JABAL OMAR DEVELOPMENT COMPANY
(A Saudi Joint Stock Company)

CONDENSED CONSOLIDATED INTERIM
FINANCIAL STATEMENTS (UNAUDITED)
with
INDEPENDENT AUDITOR'S REVIEW REPORT
For the three-month and nine-month periods ended 30 September 2023

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 2023

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Headquarters in Riyadh

كي بي إم جي للاستشارات المهنية
مركز زهران للأعمال
شارع الأمير سلطان
ص.ب 55078
جـده 21534
المملكة العربية السعودية
سجل تجاري رقم 4030290792

المركز الرئيسي في الرياض

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

To the Shareholders of Jabal Omar Development Company

Introduction

We have reviewed the accompanying 30 September 2023 condensed consolidated interim financial statements of Jabal Omar Development Company ("the Company") and its subsidiaries ("the Group") which comprises:

- the condensed consolidated statement of financial position as at 30 September 2023;
- the condensed consolidated statement of profit or loss and other comprehensive income for the three-month and nine-month periods ended 30 September 2023;
- the condensed consolidated statement of changes in equity for the nine-month period ended 30 September 2023;
- the condensed consolidated statement of cash flows for the nine-month period ended 30 September 2023; and
- the notes to the condensed consolidated interim financial statements.

Management is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' that is endorsed in the Kingdom of Saudi Arabia. A review of condensed consolidated 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 that are endorsed in the Kingdom of Saudi Arabia, and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As of 30 September 2023, the Group's total assets include Property, Plant and Equipment and Investment Properties (collectively referred to as the 'Properties') amounting to SR 21,425 million and SR 3,491 million respectively (31 December 2022: SR 19,502 million and SR 5,048 million respectively).

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

To the Shareholders of Jabal Omar Development Company (continued)

Basis for Qualified Conclusion (continued)

As disclosed in note 5, due to the presence of impairment indicators identified in the current and previous financial periods, management performed an impairment exercise in those respective periods. Pursuant to managements' impairment assessment carried out during the nine-month period ended 30 September 2023 which included a retrospective review of recoverable amount of the Properties in prior periods, management identified that certain properties required an impairment adjustment of SR 0.7 billion as at 1 January 2022. Accordingly, management recognized the adjustment by restating the corresponding balances of Property, Plant and Equipment and Accumulated Losses as of that date. The effect of the restatement is disclosed in note 20. In management's view, the estimates of recoverable amount used in carrying out the foregoing impairment assessment and the resulting restatement are based on assumptions and judgments existing as of the date of such restatement i.e., 1 January 2022. However, due to the elapse of time and significant changes in market conditions since the date of restatement, we are unable to conclude whether those assumptions and judgments were reasonable as at 1 January 2022 and unaffected by the events, circumstances and information arising subsequent to the restatement date and therefore do not incorporate any hindsight. Accordingly, we were unable to conclude whether any adjustment is required to the reported amounts of the Properties and Accumulated Losses as of 1 January 2022 as well as to the amount of expenses reported in the statement of profit or loss and other comprehensive income for the comparative three-month and nine-month periods ended 30 September 2022. Our conclusion on these condensed consolidated interim financial statements is modified because of the possible effect of this matter on the comparability of the current period's figures and the corresponding figures.

Qualified Conclusion

Based on our review, except for the possible effects on the corresponding figures for the three-month and nine-month periods ended 30 September 2022 of the matter described in the basis for qualified conclusion section of our report, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements of Jabal Omar Development Company and its subsidiaries are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' as endorsed in the Kingdom of Saudi Arabia.

Emphasis of Matter

We draw attention to note 2.4 of the condensed consolidated interim financial statements, which indicates that as at the nine-month period ended 30 September 2023, the Group's current liabilities exceed its current assets by SR 564 million and the Group's forecasted cash flows net positive cashflow position for the next twelve months, from the reporting date, are significantly dependent upon debt financing and the Group's ability to sale of certain land parcels classified under Assets Held for Sale in the condensed consolidated statement of financial position as at 30 September 2023. As stated in note 2.4, these events and conditions along with other matters set forth therein, indicate that a material uncertainty exists 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.

KPMG Professional Services

Ebrahim Oboud Baeshen
License No. 382

Jeddah, 15 November 2023
Corresponding to 01 Jumada Al Awwal 1445H

JABAL OMAR DEVELOPMENT COMPANY
(A Saudi Joint Stock Company)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 September 2023

	Note	**30 September 2023 SR'000 (Unaudited)**	31 December 2022 SR'000 (Audited and restated)
ASSETS			
Non-current assets			
Property, plant and equipment	5	**21,425,460**	19,501,539
Intangible assets		**411**	573
Investment properties	6	**3,491,106**	5,047,841
Equity-accounted investee	7	**122,237**	126,652
Financial investment at fair value through profit or loss	8	**275,372**	283,762
Restricted cash-non current portion	9	**165,417**	242,590
Other non-current assets		**15,495**	17,453
Total non-current assets		**25,495,498**	25,220,410
Current assets			
Properties for development and sale	10	**21,069**	21,069
Other current assets		**37,312**	63,937
Trade and other receivables	11	**314,397**	389,634
Restricted cash-current portion	9	**744,843**	346,288
Cash and cash equivalents	9	**267,943**	340,384
Assets held for sale	2.4	**923,356**	130,749
Total current assets		**2,308,920**	1,292,061
Total assets		**27,804,418**	26,512,471
EQUITY AND LIABILITIES			
Equity			
Share capital		**11,545,342**	11,545,342
Share premium		**627,596**	627,596
Statutory reserve		**108,506**	108,506
Retained earnings		**237,546**	--
Reserve for advances to certain founding shareholders		**(285,674)**	(285,960)
Equity attributable to the equity holders of the Parent before subordinated perpetual instrument		**12,233,316**	11,995,484
Subordinated perpetual instrument	12(a)	**689,668**	689,668
Net equity attributable to the equity holders of the Parent after subordinated perpetual instrument		**12,922,984**	12,685,152
Non-controlling interest		**1,560**	1,560
Total equity		**12,924,544**	12,686,712

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

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

JABAL OMAR DEVELOPMENT COMPANY
(A Saudi Joint Stock Company)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)
As at 30 September 2023

	Note	**30 September 2023 SR'000 (Unaudited)**	31 December 2022 SR'000 (Audited and restated)
Liabilities			
Non-current liabilities			
Loans and borrowings – non-current portion	12	**11,199,848**	10,502,424
Provision for employees' terminal benefits		**38,295**	32,675
Other non-current liabilities		**769,177**	934,078
Total non-current liabilities		**12,007,320**	11,469,177
Current liabilities			
Loans and borrowings-current portion	12	**702,759**	478,621
Trade payables and other current liabilities		**1,683,493**	1,592,903
Zakat payable	15	**486,302**	285,058
Total current liabilities		**2,872,554**	2,356,582
Total liabilities		**14,879,874**	13,825,759
Total equity and liabilities		**27,804,418**	26,512,471

Muhammad Jawad
Acting Chief Financial Officer

Khaled Mohmmed Al Amoudi
Chief Executive Officer

Saeed Mohammed AlGhamdi
Chairman of the Board of Directors

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

JABAL OMAR DEVELOPMENT COMPANY
(A Saudi Joint Stock Company)

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

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

	Note	Three-month period ended 30 September 2023 SR'000	Three-month period ended 30 September 2022 SR'000	Nine-month period ended 30 September 2023 SR'000	Nine-month period ended 30 September 2022 SR'000
Revenue	13	**234,621**	218,630	**1,006,165**	609,922
Cost of revenue		**(187,098)**	(210,650)	**(599,710)**	(530,431)
Gross profit		**47,523**	7,980	**406,455**	79,491
Selling and marketing expenses		**(2,561)**	(445)	**(3,076)**	(1,552)
General and administration expenses		**(27,564)**	(54,162)	**(114,972)**	(115,771)
(Allowance) / reversal of financial loss on financial assets		**(2,365)**	(40,157)	**41,963**	(79,911)
Other operating income		**5,675**	3,487	**14,236**	6,448
Other operating expense		--	(9,566)	**(8,390)**	(12,681)
Operating profit / (loss)		**20,708**	(92,863)	**336,216**	(123,976)
Finance costs	14	**(119,875)**	(14,771)	**(305,437)**	(298,330)
Share of results from equity-accounted investee	7	**(408)**	1,121	**(4,416)**	4,707
Net gain on extinguishment of loan	2.4	--	259,618	--	259,618
Other income		**22,000**	--	**22,000**	--
Gain on disposal of asset held for sale	2.4	**390,427**	--	**390,427**	--
Profit / (loss) for the period before zakat		**312,852**	153,105	**438,790**	(157,981)
Zakat	15	**(7,397)**	--	**(201,244)**	--
Profit / (loss) for the period		**305,455**	153,105	**237,546**	(157,981)
Other comprehensive income		--	--	--	--
Total comprehensive income / (loss) for the period		**305,455**	153,105	**237,546**	(157,981)
Attributable to:					
Shareholders of the Parent Company		**305,455**	153,105	**237,546**	(157,981)
Non-controlling interests		--	--	--	--
		305,455	153,105	**237,546**	(157,981)
Earnings / (loss) per share (Saudi Riyals):					
Weighted average number of ordinary shares (number in thousand)		**1,154,534**	1,004,445	**1,154,534**	954,415
Earnings / (loss) per share attributable to ordinary equity holders of the Parent Company (basic and diluted)		**0.26**	0.15	**0.21**	(0.17)

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

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JABAL OMAR DEVELOPMENT COMPANY
(A Saudi Joint Stock Company)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the nine-month period ended 30 September 2023

	Attributable to equity holders of the Parent									
	Share capital SR'000	Share premium SR'000	Statutory reserve SR'000	(Accumulated losses) / retained earnings SR'000	Reserve for advances to certain founding shareholders SR'000	Equity attributable to the equity holders of the Parent before subordinated perpetual instrument SR'000	Subordinated perpetual instrument SR'000	Net Equity attributable to the equity holders of the Parent after subordinated perpetual instrument SR'000	Non-controlling interests SR'000	Total Equity SR'000
Balance at 1 January 2022 (Audited)	9,294,000	--	108,506	(1,179,491)	(285,960)	7,937,055	689,668	8,626,723	1,503	8,628,226
Adjustment (note 20)	--	--	--	(700,000)	--	(700,000)	--	(700,000)	--	(700,000)
Adjusted balance at 1 January 2022 (Restated)	9,294,000	--	108,506	(1,879,491)	(285,960)	7,237,055	689,668	7,926,723	1,503	7,928,226
Loss for the period	--	--	--	(157,981)	--	(157,981)	--	(157,981)	--	(157,981)
Other comprehensive income	--	--	--	--	--	--	--	--	--	--
Total comprehensive loss for the period	--	--	--	(157,981)	--	(157,981)	--	(157,981)	--	(157,981)
Issue of share capital under debt to equity swap (note 2.4)	2,251,342	2,917,739	--	--	--	5,169,081	--	5,169,081	--	5,169,081
Dissolution of subsidiary	--	--	--	(55,066)	--	(55,066)	--	(55,066)	--	(55,066)
Balance at 30 September 2022 (Restated)	11,545,342	2,917,739	108,506	(2,092,538)	(285,960)	12,193,089	689,668	12,882,757	1,503	12,884,260
Balance at 1 January 2023 (Restated) (note 20)	11,545,342	627,596	108,506	--	(285,960)	11,995,484	689,668	12,685,152	1,560	12,686,712
Profit for the period	--	--	--	237,546	--	237,546	--	237,546		237,546
Other comprehensive income	--	--	--	--	--	--	--	--	--	
Total comprehensive income for the period	--	--	--	237,546	--	237,546	--	237,546	--	237,546
Payments received against advance to certain founding shareholders	--	--	--	--	286	286	--	286	--	286
Balance at 30 September 2023 (Unaudited)	**11,545,342**	**627,596**	**108,506**	**237,546**	**(285,674)**	**12,233,316**	**689,668**	**12,922,984**	**1,560**	**12,924,544**

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

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

JABAL OMAR DEVELOPMENT COMPANY
(A Saudi Joint Stock Company)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)
For the nine-month period ended 30 September 2023

	Note	**For the nine-month period ended 30 September 2023 SR' 000**	2022 SR' 000
Cash flows from operating activities			
Profit / (loss) for the period before Zakat		**438,790**	(157,981)
Adjustments for:			
Depreciation on property, plant and equipment	5	**160,658**	174,992
Depreciation on investment properties	6	**17,032**	21,823
Amortization of intangible assets		**471**	3,958
Provision for employees' terminal benefits		**6,080**	2,191
(Reversal) / allowance for expected credit losses	11.1	**(41,963)**	79,911
Share of results of investment in an equity-accounted investee	7	**4,416**	(4,707)
Finance costs	14	**305,437**	298,330
Change in fair value of financial investment – at fair value through profit or loss	8	**8,390**	8,816
Gain from disposal / write-offs of property, plant and equipment		**(152)**	(5,015)
Other income		**(22,000)**	--
Gain on disposal of asset held for sale	2.4	**(390,427)**	--
Net gain on extinguishment of loan	2.4,12	--	(259,618)
		486,732	162,700
Working capital adjustments:			
Other non-current assets		**1,958**	(3,042)
Properties for development and sale		--	12,355
Other current assets		**26,625**	33,787
Trade and other receivables		**(283,091)**	(104,208)
Other non-current liabilities		**(164,901)**	(22,079)
Trade payables and other current liabilities		**68,272**	(136,356)
Cash generated from / (used in) operations		**135,595**	(56,843)
Finance costs paid		**(316,494)**	(260,357)
Employees' termination benefits paid		**(460)**	(1,664)
Net cash used in operating activities		**(181,359)**	(318,864)
Cash flows from investing activities			
Additions to property, plant and equipment	5	**(640,052)**	(816,436)
Purchase of intangible assets		**(309)**	(165)
Additions to investment properties	6	--	(483)
Net change in restricted cash balances	9	**(321,382)**	383,828
Proceeds from disposal of property, plant and equipment		**161**	--
Proceeds from disposal of asset held for sale	2.4	**521,176**	--
Net cash used in investing activities		**(440,406)**	(433,256)

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

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED) (continued)
For the nine-month period ended 30 September 2023

	Note	For the nine-month period ended 30 September 2023 SR' 000	2022 SR' 000
Cash flows from financing activities			
Payments received against advance to certain founding shareholders		**286**	--
Proceeds from loans and borrowings		**646,673**	1,072,967
Repayment of loans and borrowings		**(97,635)**	(323,665)
Net cash generated from financing activities		**549,324**	749,302
Net decrease in cash and cash equivalents		**(72,441)**	(2,818)
Cash and cash equivalents at beginning of the period	9	**340,384**	328,427
Cash and cash equivalents at end of the period	9	**267,943**	325,609
Major non-cash supplemental information:			
Capitalization of borrowing costs on property, plant and equipment	5(a)	**405,756**	28,961
Capitalization of borrowing costs on investment properties	6(a)	**68,113**	66,496
Transfer from property, plant and equipment to properties for development and sale	10	**6,845**	10,912
Transfer to property, plant and equipment from investment properties	5	**1,607,816**	--
Issue of share capital under debt to equity swap		--	2,251,342
Trade and other receivables		--	227,821
Trade and payables and other current liabilities		--	259,760

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

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

1. CORPORATE INFORMATION

Jabal Omar Development Company ("the Company" or “the Parent Company”), a Saudi Joint Stock Company, was established under the Regulations for Companies in the Kingdom of Saudi Arabia (“KSA”) as per Royal Decree No. M/63, dated 18 October 2006 (corresponding to 25 Ramadan 1427H). The Ministerial Resolution No. 253/S dated 29 October 2007 (corresponding to 17 Shawal 1428H) declared the incorporation of the Company. The Company is registered in Makkah Al Mukkaramah City under Commercial Registration number 4031051838 dated 25 November 2007 (corresponding to 15 Dhul Qida 1428H).

The Company and its subsidiaries (collectively referred to as 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.

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 three non operational branches bearing commercial registration numbers 4030291056, 4031097883 and 4031098207 respectively.

Name	***Commencement of operation***	***Registration number***	***Registration date***	***SCTA’s-letter No.***	***SCTA’s-letter date***
Jabal Omar Hilton Suites Hotel (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)
Jabal Omar Hyatt Regency Hotel (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)
Jabal Omar Conrad Hotel (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)
Jabal Omar Hilton Hotel (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)
Jabal Omar Doubletree by Hilton Hotel (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)
Jabal Omar Marriott Hotel	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)
Jabal Omar Address Al Bawaba Makkah (Address)*	06 June 2023 (corresponding to 17 Dhul Qidah 1444H)	4031215100	28 May 2018 (corresponding to 9 Ramadan 1439H)	10006429	16 May 2023 (corresponding to 26 Shawwal 1444H)
Jabal Omar Jumeirah Hotel*	03 September 2023 (corresponding to 18 Safar 1445H)	4031247845	28 February 2021 (corresponding to 16 Rajab 1442H)	10002521	28 August 2023 (corresponding to 12 Safar 1445)

1. CORPORATE INFORMATION (continued)

*During the period ended 30 September 2023, the operations of the respective hotel have partially commenced.

These condensed consolidated interim financial statements comprise the financial statements of the Company and its subsidiaries (together referred to as the ‘Group’). Subsidiaries are entities controlled by the Group. The Group is incorporated in the Kingdom of Saudi Arabia except for Jabal Omar Sukuk Company Limited which is incorporated in the Cayman Island. The Company has the following dormant subsidiaries as at 30 September 2023:

Name of the Subsidiary	*Registration Number*	*Registration date*	*Ownership interest*	*Financial year end*	*Principal Activities*
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
Alyaat for Marketing Company	4030326220	05 March 2019 corresponding to 27 Jumada Al-Thani 1440H	100%	31 December	Marketing services
Jabal Omar Sukuk Company Limited	334209	12 March 2018 corresponding to 24 Jumada Al Thani 1439H	100%	31 December	Issuance of sukuks

Alinma Makkah Real Estate Fund and Shamikhat Company for Investment and Development, the subsidiaries with ownership interest of 16.42% and 100% respectively was liquidated during the year ended 31 December 2022. In addition to above, Ishrakat for Logistic services Company a subsidiary with ownership interest of 100% was liquidated during the nine month period ended 30 September 2023.

2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

2.1 Statement of compliance

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

These condensed consolidated interim financial statements do not include all the information and disclosures required for a complete set of financial statements prepared in accordance with IFRS as endorsed in the KSA and should therefore be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2022 (“last annual consolidated financial statements”). However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance since the last annual consolidated financial statements. In addition, results for the interim period ended 30 September 2023 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2023.

2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE (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:

Items	Measurement basis
Provisions for employee terminal benefits	Present value of the defined benefit obligation using projected credit unit method
Financial investment at fair value through profit or loss	Fair value

2.3 Functional and presentation currency

These condensed consolidated interim financial statements are presented in Saudi Riyals (SR), which is also the functional currency of the Group. All figures are rounded off to the nearest thousands (SR '000) unless when otherwise stated.

2.4 Going concern basis of accounting

The condensed consolidated interim financial statements have been prepared on a going concern basis, which assumes that the Group will be able to discharge its liabilities including the mandatory repayment terms of the banking facilities as disclosed in note 12. The Group utilizes debt financing to fund the development of each of the Project's phases under construction. Furthermore, in the past, the revenues from the Group's operational assets (which mainly consists of the hotels and commercial malls) were insufficient to meet the servicing requirements of the Group's debt structure, therefore the Group entered into various loan restructuring agreements in prior years.

The Group generated negative operating cash flows amounting to SR 181 million during the nine month period ended 30 September 2023, and as of that date, the Group's current liabilities exceeded its current assets by SR 564 million (31 December 2022: SR 1,065 million). Moreover, as at 31 December 2022, the Group had accumulated losses of SR 1,590 million, which were set off against the available share premium balance as of that date pursuant to the Board of Directors (BOD) resolution and as permitted by applicable regulations. However, subsequent to the restatement mentioned in note 20, the restated accumulated losses as at 31 December 2022 amount increased to SR 0.7 billion which was ratified by the BOD to set off against the available share premium as at that date i.e. 31 December 2022. Accordingly, subsequent to the restatement, accumulated losses as at 31 December 2022 amount to SR nil.

As such, 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 and which can potentially adversely impact the Group's ability to realise its assets and discharge its liabilities in the normal course of business.

As at 30 September 2023, the Group's financial liabilities based on contractual undiscounted cash flows maturing within the next 12 months amounts to SR 2.23 billion comprising of loan and borrowings and trade payable and other current liabilities amounting to SR 703 million and SR 1,524 million, respectively.

2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE (continued)

2.4 Going concern basis of accounting (continued)

In assessing the appropriateness of applying the going concern basis in the preparation of these condensed consolidated interim financial statements, the Group's management has developed a plan to enable the Group to meet both its obligations as they become due and to continue its operations, without significant curtailment, as a going concern. The plan comprises and is dependent upon the Group's liquidity and forecasted cash flows considering reasonably possible outcomes over a 12-month period from the date of approval of these condensed consolidated interim financial statements. This plan principally includes:

- During the nine month period ended 30 September 2023, the Group has sold a plot of land with an area of 3,066 square meter located in phase 5 for a consideration of SR 521 million, which had a carrying amount of SR 131 million.

- Furthermore, the Group's intention is to sell certain plots of undeveloped land (as mentioned above) and the expectation is to generate aggregate cash amounting to SR 3.6 billion within 12 months from the date of the condensed consolidated statement of financial position.

- During the nine month period ended 30 September 2023, the Group received an offer from a buyer to purchase a plot of land with an area of 3,882 square meter located in phase 5. Furthermore, the Group appointed a bidding agent for the sale of two more plots of land with an area of 7,503 and 5,649 square meter respectively, located in phase 6 (refer note 5).

- As at the reporting date, these three plots of land meet the criteria for being classified as held for sale under IFRS 5 and has accordingly presented as such in these consolidated financial statements (refer note 5).

  Movement in assets held for sale during the period ended 30 September 2023 is as follows:

	30 September 2023 (Unaudited) SR'000	31 December 2022 (Audited) SR'000
Opening balance	**130,749**	--
Transferred from property, plant and equipment (note 5)	**923,356**	130,749
Sold during the period	**(130,749)**	--
Closing balance	**923,356**	130,749

- During the year ended 31 December 2022, the Company entered into a swap agreement ("the Swap Agreement") with Alinma Investment Company ("the Fund Manager") on behalf of Alinma Makkah Real Estate Fund ("the Fund") the Group's investee and also lessor for a finance lease obligation entered into to settle the entire lease obligations that the Company held towards the Fund against the issue of shares to the unitholders of the Fund and extinguishment of Group' investment in the Fund.

2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE (continued)

2.4 Going concern basis of accounting (continued)

In this respect, the shareholders of the Company approved the Board of Directors recommendation to increase the Company's share capital from SR 9,294 million to SR 11,545 million in the extra ordinary general meeting, representing an increase of 24.22% in the Company's existing share capital, for the purpose of converting the entire lease obligation owed by the Company towards the Fund by issuing 2.2 million new shares in the Company to the Fund unitholders for each unit they own in the Fund at an agreed exchange ratio of 0.442 for each unit of the Fund in accordance with Article (138)(b) of the Companies Law, Article (56) of the Rules on the Offer of Securities and Continuing Obligations, and pursuant to the terms and conditions of the corresponding agreement at a share premium amounting to SR 2.9 billion. Consequently, the Swap Agreement was completed, and the debt to-equity conversion took place on 1 September 2022 (corresponding to 5 Safar 1444H) whereby the lease liability was settled against the investment made by the Company in the Fund as well as through the issuance of new shares which resulted in a gain of SR 259 million which has been recognised in the statement of profit or loss for the respective period under non-operating income. Moreover, the finance charges accrued during the year ended 31 December 2022 amounting to SR 315 million had also been reversed. On 1 September 2022 (corresponding to 5 Safar 1444H), the Fund Manager announced the expiry of the term of the Fund.

- The Group plans to fully operationalise two more hotels (Jabal Omar Address Al Bawaba Makkah and Jabal Omar Jumeirah Hotel), which are expected to increase the operating revenue of the Group. Both hotels have started partial operations during the nine-month period ended 30 September 2023 (note 1).

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

2.5 Significant accounting judgments, estimates and assumptions

The preparation of the Group's condensed consolidated interim financial statements requires management to make judgments and estimates that affect the application of accounting policies and the reported amounts of income, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities.

The significant judgments made by management in applying the Group's accounting policies, the methods of computation and the key sources of estimation uncertainty were the same as those described in the financial statements for the year ended 31 December 2022.

3. CHANGES TO THE GROUP'S ACCOUNTING POLICIES

The accounting policies and methods of calculation adopted in the preparation of the condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2022, except for the adoption of new standards given below effective from 1 January 2023. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

3. CHANGES TO THE GROUP'S ACCOUNTING POLICIES (continued)

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

Amendments to Standards

The following table lists the recent changes to the Standards that are required to be applied for annual period beginning after 1 January 2023 and that are available for early adoption in annual periods beginning on 1 January 2023. The adoption of the following amendments to the existing standards had no significant impact on the condensed consolidated interim financial statements of the Group on the current period or prior periods and is expected to have no significant effect in the future periods.

Standard / Interpretation	**Description**	**Effective from periods beginning after the following date**
IAS 8	Definition of Accounting Estimate (Amendments to IAS 8)	1 January 2023
IAS 12	Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction – Amendments to IAS 12 Income Taxes	1 January 2023
IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)	1 January 2023
IAS 12	International Tax Reform-Pillar Two Model Rules	23 May 2023

Standards and Amendments Issued but Not Yet Effective

The standards, interpretations and amendments issued, but not yet effective up to the date of issuance of the condensed interim financial statements are disclosed below. The Group intends to adopt these standards, where applicable, when they become effective

Standard / Interpretation	**Description**	**Effective from periods beginning after the following date**
IFRS 16	Lease Liability in a Sales and Leaseback	1 January 2024
IAS 1	Classification of liabilities as current or non-current (Amendments to IAS 1) And	1 January 2024
IAS 1	Non- current liabilities with covenants (amendments to IAS 1)	1 January 2024
IAS 7 and IFRS 7	Supplier Finance Arrangements	1 January 2024
IFRS S1	General Requirements for Disclosure of Sustainability-related Financial Information	1 January 2024
IFRS S2	Climate-related Disclosures	1 January 2024
IAS 21	Lack of Exchangeability	1 January 2025
IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)	Available for optional adoption / effective date deferred indefinitely

4. BASIS OF CONSOLIDATION

These condensed consolidated interim financial statements comprise of the condensed consolidated statement of financial position, condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity, condensed consolidated statement of cash flows and notes to the condensed consolidated interim financial statements of the Group and include assets, liabilities and the results of the operations of the Company and its subsidiaries, as set out in note 1.

5. PROPERTY, PLANT AND EQUIPMENT

	Lands SR' 000	Buildings SR' 000	Central District Cooling System SR' 000	Equipment SR' 000	Furniture and fixtures and other assets SR' 000	Infra-structure assets SR' 000	Capital work in progress SR' 000	Total SR' 000
Cost:								
Balance at 1 January 2022 (Audited)	3,018,543	4,207,847	1,019,022	1,970,255	742,323	429,057	9,113,375	20,500,422
Additions during the year	--	--	--	1,555	5,195	--	1,315,132	1,321,882
Disposals / write offs during the year	--	--	--	--	(252,869)	--	--	(252,869)
Transfer to asset held for sale (note 2.4)	(130,749)	--	--	--	--	--	--	(130,749)
Transfers to investment properties and properties for development and sale (note 6 and 10)	--	--	--	--	(2,638)	--	(37,557)	(40,195)
Balance at 31 December 2022 (Audited)	2,887,794	4,207,847	1,019,022	1,971,810	492,011	429,057	10,390,950	21,398,491
Additions during the period	--	39	--	692	4,520	--	1,401,722	1,406,973
Disposals during the period	--	--	--	--	(466)	--	--	(466)
Transfer to assets held for sale (note 2.4)	(923,356)	--	--	--	--	--	--	(923,356)
Transfers to properties for development and sale (note 10)	--	--	--	--	--	--	(6,845)	(6,845)
Transfer from investment properties (note 5(b))	--	394,237	--	188,961	--	38,371	1,083,282	1,704,851
Balance at 30 September 2023 (Unaudited)	**1,964,438**	**4,602,123**	**1,019,022**	**2,161,463**	**496,065**	**467,428**	**12,869,109**	**23,579,648**
Accumulated depreciation and impairment losses:								
Balance at 1 January 2022 (Audited)	--	234,661	153,681	332,535	364,207	45,822	--	1,130,906
Adjustment (note 20)	--	150,261	--	29,549	7,603	8,553	504,034	700,000
Balance at 1 January 2022 (Restated)	--	384,922	153,681	362,084	371,810	54,375	504,034	1,830,906
Depreciation for the year	--	49,873	34,227	81,597	59,130	7,984	--	232,811
Disposals / write offs during the year	--	--	--	--	(165,652)	--	--	(165,652)
Transfers to investment properties and properties for development and sale (note 6 and 10)	--	--	--	--	(1,113)	--	--	(1,113)
Balance at 31 December 2022 (Restated)	--	434,795	187,908	443,681	264,175	62,359	504,034	1,896,952
Depreciation for the period	--	36,410	25,670	61,181	31,189	6,208	--	160,658
Disposals during the period	--	--	--	--	(457)	--	--	(457)
Transfer from investment properties (note 5(b))	--	31,581	--	57,936	--	7,518	--	97,035
Balance at 30 September 2023 (Unaudited)	**--**	**502,786**	**213,578**	**562,798**	**294,907**	**76,085**	**504,034**	**2,154,188**
Net book value:								
At 30 September 2023 (Unaudited)	**1,964,438**	**4,099,337**	**805,444**	**1,598,665**	**201,158**	**391,343**	**12,365,075**	**21,425,460**
At 31 December 2022 (Restated)	2,887,794	3,773,052	831,114	1,528,129	227,836	366,698	9,886,916	19,501,539
At 31 December 2022 (Audited)	2,887,794	3,923,313	831,114	1,557,678	235,439	375,251	10,390,950	20,201,539

5. PROPERTY, PLANT AND EQUIPMENT (continued)

a) During the period ended 30 September 2023, an amount of SR 405.8 million (31 December 2022; SR 106.1 million) was capitalized as borrowing cost for the construction of property plant and equipment included in capital work in progress. Further, the capitalization rate used to determine the amount of borrowing cost to be capitalized is the weighted average interest rate applicable to the Group general borrowing during the period, in this case 8.15% per annum (31 December 2022: 5.10% per annum).

b) During the period, certain assets were transferred from investment properties to property, plant and equipment due to the change in use from rental purposes to owner operated assets.

c) Due to the outbreak of COVID 19 and other factors set out in note 2.4, management carried out an impairment exercise in relation to its assets included under property, plant and equipment and investment properties, in current and as well as prior periods. As part of this exercise, management has carried out the impairment assessment at the level of hotels and commercial centers by comparing the carrying amount of respective CGUs with its corresponding recoverable amount that is determined using income approach, as well as, at the level of each zone, comprising of interconnected structures, by comparing the carrying amount of respective CGUs with its corresponding recoverable amount determined on the basis of the sale of land after demolition of associated buildings either currently or in future. The details of the foregoing valuation assessment are set out below:

Cash Generating Unit ("CGU")	Carrying amount as at 30 September 2023*
	SR' 000
1 – Operating hotels and commercial centers	2,193,142
2 – Operating hotel and commercial center	1,251,348
3 – Operating hotel and commercial center	963,927
4 – Operating hotel and commercial center	1,885,029
5 – Hotel and commercial center under construction	3,675,041
6 – Hotel and commercial center under construction / operating hotel	6,126,105
7 – Hotel and commercial centers under construction	2,057,764
8 – Hotels and commercial centers under construction	3,475,938
9 – Undeveloped land	118,700
10 – Undeveloped land	215,474
11 – Undeveloped land	254,167
12 – Undeveloped land	337,595
13 – Undeveloped land	119,491
14 – Undeveloped land	116,583
15 – Undeveloped land	115,876
16 – Undeveloped land	92,954
17 – Undeveloped land	104,226
18 – Undeveloped land	77,358
19 – Undeveloped land	77,256
20 – Undeveloped land	85,308
21 – Undeveloped land	141,575
22 – Undeveloped land	19,471

* All CGUs are stated at the lower of their recoverable amount and carrying values.

5. PROPERTY, PLANT AND EQUIPMENT (continued)

Details of the valuation approaches and key assumptions used are as follows:

Valuation approach	Key inputs and assumptions used
Recoverable amount based on income approach	• Discount rate • Average occupancy rate • Average daily rate • Cost to complete • Commercial lease rate per square meter • Growth rate of cashflows
Recoverable amount based on income approach with exit value based on sale of associated land	• Discount rate • Average occupancy rate • Average daily rate • Cost to complete • Commercial lease rate per square meter • Growth rate of cashflows and land value at disposal • Demolition cost
Recoverable amount based on immediate sale of lands under market approach	• Relevant comparable transactions • Adjustments applied and Weightages allocated to comparable transaction • Overall market situation and growth • Demolition cost

The estimated recoverable amounts based on the above approaches are sensitive to the following selected significant assumptions:

Input/assumption description	Value	Sensitivity
Discount rate	8%	+/- 1%
Average occupancy rate	6% - 81%	+/- 1%
Average daily rate (in SR)	607 – 1,921	+/- 5%
Commercial lease rate per square meter (in SR)	39,546 – 147,658	+/- 1%
Growth rate of cashflows and land value at disposal	2%	+/- 1%
Demolition cost rate per square meter (in SR)	130	+/- 0.5%
Relevant comparable transactions (actual transactions)	SR 170,000 per square meter to SR 323,000 per square meter	N/A
Adjustments applied to comparable transaction	Various adjustments applied based on the similarity / dissimilarity of the subject property with the comparable	+/- 5%
Overall market situation and growth	0 - 15%	+/- 5%

6. INVESTMENT PROPERTIES

	Land SR' 000	Buildings SR' 000	Equipment SR' 000	Infrastructure assets SR' 000	Capital work in progress SR' 000	Total SR' 000
Cost:						
Balance at 1 January 2022 (Audited)	1,339,673	879,983	367,215	92,335	2,504,585	5,183,791
Transfer from property, plant and equipment (note 5)	--	--	2,638	--	--	2,638
Additions during the year	--	--	483	--	51,431	51,914
Balance at 31 December 2022 (Audited)	1,339,673	879,983	370,336	92,335	2,556,016	5,238,343
Transfer to property, plant and equipment (note 5(b))	--	(394,237)	(188,961)	(38,371)	(1,083,282)	(1,704,851)
Additions during the period	--	--	--	--	68,113	68,113
Balance at 30 September 2023 (Unaudited)	**1,339,673**	**485,746**	**181,375**	**53,964**	**1,540,847**	**3,601,605**
Accumulated depreciation:						
Balance at 1 January 2022 (Audited)	--	49,965	89,774	20,024	--	159,763
Transfer from property, plant and equipment (note 5)	--	--	1,113	--	--	1,113
Depreciation for the year	--	10,613	17,088	1,925	--	29,626
Balance at 31 December 2022 (Audited)	--	60,578	107,975	21,949	--	190,502
Transfer to property, plant and equipment (note 5(b))	--	(31,581)	(57,936)	(7,518)	--	(97,035)
Depreciation for the period	--	6,366	9,441	1,225	--	17,032
Balance at 30 September 2023 (Unaudited)	**--**	**35,363**	**59,480**	**15,656**	**--**	**110,499**
Net book value:						
At 30 September 2023 (Unaudited)	**1,339,673**	**450,383**	**121,895**	**38,308**	**1,540,847**	**3,491,106**
At 31 December 2022 (Audited)	1,339,673	819,405	262,361	70,386	2,556,016	5,047,841

6. INVESTMENT PROPERTIES (continued)

a) Investment properties comprised commercial centers and parking areas. Developed commercial centers and parking areas generate income through lease agreements. However, during the period ended 30 September 2023, parking areas were transferred from investment properties to property, plant and equipment due to the change in use from rental purposes to owner operated assets. During nine-month period ended 30 September 2023 SR 68.1 million (31 December 2022: SR 51.4 million) was capitalized as borrowing costs due to construction of investment properties included in capital work in progress. Furthermore, the capitalization rate used to determine the amount of borrowing costs to be capitalized is the weighted average interest rate applicable to the Group's general borrowings during the period, in this case 8.15% per annum (31 December 2022: 5.1 % per annum).

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

c) Refer note 5 for key assumptions and information about fair value measurements using significant unobservable input.

7. EQUITY-ACCOUNTED INVESTEE

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

During the nine-month period 30 September 2023, the Group has recorded share of loss amounting to SR 4.4 million (30 September 2022: share of profit amounting to SR 4.7 million).

8. FINANCIAL INVESTMENT AT FAIR VALUE THROUGH PROFIT OR LOSS

		Carrying value as at		Unrealized loss as at	
	Note	**30 September 2023 (Unaudited) SR'000**	31 December 2022 (Audited) SR'000	**30 September 2023 (Unaudited) SR'000**	31 December 2022 (Audited) SR'000
Non-current assets					
Al Bilad Makkah Hospitality Fund	(a)	**275,372**	283,762	(8,390)	(20,360)

a) This represents investment in 20 million units (31 December 2022: 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'), fair valued using level 3 unobservable inputs. 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 management financial information of the investee for the six month period ended 30 June 2023, the indicative NAV per unit amounts to SR 13.77, which has accordingly been used as a valuation basis of the Group's investment as at 30 September 2023 as the Group management believe that there have been no major change in circumstances during the period.

There were no transfers in the fair value levels during the period ended 30 September 2023.

9. CASH AND CASH EQUIVALENTS

	30 September 2023 (Unaudited) SR'000	31 December 2022 (Audited) SR'000
Cash on hand	**1,406**	70
Cash at banks	**495,372**	697,767
Term deposits less than three months (see note (a) below)	**681,425**	231,425
	1,178,203	929,262
Less: Restricted cash – non-current (see note (a) below)	**(165,417)**	(242,590)
Less: Restricted cash – current (see note (a) below)	**(744,843)**	(346,288)
Cash and cash equivalents	**267,943**	340,384

a) These represent Murabaha deposits placed with commercial banks having original maturity of three months or less and yielding profit at prevailing market rate. Further, these Murabaha deposits are restricted under reserve accounts as per the corresponding loan arrangements with commercial banks.

b) The cash is held in accounts with banks having sound credit ratings. The fair value of cash and cash equivalent and restricted cash approximates the carrying value at 30 September 2023 and 31 December 2022.

10. PROPERTIES FOR DEVELOPMENT AND SALE

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

Movement during the period ended 30 September 2023 is as follows:

	30 September 2023 (Unaudited) SR'000	31 December 2022 (Audited) SR'000
Opening balance	**21,069**	24,806
Transfer from property, plant and equipment (note 5)	**6,845**	37,557
	27,914	62,363
Less: Charged to cost of revenue	**(6,845)**	(41,294)
	21,069	21,069

At 30 September 2023 and 31 December 2022, the net realizable value of the properties is assessed to be higher than their carrying value.

11. TRADE AND OTHER RECEIVABLES

	30 September 2023 (Unaudited) SR'000	31 December 2022 (Audited) SR'000
Receivables from contract with customers	**47,977**	36,956
Receivables from rental arrangements and land sale	**122,360**	205,985
Contract assets	**--**	12,519
Advances to suppliers	**82,983**	132,565
Other receivables	**117,134**	101,410
	370,454	489,435
Less: Allowance for expected credit losses (note 11.1)	**(56,057)**	(99,801)
	314,397	389,634

Trade receivables are non-derivative financial assets carried at amortised cost and are generally on terms of 90 to 180 days. The carrying value may be affected by changes in the credit risk of the counterparties. It is not the practice of the Group to obtain collateral over third party trade receivables and these are, therefore, unsecured. The Group's trade receivables are concentrated in the Kingdom of Saudi Arabia. As at 30 September 2023, five largest customers accounted for 63% (31 December 2022: 54%) of the outstanding trade receivables. Due to short-term nature of the trade receivables, their carrying amounts are considered to approximate their fair values.

11.1 Movement in allowance for credit losses against trade and other receivables are as follows:

	30 September 2023 (Unaudited) SR'000	31 December 2022 (Audited) SR'000
Opening balance	**99,801**	60,689
(Reversal) / charge for the period / year	**(41,963)**	49,079
Provision written off against receivables	**(1,781)**	(9,967)
Closing balance	**56,057**	99,801

12. LOANS AND BORROWINGS

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

Non-current portion

	30 September 2023 (Unaudited) SR'000	31 December 2022 (Audited) SR'000
Government loan (note (a) below)	**1,475,102**	1,378,951
Syndicate loan (note (b) below)	**5,877,400**	5,388,035
Accrued Commission	**219,427**	225,161
Facility from a local bank (note (c) below)	**785,800**	928,600
Facility from local bank (note (d) below)	**1,463,000**	1,600,000
Facility from local bank (note (e) below)	**--**	29,150
Facility from local bank (note (g) below)	**1,423,570**	1,007,477
	11,244,299	10,557,374
Less: Deferred financial costs	**(44,451)**	(54,950)
	11,199,848	10,502,424

12. LOANS AND BORROWINGS (continued)

Current portion

	30 September 2023 (Unaudited) SR'000	31 December 2022 (Audited) SR'000
Facility from a local bank (note (c) below)	**142,800**	71,400
Accrued commission	**13,966**	24,216
Facility from a local bank (note (d) below)	**137,000**	--
Accrued commission	**110,342**	95,920
Facility from a local bank (note (e) below)	**29,150**	26,235
Accrued commission	**2,125**	925
Subordinated Sukuk (note (f) below)	**254,380**	252,585
Accrued commission (note (f) below)	**9,434**	4,888
Accrued commission (note (g) below)	**11,623**	10,513
	710,820	486,682
Less: Deferred financial costs	**(8,061)**	(8,061)
Current portion	**702,759**	478,621

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

During the period from 2016 to 2020, the Group received extension in settlement of this loan.

During 2021, the Group entered into a loan restructuring agreement with MoF that involved significant modifications of the loan terms, including the waiver of the accrued commission, capitalization of commission for certain period for commencing repayments, revision in commission rates and conversion of SR 1.5 billion of the total existing loan amount into a new unsecured Shariah-compliant subordinated perpetual instrument ("Perpetual instrument"), and maturity extension of the remaining secured SR 1.5 billion to 31 March 2031, with bullet payment ("Bullet Loan").

The SR 1.5 billion Perpetual instrument includes the following main features:

1. Waiver of the entire accrued and unpaid profit amounting to SAR 457 million.
2. The Perpetual instrument does not carry a contractual maturity nor does the government entity hold a contractual right to redemption or repayment in the ordinary course of Group's business.

Moreover, the Group may elect not to make any of the profit payments, except in the event of distribution of dividend to ordinary shareholders, and such non-payment of profit shall neither accumulate nor be considered an event of default.

The Group has analysed the Perpetual Instrument having features of an equity instrument under IAS-32 and hence classified the instrument under equity at its fair value on the date of debt conversion.

The SR 1.5 billion Bullet Loan is repayable semi-annually starting from 31 December 2026 with final maturity on 31 March 2031. The Bullet loan carries a profit payable annually starting immediately from the date of restructuring.

12. LOANS AND BORROWINGS (continued)

Pursuant to receipt of binding term sheets from MoF, confirmation from the facility agent and approval of Board of Directors (BoD) of acceptance of term sheets, the Group derecognized the old facility and recognized new facilities. The changes in the terms of the original MoF loan constitute a substantial modification and, accordingly, the difference between the pre-restructuring loan carrying amount and the fair value of the Perpetual Instrument and Bullet Loan, amounting to SR 1.4 billion, has been recognized as net gain on loan restructuring in the condensed consolidated interim statement of profit or loss and other comprehensive income. The Group management is in the process of finalizing the facilities agreement as at 30 September 2023.

The Group has pledged plots of land in phase 3 and phase 7 with a carrying amount of SR 728.6 million to the lender as mortgage against the loan.

b) This represents a syndicated Islamic loan agreement with two local banks.

c) This represents secured long term loan facility agreement with a local bank.

d) This represents secured long term loan facility agreement with a local bank.

e) This represents unsecured long term loan facility agreement with a local bank.

f) This represents a sharia compliant unsecured and subordinated private Sukuk with a maturity date of 15 November 2023. The sukuks were issued under wholly owned subsidiary ‘Jabal Omar Sukuk Company Limited’ in United States Dollars.

g) This represents secured long term loan facility agreement with a local bank.

13. REVENUE

	For the nine-month period ended 30 September	
	2023	2022
	(Unaudited)	(Unaudited)
	SR’000	SR’000
Revenue from contract with customers	**919,948**	540,787
Revenue from rental income	**86,217**	69,135
	1,006,165	609,922

13. REVENUE (continued)

13.1 Disaggregation of revenue from contract with customers

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

	For the nine-month period ended 30 September (Unaudited)							
	Operating Hotels		Commercial centers		Properties for development and sale		Total	
	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022
	SR'000	SR'000	**SR'000**	SR'000	**SR'000**	SR'000	**SR'000**	SR'000
Type of revenue:								
Sale of Properties for development and sale	**--**	--	**--**	--	**45,724**	38,322	**45,724**	38,322
Hotel's operations	**874,224**	502,465	**--**	--	**--**	--	**874,224**	502,465
Lease of Commercial center	**--**	--	**86,217**	69,135	**--**	--	**86,217**	69,135
	874,224	502,465	**86,217**	69,135	**45,724**	38,322	**1,006,165**	609,922
Timing of revenue recognition:								
Point-in-time	**193,225**	107,314	**--**	--	**--**	--	**193,225**	107,314
Over time	**680,999**	395,151	**86,217**	69,135	**45,724**	38,322	**812,940**	502,608
Total Revenue from contract with customers	**874,224**	502,465	**86,217**	69,135	**45,724**	38,322	**1,006,165**	609,922

13.2 The customers for operating hotels are represented by various diversified members of general public from all over the world. The customers for commercial centers are represented by shop owners in KSA. While the customer for properties for development and sale are largely represented by members of general public. There is no significant concentration of revenue to specific customers in any of the segments.

14. FINANCE COSTS

	For the nine-month period ended 30 September	
	2023	2022
	(Unaudited)	(Unaudited)
	SR'000	SR'000
Finance cost on leasing arrangement and other non-current liabilities	**28,575**	29,193
Finance cost on loan arrangements (a)	**276,862**	269,137
	305,437	298,330

a) This includes modification loss amounting to SR nil (30 September 2022: SR 79.91 million).

15. ZAKAT

During nine-month period ended 30 September 2023, the Group has recorded zakat charge of SR 201 million for the current and prior periods (30 September 2022: SR nil).

Status of assessments

The Group has filed Zakat returns for all periods / years up to and including 31 December 2022.

In prior periods, ZATCA had raised an additional zakat demand of SR 421 million in respect of the years ended 30 Dhul Hijjah 1434H (corresponding to 4 November 2013) to 1437H (corresponding to 2016) along with the periods ended 15 Rajab 1438H (corresponding to 12 April 2017) and 31 December 2018. The Group filed an appeal against the additional demand based on which during the year ended 31 December 2022 the Tax Violation and Dispute Appellate Committee (TVDAC) issued a notification in respect of the appeal revising the Zakat demand to SR 354 million. The Group submitted a request for reconsideration with TVDAC. During the nine-month period ended 30 September 2023, TVDAC rejected the subject matter of the reconsideration appeal, which resulted in the Company's commitment to pay the amount of Zakat assessed for the aforementioned years, accordingly, Zakat assessments for the years from 1434H (corresponding to 2013) to 2018G have been finalized and the Group has booked the required provision during the nine-month period ended 30 September 2023.

During the year ended 31 December 2021, ZATCA issued assessments for the years 2019 and 2020 raising an additional zakat demand of SR 209 million. The Group submitted an appeal in respect of the foregoing assessments based on which the Tax Violation and Dispute Resolution Committee (TVDRC) rendered its decision on the Group's appeal revising the additional Zakat demand to SR 189 million. Later, ZATCA cancelled the assessment for the year 2019, and the Group agreed on ZATCA cancellation and sent an acceptance letter to TVDAC during the nine-months period ended 30 September 2023. For the year 2020, the Group has filed an appeal with the TVDAC against TVDRC's decision. As at the reporting date, TVDAC's response is awaited in this respect.

Furthermore, in lieu of the above developments, while TVDAC through it's decision on zakat assessments for the years from 1434H (corresponding to 2013) to 2018G has disallowed deductions pertaining to certain balances including restricted cash balance and investment in the funds along with other similar matters, however, management believes that considering the basis / reasons for rejections, the Company has sufficient grounds to successfully contest any tax contingencies arising out of the years currently under review with TVDAC as well as for the unassessed years. Nonetheless based on management best estimate any non contestable exposures have been adequately provided for.

Accordingly, as at 30 September 2023, management has recognized a provision representing its best estimate of the amount required to settle all Zakat exposures, including pending assessments and appeals thereagainst, up to and including the period ending 30 September 2023. However, the assessment pending with TVDAC for year 2019 and 2020 as well as for unassessed years, continue to represent tax contingencies due to the uncertainty associated with the timing and / or amount of eventual settlement.

16. RELATED PARTIES TRANSACTIONS AND BALANCES

Related parties include key management personnel of the Group, and entities controlled, jointly controlled, or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Group's management and transactions with related parties are carried out at agreed terms. Following is the list of certain key related party transactions and balances of the Group.

Related party	Relationship
Central District Cooling Company	Joint venture
Key management personnel	Responsible for planning, directing, and controlling the activities of the entity

In addition to related party transactions disclosed in notes to these condensed consolidated interim financial statements, significant transactions with related parties in the ordinary course of business included in the condensed consolidated interim financial statements for the period ended 30 September and balances arising there from are summarized below:

Related party	Nature of transaction	For the nine-month period ended 30 September 2023 (Unaudited) SR'000	2022 (Unaudited) SR'000
Key Management Personnel Compensation	- Short term employee benefits	**7,300**	6,300
	- Post-employment benefits	**112**	112
	- BOD meeting attendance fee	**1,244**	225
Central District Cooling Company	Cooling charges	**56,791**	51,601
	Concession payable related finance charges	**28,575**	26,192
	Rental income	**3,042**	3,042

Balances arising from transactions with related parties are as follows:

Related party	Nature	For the nine-month period ended 30 September 2023 (Unaudited) SR'000	For the year ended 31 December 2022 (Audited) SR'000
Central District Cooling Company	Other non-current liabilities	**694,296**	716,232
	Trade and other receivables	**25,857**	15,868
	Trade payable	**237,939**	272,395
	Accruals	**48,854**	--

17. SEGMENT REPORTING

Basis for segmentation

The Group has the following four strategic divisions which are its reportable operating segments. These divisions offer different products and/or services and are managed separately. The Group's Chairman, Group Chief Executive Officer, and Chief Financial Officer monitor the results of the Group's operations for the purpose of making decisions about resource allocation and performance assessment. They are collectively the Chief Operating Decision Makers (CODM) for the Group. The following summary describes the operations of each reportable segment.

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

	For the nine-month period ended 30 September 2023 (Unaudited)				
	Operating Hotels SR'000	**Commercial Centres SR'000**	**Properties for development and sale SR'000**	**Corporate SR'000**	**Total SR'000**
Property, plant and equipment	**21,377,395**	**44,930**	**--**	**3,135**	**21,425,460**
Investment properties	**--**	**3,491,106**	**--**	**--**	**3,491,106**
Assets held for sale	**923,356**	**--**	**--**	**--**	**923,356**
Other non-current assets (total)	**298**	**--**	**--**	**578,634**	**578,932**
Other current assets (total)	**399,284**	**59,479**	**19,510**	**907,291**	**1,385,564**
Total assets	**22,700,333**	**3,595,515**	**19,510**	**1,489,060**	**27,804,418**
Total liabilities	**187,157**	**28,987**	**164,404**	**14,499,326**	**14,879,874**

The condensed consolidated statement of profit or loss and other comprehensive income items for the nine-month period ended 30 September 2023 (unaudited):

	Operating Hotels SR'000	**Commercial Centres SR'000**	**Properties for development and sale SR'000**	**Corporate SR'000**	**Total SR'000**
Revenues from operations	**874,224**	**86,217**	**45,724**	**--**	**1,006,165**
Total comprehensive income / (loss)	**694,632**	**60,985**	**42,956**	**(561,027)**	**237,546**

17. SEGMENT REPORTING (continued)

	For the year ended 31 December 2022 (Audited - Restated)				
	Operating Hotels SR'000	Commercial Centres SR'000	Properties for development and sale SR'000	Corporate SR'000	Total SR'000
Property, plant and equipment	19,451,206	44,930	--	5,403	19,501,539
Investment properties	1,614,696	3,433,145	--	--	5,047,841
Asset held for sale	130,749	--	--	--	130,749
Other non-current assets (total)	220	--	--	670,810	671,030
Other current assets (total)	404,563	71,455	33,589	651,705	1,161,312
Total assets	21,601,434	3,549,530	33,589	1,327,918	26,512,471
Total liabilities	142,478	38,982	119,331	13,524,968	13,825,759

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

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

18. FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT

18.1 Accounting classification 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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

18. FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT (continued)

18.1 Accounting classification and fair values (continued)

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

All assets and liabilities for which fair value is measured or disclosed in the condensed consolidated interim financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the condensed consolidated interim financial statements at fair value 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 30 September 2023 and 31 December 2022, the fair values of the Group's financial instruments are estimated to approximate their carrying values.

Fair value hierarchy

As at 30 September 2023 and 31 December 2022, financial assets of the Group are classified under level 1 of the fair value hierarchy except for financial investments at fair value through profit or loss which is classified under level 3.

As at 30 September 2023 and 31 December 2022 the fair values of financial assets and financial liabilities carried at amortised cost approximate their respective fair values.

19. COMMITMENTS AND CONTINGENCIES

a) As at 30 September 2023, the outstanding capital commitments in respect of development of the Project amounted to SR 2,924 million (31 December 2022: SR 3,607 million).
b) Zakat and tax related contingencies (note 15).
c) As at 30 September 2023, the Group has bank letter of credits amounting to SR nil (31 December 2022: SR 5.5 million) issued from local bank in the Kingdom of Saudi Arabia
d) As at 30 September 2023, the contingencies against banks' letter of guarantees issued on behalf of the Group amounted to SR 50 million (31 December 2022: SR 50 million).

20. ADJUSTMENT TO PRIOR PERIODS

20.1 Further to the matters disclosed in Note 5, management carried out a detailed assessment of the operating results of its properties (hotels and commercial centers) as well as an analysis of the trend in market value of its lands over the last 12 months, subsequent to the lifting of the COVID-19 restrictions that were imposed locally and globally and that were impacting the Group's operations. Based on the foregoing assessment and analysis, management identified that certain properties required an impairment adjustment of SR 0.7 billion as at 1 January 2022. Accordingly, management recognized such adjustment by restating the corresponding balances of Property, Plant and Equipment and Accumulated Losses as of that date.

20.2 Moreover, management also adjusted the previously reported balance of share premium as of 31 December 2022 by an amount of SR 0.7 billion (representing the amount by which the accumulated losses would increase due to the effect of the aforementioned impairment adjustment in note 20.1). This is on account of the Board of Directors (BoD) resolution issued during the year ended 31 December 2022, whereby the BoD had resolved to set-off the available balance of Share Premium against the Accumulated Losses as of 31 December 2022 (refer note 2.4). The extension/reconfirmation of the foregoing resolution with respect to the set-off of accumulated losses against share premium due to the effect of the aforementioned impairment adjustment (note 20.1) has been resolved by the BoD via meeting dated 22 May 2023. Accordingly, the balance of share premium as at 31 December 2022 has been restated by SR 0.7 billion.

20.3 The below table summarizes the impact of the above adjustments:

	1 January 2022 (As previously presented)	Adjustment (note 20.1)	1 January 2022 (Restated)
	SR'000	SR'000	SR'000
Statement of financial position:			
Property, plant and equipment	19,369,516	(700,000)	18,669,516
Total non-current assets	25,085,060	(700,000)	24,385,060
Total assets	26,822,578	(700,000)	26,122,578
Accumulated losses	(1,179,491)	(700,000)	(1,879,491)
Total equity	8,628,226	(700,000)	7,928,226
Total equity and liabilities	26,822,578	(700,000)	26,122,578

20. ADJUSTMENT TO PRIOR PERIODS (continued)

	31 December 2022 (As previously presented)	Adjustment (note 20.1)	Adjustment (note 20.2)	31 December 2022 (Restated)
	SR'000	SR'000	SR'000	SR'000
Statement of financial position:				
Property, plant and equipment	20,201,539	(700,000)	--	19,501,539
Total non-current assets	25,920,410	(700,000)	--	25,220,410
Total assets	27,212,471	(700,000)	--	26,512,471
Share premium	1,327,596	--	(700,000)	627,596
Accumulated losses	--	(700,000)	700,000	--
Total equity	13,386,712	(700,000)	--	12,686,712
Total equity and liabilities	27,212,471	(700,000)	--	26,512,471

21. APPROVAL OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

These condensed consolidated interim financial statements have been approved and authorized to issue by the Board of Directors on 07 November 2023, corresponding to 23 Rabi Al Thani 1445H.