value through profit or loss	Fair value

### **2.3 Functional and presentation currency**

These condensed consolidated interim financial statements are presented in Saudi Arabian Riyals ("SR") which is the functional and presentation currency of the Company and all components. All amounts have been rounded to the nearest thousands unless otherwise indicated.

## **3 Significant accounting judgements, estimates, and assumptions**

Significant judgements, estimates, assumptions and significant accounting policies adopted for the preparation of these condensed consolidated interim financial statements are consistent with those applied in preparation of consolidated financial statements as at and for the year ended 31 December 2019.

The preparation of these condensed consolidated interim financial statements requires management to make judgement, estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, expenses and disclosure of contingent liabilities at the reporting date. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. The actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively. However, uncertainty about these assumptions and estimates could result in outcomes that could require an adjustment to the carrying amount of the asset or liability affected in future periods.

### **Judgements, estimates and assumptions**

Key areas where the Group exercises judgments, makes estimates and uses assumptions, and that have a significant impact on the consolidated financial statements of the Group are discussed below:

#### **Revenue recognition from sale of residential units**

The Group exercises judgment in determining whether the performance obligation(s) included in contracts for sale of Properties for development and sale are satisfied at a point in time or over time. This includes careful consideration of the relevant terms of each sale agreement to assess whether:

- the customer simultaneously receives and consumes the benefit provided by the Group's performance as the Group performs
- the Group's performance creates or enhances an asset (for example, work in progress) that the customer controls as the asset is created or enhanced
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date

When one or more of the aforementioned criteria is met, the Group recognizes revenue over time.

The Group also exercises judgment in determining whether the existence of a right of first refusal, if any, can give rise to an in-substance call option and whether the likelihood of exercising such call option would preclude the recognition of revenue.

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### **3 Significant accounting judgements, estimates, and assumptions (continued)**

#### Determination of transaction prices

The Group is required to determine the transaction price in respect of each of its contracts with customers. In making such judgment the Group assesses and estimates the impact of any variable consideration in the contract, due to discounts, penalties, non-cash considerations and guaranteed returns. The Group exercises judgment in determining the estimated period of time required to fulfill its performance obligations associated with sale of properties and the corresponding magnitude of variable consideration deducted from sale value of sold properties.

#### Allocation of cost of land, construction and infrastructure assets to operating properties

The Group exercises judgment in determining reasonable basis for allocating cost of land, construction and infrastructure assets to operating properties for the purpose of impairment assessment. This includes consideration of factors such as the nature of items of infrastructure assets, covered and built up areas as well as respective market values.

#### Defined benefit plans (employees' terminal benefits)

The present value of Group's obligation under defined benefit plans is determined using actuarial valuation. This involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and employees' turnover rate. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. Future salary increases are based on expected future inflation rates, seniority, promotion, demand and supply in the employment market.

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

The Group's determination of ECL in trade and other receivables requires the Group to take into consideration certain estimates for forward looking factors while calculating the probability of default. These estimates may differ from actual circumstances.

The Group has identified GDP growth rate to be the most relevant macro-economic factor of forward looking information that would impact the credit risk of the customers, and accordingly adjusted the historical loss rates based on expected changes in this factor using different scenarios.

#### Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. The non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. To determine recoverable amount, the management uses fair value using market approach and value in use approach.

When value in use calculations are undertaken, management applies judgment in determining what constitutes a cash generating unit and uses assumptions to make estimates of the expected future cash flows from the asset or cash-generating unit and chooses a suitable discount rate in order to calculate the present value of those cash flows. The assumptions used by the management for market value and value in use calculation involve considerable degree of estimation and therefore, actual results may differ from expected amounts. Based on the management's impairment assessment using the assumptions made, the market value and value in use calculated above exceeded the carrying amount of non-financial assets and hence no impairment was recognized.

#### Useful lives and residual value of property, plant and equipment, intangibles and investment property

The Group determines the estimated useful lives of property, plant and equipment, intangibles and investment properties for calculating depreciation and amortization. This estimate is determined after considering expected usage of the assets or physical wear and tear. Management periodically reviews the useful lives, residual value, depreciation and amortization method to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from these assets.

#### Fair value measurement of assets

The fair value of unquoted financial instruments is measured using valuation techniques including the discounted cash flow (DCF) model/ adjusted net asset value model. Information used in these models are based on observable inputs where ever possible, but where this is not possible, a degree of judgment is required in



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establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility.

**3 Significant accounting judgements, estimates, and assumptions (continued)****Provision for net realizable value adjustment in Properties for development and sale**

The Group determines provision for net realizable value adjustment in Properties for development and sale based upon historical experience, inventory aging and current condition, current and future expectations with respect to sales. Assumptions underlying the provision include future sales trends, and the expected requirements necessary to support these future sales. The estimate of the Group's provision could materially change from period to period due to changes in sales.

**Assessment of control over investment in investees**

The Group exercises judgment in determining whether it is exposed, or has rights, to variable returns from its involvement with an investee and has the ability to affect those returns through its power over the investee. In making this judgement, the Group considers how decisions are made by its investees and whether or not the investee is a structured entity. In the case of investees that are classified as a structured entity, the Group considers its involvement in contractual arrangements with the investee and whether such involvement would provide the Group with the rights to direct the investee's relevant activities. As part of this assessment, the Group considers contractual aspects that include: design of assets, lease arrangements, repurchase sale undertaking and exclusive sale agency agreement, if any.

**Assessment of joint arrangements**

The Group exercises judgment in its assessment of joint arrangements and whether the Group's investment in such arrangements should be classified as a joint operation or a joint venture. In making this judgement the Group considers whether the investee is a separate legal entity and whether terms of the contractual arrangement between the parties to the joint arrangement specify that the parties have rights to the assets, and obligations for the liabilities relating to the arrangement. The Group also considers whether the arrangement establishes an allocation of revenues and expenses on the basis of relative performance of each party of the joint arrangement and whether parties to the joint arrangement are provided any guarantees to rights and obligations as joint ventures.

**Going concern**

The Group exercises judgement in making an assessment of its ability to continue as a going concern. For details refer Note 1.

**4 Significant accounting policies****4.1 New and amended standards adopted by the group**

There are amendment to standards that are effective in current and future periods but have not been detailed in these interim condensed consolidated financial statements, as those are not expected to have any impact on the Group's financial statements.

**4.2 Accounting Policies**

The accounting policies applied in these condensed consolidated financial statements are the same as those applied in Group's last annual Consolidated Financial Statements.

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**5 Investment properties**

	<b>Land</b>	<b>Buildings</b>	<b>Equipment</b>	<b>Infrastructure Assets</b>	<b>Capital work in progress</b>	<b>Total</b>
<b>Cost:</b>						
Balance at 1 January 2019 <i>(Restated)</i>	1,518,276	1,769,473	716,952	92,335	2,999,052	7,096,088
Additions during the year	-	10,805	4,373	-	414,552	429,730
Transfers to property, plant and equipment (note 6(b))	(124,328)	(578,390)	(195,629)	-	(990,005)	(1,888,352)
<b>Balance at 31 December 2019 (Audited) (Restated)</b>	<b>1,393,948</b>	<b>1,201,888</b>	<b>525,696</b>	<b>92,335</b>	<b>2,423,599</b>	<b>5,637,466</b>
Additions during the period	-	-	2,114	-	51,714	53,828
Transfer to properties for development and sale (note 5(b))	(375,595)	-	-	-	-	(375,595)
<b>Balance at 30 September 2020 (Unaudited)</b>	<b>1,018,353</b>	<b>1,201,888</b>	<b>527,810</b>	<b>92,335</b>	<b>2,475,313</b>	<b>5,315,699</b>
<b>Accumulated depreciation:</b>						
Balance at 1 January 2019 <i>(Restated)</i>	-	51,623	73,393	13,984	-	139,000
Depreciation for the year	-	21,578	38,873	2,191	-	62,642
Transfers to property, plant and equipment (note 6(b))	-	(36,786)	(38,868)	-	-	(75,654)
<b>Balance at 31 December 2019 (Audited) (Restated)</b>	<b>-</b>	<b>36,415</b>	<b>73,398</b>	<b>16,175</b>	<b>-</b>	<b>125,988</b>
Depreciation for the period	-	11,132	18,792	1,444	-	31,368
<b>Balance at 30 September 2020 (Unaudited)</b>	<b>-</b>	<b>47,547</b>	<b>92,190</b>	<b>17,619</b>	<b>-</b>	<b>157,356</b>
<b>Net book value:</b>						
<b>At 30 September 2020 (Unaudited)</b>	<b>1,018,353</b>	<b>1,154,341</b>	<b>435,620</b>	<b>74,716</b>	<b>2,475,313</b>	<b>5,158,343</b>
At 31 December 2019 (Audited) (Restated)	1,393,948	1,165,473	452,298	76,160	2,423,599	5,511,478
At 1 January 2019 (Audited) (Restated)	1,518,276	1,717,850	643,559	78,351	2,999,052	6,957,088

- a) During the nine month period ended 30 September 2020, an amount of Saudi Riyals 53.1 million (30 September 2019: Saudi Riyals 90.9 million) was capitalized as cost of borrowings for the construction of investment properties included in capital work in progress.
- b) These represent amounts transferred to Properties for development and sale pertaining to assets determined by management to be used for future sale in the ordinary course of Group's operations.
- c) Please refer to the restatement note at Note 23.

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**6 Property, plant and equipment**

	<b>Land</b>	<b>Buildings</b>	<b>Central district cooling system</b>	<b>Equipment</b>	<b>Furniture and fixtures and other assets</b>	<b>Infrastruct ure assets</b>	<b>Capital work in progress</b>	<b>Total</b>
<b>Cost:</b>								
Balance at 1 January 2019 (Restated)	2,435,467	2,631,291	505,025	873,016	629,129	266,865	7,450,176	14,790,969
Additions during the year	-	21,062	-	6,056	50,221	-	636,050	713,389
Transfers from investment properties (note 6(b))	124,328	578,390	-	195,629	-	-	990,005	1,888,352
Transfers from CWIP	-	655,199	-	733,219	87,913	162,191	(1,638,522)	-
<b>Balance at 31 December 2019 (Audited) (Restated)</b>	<b>2,559,795</b>	<b>3,885,942</b>	<b>505,025</b>	<b>1,807,920</b>	<b>767,263</b>	<b>429,056</b>	<b>7,437,709</b>	<b>17,392,710</b>
Additions during the period	-	-	-	713	3,094	-	445,382	449,189
Disposals during the period	-	-	-	-	(5,164)	-	-	(5,164)
Transfers from CWIP	-	-	174,768	-	-	-	(174,768)	-
Transfer to properties for development and sale (note 6(d))	(425,907)	-	-	-	-	-	-	(425,907)
<b>Balance at 30 September 2020 (Unaudited)</b>	<b>2,133,888</b>	<b>3,885,942</b>	<b>679,793</b>	<b>1,808,633</b>	<b>765,193</b>	<b>429,056</b>	<b>7,708,323</b>	<b>17,410,828</b>



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**6 Property, plant and equipment (continued)**

	<b>Land</b>	<b>Buildings</b>	<b>Central district cooling system</b>	<b>Equipment</b>	<b>Furniture and fixtures and other assets</b>	<b>Infrastructu re assets</b>	<b>Capital work in progress</b>	<b>Total</b>
<b>Accumulated depreciation:</b>								
Balance at 1 January 2019 (Restated)	-	48,784	60,671	63,480	148,680	22,521	-	344,136
Depreciation for the year	-	37,559	15,168	49,503	90,831	7,332	-	200,393
Transfer from investment properties (note 6(b))	-	36,786	-	38,868	-	-	-	75,654
<b>Balance at 31 December 2019 (Audited) (Restated)</b>	-	123,129	75,839	151,851	239,511	29,853	-	620,183
Depreciation for the period	-	37,084	38,019	55,410	58,245	5,988	-	194,746
Disposals during the period	-	-	-	-	(426)	-	-	(426)
<b>Balance at 30 September 2020 (Unaudited)</b>	-	160,213	113,858	207,261	297,330	35,841	-	814,503
<b>Net book value:</b>								
<b>At 30 September 2020 (Unaudited)</b>	<b>2,133,888</b>	<b>3,725,729</b>	<b>565,935</b>	<b>1,601,372</b>	<b>467,863</b>	<b>393,215</b>	<b>7,708,323</b>	<b>16,596,325</b>
At 31 December 2019 (Audited) (Restated)	2,559,795	3,762,813	429,186	1,656,069	527,752	399,203	7,437,709	16,772,527
At 1 January 2019 (Audited) (Restated)	2,435,467	2,582,507	444,354	809,536	480,449	244,344	7,450,176	14,446,833

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**6. Property, plant and equipment (continued)**

- a. The Group signed an agreement ("the Agreement") with the Central District Cooling Company ("CDCC") a joint venture for the construction, operation and maintenance of the District Cooling System ("DCS") for 26.5 years from the date of final commissioning of DCS which became effective 31 December 2014. The DCS is pledged against a loan obtained by CDCC. The Group is entitled to obtain all economic benefits from the DCS during its entire life and therefore recognises the DCS from the commencement of construction by CDCC.
- b. These represent amounts transferred from investment properties to property, plant and equipment on account of the change in the nature of use.
- c. Refer to the restatement note at Note 23.
- d. These represent amounts transferred to Properties for development and sale pertaining to assets determined by management to be used for future sale in the ordinary course of Group's operations.
- e. Land (the 'Land') represents plots situated in the Jabal Omar area, which were received by the Company from the founding shareholders (the 'Owners') against issuance of its shares at nominal value of Saudi Riyals 10 per share by virtue of a Royal Decree (the 'Decree') (note 1). Valuation of land was prepared and approved by Development Commission of Makkah Al Mukkaramah. Legal formalities for the transfer of title deeds from the Owners were completed. The Company had intended to complete the procedures for transferring any remaining title deeds in the name of the Company and issue corresponding shares, as and when their Owners would complete the related statutory and legal documentation (the 'documentation').

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

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

Moreover, in lieu of the fact that MCDC subscribed for the shares on behalf of owners who could not submit their legal title deeds, a corresponding payable to MCDC was recognised. The amount payable to MCDC would be settled as and when owners who could not submit their title deeds earlier, would do so, with a corresponding re-allocation in shareholding between MCDC and such owner. Management expects the liability to be settled over a period of more than 12 month from the reporting date.

- f. Property, plant and equipment include assets held as a lessee under leases, included under the following:

	<b>Furniture and fixtures and other assets</b>	<b>Total</b>
As at 1 January 2020	<b>10,490</b>	<b>10,490</b>
Disposal during the period	(5,058)	(5,058)
Depreciation for the period	(2,101)	(2,101)
<b>As at 30 September 2020 (Unaudited)</b>	<b>3,331</b>	<b>3,331</b>

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**6. Property, plant and equipment (continued)**

- g. During the period ended 30 September 2020, an amount of Saudi Riyals 102.8 million (30 September 2019: Saudi Riyals 162.3 million) was capitalized as cost of borrowings for the construction of property, plant and equipment included in capital work in progress.

**7. Cash and cash equivalents**

	<b>30 September 2020</b> <b>(Unaudited)</b>	<b>31 December 2019</b> <b>(Audited)</b> <b>(Restated)</b>	<b>1 January 2019</b> <b>(Audited)</b> <b>(Restated)</b>
Cash on hand	55	330	436
Cash at banks (see notes (a) and (b) below)	<b>730,189</b>	927,646	1,569,702
	<b>730,244</b>	927,976	1,570,138
Less: Restricted cash— non-current (see note (a) below)	<b>(242,590)</b>	(242,590)	(342,590)
Less: Restricted cash – current (see note (a) below)	<b>(365,400)</b>	(446,244)	(573,060)
<b>Cash and cash equivalents</b>	<b>122,254</b>	239,142	654,488

- a) Cash at banks includes an amount of Saudi Riyals 352.5 million placed in Murabaha deposits with commercial banks having original maturity of three month (31 December 2019: Saudi Riyals 462 million) and yielding profit at prevailing market rate. However, these Murabaha deposits are restricted under reserve accounts as per the agreements under corresponding arrangements with commercial banks.
- b) Balance in bank accounts with entities having common directorship with the Group amount to Saudi Riyals 5.2 million as at reporting date (31 December 2019: Saudi Riyals 13.7 million)

**8. Investment held at fair value through profit or loss**

		Carrying value as at		Unrealized (loss) gain as at	
		31	31		
		30	December	30	December
		September	2019	September	2019
		2020	(Audited)	2020	(Audited)
Note		(Unaudited)	(Restated)	(Unaudited)	(Restated)
<b>Non-current assets</b>					
Al Bilad Makkah Hospitality Fund	A	<b>298,966</b>	331,000	<b>(32,034)</b>	111,000
<b>Current assets</b>					
Alinma Saudi Riyal Liquidity Fund	B	<b>67,399</b>	205,527	<b>787</b>	1,613

- a) This represents investment in 20 million units (31 December 2019: 20 million units) of the investee which is a private placement closed ended real estate investment fund domiciled in KSA and managed by Al Bilad Investment Company. The objective of the investee is to acquire interest in properties situated in Makkah in order to generate income and capital growth. The main assets of the investee are represented by investment properties. The investee prepares and publishes financial statements on semi-annual basis under which it reports net asset value of the fund based on the fair value of these investment properties, as determined by two independent valuers (referred to as 'Indicative NAV'). Since the units of the fund are traded with reference to such Indicative NAV, management believes that it is a reasonable approximation of the fair value of the investee. As per the latest reviewed financial statements of the investee for the period ended 30 June 2020, the Indicative NAV per unit amounts to Saudi Riyals 14.95, which has accordingly been used as a valuation basis of the Group's investment as at 30 September 2020.
- b) This represents investment in Alinma Saudi Riyal Liquidity Fund which is a public investment fund domiciled in KSA and managed by Al Inma Investment Company. The objective of the investee is to invest in Murabaha Contracts which complies with Islamic Shari'a.
- c) Refer to the restatement note at Note 23.



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**8. Investment held at fair value through profit or loss (continued)****8.1 Accounting classifications and fair values**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Differences can therefore arise between the book values under the historical cost method and fair value estimates.

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

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

Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

As at the reporting date, management believes that, in lieu of the tenor and interest rate profile (where applicable), the carrying value of Group's financial assets and liabilities (except for investment held at fair value through profit and loss) approximate their fair values.

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

<b>30 September 2020</b>	<b>Carrying amount</b>	<b>Fair value</b>		
		<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
<b>Investment held at fair value through profit or loss (FVTPL)</b>	<b>366,365</b>	<b>67,399</b>	<b>-</b>	<b>298,966</b>
<b>31 December 2019</b>				
	<b>Carrying amount</b>	<b>Fair value</b>		
		<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Investment held at fair value through profit and loss	536,527	205,527	-	331,000

There are no transfers in the fair value levels during the three month and nine month periods ended September 30, 2020.

The following tables show the valuation techniques used in measuring Level 3 fair values for financial instruments in the statement of financial position, as well as the significant unobservable inputs used.

<b>Type</b>	<b>Valuation technique</b>
Investment in Funds	- Indicative NAV of the Fund based on the fair value of the underlying assets of the Fund.

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**9. Investment in a joint venture**

This represents Group's 40% investment in a joint venture arrangement in Central District Cooling Company ("CDCC"), which is principally engaged in the business of providing central district cooling system services. CDCC is not publicly listed. The Group has entered into an agreement with CDCC, for the construction, operation and maintenance of District Cooling System ('DCS'). The principal place of business of the joint venture is Makkah, KSA. The Group's interest in CDCC is accounted for using the equity method in the consolidated financial statements. Summarized financial information of the joint venture and reconciliation with the carrying amount of the investment in the consolidated financial statements are as follows. Refer to the restatement note at Note 23.

**Summarized statement of financial position of CDCC:**

	<b>30 September 2020 (Unaudited)</b>	<b>31 December 2019 (Audited) (Restated)</b>
Current assets	<b>160,393</b>	134,787
Non-current assets	<b>824,494</b>	820,779
Current liabilities	<b>(175,173)</b>	(170,344)
Non-current liabilities	<b>(482,347)</b>	(489,662)
Equity	<b>327,366</b>	295,559
Group's share in equity – 40% (31 December 2019 – 40%)	<b>114,781</b>	87,082

**Summarized statement of profit or loss of CDCC:**

	<b>30 September 2020 (Unaudited)</b>	<b>31 December 2019 (Audited) (Restated)</b>
Revenue	<b>40,669</b>	93,222
Direct cost	<b>(16,151)</b>	(42,908)
General and admin expense	<b>(267)</b>	(2,227)
Financial charges	<b>(15,415)</b>	(31,047)
Other income	<b>909</b>	250
Profit before zakat and income tax	<b>9,745</b>	17,290
Zakat and income tax	<b>(1,255)</b>	(2,436)
<b>Profit for the year</b>	<b>8,490</b>	14,854
Other comprehensive income	-	(925)
<b>Total comprehensive income for the period / year</b>	<b>8,490</b>	13,929

**10. Properties for development and sale**

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

Movement during the period ended 30 September 2020 is as follows:

	<b>30 September 2020 (Unaudited)</b>	<b>31 December 2019 (Audited) (Restated)</b>
Opening balance	<b>1,928,376</b>	1,520,957
Additions	<b>18,498</b>	450,540
Transfer from property, plant and equipment (note 6)	<b>425,907</b>	-
Transfer from investment property (note 5)	<b>375,595</b>	-
	<b>2,748,376</b>	1,971,497
Less: Charged to cost of revenue	<b>(25,410)</b>	(43,121)
	<b>2,722,966</b>	1,928,376

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**10. Properties for development and sale (continued)**

During 2020, the Group's board of directors directed management to seek suitable buyers for the plots of land belonging to Phase 7 of the Group's Project. Accordingly, management transferred the cost associated with the land and development of Phase 7 from property, plant and equipment and investment property to Properties for development and sale amounting to Saudi Riyals 425.91 million and Saudi Riyals 375.96 million, respectively. Also, refer to Note 21.

**11. Trade and other receivables**

	<b>30 September 2020 (Unaudited)</b>	<b>31 December 2019 (Audited) (Restated)</b>	<b>1 January 2019 (Audited) (Restated)</b>
Accounts receivable and contract asset	<b>374,299</b>	270,443	280,047
Accrued rental income	<b>2,530</b>	9,312	3,259
Margin and other deposits	<b>14,571</b>	19,771	14,571
Other receivables	<b>37,393</b>	23,501	4,439
Less: net impairment loss on financial assets	<b>(84,891)</b>	(20,705)	(12,104)
	<b>343,902</b>	302,322	290,212

Accounts receivables and contract assets (unbilled revenue) include unbilled revenue in respect of off-plan sales of *Properties for development and sale* amounting to Saudi Riyals 109 million (31 December 2019: Saudi Riyals 61.1 million).

**12. Loans and borrowings**

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

	<b>30 September 2020 (Unaudited)</b>	<b>31 December 2019 (Audited)</b>	<b>1 January 2019 (Audited)</b>
Government loan (note (a) below)	<b>3,000,000</b>	3,000,000	3,000,000
Syndicate loan (2) (note (b) below)	<b>4,464,438</b>	3,898,208	3,799,404
Facility from a local bank (note (c) below)	<b>604,743</b>	571,770	620,579
Facility from a local bank (note (d) below)	<b>1,000,000</b>	1,000,000	1,000,000
Facility from a local bank (note (e) below)	<b>149,945</b>	147,981	117,283
Facility from a local bank (note (f) below)	<b>138,274</b>	203,310	76,488
Facility from a local bank (note (g) below)	<b>600,000</b>	600,000	-
Subordinated Sukuk (note (h) below)	<b>508,045</b>	508,045	503,046
	<b>10,465,445</b>	9,929,314	9,116,800
Less: Deferred financial charges	<b>(25,101)</b>	(31,236)	(38,080)
Accrued commission on term loans	<b>425,484</b>	312,755	193,533
	<b>10,865,828</b>	10,210,833	9,272,213
Less: Current portion	<b>(1,482,235)</b>	(5,262,821)	(3,613,183)
Non-current portion	<b>9,383,593</b>	4,948,012	5,659,030

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**12. Loans and borrowings (continued)****Term loans**

- a) The Group signed an agreement with a government entity and obtained a loan amounting to Saudi Riyals 3 billion to develop the Jabal Omar area, which was withdrawn during past years. On 15 February 2016 (corresponding to 6 Jumada I 1437H), the Group obtained an approval from the government entity to postpone the effective date of loan settlement and its financial charges and grace period commissions for an additional term so that the grace period would become 7 years from original disbursement date and was payable in six annual equal instalments commencing 1 January 2019.

During 2018, the Group had further rescheduled the loan in agreement with the government entity to repay in three equal installment annually, commencing on 31 December 2018.

During the period ended 30 September 2020, the Group received confirmation from the Government entity confirming the postponement of all installments due on or before 31 December 2020 until 31 March 2022. The Group also received credit support in the form of a guarantee up to Saudi Riyals 1.6 billion to facilitate the Group in obtaining a credit facility from a commercial bank to fund the completion of phase 3 and Group's operational cash requirements.

- b) On 18 May 2015 (corresponding to 29 Rajab 1436H), the Group signed a syndicated Islamic loan agreement under Ijara arrangement with a credit limit of Saudi Riyals 8 billion with two local banks. Such loan shall be used to repay all bank liabilities related to Phases 2, 4 and 5, including a loan from a local bank with a credit limit of Saudi Riyals 2 billion (already paid) and another short-term liability in addition to completing the construction of Phases 2 and 4 and executing Phase 5. The syndicated Islamic loan is payable over a period of 12 years from the date of signing the agreement with a grace period of 4 years. The Group has withdrawn an amount of Saudi Riyals 4.3 billion under the facility. The loan carries borrowing costs at commercial rates.

The Group has provided the following securities against the facility:

- Mortgage of the above mentioned phases' lands deeds.
  - Promissory note by the Group for the syndicate of Saudi Riyals 6.1 billion.
- c) On 20 March 2017 (corresponding to 21 Jumada II 1438H), the Group signed an unsecured long term loan facility agreement with a local bank having common directorship with the Company, with an amount of Saudi Riyals 842 million for the purpose of settlement of certain Group's outstanding liabilities, whereby the loan will be repaid over a period of four years. Accordingly, as per the repayment terms, the loan is repayable in seven semi-annual equal instalments; the first instalment was due on 20 March 2018 (corresponding to 03 Rajab 1439H) and last instalment would have been due on 20 March 2021 (corresponding to 7 Shabaan 1442H). The loan carries borrowing costs at commercial rates. On 21 March 2019 (corresponding to 14 Rajab 1441), the Group entered into a revised/ restructured agreement relating to the facility for the outstanding amount of the loan as at the restructuring date. Accordingly, as per the revised terms, the loan is repayable in nine installments; the first installment falling due on 18 August 2019 (Corresponding to 17 Dhul Hijjah 1440) and last installment due on 19 September 2023 (Corresponding to 4 Rabiul awal 1445). During the period ended 30 September 2020, the Group has received short-term deferral on the instalment due in March 2020 and September 2020 until the following instalment due date in March 2021.
- d) On 17 July 2017 (corresponding to 22 Shawal 1438H), the Group signed an unsecured facility with a local bank, with an amount of Saudi Riyals 500 million for the purpose of settlement of certain Group's outstanding liabilities. The loan carries borrowing costs at commercial rates and was repayable after six month (with an option to extend for a further period of six month). Original maturity date of the loan was 31 August 2018 (corresponding to 20 Dul-Hajjah 1439H). On 16 October 2017 (corresponding to 26 Muharram 1439H), the Group has re-negotiated and signed an agreement to convert the existing unsecured facility with secured facility for an additional amount of Saudi Riyals 500 million which increased the facility to Saudi Riyals 1 billion for the purpose of Group's outstanding liabilities. This new facility is secured with Saudi Riyals 1 billion subscribed units of JODC in the Group's subsidiary interest, Alinma Makkah Real Estate Fund, and was due for payment on 31 March 2018. The loan carries borrowing costs at commercial rates. During the period ended 30 September 2020, the Group has finalized the terms and condition of restructuring the facilities and accordingly maturity has been extended to November 2021.
- e) On 16 August 2017 (corresponding to 24 Dhul Qadah 1438H), the Group signed an unsecured non funded facility with a local bank, with an amount of Saudi Riyals 200 million for the purpose of opening letters of credit (L/C) and letters of guarantees (L/G) by the Group. The facility carries borrowing costs at commercial rates and facility was rolled over till 17 September 2022 (corresponding to 21 Safar 1444). The facility carries borrowing costs at commercial rates. At 30 September 2020, the Group has utilized Saudi Riyals 150 million to settle some of the outstanding liabilities.

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**12. Loans and borrowings (continued)**

- f) On 17 January 2018 (corresponding to 30 Rabi Al-Akhar 1439H), the Group signed an unsecured non-funded facility with a local bank, with an amount of Saudi Riyals 300 million for the purpose of opening letters of credit (L/C) and letters of guarantees (L/G) by the Group. The facility was renewed with an amount of Saudi Riyals 209.8 million with an expiry date of 30 January 2020. At 30 September 2020, the Group has utilized Saudi Riyals 138 million to settle some of the outstanding liabilities. During the period, the facility has been extended until April 15, 2021.
- g) On 30 January 2019 (corresponding to 24 Jamada awal 1440), the Group has signed an unsecured facility with a local bank, with an amount of Saudi Riyals 600 million for the purpose of financing existing phase 3 project overhead requirements and other financial commitments. The loan was repayable on 27 February 2020. The facility carries borrowing costs at commercial rates. During the period, the Group finalized the terms and condition of restructuring the facility and accordingly its maturity has been extended to December 2025. The deferred repayments will be linked with the assigned operating cashflows.
- h) On 12 November 2018, the Group issued sharia compliant unsecured and subordinated private Sukuk amounting to Saudi Riyals 503 million, with a maturity date of 15 November 2023. The outstanding principal is repayable in a single instalment due on the maturity date. The Sukuk carries commission at commercial rates.
- i) During the nine month period ended 30 September 2020, the Group has recognized modification losses amounting to Saudi Riyals 69 million, recorded under finance charges, as a result of facilities rescheduled during the period.

**13. Liabilities against leases**

The liabilities against lease are as follows:

	<b>30 September 2020 (Unaudited)</b>	<b>31 December 2019 (Audited) (Restated)</b>	<b>1 January 2019 (Audited) (Restated)</b>
Total lease payments under leases	<b>1,868</b>	9,585	15,565
Finance charges	<b>(468)</b>	(2,503)	(4,013)
	<b>1,400</b>	7,082	11,552
Less: Current portion	-	(4,504)	(3,695)
Non-current portion	<b>1,400</b>	2,578	7,857

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**14. Revenue**

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

	For the nine month period ended 30 September						
	2020	2019	2020	2019	2020 (Restated)	2019 (Restated)	
	Operating Hotels		Commercial centers		Properties for development and sale		Total
<b>Type of revenue:</b>							
Sale of Properties for development and sale	-	-	-	-	483	79,779	483 79,779
Hotels							
- Operations	108,948	509,790	-	-	-	-	108,948 509,790
- Lease	-	25,000	-	-	-	-	- 25,000
Lease of Parking	4,879	7,319	-	-	-	-	4,879 7,319
Lease of Commercial center	-	-	30,652	105,172	-	-	30,652 105,172
	113,827	542,109	30,652	105,172	483	79,779	144,962 727,060
<b>Timing of revenue recognition:</b>							
Point-in-time	108,948	509,790	-	-	-	-	108,948 509,790
Over time	4,879	32,319	30,652	105,172	483	79,779	36,014 217,270
<b>Total Revenue from contract with customers</b>	<b>113,827</b>	<b>542,109</b>	<b>30,652</b>	<b>105,172</b>	<b>483</b>	<b>79,779</b>	<b>144,962 727,060</b>



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**15. Other expense/ income, net**

	<b>For the nine month period ended</b>	
	<b>30</b>	<b>30</b>
	<b>September</b>	<b>September</b>
	<b>2020</b>	<b>2019</b>
		<b>(Restated)</b>
Fair value (loss)/ gain on FVTPL investments (refer note 8)	<b>(31,247)</b>	107,378
Other income, net	<b>12,329</b>	86,970
	<b>(18,918)</b>	194,348

**16. Financial charges**

	<b>For the nine month period ended</b>	
	<b>30</b>	<b>30</b>
	<b>September</b>	<b>September</b>
	<b>2020</b>	<b>2019</b>
		<b>(Restated)</b>
Interest and finance charges paid/payable for financial liabilities not at fair value through profit or loss	<b>204,817</b>	348,185
Conventional borrowing cost	<b>257,658</b>	96,661
	<b>462,475</b>	444,846

Conventional borrowing cost includes modification loss amounting to Saudi Riyals 69 million recognised during the period. (see note 12).

**17. Zakat payable**

The General Authority of Zakat and Tax ("GAZT"), issued an assessment of the period 23 Ramadan 1427H to 30 Dhul Hijjah 1430H resulting in additional zakat liability of SR 30.4 million. JODC has filed an appeal against GAZT's assessment and submitted a bank guarantee of SR 29.1 million. During the year 2016, Higher Appeal Committee (HAC) rendered its decision reducing the zakat liability to SR 21.8 million. JODC has filed the appeal to the Board of Grievance against HAC's unfavorable decision on points under appeal and awaiting decision.

During the year 1435H, GAZT issued Zakat and withholding tax [WHT] assessment with additional Zakat and tax liability of SR 26.8 million for the years ended 30 Dhul Hijjah 1431H through 1433H. JODC has filed an appeal against GAZT along with the submission of a bank guarantee of SR 2.8 million and expects to receive a favorable decision.

The Group has filed its Zakat return for the years ended 30 Dhul Hijjah 1434H to 1437H, periods ended 15 Rajab 1438H and 31 December 2018 and obtained a restricted Zakat certificate for the said years. The GAZT has not completed the review of the Zakat returns and has not issued any assessment for the said years. In addition to above, Group has submitted revised return during 2017 for the years 1434H to 1436H which is acknowledged by the GAZT and awaiting assessment.

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**18. Related parties and other affiliates**

In the ordinary course of its business the Group transacts with related parties which are based on prices and terms approved by the management.

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

		For the nine month period ended	
		30 September 2020	30 September 2019 (Restated)
<b>Related party</b>	<b>Nature of transaction</b>		
Bank Al Bilad – affiliate	Finance cost on loan from a local bank	<b>24,229</b>	32,027
Senior management	- Short term employee benefits	<b>2,814</b>	5,461
employees	- Post-employment benefits	<b>112</b>	94
BOD	BOD meeting attendance fee	<b>471</b>	2,509
Central District Cooling Company – Joint Venture	Cooling charges and lease payment (Note 6(a))	<b>51,543</b>	55,465
	Concession fee 7%	<b>3,608</b>	4,591
	Construction work in progress acquired from CDCC	<b>229</b>	58,133

Balances arising from transactions with related parties are as follows:

Related party	Included under	30 September 2020 (Unaudited)	31 December 2019 (Audited) (Restated)
Al-Bilad Makkah Hospitality Fund	Accounts payable and other current liabilities	<b>100,922</b>	120,579
Bank Al-Bilad	Loans and Borrowings	<b>611,046</b>	582,292
Central District Cooling Company	Accounts payable and other current liabilities	<b>76,964</b>	72,429
Central District Cooling Company	Other non-current liabilities	<b>768,785</b>	777,950
Makkah Construction and Development Company	Other non-current liabilities	<b>309,565</b>	309,565

**19. Segment reporting**

**Basis for segmentation**

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

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**19. Segment reporting (continued)**

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

***For the nine month period ended 30 September 2020 (Unaudited)***

	<b><i>Properties for</i></b>					
	<b><i>Operating Hotels</i></b>	<b><i>Commercial Centres</i></b>	<b><i>development and sale</i></b>	<b><i>Property under construction</i></b>	<b><i>Corporate</i></b>	<b><i>Total</i></b>
<b>Statement of financial position items as at 30 September 2020:</b>						
Current assets	<b>160,328</b>	<b>151,964</b>	<b>2,814,630</b>	-	<b>513,061</b>	<b>3,639,983</b>
Property and equipment	<b>8,849,699</b>	-	-	<b>7,708,323</b>	<b>38,303</b>	<b>16,596,325</b>
Investment properties	<b>341,068</b>	<b>2,341,962</b>	-	<b>2,475,313</b>	-	<b>5,158,343</b>
Other assets	-	-	-	-	<b>37,753</b>	<b>37,753</b>
Total liabilities	<b>4,506,053</b>	<b>2,932,406</b>	<b>94,650</b>	<b>10,224,402</b>	<b>804,588</b>	<b>18,562,099</b>

**Statement of profit or loss and other comprehensive income items for the nine month period ended 30 September 2020 (Unaudited):**

Revenues from operations	<b>113,827</b>	<b>30,652</b>	<b>483</b>	-	-	<b>144,962</b>
Total comprehensive (loss) / income	<b>(247,511)</b>	<b>1,178</b>	<b>7,127</b>	-	<b>(679,156)</b>	<b>(918,362)</b>

***For the year ended 31 December 2019 (Audited) (Restated)***

	<b><i>Properties for</i></b>					
	<b><i>Operating Hotels</i></b>	<b><i>Commercial Centres</i></b>	<b><i>development and sale</i></b>	<b><i>Property under construction</i></b>	<b><i>Corporate</i></b>	<b><i>Total</i></b>

**Statement of financial position items as at 31 December 2019 (Restated):**

Current assets	247,732	104,280	2,014,937	-	929,835	3,296,784
Property and equipment	9,277,924	-	-	7,437,712	56,891	16,772,527
Investment properties	1,029,410	2,058,471	-	2,423,597	-	5,511,478
Other assets	-	-	-	-	48,023	48,023
Total liabilities	4,664,576	3,021,439	94,603	9,535,105	538,092	17,853,815

**Statement of profit or loss and other comprehensive income items for the nine month period ended 30 September 2019 (Unaudited) (Restated):**

Revenues from operations	542,109	105,172	79,779	-	-	727,060
Total comprehensive (loss) / income	(126,410)	(70,647)	129,692	-	(137,829)	(205,194)

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**20. Commitments and contingencies**

- a) As at 30 September 2019, the outstanding capital commitments in respect of development of the Project amounted to Saudi Riyals 3,138 million (31 December 2019: Saudi Riyals 2,941 million).
- b) Operating lease commitments are not significant.
- c) Refer note 17 for Zakat and tax related contingencies.

**21. Subsequent events**

On 22 October 2020, the board of directors of the Group's subsidiary interest, Alinma Makkah Real Estate Fund (the "Fund"), announced that no further dividends will be declared for unitholders of the Fund during the intervening period until the end of 2020.

On 13 December 2020, the Group entered into a contract for sale of a plot of land, measuring 2,572 square meters, located in Phase 7 of the Group's Project with price amounting to Saudi Riyals 830 million.

**22. Approval of the condensed consolidated interim financial statements**

These condensed consolidated interim financial statements were approved and authorized to issue by the Board of Directors on 10 December 2020 corresponding to (25 RAB'I'II 1442H).

**23. Restatement**

The Group restated certain amounts and balances included in the prior year financial statements as the transactions to which these balances relate, had not been accounted for correctly. The details of each of such restatements have been summarized below:

Restatement - 1

During 2017, the Group entered into agreements with Alinma Makkah Real Estate Fund (the "Fund") that were collectively accounted for as a sale and finance leaseback arrangement (the "Arrangement"). The Arrangement related to the Group's strategic properties situated in the first phase. As a consequence of this Arrangement, part of the consideration for the purchase of the properties was settled "in-kind" by the Fund issuing units in the Fund to the Group. The Group's investment in the Fund represented 16.42% of the Fund's ownership. The Group accounted for this investment as a financial asset measured at fair value through profit or loss.

During the nine month period ended 30 September 2020, the Group re-assessed its relationship with the Fund in terms of the requirements of IFRS 10 - Consolidated Financial Statements. Previously, management had considered the Fund to be governed by voting rights but based on the reassessment and to appropriately reflect the arrangement the Fund should have been considered a structured entity (i.e. the Fund is not governed by voting rights). The conclusion is based on the rights afforded to the Group by the repurchase right, lease agreement and other contractual arrangements, which enabled the Group to direct the relevant activities of the Fund, namely the management of the residual value of the properties. The Group has the ability to exercise its power over the relevant activities from the above rights over the Fund to affect the amount of the returns from the properties, as such providing the Group with control. Since the Group has control over the Fund, the Fund should have been consolidated in the Group's consolidated financial statements. This would result in:

- Elimination of the investment in Fund measured at fair value through profit or loss;
- Reversal of the initial sale and finance leaseback accounting; and
- Recognition of a financial liability to the unitholders in the Fund.

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### **23. Restatement (continued)**

#### Restatement - 2

In prior years, the Group made payments to its founding shareholders which were intended to be recovered by means of future dividends that will be paid to these shareholders or as and when these shareholders disposed of their shares. In addition, if no distributions were made to shareholders the amounts would be written off against pre-establishment expenses. These balances would not be considered financial assets, since the Group had no contractual right to receive cash or another financial asset from these shareholders. As the shareholders are not obligated to dispose of their shares and the Group cannot recognise an asset for rights to economic benefits of itself (i.e. future dividends paid by the Group). The Group accounted for these payments as an asset instead of treating them as equity transactions with the founding shareholders. During the nine month period ended 30 September 2020, the Group reclassified these payments made to the founding shareholders from "advances to shareholders" to equity. Any payments which may be received from the shareholders should be considered contributions received by the Group.

#### Restatement - 3

During 2012, the Group entered into an arrangement with another shareholder for the creation of a new investee, the Central District Cooling Company (CDCC) in which the Group held an investment representing 40% ownership interest in CDCC. Concurrently, the Group entered into agreements with CDCC to build, operate and transfer district cooling plants to the Group (the "Concession Arrangement"). The Group accounted for the investment in CDCC as an associate and the district cooling plants obtained under the Concession Arrangement as a right of use asset in accordance with IFRS 16 - Leases ("IFRS 16") upon completion of construction and commencement of the lease. However, the Concession Arrangement should not be considered a lease under IFRS 16 as ownership is transferred to the Group and, as such, the Group exercises control over the asset for the entire useful life of the asset. The Group should have accounted for the acquisition of district cooling plants as a purchase of the underlying district cooling plants as and when construction is performed and not solely on completion of construction that was previously considered the commencement of the lease.

Furthermore, during the nine month period ended 30 September 2020, the Group re-assessed its relationship with CDCC and in particular whether the arrangements should be considered a joint arrangement in terms of IFRS 11 - Joint Arrangements ("IFRS 11"). Previously, management had considered the investment in CDCC as an investment in an associate as the Group only held 40% shareholding. However, the shareholders' agreement between CDCC's shareholders required unanimous approval of both the shareholders for all key decisions affecting the operations of CDCC. To appropriately reflect the agreement between CDCC's shareholders, the investment in CDCC should have been considered a joint arrangement and classified in accordance with IFRS 11 as a joint venture.

#### Restatement - 4

The Group entered into a sale agreement with AlBilad Makkah Hospitality Fund for 90 residential units ("units") during the financial year ended 31 December 2018. The Group recognized revenue in 2018 amounting to Saudi Riyals 1.1 billion at a point in time from the sale of these units. The performance obligation under the contract was to:

- Deliver 90 units including all the contents, fittings, equipment, wires, telephone, water pipes, etc.;
- Common share of the real estate land on which the units are located; and;
- Achieve operational readiness of the units (i.e. the hotel facilities must be complete).

Whilst on the date of sale a substantial amount of the performance obligation under the contract was completed, the performance obligation was not fully completed as the units were not ready for their intended use. As the units were not ready for the intended use, the terms of the sale agreement required the Group to pay a delay penalty, amounting to 4.3% of the total sale value, for any delay beyond 90 days in making the units available for their intended use. The Group has accounted for delay penalty as an operating expense.

**23. Restatement (continued)**

The Group reassessed the requirements of IFRS 15 - Revenue from Contracts with Customers ("IFRS 15") and noted that in accordance with IFRS 15, revenue should have been recognised overtime and not point in time. This is because at inception of the contract, right of payment for work performed to date had existed. The delay penalty should have been accounted for as variable consideration within revenue and not as an operating expense.

The resultant impact of the above-mentioned restatements on each of the impacted financial statement line items for the prior periods is reflected in the table below.



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**23. Restatement (continued)**

<b>Effect on the condensed consolidated statement of financial position:</b>	<b>Previously reported</b>	<b>Restatement 1</b>	<b>Restatement 2</b>	<b>Restatement 3</b>	<b>Restatement 4</b>	<b>Restated</b>
<b><u>As at 1 January 2019</u></b>						
<b>Assets</b>						
<b>Non-current assets</b>						
Property, plant and equipment	15,398,878	(1,076,120)	-	124,075	-	<b>14,446,833</b>
Intangible assets	966	-	-	-	-	<b>966</b>
Investment properties	7,653,796	(696,708)	-	-	-	<b>6,957,088</b>
Investment held at fair value through profit or loss	1,220,000	(1,000,000)	-	-	-	<b>220,000</b>
Restricted cash	342,590	-	-	-	-	<b>342,590</b>
Advances to certain founding shareholders	306,702	-	(306,702)	-	-	<b>-</b>
Other non-current assets	19,191	-	-	-	-	<b>19,191</b>
<b>Total non-current assets</b>	<b>24,942,123</b>	<b>(2,772,828)</b>	<b>(306,702)</b>	<b>124,075</b>	<b>-</b>	<b>21,986,668</b>
<b>Current assets</b>						
Properties for development and sale	1,508,443	-	-	-	12,514	<b>1,520,957</b>
Other current assets	234,946	(191,700)	-	-	-	<b>43,246</b>
Trade and other receivables	400,212	(110,000)	-	-	-	<b>290,212</b>
Investment held at fair value through profit or loss	-	129,760	-	-	-	<b>129,760</b>
Investment at amortised cost	-	270,989	-	-	-	<b>270,989</b>
Restricted cash – current portion	573,060	-	-	-	-	<b>573,060</b>
Cash and cash equivalents	642,314	12,174	-	-	-	<b>654,488</b>
	3,358,975	111,223	-	-	12,514	<b>3,482,712</b>
Investment in a joint venture classified as held for sale	82,858	-	-	-	-	<b>82,858</b>
<b>Total current assets</b>	<b>3,441,833</b>	<b>111,223</b>	<b>-</b>	<b>-</b>	<b>12,514</b>	<b>3,565,570</b>
<b>Total assets</b>	<b>28,383,956</b>	<b>(2,661,605)</b>	<b>(306,702)</b>	<b>124,075</b>	<b>12,514</b>	<b>25,552,238</b>
<b>Equity and liabilities</b>						
<b>Equity</b>						
Share capital	9,294,000	-	-	-	-	<b>9,294,000</b>
Statutory reserve	108,506	-	-	-	-	<b>108,506</b>
Reserve for Advances to certain founding shareholders	-	-	(306,702)	-	-	<b>(306,702)</b>
Accumulated losses	209,951	(149,639)	-	-	(147,845)	<b>(87,533)</b>
<b>Equity attributable to owners of the Company</b>	<b>9,612,457</b>	<b>(149,639)</b>	<b>(306,702)</b>	<b>-</b>	<b>(147,845)</b>	<b>9,008,271</b>
Non-controlling interests	4,700	-	-	-	-	<b>4,700</b>
<b>Total equity</b>	<b>9,617,157</b>	<b>(149,639)</b>	<b>(306,702)</b>	<b>-</b>	<b>(147,845)</b>	<b>9,012,971</b>

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**23. Restatement (continued)**

<b>Effect on the condensed consolidated statement of financial position:</b>	<b>Previously reported</b>	<b>Restatement 1</b>	<b>Restatement 2</b>	<b>Restatement 3</b>	<b>Restatement 4</b>	<b>Restated</b>
<b>Liabilities</b>						
<b>Non-current liabilities</b>						
Loans and borrowings	5,659,030	-	-	-	-	<b>5,659,030</b>
Liabilities against lease	6,620,497	(6,001,037)	-	(611,603)	-	<b>7,857</b>
Payable to other unitholders of investment fund	-	5,089,235	-	-	-	<b>5,089,235</b>
Provision for employees' terminal benefits	23,860	-	-	-	-	<b>23,860</b>
Other non-current liabilities	2,094,260	(1,440,209)	-	735,678	-	<b>1,389,729</b>
<b>Total non-current liabilities</b>	<b>14,397,647</b>	<b>(2,352,011)</b>	<b>-</b>	<b>124,075</b>	<b>-</b>	<b>12,169,711</b>
<b>Current liabilities</b>						
Loans and borrowings – current portion	3,613,183	-	-	-	-	<b>3,613,183</b>
Accounts payable and other current liabilities	729,035	(159,955)	-	17,909	160,359	<b>747,348</b>
Liabilities against lease – current portion	21,604	-	-	(17,909)	-	<b>3,695</b>
Zakat payable	5,330	-	-	-	-	<b>5,330</b>
<b>Total current liabilities</b>	<b>4,369,152</b>	<b>(159,955)</b>	<b>-</b>	<b>-</b>	<b>160,359</b>	<b>4,369,556</b>
<b>Total liabilities</b>	<b>18,766,799</b>	<b>(2,511,966)</b>	<b>-</b>	<b>124,075</b>	<b>160,359</b>	<b>16,539,267</b>
<b>Total equity and liabilities</b>	<b>28,383,956</b>	<b>(2,661,605)</b>	<b>(306,702)</b>	<b>124,075</b>	<b>12,514</b>	<b>25,552,238</b>

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**23. Restatement (continued)**

<b>Effect on the condensed consolidated statement of financial position:</b>	<b>Previously reported</b>	<b>Restatement 1</b>	<b>Restatement 2</b>	<b>Restatement 3</b>	<b>Restatement 4</b>	<b>Restated</b>
<b><u>As at 31 December 2019</u></b>						
<b>Assets</b>						
<b>Non-current assets</b>						
Property, plant and equipment	17,630,023	(1,039,704)	-	182,208	-	<b>16,772,527</b>
Intangible assets	3,302	-	-	-	-	<b>3,302</b>
Investment properties	6,192,633	(681,155)	-	-	-	<b>5,511,478</b>
Investment in a joint venture	87,082	-	-	-	-	<b>87,082</b>
Investment held at fair value through profit or loss	1,497,986	(1,166,986)	-	-	-	<b>331,000</b>
Restricted cash	242,590	-	-	-	-	<b>242,590</b>
Advances to certain founding shareholders	302,458	-	(302,458)	-	-	-
Other non-current assets	23,291	-	-	-	-	<b>23,291</b>
<b>Total non-current assets</b>	<b>25,979,365</b>	<b>(2,887,845)</b>	<b>(302,458)</b>	<b>182,208</b>	<b>-</b>	<b>22,971,270</b>
<b>Current assets</b>						
Properties for development and sale	1,928,376	-	-	-	-	<b>1,928,376</b>
Other current assets	216,730	(191,998)	-	-	-	<b>24,732</b>
Trade and other receivables	342,322	(40,000)	-	-	-	<b>302,322</b>
Investment held at fair value through profit or loss	-	205,527	-	-	-	<b>205,527</b>
Investment at amortised cost	-	150,441	-	-	-	<b>150,441</b>
Restricted cash – current portion	446,244	-	-	-	-	<b>446,244</b>
Cash and cash equivalents	237,860	1,282	-	-	-	<b>239,142</b>
<b>Total current assets</b>	<b>3,171,532</b>	<b>125,252</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,296,784</b>
<b>Total assets</b>	<b>29,150,897</b>	<b>(2,762,593)</b>	<b>(302,458)</b>	<b>182,208</b>	<b>-</b>	<b>26,268,054</b>
<b>Equity and liabilities</b>						
<b>Equity</b>						
Share capital	9,294,000	-	-	-	-	<b>9,294,000</b>
Statutory reserve	108,506	-	-	-	-	<b>108,506</b>
Reserve for Advances to certain founding shareholders	-	-	(302,458)	-	-	<b>(302,458)</b>
Accumulated losses	(181,653)	(446,670)	-	-	(59,802)	<b>(688,125)</b>
<b>Equity attributable to owners of the Company</b>	<b>9,220,853</b>	<b>(446,670)</b>	<b>(302,458)</b>	<b>-</b>	<b>(59,802)</b>	<b>8,411,923</b>
Non-controlling interests	2,316	-	-	-	-	<b>2,316</b>
<b>Total equity</b>	<b>9,223,169</b>	<b>(446,670)</b>	<b>(302,458)</b>	<b>-</b>	<b>(59,802)</b>	<b>8,414,239</b>

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**23. Restatement (continued)**

<b>Effect on the condensed consolidated statement of financial position:</b>	<b>Previously reported</b>	<b>Restatement 1</b>	<b>Restatement 2</b>	<b>Restatement 3</b>	<b>Restatement 4</b>	<b>Restated</b>
<b>Liabilities</b>						
<b>Non-current liabilities</b>						
Loans and borrowings	4,948,012	-	-	-	-	<b>4,948,012</b>
Liabilities against lease	6,599,357	(6,001,037)	-	(595,742)	-	<b>2,578</b>
Payable to other unitholders of investment fund	-	5,099,861	-	-	-	<b>5,099,861</b>
Provision for employees' terminal benefits	29,523	-	-	-	-	<b>29,523</b>
Other non-current liabilities	1,947,087	(1,256,107)	-	777,950	-	<b>1,468,930</b>
<b>Total non-current liabilities</b>	<b>13,523,979</b>	<b>(2,157,283)</b>	<b>-</b>	<b>182,208</b>	<b>-</b>	<b>11,548,904</b>
<b>Current liabilities</b>						
Loans and borrowings – current portion	5,262,821	-	-	-	-	<b>5,262,821</b>
Accounts payable and other current liabilities	1,119,154	(158,640)	-	17,270	59,802	<b>1,037,586</b>
Liabilities against lease – current portion	21,774	-	-	(17,270)	-	<b>4,504</b>
<b>Total current liabilities</b>	<b>6,403,749</b>	<b>(158,640)</b>	<b>-</b>	<b>-</b>	<b>59,802</b>	<b>6,304,911</b>
<b>Total liabilities</b>	<b>19,927,728</b>	<b>(2,315,923)</b>	<b>-</b>	<b>182,208</b>	<b>59,802</b>	<b>17,853,815</b>
<b>Total equity and liabilities</b>	<b>29,150,897</b>	<b>(2,762,593)</b>	<b>(302,458)</b>	<b>182,208</b>	<b>-</b>	<b>26,268,054</b>

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**23. Restatement (continued)**

**Effect on the condensed consolidated statement of profit or loss and other comprehensive income:**

**For the nine month period ended 30 September 2019**

	<b>Previously reported</b>	<b>Restatement 1</b>	<b>Restatement 4</b>	<b>Restated</b>
Revenue	714,929	-	12,131	<b>727,060</b>
Cost of revenue	(561,930)	38,977	(9,386)	<b>(532,339)</b>
<b>Gross (loss) / profit</b>	152,999	38,977	2,745	<b>194,721</b>
Selling and marketing expenses	(21,518)	-	-	<b>(21,518)</b>
General and administrative expenses	(182,650)	(13,567)	63,287	<b>(132,930)</b>
Net impairment loss on financial assets	-	401	-	<b>401</b>
Other income (expenses), net	509,434	(315,086)	-	<b>194,348</b>
<b>Operating (loss) / profit</b>	458,265	(289,275)	66,032	<b>235,022</b>
Financial charges	(511,349)	66,503	-	<b>(444,846)</b>
Share of results from investment in a joint venture	4,630	-	-	<b>4,630</b>
<b>Loss before zakat</b>	(48,454)	(222,772)	66,032	<b>(205,194)</b>
Zakat	-	-	-	-
<b>Loss for the period</b>	(48,454)	(222,772)	66,032	<b>(205,194)</b>
<b>Other comprehensive income</b>	-	-	-	-
<b>Total comprehensive loss for the period</b>	(48,454)	(222,772)	66,032	<b>(205,194)</b>
<b>(Loss) / profit attributable to:</b>				
Owners of the Company	(49,252)	(222,772)	66,032	<b>(205,992)</b>
Non-controlling interests	798	-	-	<b>798</b>
	(48,454)	(222,772)	66,032	<b>(205,194)</b>
<b>Total comprehensive (loss) / income attributable to:</b>				
Owners of the Company	(49,252)	(222,772)	66,032	<b>(205,992)</b>
Non-controlling interests	798	-	-	<b>798</b>
	(48,454)	(222,772)	66,032	<b>(205,194)</b>
<b>Loss per share (Saudi Riyals):</b>				
Basic and diluted loss per share attributable to owners of the Company	(0.05)			<b>(0.22)</b>

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**23. Restatement (continued)**

<b>Effect on the condensed consolidated statement of profit or loss and other comprehensive income:</b>	<b>Previously reported</b>	<b>Restatement 1</b>	<b>Restatement 4</b>	<b>Restated</b>
<b>For the three month period ended 30 September 2019</b>				
Revenue	240,285	-	4,043	<b>244,328</b>
Cost of revenue	(159,904)	12,992	(3,128)	<b>(150,040)</b>
<b>Gross (loss) / profit</b>	<b>80,381</b>	<b>12,992</b>	<b>915</b>	<b>94,288</b>
Selling and marketing expenses	(6,265)	-	-	<b>(6,265)</b>
General and administrative expenses	(60,049)	(4,522)	21,096	<b>(43,475)</b>
Net impairment loss on financial assets	-	134	-	<b>134</b>
Other income (expenses), net	79,408	(105,029)	-	<b>(25,621)</b>
<b>Operating (loss) / profit</b>	<b>93,475</b>	<b>(96,425)</b>	<b>22,011</b>	<b>19,061</b>
Financial charges	(175,515)	22,168	-	<b>(153,347)</b>
Share of results from investment in a joint venture	1,284	-	-	<b>1,284</b>
<b>Loss before zakat</b>	<b>(80,756)</b>	<b>(74,257)</b>	<b>22,011</b>	<b>(133,002)</b>
Zakat	692	-	-	<b>692</b>
<b>Loss for the period</b>	<b>(80,064)</b>	<b>(74,257)</b>	<b>22,011</b>	<b>(132,310)</b>
<b>Other comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive loss for the period</b>	<b>(80,064)</b>	<b>(74,257)</b>	<b>22,011</b>	<b>(132,310)</b>
<b>(Loss) / profit attributable to:</b>				
Owners of the Company	(80,621)	(74,257)	22,011	<b>(132,867)</b>
Non-controlling interests	557	-	-	<b>557</b>
	<b>(80,064)</b>	<b>(74,257)</b>	<b>22,011</b>	<b>(132,310)</b>
<b>Total comprehensive (loss) / income attributable to:</b>				
Owners of the Company	(80,621)	(74,257)	22,011	<b>(132,867)</b>
Non-controlling interests	557	-	-	<b>557</b>
	<b>(80,064)</b>	<b>(74,257)</b>	<b>22,011</b>	<b>(132,310)</b>
<b>Loss per share (Saudi Riyals):</b>				
Basic and diluted loss per share attributable to owners of the Company	<b>(0.09)</b>			<b>(0.14)</b>



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**23. Restatement (continued)**

<b>Effect on condensed consolidated statement of cash flows:</b>	<b>Previously reported</b>	<b>Impact of restatements</b>	<b>Restated</b>
<b>Cash flows from operating activities</b>			
Loss before Zakat	(48,454)	(156,740)	<b>(205,194)</b>
<u>Adjustments for:</u>			
Depreciation on property, plant and equipment	173,741	(27,312)	<b>146,429</b>
Depreciation on investment properties	60,058	(11,665)	<b>48,393</b>
Amortization of intangible assets	737	-	<b>737</b>
(Reversal) / provision for employees' terminal benefits	2,096	-	<b>2,096</b>
Net impairment loss on financial assets	-	401	<b>401</b>
Amortization of deferred gain on sale and leaseback assets	(137,046)	137,046	-
Share of results of investment in a joint ventures	(4,630)	-	<b>(4,630)</b>
Financial charges	511,349	(66,503)	<b>444,846</b>
Change in fair value of investments held at fair value through profit or loss	(320,800)	213,422	<b>(107,378)</b>
	<u>237,051</u>	<u>88,649</u>	<u><b>325,700</b></u>
<u>Changes in operating assets and liabilities:</u>			
Other non-current assets	(40,849)	-	<b>(40,849)</b>
Properties for development and sale	(97,312)	-	<b>(97,312)</b>
Other current assets	178,617	(191,998)	<b>(13,381)</b>
Trade and other receivables	(6,334)	(70,000)	<b>(76,334)</b>
Other non-current liabilities	24,889	-	<b>24,889</b>
Accounts payable and other current liabilities	(130,708)	113,165	<b>(17,543)</b>
Cash generated from operations	165,354	(60,184)	<b>105,170</b>
Financial charges paid	(554,778)	66,503	<b>(488,275)</b>
<b>Net cash used in operating activities</b>	<u>(389,424)</u>	<u>6,319</u>	<u><b>(383,105)</b></u>

**JABAL OMAR DEVELOPMENT COMPANY**  
**(A Saudi Joint Stock Company)**  
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
For the nine month period ended 30 September 2020  
(All amounts in Saudi Riyals thousands unless otherwise stated)

**23. RESTATEMENT (CONTINUED)**

<b>Effect on condensed consolidated statement of cash flows:</b>	<b>Previously reported</b>	<b>Impact of Restatements</b>	<b>Restated</b>
<b>Cash flows from investing activities</b>			
Additions to property, plant and equipment	(443,994)	-	<b>(443,994)</b>
Additions to investment properties	(207,173)	-	<b>(207,173)</b>
Purchase of intangible assets	(3,371)	-	<b>(3,371)</b>
Proceed from disposal of investment held at fair value through profit or loss	-	16,335	<b>16,335</b>
Proceed from disposal of investment held at amortized cost	-	(9,229)	<b>(9,229)</b>
Net change in restricted cash balances	90,458	-	<b>90,458</b>
<b>Net cash used in investing activities</b>	<b>(564,080)</b>	<b>7,106</b>	<b>(556,974)</b>
<b>Cash flows from financing activities</b>			
Payments received against advance to certain founding shareholders	4,069	-	<b>4,069</b>
Loans and borrowings drawdown	524,231	-	<b>524,231</b>
Loans and borrowings repayment	-	-	-
Lease obtained	2,071	-	<b>2,071</b>
<b>Net cash from financing activities</b>	<b>530,371</b>	<b>-</b>	<b>530,371</b>
<b>Net change in cash and cash equivalents</b>	<b>(423,133)</b>	<b>13,425</b>	<b>(409,708)</b>
Cash and cash equivalents at beginning of the period	642,314	12,174	<b>654,488</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>219,181</b>	<b>25,599</b>	<b>244,780</b>
<b>Major non-cash supplemental information</b>			
Amortization of deferred gain on sale and lease back	137,046	(137,046)	-
Capitalization of borrowing cost on investment property	90,887	-	<b>90,887</b>
Capitalization of borrowing cost on Properties for development and sale	23,285	-	<b>23,285</b>
Right of use assets – previously classified as operating leases	15,824	-	<b>15,824</b>
Impairment of right of use asset charged to accumulated losses	166,073	-	<b>166,073</b>
Capitalization of borrowing cost on property, plant and equipment	162,275	-	<b>162,275</b>
Addition of property, plant and equipment against due to related party	-	182,208	<b>182,208</b>