JABAL OMAR DEVELOPMENT COMPANY
(A Saudi Joint Stock Company)

CONSOLIDATED FINANCIAL STATEMENTS
with
INDEPENDENT AUDITORS' REPORT
For the year ended 31 December 2022

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P.O. Box 55078
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Kingdom of Saudi Arabia
Commercial Registration No 4030290792

Headquarters in Riyadh

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

المركز الرئيسي في الرياض

Independent Auditor's Report

To the Shareholders of Jabal Omar Development Company

Qualified Opinion

We have audited the consolidated financial statements of Jabal Omar Development Company ("the Company") (and its subsidiaries) ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2022, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, comprising significant accounting policies and other explanatory information.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA).

Basis for Qualified Opinion

As of 31 December 2022, the Group's total assets include Property, Plant and Equipment and Investment Property (collectively referred to as the 'Properties') amounting to SR 20,202 million and SR 5,048 million respectively (31 December 2021: SR 19,370 million and SR 5,024 million respectively). Due to the existence of impairment indicators, an impairment exercise was performed to compare the carrying amounts of these Properties with their corresponding recoverable amounts (being the higher of fair value or value in use) as at 31 December 2022. Pursuant to our audit procedures carried out in respect of management's determination of recoverable amounts, which included a detailed assessment of the valuation methodology and approach used by the valuation experts engaged by management, certain significant assumptions and judgments (such as in relation to the growth rate used with respect to the disposal cashflows) used by management in the determination of recoverable amounts of certain properties, were found to not be reasonable and appropriate in the context of the nature, type and location of these properties.

Had management used reasonable and appropriate assumptions, the recoverable amounts of these properties as at 31 December 2022 would have been estimated to be lower than their corresponding carrying values by approximately SR 0.7 billion and accordingly, as of that date, the carrying amounts of Properties and the total equity of the Group would have been lower by the same amount. The foregoing assessment of recoverable amounts includes various elements such as consideration of the highest and best use from market participant perspective as well as the use of appropriate assumptions and the application of judgment by management which represents an estimate at a point in time and is highly sensitive to the matters further explained in note 5, such as the reasonableness of the highest and best use scenarios, identification of comparable transactions and adjustments thereto, as well the developments disclosed in note 2.4. Therefore, such foregoing matters, judgments, assumptions and developments, or changes thereto, may have a material impact on the estimated recoverable amounts.

Basis for Qualified Opinion (continued)

A similar impairment exercise was also performed in prior periods and as described in the other matter paragraph, the opinion expressed by the predecessor auditor on the financial statements of the Group for the year ended 31 December 2021 and conclusions expressed on the financial statements of the Group for the periods ended 31 March 2022 and 30 June 2022 were qualified opinion and conclusions respectively since the predecessor auditor assessed the valuation approach to be inappropriate and certain significant assumptions to not be reasonable. Our report for the current year is also qualified due to the effects of these matters on the comparability of the current year's figures and the corresponding figures as well as their impact on the current year amounts included in the consolidated financial statements as at and for the year ended 31 December 2022.

We conducted our audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards), that is endorsed in the Kingdom of Saudi Arabia, that are relevant to our audit of the consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with the Code's requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 2.4 of the consolidated financial statements, which indicates that the Group incurred a net loss of SR 352 million and negative operating cash flows amounting to SR 164 million during the year ended 31 December 2022 and, as of that date, the Group's current liabilities exceed its current assets by SR 1,065 million. 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 opinion is not modified in respect of this matter.

Key Audit Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matters described in the Basis for Qualified Opinion section and the Material Uncertainty Related to Going Concern section, we have determined the matter described below to be the key audit matter to be communicated in our report.

Adequacy of provision for Zakat

The key audit matter	How the matter was addressed in our audit
As detailed in note 20 to the consolidated financial statements, the Group has filed Zakat returns for all periods/years up to and including 31 December 2021. Zakat assessments have been finalized with the Zakat, Tax and Customs Authority (ZATCA) for the years from 1427H to 1433H. In prior periods, ZATCA had raised additional zakat demands in respect of certain prior years against which the Group has filed appeals with the appropriate competent authorities and is awaiting conclusion. As at 31 December 2022, 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 year ended 31 December 2022 We considered this as a key audit matter because of the materiality of the additional amounts claimed by ZATCA and the determination of zakat provision involves significant management estimates and judgement that involves calculation of the zakat base and zakatable profits in accordance with the zakat and income tax regulations enforced in the Kingdom of Saudi Arabia, which may be subject to different interpretations. The final assessment amount could be significantly different from the declarations and appeals filed by the Group	• Obtained an understanding of management's process in estimating the zakat provision for current and prior years including open assessments. • Involved our zakat experts, to assess the significant assumptions and judgments used by the Company's management and its external zakat consultant. • Reviewed correspondences between the Group and ZATCA to determine the amount of the additional assessments being claimed by ZATCA. • Assessed the adequacy of the total provision recognized by the management in respect of both current and prior years (especially while considering the assessments raised by ZATCA).

Other matter

The consolidated financial statements for the year ended 31 December 2021 and the condensed consolidated interim financial statements for the periods ended 31 March 2022 and 30 June 2022 were audited/reviewed by another auditor who expressed a qualified opinion/conclusion on those financial statements on 10 April 2022, 31 May 2022 and 28 August 2022 respectively due to the use of an inappropriate approach and assumptions in determination of the recoverable amounts of Properties.

Other information

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the consolidated financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, when made available to us, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, the applicable requirements of the Regulations for Companies and Company's By-laws and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, Audit Committee, are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 'Reasonable assurance' is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, then we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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Independent Auditor's Report (continued)

To the Shareholders of Jabal Omar Development Company

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit of Jabal Omar Development Company ("the Company") (and its subsidiaries) ("the Group").

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

KPMG Professional Services

Ebrahim Oboud Baeshen
License No. 382

Jeddah, 9 April 2023
Corresponding to 18 Ramadan 1444H

JABAL OMAR DEVELOPMENT COMPANY
(A Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2022

	Note	**31 December 2022 SR'000**	31 December 2021 SR'000
ASSETS			
Non-current assets			
Property, plant and equipment	5	**20,201,539**	19,369,516
Intangible assets		**573**	4,646
investment properties	6	**5,047,841**	5,024,028
Equity-accounted investee	7	**126,652**	121,762
Financial investments at fair value through profit or loss	8	**283,762**	304,122
Restricted cash	9	**242,590**	242,590
Other non-current assets	10	**17,453**	18,396
Total non-current assets		**25,920,410**	25,085,060
Current assets			
Properties for development and sale	11	**21,069**	24,806
Other current assets	10	**63,937**	95,230
Trade and other receivables	12	**389,634**	548,060
Financial investments at fair value through profit or loss	8	--	24,475
Restricted cash - current portion	9	**346,288**	716,520
Cash and cash equivalents	9	**340,384**	328,427
Asset held for sale	2.4	**130,749**	--
Total current assets		**1,292,061**	1,737,518
Total assets		**27,212,471**	26,822,578
EQUITY AND LIABILITIES			
Equity			
Share capital	14.1	**11,545,342**	9,294,000
Share premium	14.2	**1,327,596**	--
Statutory reserve	14.3	**108,506**	108,506
Accumulated losses		--	(1,179,491)
Reserve for advances to certain founding shareholders	14.4	**(285,960)**	(285,960)
Equity attributable to the equity holders of the Parent before subordinated perpetual instrument		**12,695,484**	7,937,055
Subordinated perpetual instrument	15(a)	**689,668**	689,668
Net Equity attributable to the equity holders of the Parent after subordinated perpetual instrument		**13,385,152**	8,626,723
Non-controlling interest		**1,560**	1,503
TOTAL EQUITY		**13,386,712**	8,628,226

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

The accompanying notes from 1 to 32 form an integral part of these consolidated financial statements

JABAL OMAR DEVELOPMENT COMPANY
(A Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)
As at 31 December 2022

	Note	**31 December 2022 SR'000**	31 December 2021 SR'000
Liabilities			
Non-current liabilities			
Loans and borrowings	15	**10,502,424**	8,042,845
Lease liabilities	16	**408**	11,309
Payable to other unitholders of investment fund	4.16	--	4,964,244
Provision for employees' terminal benefits	17	**32,675**	27,309
Other non-current liabilities	18	**933,670**	1,131,480
Total non-current liabilities		**11,469,177**	14,177,187
Current liabilities			
Loans and borrowings - current portion	15	**478,621**	1,766,085
Trade payable and other current liabilities	19	**1,591,518**	1,539,866
Payable to other unitholders of investment funds - current portion	4.16	--	406,199
Lease liabilities - current portion	16	**1,385**	3,247
Zakat payable	20	**285,058**	301,768
Total current liabilities		**2,356,582**	4,017,165
Total liabilities		**13,825,759**	18,194,352
Total equity and liabilities		**27,212,471**	26,822,578

Muhammad Jawad
Acting Chief Financial Officer

Khaled Mohmmed Al Amoudi
Chief Executive Officer

Saeed Mohammed AlGhamdi
Chairman of the Board of Director

JABAL OMAR DEVELOPMENT COMPANY
(A Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2022

	Note	**31 December 2022 SR'000**	31 December 2021 SR'000
Revenue	22	**849,501**	310,359
Cost of sales	23	**(797,740)**	(534,994)
Gross profit / (loss)		**51,761**	(224,635)
Selling and marketing expenses		**(2,099)**	(4,133)
General and administration expenses	24	**(177,360)**	(237,620)
(Charge) / reversal of allowance for expected credit losses	12	**(49,079)**	34,036
Other operating income	25	**19,090**	7,262
Other operating expenses		**(33,224)**	(33,246)
Operating loss		**(190,911)**	(458,336)
Net gain on extinguishment of loan and lease liability	2.4 &15	**259,618**	1,275,581
Gain on disposal of non-current assets	13	**--**	1,068,808
Net finance costs	26	**(425,970)**	(736,029)
Share of results from equity-accounted investee		**4,890**	7,172
(Loss) / profit for the year before zakat		**(352,373)**	1,157,196
Zakat	20	**--**	(211,206)
(Loss) / profit for the year		**(352,373)**	945,990
Other comprehensive (loss) / income			
Items that will not be reclassified to consolidated statement of profit or loss in subsequent periods:			
Re-measurement (loss) / income on employee's terminal benefits	17	**(3,156)**	2,490
Total comprehensive (loss) / income for the year		**(355,529)**	948,480
(Loss) / profit for the year attributable to:			
Shareholders of the Parent Company		**(352,430)**	946,206
Non-controlling interest		**57**	(216)
		(352,373)	945,990
Total comprehensive (loss) / income for the year attributable to:			
Shareholders of the Parent Company		**(355,586)**	948,696
Non-controlling interest		**57**	(216)
		(355,529)	948,480
(Loss) / earnings per share:			
Weighted average number of ordinary shares (number in thousand)	27	**1,004,445**	929,400
(Loss) / earning per share attributable to ordinary equity holders of the Parent Company (basic and diluted)	27	**(0.35)**	1.02

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JABAL OMAR DEVELOPMENT COMPANY
(A Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2022

	Attributable to the equity holders of the Parent									
	Share capital SR'000	Share premium SR'000	Statutory reserve SR'000	Accumulated losses 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 2021	9,294,000	--	108,506	(2,128,187)	(287,296)	6,987,023	--	6,987,023	1,719	6,988,742
Profit for the year	--	--	--	946,206	--	946,206	--	946,206	(216)	945,990
Other comprehensive income	--	--	--	2,490	--	2,490	--	2,490	--	2,490
Total comprehensive income for the year	--	--	--	948,696	--	948,696	--	948,696	(216)	948,480
Subordinated perpetual instrument	--	--	--	--	--	--	689,668	689,668	--	689,668
Payments received against advance to certain founding shareholders	--	--	--	--	1,336	1,336	--	1,336	--	1,336
Balance at 31 December 2021	**9,294,000**	**-**	**108,506**	**(1,179,491)**	**(285,960)**	**7,937,055**	**689,668**	**8,626,723**	**1,503**	**8,628,226**
Loss for the year	--	--	--	(352,430)	--	(352,430)	--	(352,430)	57	(352,373)
Other comprehensive income	--	--	--	(3,156)	--	(3,156)	--	(3,156)	--	(3,156)
Total comprehensive loss for the yea	--	--	--	(355,586)	--	(355,586)	--	(355,586)	57	(355,529)
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
Set off of accumulated losses against share premium (note 14.2)	--	(1,590,143)	--	1,590,143	--	--	--	--	--	--
Dissolution of subsidiary	--	--	--	(55,066)	--	(55,066)	--	(55,066)	--	(55,066)
Balance at 31 December 2022	**11,545,342**	**1,327,596**	**108,506**	**--**	**(285,960)**	**12,695,484**	**689,668**	**13,385,152**	**1,560**	**13,386,712**

Muhammad Jawad
Acting Chief Financial Officer

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Chairman of the Board of Director

The accompanying notes from 1 to 32 form an integral part of these consolidated financial statements

JABAL OMAR DEVELOPMENT COMPANY
(A Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2022

	Note	**31 December 2022 SR'000**	31 December 2021 SR'000
Cash flows from operating activities			
(Loss) / profit for the year before zakat		**(352,373)**	1,157,196
Adjustments for:			
Depreciation on property, plant and equipment	5	**232,811**	242,474
Depreciation on investment properties	6	**29,626**	29,095
Amortization and charge off of intangible assets		**4,238**	1,267
Provision for employees' terminal benefits	17	**6,837**	7,694
Charge / (reversal) of allowance for expected credit losses	12.1	**49,079**	(34,036)
Loss from write-off / disposal of property, plant and equipment		**75,650**	1,602
Share of results of equity-accounted investee	7	**(4,890)**	(7,172)
Finance costs	26	**425,970**	736,029
Net gain on extinguishment of loan and lease liability	2.4 & 15	**(259,618)**	(1,275,581)
Gain on disposal of non-current assets	13	**--**	(1,068,808)
Change in fair value of financial investments - at fair value through profit or loss		**20,360**	(256)
		227,690	(210,496)
Changes in:			
Other non-current assets		**943**	1,548
Properties for development and sale		**41,294**	(820)
Other current assets		**31,293**	(63,008)
Trade and other receivables		**(122,596)**	(262,032)
Other non-current liabilities		**(172,837)**	(15,311)
Trade payable and other current liabilities		**247,804**	(152,661)
Cash generated from / (used) in operating activities		**253,591**	(702,780)
Finance costs paid		**(396,746)**	(110,462)
Zakat paid	20	**(16,710)**	--
Employees' termination benefits paid	17	**(4,627)**	(11,034)
Net cash used in operating activities		**(164,492)**	(824,276)
Cash flows from investing activities			
Additions to property, plant and equipment		**(1,215,505)**	(454,259)
Proceeds from disposal of non-current assets		**--**	1,045,000
Additions to investment properties	6	**(483)**	--
Additions to intangible assets		**(165)**	(3,801)
Proceed from disposal of financial investments at fair value through profit or loss		**--**	44,205
Net change in restricted cash balances		**370,232**	(368,201)
Net cash (used) in / from investing activities		**(845,921)**	262,944

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JABAL OMAR DEVELOPMENT COMPANY
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CONSOLIDATED STATEMENT OF CASH FLOWS (continued)
For the year ended 31 December 2022

	Note	**31 December 2022 SR'000**	31 December 2021 SR'000
Cash flows from financing activities			
Payments received against advance to certain founding shareholders		--	1,336
Proceeds from loans and borrowings		**1,992,907**	1,184,411
Repayment of loans and borrowings		**(969,097)**	(285,831)
Dividend paid to other unitholders of investment fund		--	(50,900)
Payment of lease liabilities	29(b)	**(1,440)**	(10,482)
Net cash from financing activities		**1,022,370**	838,534
Net increase in cash and cash equivalents		**11,957**	277,202
Cash and cash equivalents at 1 January		**328,427**	51,225
Cash and cash equivalents at 31 December		**340,384**	328,427
Significant non-cash transactions:			
Capitalization of borrowing cost on investment property	6 (a)	**51,431**	11,292
Capitalization of borrowing cost on property, plant and equipment	5 (d)	**106,133**	47,835
Transfer from development property to property, plant and equipment	5	--	1,395,058
Transfer to asset held for sale from property, plant and equipment	5	**130,749**	--
Transfer from property, plant and equipment to investment properties and properties for development and sale	5	**40,195**	--

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

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 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.

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 consolidated financial statements include the results of the operating activities relating to the following hotels in addition to its four branches bearing commercial registration numbers 4030291056, 40301097883, 40301098207 and 1010465230.

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)

1. CORPORATE INFORMATION (continued)

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

These consolidated 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 31 December 2022. The Group is incorporated in the Kingdom of Saudi Arabia except for Jabal Omar Sukuk Company Limited which is incorporated in the Cayman Island.

Name of the Subsidiary	*Registration Number*	*Registration date*	*Ownership interest*	*Financial year end*	*Principal activities*
Shamikhat Company for Investment and Development	4030594602	09 October 2017 corresponding to 19 Muharram 1439H	100%	31 December	Investment & Development services in the real estate sector
Sahat For Facility Management Company	4031210499	22 October 2017 corresponding to 02 Safar 1439H	100%	31 December	Real estate services
Warifat Hospitality Company	4030298569	1 January 2018 corresponding to 14 Rabi II 1439H	90%	31 December	Hospitality services
Ishrakat for Logistic services Company	4030303509	06 May 2018 corresponding to 21 Shaban 1439H	100%	31 December	Logistic services
Alyaat for Marketing Company	4030326220	05 March 2019 corresponding to 27 Jumada Al-Thani 1440H	100%	31 December	Marketing services
Rasyat Company	4031051838	8 August 2017 corresponding to 15 Dhul Qadah 1438H	100%	31 December	Investment in infrastructure facilities
Jabal Omar Sukuk Company Limited	334209	12 March 2018 corresponding to 24 Jumada Al Thani 1439H	100%	31 December	Issuance of sukuks

Alinma Makkah Real Estate Fund, a subsidiary with ownership interest of 16.42% was liquidated during the year ended 31 December 2022 (refer note 2.4).

2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

2.1 Basis of preparation

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

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

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

2.1 Basis of preparation (continued)

The consolidated financial statements of the Group are presented in Saudi Riyals (SR), which is also the functional currency of the Company and all components. For each entity, the Group determines the functional currency and items included in the consolidated financial statements of each entity are measured using that functional currency. All figures are rounded off to the nearest thousands (SR ‘000) unless when otherwise stated.

2.2 Statement of compliance

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as endorsed in the Kingdom of Saudi Arabia (“KSA”) and other standards and pronouncements that are endorsed by Saudi Organization for Chartered and Professional Accountants (SOCPA) (collectively referred to “IFRS as endorsed in KSA”).

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

2.3 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries as at 31 December 2022. The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group’s voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. The financial statements of the subsidiaries are included in the consolidated financial statements from the date on which the control commences until the date on which control ceases. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

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

2.3 Basis of consolidation (continued)

Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiary to bring their accounting policies into line with the Group's accounting policies.

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated. Unrealized gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognized in consolidated statement of profit or loss. Any investment retained is recognized at fair value.

2.4 Going concern basis of accounting

The consolidated 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 15. The Group utilizes debt financing to fund the development of each of the Project's phases under construction However, the revenues from the Group's operational assets which mainly consist of the hotels and commercial malls were insufficient to meet the servicing requirements of the Group's debt structure, therefore the Group had to enter into different loan restructuring agreements in the current and prior years.

This shortfall from the gap between the operational revenue and operational costs was exacerbated by the outbreak of novel coronavirus (COVID-19) in recent past. The outbreak of COVID-19 led to a substantial reduction in cash generated from the Group's hotel and commercial area operations in prior years due to the restrictions and safety precautionary measures placed by the government in the Kingdom of Saudi Arabia to curb the spread of the virus.

The Group incurred a net loss of SR 352 million and generated negative operating cash flows amounting to SR 164 million during the year ended 31 December 2022, and as of that date, the Group's current liabilities exceeded its current assets by SR 1,065 million (31 December 2021: SR 2,280 million) and the Group had accumulated losses amounting to SR 1.6 billion (31 December 2021: SR 1.2 billion) as of 31 December 2022 before being set off with share premium. (refer note 14.2)

Consequently, the Group is critically dependent on the cash that will be generated from debt financing, debt restructuring 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 which potentially adversely impacts the Group's ability to realise its assets and discharge its liabilities in the normal course of business.

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

2.4 Going concern basis of accounting (continued)

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

At 31 December 2022	Within 1 year SR'000	1-2 years SR'000	2-5 years SR'000	Over 5 years SR'000	**Total SR'000**
Loans and borrowings	540,161	1,515,618	2,732,285	6,796,279	**11,584,343**
Trade payable and other current liabilities	1,355,496	--	--	--	**1,355,496**
Lease liabilities	1,440	391	--	--	**1,831**
Other non-current liabilities	37,266	261,714	186,717	903,189	**1,388,886**
	1,934,363	**1,777,723**	**2,919,002**	**7,699,468**	**14,330,556**

The Group's obligations against lenders and banks carry financial covenants which are detailed in note 15.

In assessing the appropriateness of applying the going concern basis in the preparation of these consolidated 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 the Group's liquidity and forecasted cash flows considering reasonably possible outcomes over a 12-month period from the date of approval of these consolidated financial statements. This plan principally includes:

- The Group's intention is to sell certain plots of undeveloped land (as mentioned above) and expects to generate aggregate cash amounting to SR 4.1 billion within 12 months from the date of the consolidated statement of financial position. During the year ended 31 December 2022, the Group conducted an auction (the "Auction") of certain plot of land with a covered area of 3,066 square meter and received offers from the bidders, all of which were higher than the carrying amount of the corresponding land. As at the reporting date, this plot of land meets the criteria for being classified as held for sale under IFRS 5 and has accordingly been presented as such in these consolidated financial statements (refer note 5). Moreover, pursuant to the Auction, management has commenced the process of executing a sale of the offered land with one of the bidders. As at the reporting date, such sale is in an advance stage of negotiations and expected to be executed in due course.

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

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

2.4 Going concern basis of accounting (continued)

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

On 25 August 2022 (corresponding to 27 Muharram 1444H), the shareholders of the Company approved the Board of Directors recommendation to increase the Company's share capital from SR 9,294 million to SR 11,545 million in the extra ordinary general meeting, representing an increase of 24.22% in the Company's current share capital, for the purpose of converting the entire lease obligation owed by the Company towards the Fund by issuing 2.2 million new shares in the Company to the Fund unitholders for each unit they own in the Fund at an agreed exchange ratio of 0.442 for each unit of the Fund in accordance with Article (138)(b) of the Companies Law, Article (56) of the Rules on the Offer of Securities and Continuing Obligations, and pursuant to the terms and conditions of the corresponding agreement at a share premium amounting to SR 2.9 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 current period under non-operating income. Moreover, the finance charges accrued during the year ended 31 December 2022 amounting to SR 315 million have also been reversed and the reversal has been reflected within finance costs. On 1 September 2022 (corresponding to 5 Safar 1444H), the Fund Manager announced the expiry of the term of the Fund.

Based on the foregoing, together with certain other debt restructuring as set out in note 15, the Group's cash flow forecast for the 12-month period from the reporting date indicates a net positive cash flow position. Accordingly, management to believe that the Group continues to be going concern and consolidated financial statements have been prepared on that basis.

2.5 Significant accounting judgments, estimates and assumptions

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

Other disclosures relating to the Group's exposure to risks and uncertainties includes

- Sensitivity analyses disclosure (note 17)
- Financial instruments risk management and fair value measurement (note 29)
- Capital management (note 29)

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

2.5 Significant accounting judgments, estimates and assumptions (continued)

Judgements and estimates
In preparing these consolidated financial statements, management has made judgements and estimates that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

In the process of preparation of these consolidated financial statements management has made judgements and used assumptions. Significant judgements made and assumptions used are described below:

Classification of real estate properties
The Group exercises judgment in classification of real estate properties as property, plant and equipment, investment properties or properties for development and sale. The Group considers the recognition criteria as per the relevant accounting standard supported with management's intention and active plan. The hotels are owner occupied properties that are held for use in the supply of services while the commercial malls are classified as investment properties since these are held for rentals to others. Development properties are properties that are being redeveloped with a view to sell. The Group's development properties arise when group purchase properties with an intention to sale.

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.

Determining the timing of recognition of gain and presentation on the sale of non-current assets
The Group has evaluated the timing of revenue recognition on the sale of non-current assets based on a careful analysis of the rights and obligations under the terms of the contract and legal advice from the Group's external counsels in various jurisdictions.

The Group has generally concluded that contracts relating to the sale of completed non-current assets are recognised at a point in time when control transfers. For unconditional exchanges of contracts, control is generally expected to transfer to the customer together with the legal title. For conditional exchanges, this is expected to take place when all the significant conditions are satisfied. The Group exercises judgement in determining the appropriate presentation of gain / loss on disposal of non-current assets. Gain / loss on sale of non-current assets that are outside the ordinary course of business and are not part of the approved overall long term business plan (i.e. disposals which are conducted on ad-hoc and exceptional basis to meet acute business needs) are classified as part of non-operating income / expenses.

Going concern
The Group exercises judgement in assessing its ability to continue as a going concern. For details refer note 2.4.

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

2.5 Significant accounting judgments, estimates and assumptions (continued)

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 a recoverable amount, the management uses fair value using market approach and value in use approach.

During the current year it was determined that indicators of impairment existed and as such a detailed impairment assessment was performed. Refer note 5 and 6 for the details on the impairment testing. Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to goodwill and other intangibles with indefinite useful lives recognized by the Group. The key assumptions used to determine the recoverable amount for the different CGUs, including a sensitivity analysis, are disclosed and further explained in note 5 and 6.

Useful lives and residual value of property, plant and equipment, intangibles and investment property
The Group's management determines the estimated useful lives of its property and equipment for calculating depreciation and amortisation. These estimates are determined after considering the expected usage of the assets and their physical wear and tear and technical obsolescence. 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.

Estimation of net realizable value of Properties for development and sale
Properties for development are stated at the lower of cost and net realizable value ("NRV"). NRV is estimated selling prices in the ordinary course of business less estimated cost of completion and estimated cost to make the sale.

NRV is assessed with reference to market conditions, planned future mode of disposal and recoverable value of the properties at the reporting date under planned mode of disposal. NRV for these properties are assessed internally by the Group in the light of recent market transactions.

Estimated selling price of land parcels is assessed with reference to market prices at the reporting date for similar properties after adjustment for differences in location, size, development status and quality. Estimated costs to complete development are deducted from the estimated selling price to arrive at NRV.

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

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

2.5 Significant accounting judgments, estimates and assumptions (continued)

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

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

The 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. The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables and contract assets is disclosed in note 12.

Zakat

The determination for zakat provision involves significant management judgement that involves calculation of the zakat base and zakatable profits in accordance with the zakat and income tax regulations enforced in the Kingdom of Saudi Arabia, which may be subject to different interpretations. The final assessment amount could be significantly different from the declarations and appeals filed by the Group. In determining the best estimate of the amount payable to Zakat, Tax and Customs Authority ("ZATCA"), the Group has applied judgement and interpretation of the ZATCA requirements for calculating Zakat.

Employees' terminal benefits plan

The cost of the employees' terminal benefit plan and the present value of the obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions 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 highly sensitive to changes in these assumptions. All assumptions are reviewed at each year end. The most sensitive parameters are discount rate and future salary increases. In determining the appropriate discount rate, the management considers the market yield on high quality corporate/government bonds. Future salary increases are based on expected future inflation rates, seniority, promotion, demand and supply in the employment market. The mortality rate is based on publicly available mortality tables for the country. Those mortality tables tend to change only at intervals in response to demographic changes. Further details about employee benefits obligations are provided in note 17.

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

2.5 Significant accounting judgments, estimates and assumptions (continued)

Fair value measurement of financial instruments
When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments. refer Note 29.1 for further disclosures.

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.

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 judgement the Group assesses and estimates the impact of any variable consideration in the contract, due to discounts, penalties, non-cash considerations and guaranteed returns.

In addition to the stand-alone selling price, the sales contract also includes variable consideration in the form of delay penalties, which the Group is required to pay if the units are not delivered in time according to the contractual terms and conditions. This delay penalty is adjusted against revenue. In this regard, a significant judgement has been made as the Group has not been able to deliver the units in time and as such the impact of the delay penalties has been estimated, using the expected value. When assessing the amount of the delay penalties which should be recognized at the reporting date, management has made a judgement in relation to the timing of when the units will be available for operational readiness for the Buyer, and as such will no longer be obligated to make these payments.

3. CHANGES TO THE GROUP'S ACCOUNTING POLICIES

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

Amendments to Standards

There were no new standards issued and / or applied during the year ended 31 December 2022 and the adoption of the following amendments to the existing standards had no significant impact on the condensed consolidated financial statements of the Company on the current period or prior periods and is expected to have no significant effect in the future periods.

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

3.1 Amendments to standards and standards issued and standards issued but not yet effective (continued)

Amendments to Standards (continued)

Standard / Interpretation	Description	Effective from periods beginning on or after the following date
IAS 37	Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)	1 January 2022
Annual Improvements	Annual Improvements to IFRS Standards 2018-2020	1 January 2022
IAS 16	Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)	1 January 2022
IFRS 3	Reference to the Conceptual Framework (Amendments to IFRS 3)	1 January 2022

Standards and Amendments Issued but Not Yet Effective

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2023 and earlier application is permitted. However, the Company has not early adopted any of the forthcoming new or amended standards in preparing these condensed consolidated financial statements, nor are these pronouncements expected to have any material impact on the Group's consolidated financial statements.

Standard / Interpretation	Description	Effective from periods beginning after the following date
IFRS 17	Insurance contracts and amendments	1 January 2023
IAS 1	Classification of liabilities as current or non-current (Amendments to IAS 1)	1 January 2023
IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)	1 January 2023
IAS 8	Definition of Accounting Estimate (Amendments to IAS 8)	1 January 2023
IAS 12	Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction – Amendments to IAS 12 Income Taxes	1 January 2023
IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)	Available for optional adoption / effective date deferred indefinitely

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies set out below have been applied consistently in the preparation of these consolidated financial statements. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

4.1 Current versus non-current classification

Assets
The Group presents assets and liabilities in the consolidated statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

Liabilities
A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

4.2 Investment in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries. The Group’s investment in its associate and joint venture are accounted for using the equity method.

Under the equity method, the investment in an associate or a joint venture is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Group’s share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment separately.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.2 Investment in associates and joint ventures (continued)

The statement of profit or loss reflects the Group's share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognized directly in the equity of the associate or joint venture, the Group recognizes its share of any changes, when applicable, in the statement of changes in equity. Unrealized gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after zakat and non-controlling interests in the subsidiaries of the associate or joint venture

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognizes the loss within 'Share of profit of a joint venture' in the statement of profit or loss.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognized in profit or loss.

The carrying amount of equity-accounted investments is tested for impairment when impairment indicators are identified.

4.3 Foreign currencies

Transactions and balances
Transactions in foreign currencies are initially recorded by the Group in its functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

All differences arising on settlement or translation of monetary items are taken to the consolidated statement of profit or loss and other comprehensive income

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in OCI or profit or loss are also recognized in OCI or profit or loss, respectively).

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.3 Foreign currencies (continued)

Transactions and balances (continued)

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Group initially recognizes the non-monetary asset or non-monetary liability arising from the advance consideration.

If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of advance consideration

4.4 Property, plant and equipment

Recognition and measurement
Property, plant and equipment is recognized as an asset when, and only when, it is probable that the future economic benefits that are associated with the property, plant and equipment will flow to the Group, and the cost of the asset can be measured reliably. Property, plant and equipment is recognized and measured initially at cost. Cost includes the fair value of the consideration given to acquire the asset (net of discounts and rebates) and any directly attributable cost, such as site preparation cost, delivery, installation costs, relevant professional fees and the estimated cost of dismantling and removing the asset and restoring the site (to the extent that such cost is recognized as a provision).

When parts of Property, plant and equipment are significant in cost in comparison to the total cost of the item and such parts have a useful life different from other parts, the Group recognizes such parts as individual assets and depreciate them accordingly.

The Group adopts the cost model to measure the entire class of property, plant and equipment. After recognition as an asset, an item of property, plant and equipment is carried as its cost less any accumulated depreciation and impairment losses, if any.

Subsequent costs
The cost of replacing a part of an item of property and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property and equipment are recognized in the consolidated statement of profit or loss and other comprehensive income as incurred.

Depreciation
Depreciation represents the systematic allocation of the depreciable amount of an asset over its estimated useful. Depreciable amount represents cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land and capital work in progress are not depreciated.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.4 Property, plant and equipment (continued)

Depreciation (continued)

The estimated useful lives of property, plant and equipment for the current and comparative years are as follows:

	Number of years
• Building	85
• Central district cooling system	30
• Equipment	10 – 85
• Furniture and fixtures	10 - 12
• Infrastructure assets	20 – 85
• Other assets	4 - 8

Depreciation methods, useful lives and residual values are reviewed at least annually and adjusted prospectively, if required.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Property, plant and equipment is derecognised when it has been disposed or no future economic benefits are expected to arise from its use or disposal. Gains or losses on disposals are determined by comparing proceeds with carrying amount. These are included in the consolidated statement of profit or loss and other comprehensive income within "Other income, net" at the time the item is derecognised.

Assets in the course of construction or development are capitalised in the capital work-in-progress account. The asset under construction or development is transferred to the appropriate category in property, plant and equipment or intangible assets (depending on the nature of the project), once the asset is in a location and / or condition necessary for it to be capable of operating in the manner intended by management.

The cost of an item of capital work in progress comprises its purchase price, construction / development cost and any other directly attributable to the construction or acquisition of an item intended by management. Capital work-in-progress is measured at cost less any recognised impairment. Capital work-in-progress is not depreciated. Depreciation only commences when the assets are capable of operating in the manner intended by management, at which point they are transferred to the appropriate asset category.

Property, plant and equipment includes infrastructure assets such as pathways, roads, drainage and water supply systems, lamp posts, etc. that do not ordinarily generate cash flows independent of the operating properties of the Group, but are owned by the Group.

Derecognition

Property, plant and equipment is derecognized when it has been disposed or no future economic benefits are expected to arise from its use or disposal. Gains or losses on disposals are determined by comparing proceeds with carrying amount.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.4 Property, plant and equipment (continued)

Derecognition (continued)

These are included in the consolidated statement of profit or loss and other comprehensive income within "Other income, net" at the time the item is derecognized.

Property, plant and equipment includes infrastructure assets such as pathways, roads, drainage and water supply systems, lamp posts, etc. that do not ordinarily generate cash flows independent of the operating properties of the Group.

Capital work in progress
Capital work in progress represents assets under construction and improvements to the existing assets, recorded at cost less accumulated impairment losses, if any. Such costs include cost of equipment, material and other costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Capital work in progress is not depreciated. When the assets are ready for intended use, the capital work in progress is transferred to the appropriate property and equipment category and is accounted for in accordance with the Group's policies.

4.5 Intangible assets

Intangible assets comprise software licenses for computer, which have finite lives and are amortized over the period of its useful life on a straight-line basis and are tested for impairment whenever there is an indication that the intangible may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at the end of each reporting period. Any changes in the estimated useful life or the expected pattern of consumption of economic benefits are treated as change in accounting estimates.

The useful life for an intangible asset is reviewed at least at the end of each reporting period. The amortization expense on intangible assets is recognized in the consolidated statement of profit or loss and other comprehensive income.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the consolidated statement of profit or loss and other comprehensive income when the asset is derecognized.

The estimated useful lives for the current and comparative periods are 4 years.

4.6 Investment properties

Properties held for long-term rental yields or for capital appreciation or both as well as those held for undetermined future use but not for sale in the ordinary course of business, which is not occupied by the Group is classified as investment properties. Investment properties comprise land, buildings and equipment, fixtures and fittings, office equipment and furniture which are an integral part of the buildings. Investment properties also includes property that is being constructed or developed for future use as investment properties. Investment properties is measured at its cost, including related transaction costs and where applicable borrowing costs.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.6 Investment properties (continued)

Investment properties are carried at cost, net of accumulated depreciation, except for properties under construction which is stated at cost. Cost includes expenditure that is directly attributable to the acquisition of the assets. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of the replaced part is derecognized. Capital work in progress represents the construction work at the Group's project including consultancy, demolition, levelling of site, cutting rocks, supervision, construction work and other costs attributable to assets transportability to the site and readiness to operate for the intended purpose.

Investment properties are derecognized either when they have been disposed of (i.e., at the date the recipient obtains control) or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss in the period of derecognition. In determining the amount of consideration from the derecognition of investment property the Group considers the effects of variable consideration, existence of a significant financing component, non-cash consideration, and consideration payable to the buyer (if any).

Investment property that is obtained through a lease is measured initially at the lease liability amount adjusted for any lease payments made at or before the commencement date (less any lease incentives received), any initial direct costs incurred by the Group, and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease. Right-of-use assets that meet the definition of investment properties are presented under investment properties.

Investment property is classified as "held for sale" when it is expected that the carrying amount will be recovered principally through sale rather than from continuing use. For this to be the case, the properties must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such properties and its sale must be highly probable.

When the investment properties are sold no revenues and direct / operating costs are recognized for sale of investment properties. Any gain or loss on disposal of sale of investment properties (calculated as the difference between the net proceeds from disposal and carrying amount) is recognized in the consolidated statement of profit or loss and other comprehensive income.

Owner-occupied property is property held by the owner, or a right-of-use asset relating to property held by a lessee, for use in the production or supply of goods or services or for administrative purposes. Owner-occupied property is used in conjunction with the other assets of the entity, such as plant and machinery and inventory. It does not generate cash flows independently of the other assets of the entity. Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.6 Investment properties (continued)

Depreciation on assets is charged to consolidated statement of profit or loss and other comprehensive income using the straight-line method to allocate their costs over their estimated useful lives as follows:

	Number of years
• Building	85
• Equipment	16 – 20
• Infrastructure assets	20 – 85

Investment property includes infrastructure assets that do not ordinarily generate cash flows independent of the investment properties of the Group.

4.7 Financial instruments – initial recognition and subsequent measurement

Financial instruments – initial recognition and subsequent measurement A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement
Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component are measured at the transaction price determined under IFRS 15 Revenue from contracts with customers.

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding.

This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortized cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.7 Financial instruments – initial recognition and subsequent measurement (continued)

Financial assets (continued)

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement
For purposes of subsequent measurement, financial assets are classified in following categories:

- Financial assets at amortized cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss.

Financial assets at amortized cost (debt instruments)
Financial assets at amortized cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Group's financial assets at amortized cost includes cash and bank balances, trade receivables, employees' receivables and other receivables.

Financial assets at fair value through OCI (debt instruments)
For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the consolidated statement of profit or loss and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in OCI. Upon derecognition, the cumulative fair value change recognized in OCI is recycled to profit or loss.

Financial assets designated at fair value through OCI (equity instruments)
Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the consolidated statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment. Currently, the Group does not have any equity instrument designated at fair value through OCI.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.7 Financial instruments – initial recognition and subsequent measurement (continued)

Financial assets (continued)

Subsequent measurement (continued)

Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognized in the statement of profit or loss.

This category includes derivative instruments and listed equity investments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are recognized as other income in the statement of profit or loss when the right of payment has been established.

Derecognition
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment
The Group recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.7 Financial instruments – initial recognition and subsequent measurement (continued)

Financial assets (continued)

Impairment (continued)

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL). For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Subsequent measurement
The Group considers a financial asset in default when contractual payments are past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial liabilities

Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, borrowings or payables, as appropriate. All financial liabilities are recognized initially at fair value and, in the case of borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include trade payable, accruals and other liabilities and due to related parties.

Subsequent measurement
For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortized cost (loans and borrowings)

Financial liabilities at fair value through profit or loss
Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

Gains or losses on liabilities held for trading are recognized in the consolidated statement of profit or loss and other comprehensive income. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.7 Financial instruments – initial recognition and subsequent measurement (continued)

Financial liabilities at amortized cost (loans and borrowings)
This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR.

The EIR amortization is included as finance costs in the statement of profit or loss. This category generally applies to interest-bearing loans and borrowings. For more information, refer to Note 15.

Derecognition
A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the consolidated statement of profit or loss and other comprehensive income.

Offsetting of financial instruments
Financial assets and financial liabilities are offset, and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously. No financial assets and financial liabilities have been offset as at the reporting date.

Modification of financial assets and liabilities
When the contractual cash flows of a financial asset/ liability are renegotiated or otherwise modified and the renegotiation or modification does not result in the derecognition of that instrument, the Group recalculates the gross carrying amount of the financial asset and recognises a modification gain or loss in profit or loss. The gross carrying amount of the financial instrument is recalculated as the present value of the renegotiated or modified contractual cash flows that are discounted at the financial instrument's original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). Any costs or fees incurred adjust the carrying amount of the modified financial instrument and are amortised over the remaining term of the modified financial instrument.

Conversely, the Group accounts for an exchange with a lender of debt instruments with ‘substantially different’ terms to be accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability, or a part of it, (whether or not due to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

The IFRS regards the terms of exchanged or modified debt as ‘substantially different’ if the net present value of the cash flows under the new terms (including any fees paid net of any fees received) discounted at the original effective interest rate is at least 10% different from the discounted present value of the remaining cash flows of the original debt instrument. In the absence of such difference, the terms could still be considered as substantially different if they are deemed to be qualitatively significantly different from the pre-modifications terms.

The Group accounts for modifications in terms of a debt instrument that result in the instrument meeting the definition of an equity instrument consistent with the foregoing.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.8 Impairment of non-financial assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount which is the higher of an asset's fair value less cost to sell and value in use. For the purpose of assessing impairment, assets are grouped at lowest levels for which there are separately identifiable cash flows (cash-generating units). The impairment loss is allocated to reduce the carrying amount of the assets of the cash generating unit (group of units) in pro rata on the basis of the carrying amount of each asset in the unit (group of units). These reductions in carrying amounts shall be treated as impairment losses on individual assets and recognized. Non-current assets other than goodwill that suffered impairment are reviewed for possible reversal of impairment at each reporting date. Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but the increased carrying amount should not exceed the carrying amount that would have been determined, had no impairment loss been recognized for the assets or cash-generating unit in prior years. A reversal of an impairment loss is recognized as income immediately in the consolidated statement of profit or loss and other comprehensive income. Impairment losses recognized on goodwill are not reversible.

4.9 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee
The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets
The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability. The right-of-use assets are also subject to impairment. Refer to the accounting policies in section 4.8 Impairment of non-financial assets.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.9 Leases (continued)

Lease liabilities
At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

Group as a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease.

Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term. Refer note 4.18. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the statement of financial position in accordance with their nature. The Group elected to recognise lease income for variable payment that depends on an index or a rate on a straight-line basis. At the commencement date, the Group assesses whether the lessee is reasonably certain to exercise an option to extend the lease or to purchase the underlying asset, or not to exercise an option to terminate the lease. The Group considers all relevant facts and circumstances that create an economic incentive for the lessee to exercise, or not to exercise, the option, including any expected changes in facts and circumstances from the commencement date until the exercise date of the option.

Short-term leases and leases of low-value assets
Short-term leases are leases with a lease term of 12 months or less. Low value assets are items that do not meet the Group’s capitalisation threshold and are considered to be insignificant for the consolidated statement of financial position for the Group as a whole. Payments for short-term leases and leases of low value assets are recognised on a straight-line basis in the consolidated statement of profit or loss.

4.10 Development properties

Development properties are properties that are being redeveloped with a view to sell. The Group’s development properties arise when Group purchase properties with an intention to sale or where there is a change in use of investment properties evidenced by the commencement of development with a view to sale. The investment properties are reclassified as development properties at their carrying amount at the date of their reclassification. They are subsequently carried at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less costs to complete redevelopment and selling expenses.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.11 Non-current assets held for sale

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale (except for investment property measured at fair value) are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale is expected to be completed within one year from the date of the classification.

Investment property held for sale continues to be measured at fair value. Assets and liabilities classified as held for sale are presented separately in the statement of financial position.

4.12 Cash and cash equivalents

For the purpose of statement of financial position, cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts, if any, are shown within borrowings in current liabilities in the statement of financial position.

4.13 Restricted cash (at bank)

Restricted cash at bank that is subject to certain restrictions and is not available for general use by the Group, and therefore, does not form part of cash and cash equivalents.

4.14 Employee benefits

Short-term employee benefits
Short-term employee benefits are expensed as the related services are provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.14 Employee benefits (continued)

Post-employment benefits
The Group's obligation under employee end of service benefit is accounted for as an unfunded defined benefit plan and is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods and discounting that amount. The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. Re-measurement of the net defined benefit liability, which comprise actuarial gains and losses are recognized immediately in OCI. The Group determines the net interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to then-net defined benefit liability, taking into account any changes in the net defined benefit liability during the period as a result of benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized in employee costs in the consolidated statement of profit or loss and other comprehensive income.

The Group uses the yield available on the high-quality corporate bonds as a reasonable assumption for the discount rate.

4.15 Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

4.16 Payable to unitholders of investment fund

This represents the ownership interest of other unitholders of Alinma Makkah Real Estate Fund ("the Fund") which was presented as part of liabilities in these consolidated financial statements as at 31 December 2021 due to the limited life of the Fund. As at 31 December 2022 this balance stands fully derecognized pursuant to the winding up of the funds (note 2.4).

4.17 Zakat

The Company and its Saudi Arabian subsidiaries are subject to zakat in accordance with the regulations of Zakat, Tax and Customs Authority ("ZATCA"). Provision for zakat for the Company and Zakat related to the Company's ownership in the Saudi Arabian subsidiaries is charged to the consolidated statement of profit or loss and other comprehensive income. Additional amounts payable, if any, at the finalization of final assessments are accounted for when such amounts are determined. The Group withholds taxes on certain transactions with non-resident parties in the Kingdom of Saudi Arabia as required under Saudi Arabian Income Tax Law.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.18 Revenues

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognizes revenue from contracts with customers when it transfers control over a good or service to a customer based on a five-step model as set out in IFRS 15:

- Step 1. Identify the contract with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria that must be met.
- Step 2. Identify the performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.
- Step 3. Determine the transaction price: The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.
- Step 4. Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Group will allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.
- Step 5. Recognize revenue when (or as) the entity satisfies a performance obligation.

The Group satisfies a performance obligation and recognizes revenue over time, if one of the following criteria is
met:

- The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs; or
- The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- 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.

For performance obligations, where one of the above conditions are not met, revenue is recognized at the point in time at which the performance obligation is satisfied. When the Group satisfies a performance obligation by delivering the promised goods or services, it creates a contract asset based on the amount of consideration earned by the performance. Where the amount billed to the customer exceeds the amount of revenue recognized, this gives rise to a contract liability.

Sale of development properties
Sale of development properties includes multi-unit properties in residential or hotel developments. Typically, these developments take a number of years to complete. Revenue recognition regarding the sale of such units is determined by the contractual terms and conditions for each arrangement.

Performance obligations
The performance obligations in these arrangements are normally made up of several promises which encompass the unit, land, parking spaces, operational readiness (normally for units in hotels) and other amenities. These promises are not distinct in the context of each contract and are considered to be highly interrelated and interdependent on each other, therefore the sale of property consisting of units is typically considered one performance obligation.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.18 Revenues (continued)

Sale of development properties (continued)

Transaction price and allocation of transaction price
The revenue is measured at the transaction price agreed under the contract and allocated to the performance obligation. In some cases the transaction price also includes variable consideration.

Revenue recognition
Revenue on sale of development properties is recognized when control over the properties has been transferred to the customer, in some circumstances this is over time, where the criteria as per IFRS 15 paragraph 35 is met and in other circumstances revenue is recognized at a point in time, when the customer has control of the property and is able to direct the use of the property, this is typically when the customer has taken possession of the property

Over time contracts
However, the Group has determined that, for its typical contracts of multi-unit property, its performance does not create an asset with alternative use to the Group and it has concluded that, at all times, it has an enforceable right to payment for performance completed to date. Therefore, control transfers over time for these contracts. For contracts that meet the overtime revenue recognition criteria, the Group's performance is measured using an input method, by reference to the costs incurred to the satisfaction of a performance obligation (e.g., resources consumed, labour hours expended, costs incurred, time elapsed or machine hours used) relative to the total expected inputs to the completion of the property.

The Group excludes the effect of any costs incurred that do not contribute to the Group's performance in transferring control of goods or services to the customer (such as unexpected amounts of wasted materials, labour or other resources) and adjusts the input method for any costs incurred that are not proportionate to the Group's progress in satisfying the performance obligation (such as uninstalled materials).

Point in time contracts
Where the criteria for overtime revenue recognition is not met, revenue is recognized at a point in time, only when the control criteria as per IFRS 15 paragraph 38 is met. Control is normally obtained by the customers when they are able to obtain economic benefits from the properties, this is typically on handover of the properties. In order for the properties to be ready for handover, all the individual promises in the contract must be complete, this will include properties which require the units to be available for operational readiness, such as hotel units.

Significant financing
In cases where deferred payment terms are agreed, the transaction price is adjusted for the effects of a significant financing component.

Rental income from investment properties
Rental income from investment properties is recognized in the consolidated statement of profit or loss and other comprehensive income on a straight-line basis over the term of the lease. When the Group provides incentives to its customers in the form of rent-free period, the incentive is recognized as a reduction of the total rental income over the entire lease term, on a straight-line basis.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.18 Revenues (continued)

Rental from hotel services
It comprises revenue from rooms, food and beverages and other associated services provided. The revenue is recognized net of discount, applicable taxes and municipality fees on an accrual basis when the services are rendered. Performance obligations are satisfied over time, and revenue from hotel services is recognized on a daily basis, as the rooms are occupied, and services are rendered.

4.19 Selling, marketing and general and administrative expenses

Selling, marketing and general and administrative expenses include direct and indirect costs not specifically part of cost of sale as required under generally accepted accounting principles. Allocations between selling, marketing and general and administrative expenses and cost of sale, when required, are made on a consistent basis.

4.20 Borrowings costs

Borrowing costs directly attributable to the acquisition or construction of a property that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. Capitalization commences when: (1) the Group incurs expenditures for the asset; (2) the Group incurs borrowing costs; and (3) the Group undertakes activities that are necessary to prepare the asset for its intended use or sale. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

The interest capitalized is calculated using the Group's weighted average cost of borrowings after adjusting for borrowings associated with specific developments. Where borrowings are associated with specific developments, the amount capitalized is the gross interest incurred on those borrowings less any investment income arising on their temporary investment. Borrowing cost is capitalized from the commencement of the development work until the date of practical completion, i.e., when substantially all of the development work is completed. The capitalization of finance costs is suspended if there are prolonged periods when development activity is interrupted. Interest is also capitalized on the purchase cost of a site of property acquired specifically for redevelopment, but only where activities necessary to prepare the asset for redevelopment are in progress.

4.21 Finance income and finance costs

Finance income and expenses are recognised within finance income and finance costs in the consolidated statement of profit or loss and other comprehensive income using the effective interest rate method, except for borrowing costs relating to qualifying assets, which are capitalised as part of the cost of that asset.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.21 Finance income and finance costs (continued)

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the finance income or finance expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instrument, or a shorter period where appropriate, to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Group estimates cash flows considering all contractual terms of the financial instrument (for example, pre-payment options) but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts

4.22 Segment information

Operating segments are reported in a manner consistent with the internal reporting provided to the Board of Directors (BOD) and CEO, (together chief operating decision maker, CODM). The CODM assesses the financial performance and position of the Group and accordingly makes strategic decisions.

An operating segment is group of assets and operations:

- engaged in revenue producing activities;
- results of its operations are continuously analyzed by management in order to make decisions related to resource allocation and performance assessment;
- Segment results that are reported to the CODM and include items directly attributable to a segment as well as those that can be allocated on a reasonable basis; and
- whose financial information is separately available.

4.23 Contract assets and contract liabilities

A contract asset is the right to consideration in exchange for goods or services transferred to the customer when that right is conditioned on something other than the passage of time, for example, billings require certification by the customer. Upon receipt of such certification from a customer, the amount recognised as contract assets is reclassified to trade receivables. Contract assets are subject to impairment assessment on the same basis as financial assets that are within the scope of IFRS 9 – refer to Impairment in note 12.

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e. transfers control of the related goods or services to the customer). Unlike the method used to recognise contract revenue related to sale of completed property, the amounts billed to the customer for the sale of a property under development are based on achievement of the various milestones established in the contract. The amounts recognised as revenue for a given period do not necessarily coincide with the amounts billed to and certified by the customer. In the case of contracts in which the goods or services transferred to the customer exceed the related amount billed to and certified by the customer, the difference is recognised (as a contract asset) and presented in the statement of financial position under “Contract assets”, whereas in contracts in which the goods or services transferred are lower than the amount billed to and certified by the customer (i.e., when a payment is due or a payment is received before the Group transfers the remaining goods or services), the difference is recognised (as a contract liability) and presented in the statement of financial position under “Contract liabilities”.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.24 Operating profit / loss

Operating profit / loss is the result generated from the continuing principal revenue -producing activities of the Group as well as other income expenses related to operating activities. Operating profit / loss excludes items such as net finance cost, share of profit of equity accounted investees, zakat, net gain / loss on modification / derecognition of loans leases and certain exceptional gain / losses on disposal of non-current assets (note 2.5).

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 01 January 2021	2,896,000	4,207,847	1,007,154	1,969,224	758,997	429,057	7,514,486	18,782,765
Additions during the year	--	--	--	1,031	4,151	--	449,077	454,259
Disposals / write-off during the year	--	--	--	--	(20,825)	--	--	(20,825)
Transfer from development properties (note 11)	135,997	--	--	--	--	--	1,259,061	1,395,058
Transfers from CWIP	--	--	11,868	--	--	--	(11,868)	--
Transfer to non-current asset classified as held for sale (note 5 (b))	(54,557)	--	--	--	--	--	(56,278)	(110,835)
Reclassification	41,103	--	--	--	--	--	(41,103)	--
Balance at 31 December 2021	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-off during the year	--	--	--	--	(252,869)	--	--	(252,869)
Transfer to asset held for sale (note 2.4)	(130,749)	--	--	--	--	--	--	(130,749)
Transfer to investment properties and property for sale and development (note 6 and 11)	--	--	--	--	(2,638)	--	(37,557)	(40,195)
Balance at 31 December 2022	2,887,794	4,207,847	1,019,022	1,971,810	492,011	429,057	10,390,950	21,398,491
Accumulated depreciation:								
Balance at 1 January 2021	--	184,788	119,454	250,983	314,592	37,838	--	907,655
Depreciation for the year (note 23 and 24)	--	49,873	34,227	81,552	68,838	7,984	--	242,474
Disposals / write-off during the year	--	--	--	--	(19,223)	--	--	(19,223)
Balance at 31 December 2021	--	234,661	153,681	332,535	364,207	45,822	--	1,130,906
Depreciation for the year (note 23 and 24)	--	49,873	34,227	81,597	59,130	7,984	--	232,811
Disposals / write-off during the year	--	--	--	--	(165,652)	--	--	(165,652)
Transfer to investment properties and property for sale and development (note 6 and 11)	--	--	--	--	(1,113)	--	--	(1,113)
Balance at 31 December 2022	--	**284,534**	**187,908**	**414,132**	**256,572**	**53,806**	--	**1,196,952**
Net book value:								
At 31 December 2022	**2,887,794**	**3,923,313**	**831,114**	**1,557,678**	**235,439**	**375,251**	**10,390,950**	**20,201,539**
At 31 December 2021	3,018,543	3,973,186	865,341	1,637,720	378,116	383,235	9,113,375	19,369,516

*The Group has reclassified certain residential units from properties for development and sale to property, plant and equipment as a result of specific use of assets.

5. 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 recognizes the DCS from the commencement of construction by CDCC.

b. These represent amounts transferred to non-current assets classified as held for sale pertaining to assets determined by management to be recovered principally through a sale transaction rather than continuing use (refer note 13).

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

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

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

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

d. During the year ended 31 December 2022, an amount of SR 106.1 million (31 December 2021: SR 47.8 million) was capitalized as borrowing cost for the construction of property plant and equipment included in capital work in progress. Further, the capitalization rate used to determine the amount of borrowing cost to be capitalized is the weighted average interest rate applicable to the Group general borrowing during the year, in this case 5.10 % per annum (2021: 3.62% per annum).

5. PROPERTY, PLANT AND EQUIPMENT (continued)

e. At 31 December 2022, the Group's land in the property, plant and equipment with a carrying amount of SR 3,894 million (31 December 2021: SR 2,532 million) were mortgaged as collateral against loans and borrowings.

f. Furniture and fixture and other assets include right of use assets as following:

	31 December 2022 SR'000	31 December 2021 SR'000
As at 1 January	**14,167**	15,840
Remeasurement	**(11,323)**	--
Depreciation	**(114)**	(1,673)
As at 31 December	**2,730**	14,167

In addition to the factors set out in note 2.4, the outbreak of COVID-19 led to a substantial reduction in cash generated from the Group's hotel and commercial area operations. It interrupted the development of the Group's projects as well. As a result, the management had identified the existence of indicators of impairment and has caried out an impairment testing exercise for its properties held as part of property, plant and equipment and investment properties. As part of this assessment management has engaged valuation experts accredited by the Saudi Authority for Accredited Valuers (TAQEEM) for the determination of the fair value less cost to sell of the relevant CGUs to which its properties correspond. Management has considered such fair values and value-in-use for assessing the recoverable amounts of the properties which have then been compared with the respective carrying amounts of the CGUs (represented by different zones). In the determination of fair values, management has taken into account a market participant's ability to generate economic benefits by using the properties in their highest and best use or by selling it to another market participant that would use the properties in its highest and best use'. Such highest and best use assessment considers possible uses of the properties that are physically possible, legally permissible and financially feasible. Moreover, any costs ancillary to or associated with the possible use are also estimated and considered in the assessment. As such, as at the reporting date, management has determined that the fair values of the properties/CGUs are maximized in the event of the sale of associated land less any associated cost of demolition of adjacent structures, either on as-is basis or in the future after operating any associated properties for a certain period. Accordingly, while the different zones may include certain units that are capable of generating largely independent cashflows, however, from the perspective of the highest and best use, it has been determined that the relevant CGUs are represented by distinct zones as per the master title deed approved by the Makkah Development Authority (where by such distinct zones represents specific parcel / plot of land over which construction may or may not have been carried out and such zones are distinctly physically separated by surrounding infrastructure such roads, pathways, etc.). This is because any structures constructed over such zones that include such hotels and commercial centers are physically interconnected. Moreover, management has identified that the infrastructure assets constructed and located across all phases/zones are not reasonably allocable to any specific zone since these provide benefits pervasively to all the zones of the Company. As such, for impairment testing purposes such infrastructure has been assessed on an aggregate basis.

5. PROPERTY, PLANT AND EQUIPMENT (continued)

The details of the foregoing valuation assessment are set out below:

Cash Generating Unit	Carrying amount of properties corresponding to the zone as at 31 December 2022	Fair value based on highest and best use
1	2,227,043	Higher
2	1,273,269	Higher
3	980,717	Higher
4	2,003,377	Higher
5	3,528,781	Higher
6	6,081,620	Higher
7	1,819,051	Higher
8	3,145,576	Higher
9	259,549	Higher
10	224,199	Higher
11	272,984	Higher
12	362,589	Higher
13	118,005	Higher
14	115,133	Higher
15	114,434	Higher
16	91,797	Higher
17	102,929	Higher
18	76,240	Higher
19	76,140	Higher
20	83,966	Higher
21	139,347	Higher
22	18,705	Higher

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

Valuation approach	Key inputs and assumptions used
Income approach with exit value based on sale of land Represents recoverable amount based on a market participant view and ability to maximise fair value based on highest and best use.	• 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

5. PROPERTY, PLANT AND EQUIPMENT (continued)

Valuation approach	Key inputs and assumptions used
Market approach based in immediate value of lands Represent recoverable amount based on a market participant's view and ability to maximise fair value based on immediate sale of the lands located in the different zones after demolition of any buildings/structures constructed on such lands.	• Relevant comparable transactions • Adjustments applied and Weightages allocated to comparable transaction • Overall market situation and growth • Demolition cost

The sensitivity of the fair values of the CGUs with respect to the selected significant assumptions are as follows:

Income approach

Input/assumption description	Value	Sensitivity
Discount rate	7.6%	+/- 1%
Average occupancy rate	35% - 80%	+/- 1%
Average daily rate (In SR)	–650 – 2,238	+/- 5%
Commercial lease rate per square meter (In SR)	65,000 – 114,000	+/- 1%
Growth rate of cashflows and land value at disposal	3.5%	+/- 1%
Demolition cost	1%	+/- 0.5%

Market approach

Input/assumption description	Value	Sensitivity
Relevant comparable transactions (actual transactions)	SR 199,000 per square meter to SR 322,688 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%
Demolition cost	1%	+/- 0.5%

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 2021	1,339,673	879,983	367,215	92,335	2,493,293	5,172,499
Additions during the year	--	--	--	--	11,292	11,292
Balance at 31 December 2021	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	**1,339,673**	**879,983**	**370,336**	**92,335**	**2,556,016**	**5,238,343**
Accumulated depreciation:						
Balance at 1 January 2021	--	39,352	73,217	18,099	--	130,668
Depreciation for the year (note 23 and 24)	--	10,613	16,557	1,925	--	29,095
Balance at 31 December 2021	--	49,965	89,774	20,024	--	159,763
Transfer from property, plant and equipment (note 5)	--	--	1,113	--	--	1,113
Depreciation for the year (note 23 and 24)	--	10,613	17,088	1,925	--	29,626
Balance at 31 December 2022	--	60,578	107,975	21,949	--	190,502
Net book value:						
At 31 December 2022	**1,339,673**	**819,405**	**262,361**	**70,386**	**2,556,016**	**5,047,841**
At 31 December 2021	1,339,673	830,018	277,441	72,311	2,504,585	5,024,028

6. INVESTMENT PROPERTIES (continued)

a. Investment properties comprise of commercial centers, parking areas and properties under development. Developed commercial centers and parking areas generate income through lease agreements. During the year ended 31 December 2022, there was SR 51.4 million capitalized as borrowing costs for the construction of investment properties included in capital work in progress (2021: SR 11.3 million). Further, the capitalization rate used to determine the amount of borrowing costs to be capitalized is the weighted average interest rate applicable to the Group's general borrowings during the period, in this case 5.10 % per annum (31 December 2021: 3.62 % per annum).

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

c. Deprecation charged for the year has been allocated to cost of sale.

d. As at 31 December 2022, the Group's land in the investment properties with a carrying amount of SR 752 million (31 Dec 2021: SR 1,018 million) were mortgaged as collateral against loans and borrowings.

e. Refer Note 5(g) for key assumptions and information about fair value measurements using significant unobservable input.

f. Amounts recognized in statement of profit or loss and other comprehensive income for investment properties are as follows:

	31 December 2022 SR'000	31 December 2021 SR'000
Rental income from operating leases	**89,284**	34,334
Direct operating expenses on property that generated rental income	**(38,787)**	(30,322)

There were no direct operating expenses on investment properties that did not generate rental income (under development) during 2022 and 2021.

g. Following is the fair value of investment properties, held by the Group:

	31 December 2022 SR'000	31 December 2021 SR'000
Fair value	**10,513,336**	11,340,000

All the investment properties held by the Group are for the purpose of generating rental income and it does not hold any investment properties with undetermined use.

Revenues are derived from a large number of tenants and no single tenant more than 10% of the Group's revenues.

6. INVESTMENT PROPERTIES (continued)

h. For details regarding the impairment assessment in relation to investment properties as carried out by management, please refer note 5.

i. As at 31 December 2022, the Group has Nil contractual obligation for future repairs and maintenance which are not recognized as liability.

j. For all investment properties the current use of the property is considered the highest and best use.

7. EQUITY-ACCOUNTED INVESTEE

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 has share capital consisting solely of ordinary shares, which are held directly by the group and the proportion of ownership interest is the same as the proportion of voting rights held. CDCC is not publicly listed and 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. The information disclosed reflects the amounts presented in the consolidated financial statements of the joint venture. They have been amended to reflect adjustments made by the Group when using the equity method, including fair value adjustments and modifications for differences in accounting policy. Summarized financial information of the joint venture and reconciliation with the carrying amount of the investment in the consolidated financial statements are as follows.

Summarized statement of financial position of CDCC:

	31 December 2022 SR'000	31 December 2021 SR'000
Current assets	**259,747**	183,799
Non-current assets	**764,877**	796,479
Current liabilities	**(226,057)**	(175,079)
Non-current liabilities	**(429,707)**	(448,565)
Net assets	**368,860**	356,634

7. EQUITY-ACCOUNTED INVESTEE (continued)

Summarized statement of profit or loss of CDCC:

	31 December 2022 SR'000	31 December 2021 SR'000
Revenue	**85,401**	81,048
Expenses including zakat	**(73,175)**	(63,119)
Profit for the year	**12,226**	17,929
Total comprehensive income for the year	**12,226**	17,929
Group's share in %	**40%**	40%
Group's share of total comprehensive income	**4,890**	7,172

Reconciliation to carrying amounts:

	31 December 2022 SR'000	31 December 2021 SR'000
At the beginning of the year	**356,634**	333,597
Additional equity contribution	**--**	5,108
Profit for the year	**12,226**	17,929
Closing net assets	**368,860**	356,634
Group's share in %	**40%**	40%
Group's share of net assets (40%)	**147,544**	142,654
Eliminations	**(20,892)**	(20,892)
Carrying amount	**126,652**	121,762

8. FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

8.1 Equity investments at fair value through profit or loss

	Note	Carrying value as at 31 December 2022 SR'000	Carrying value as at 31 December 2021 SR'000	Unrealized (loss) / gain as at 31 December 2022 SR'000	Unrealized (loss) / gain as at 31 December 2021 SR'000
Non-current assets					
Al Bilad Makkah Hospitality Fund	A	**283,762**	304,122	**(20,360)**	(588)
Current assets					
Alinma Saudi Riyal Liquidity Fund	B	**--**	24,475	**--**	844

a) This represents investment in 20 million units (31 December 2021: 20 million units) of the investee which is a private placement closed ended real estate investment fund domiciled in KSA and managed by Al Bilad Investment Company. The objective of the investee is to acquire interest in properties situated in Makkah in order to generate income and capital growth. The main assets of the investee are represented by investment properties. The investee prepares and publishes financial statements on semi-annual basis under which it reports net asset value of the fund based on the fair value of these investment properties, as determined by two independent valuers (referred to as 'Indicative NAV'). Management believes that indicative NAV is a reasonable approximation of the fair value of the investee since such indicative NAV is based on the fair value of the core assets of the investee which represent a significant portion of it's net assets. As per the audited financial statements of the investee for the year ended 31 December 2022, the Indicative NAV per unit amounts to SR 14.2 (31 December 2021: SR 15.2), which has accordingly been used as a valuation basis of the Group's investment as at 31 December 2022. Moreover, since the indicative NAV is not based on observable inputs the fair value of the investee is classified under level 3 of the fair value hierarchy.

b) This represented investment in Alinma Saudi Riyal Liquidity Fund which is a public investment fund domiciled in KSA and managed by Alinma Investment Company. The objective of the investee is to invest in Murabaha Contracts which complies with Islamic Shari'a. During the year ended 31 December 2022, the Company entered into a swap agreement and the investment in the Fund was liquidated and accordingly the Fund's investment is no longer part of the consolidated financial statements of the Company.

8. FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

8.1 Equity investments at fair value through profit or loss (continued)

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

	Date of valuation	Total SR'000	Fair value measurement using (Level 1) SR'000	(Level 2) SR'000	(Level 3) SR'000
Equity investments at fair value through profit or loss	**31 December 2022**	**283,762**	**--**	**--**	**283,762**
Equity investments at fair value through profit or loss	31 December 2021	328,597	24,475	--	304,122

8.2 Amounts recognized in statement of profit or loss and other comprehensive income

	31 December 2022 SR'000	31 December 2021 SR'000
Fair value (loss) recognized in statement of profit or loss and other comprehensive income	**(20,360)**	(588)
Fair value gain recognized in statement of profit or loss and other comprehensive income	**--**	844

8.3 Fair value and risk exposure

Information about the methods and assumptions used in determining fair value is provided in note 29.

9. CASH AND CASH EQUIVALENTS

	31 December 2022 SR'000	31 December 2021 SR'000
Cash on hand	**70**	85
Cash at banks (refer notes (a), (b) and (c) below)	**697,767**	981,527
Term deposits (note (a) below)	**231,425**	305,925
	929,262	1,287,537
Less: Restricted cash – non-current (refer note (a) below)	**(242,590)**	(242,590)
Less: Restricted cash – current (refer note (a) below)	**(346,288)**	(716,520)
	340,384	328,427

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

b) Balance in bank accounts with entities having common directorship with the Group amount to SR Nil as at reporting date (31 December 2021: SR 1.5 million).

c) 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 31 December 2022 and 31 December 2021.

10. OTHER ASSETS

	31 December 2022 SR'000	31 December 2021 SR'000
Other non-current assets		
Accrued rent	**17,453**	18,396
Other current assets		
Prepaid expenses	**10,315**	8,362
Hotels other receivables	**4,027**	37,539
Other	**49,595**	49,329
Total	**63,937**	95,230

11. PROPERTIES FOR DEVELOPMENT AND SALE

These represent properties being developed for sale as residential units which determined by management to be used for future sale in the ordinary course of Group's operations. Movement during the year ended is as follows:

	31 December 2022 SR'000	31 December 2021 SR'000
Opening balance	**24,806**	1,419,044
Transfers (note 5)	**37,557**	(1,395,058)
Additions	**--**	820
	62,363	24,806
Less: Charged to cost of sales	**(41,294)**	--
	21,069	24,806

11.1 Properties for development and sale recognized as an expense during the year ended 31 December 2022 amounts to SR 41.3 million (31 December 2021: SR Nil) are included in cost of development properties sold.

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

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

12. TRADE AND OTHER RECEIVABLES

	31 December 2022 SR'000	31 December 2021 SR'000
Receivables from contract with customers	**36,956**	16,757
Receivables from rental income and land sale (note 12.1)	**205,985**	156,322
Contract assets	**12,519**	56,550
Advances to suppliers	**132,565**	152,904
Margin and other deposits	**--**	14,571
Other receivables	**101,410**	211,645
Less: allowance for expected credit loss	**(99,801)**	(60,689)
	389,634	548,060

12.1 This includes an amount of SR 48 million (2021: SR 48 million) in respect of the sale of certain property in prior periods. The amount has been fully settled subsequent to 31 December 2022.

12. TRADE AND OTHER RECEIVABLES (continued)

Trade receivables are non-derivative financial assets carried at amortized 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 31 December 2022, five largest customers accounted for 54% (31 December 2021: 71%) of the outstanding receivables. Due to short-term nature of the trade receivables, their carrying amounts are considered to approximate their fair values.

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

The allowance for expected credit loss of trade and other receivables is as follows:

	31 December 2022 SR'000	31 December 2021 SR'000
Receivables from contract with customers	**10,651**	9,882
Receivables from rental income	**78,649**	41,921
Receivables in respect of properties for development and sale	**8,478**	--
Contract assets	**2,023**	8,886
	99,801	60,689

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

	31 December 2022 SR'000	31 December 2021 SR'000
Opening balance	**60,689**	104,297
Charge / (reversals) for the year	**49,079**	(34,036)
Provision written off against receivable	**(9,967)**	(9,572)
Closing balance	**99,801**	60,689

Contract assets relate to off-plan sales of properties for development and sale. Contract assets are initially recognized for revenue earned from property under development rendered but yet to be billed to customers. Upon billing of invoice, the amounts recognized as contract assets are reclassified to trade receivables. The group also recognized a loss allowance for contract assets in accordance with IFRS 9.

13. GAIN ON DISPOSAL OF NON-CURRENT ASSETS

Gain on disposal of sale of land amounting to SR Nil (31 December 2021: 1,068 million).

	31 December 2022 SR'000	31 December 2021 SR'000
Opening balance	--	115,821
Transferred from property, plant and equipment	--	110,835
Non-current assets sold during the year	--	(226,656)
Closing balance	--	--
Proceeds from disposal of non-current assets	--	1,045,000
Gain on disposal of non-current assets	--	1,068,808

During the year ended 31 December 2021, following sale of plots were made:

1) 2,572 square meters located in Phase 7 of the Group's project amounting to SR 830 million by transferring the plot's legal title to the buyer. Out of SR 830 million, an amount of SR 52 million is deferred and to be recognized on fulfillment of related performance obligation.

2) 2,600 square meters located in Phase 5 of the Group's project by transferring the plot's possession to the buyer with noncancellable terms. The Group management expect transfer of title deed as protective clause with no further performance obligation.

14. CAPITAL AND RESERVES

14.1 Share capital

	2022	2021
In thousand of shares		
In issue at 1 January 2022 – Fully paid/contributed	**929,400**	929,400
Issue of shares against swap agreement (refer note 2.4)	**225,134**	--
In issue at 31 December 2022 – Fully paid/contributed	**1,154,534**	929,400
Authorised - par value SR 10	**11,545,342**	9,294,000

14.2 Share premium

Pursuant to the settlement of lease obligation as mentioned in the note 2.4, share premium reserve amounting to SR 2,918 million was recorded.

On 29 December 2022, as permitted by applicable regulations, the Board of Directors of the Company, resolved to approve the application / set off of the available share premium balance against the accumulated losses of the Company as at 31 December 2022. Accordingly as at 31 December 2022, share premium balance amounting to SR 1,590 million should set off as such.

14. CAPITAL AND RESERVES (continued)

14.3 Statutory reserve

As required by Saudi Arabian Regulations for Companies, 10% of the net profit for the year (after absorption of accumulated losses) is transferred to statutory reserve. The Group may resolve to discontinue such transfers when the reserve totals 30% of the share capital. The statutory reserve is not available for distribution. Since the Company has incurred a net loss for the year ended December 31, 2022, no transfer to statutory reserve has been made during the year then ended.

14.4 Reserve for advances to certain founding shareholders

This represents amounts advanced to certain founding shareholders ("the founders") in prior years, duly approved by the shareholders and stipulated in the By-laws of the Company, and subsequently ceased via shareholder resolution in their extraordinary general assembly meeting dated 28 March 2016 (corresponding to 19 Jumada ll 1437H). The advances are adjustable against future dividend distributions by the Company to the founders and / or against the proceeds from disposal of Company's shares held by the founders.

15. LOANS AND BORROWINGS

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

	31 December 2022 SR'000	31 December 2021 SR'000
Loans and borrowings	**10,682,433**	9,632,872
Accrued commission	**361,623**	241,320
Less: Deferred financial charges	**(63,011)**	(65,262)
	10,981,045	9,808,930
Current portion	**(478,621)**	(1,766,085)
Non-current portion	**10,502,424**	8,042,845

Non-current portion

	31 December 2022 SR'000	31 December 2021 SR'000
Government loan (Note (a) below)	**1,378,951**	1,326,088
Syndicate loan (Note (b) below)	**5,388,035**	4,889,028
Accrued Commission	**225,161**	201,980
Facility from a local bank (Note (c) below)	**928,600**	--
Facility from local bank (Note (f) below)	**29,150**	29,150
Facility from local bank (Note (d) below)	**1,600,000**	600,000
Subordinated Sukuk (Note (g) below)	**--**	506,250
Facility from local bank (Note (h) below)	**1,007,477**	547,550
	10,557,374	8,100,046
Less: Deferred financial costs	**(54,950)**	(57,201)
	10,502,424	8,042,845

15. LOANS AND BORROWINGS (continued)

Current portion

	31 December 2022 SR'000	31 December 2021 SR'000
Facility from a local bank (Note (c) below)	**71,400**	635,656
Accrued commission	**24,216**	9,496
Facility from a local bank (Note (d) below)	**--**	1,000,000
Accrued commission	**--**	3,171
Facility from a local bank (Note (e) below)	**--**	70,000
Accrued commission	**--**	1,099
Facility from a local bank (Note (f) below)	**26,235**	29,150
Accrued commission	**925**	420
Accrued commission (Note (d) below)	**95,920**	15,455
Subordinated Sukuk (Note (g) below)	**252,585**	--
Accrued commission (note (g) below	**4,888**	8,318
Accrued commission (Note (h) below)	**10,513**	1,381
	486,682	1,774,146
Less: Deferred financial costs	**(8,061)**	(8,061)
Current portion	**478,621**	1,766,085

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

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

During 2020, the Group obtained approval from the lender to postpone until 31 March 2022 the repayment of all installments that were due on or before 31 December 2020.

During 2021, the Group entered into a loan restructuring agreement with MoF that involved significant modifications of the loan terms, including waiver of the accrued commission, capitalization of commission for certain period before 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").

15. LOANS AND BORROWINGS (continued)

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

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

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

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

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

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 statement of profit or loss and other comprehensive income. The Group management is in the process of finalizing the facilities agreement as at 31 December 2022.

The Group has pledged plots of land in phase 3 and phase 7 with a carrying amount of SR 727.4 million to the lender as mortgage against the loan.

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

15. LOANS AND BORROWINGS (continued)

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

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

The Group has analysed the renegotiated terms and identified the changes to represent a non-substantial modification. Accordingly, the resulting modification loss amounting to SR 173 million has been recognized in net gain on loan restructuring presented in the statement of profit or loss and other comprehensive income.

The Group has pledged plots of land from phase 2, phase 4 and phase 5 with a carrying amount of SR 1,616.9 million to the lender as mortgage against the loan. Furthermore, the Group has also issued a promissory note in favor of the syndicate amounting to SR 6.1 billion.

The above facility contains certain financial covenants; however the Group is in compliance with these covenants as at 31 December 2022.

c) On 20 March 2017 (corresponding to 21 Jumada II 1438H), the Group signed an unsecured long term loan facility agreement with a local bank, the facility limit of SR 842 million for the purpose of settlement of certain Group's outstanding liabilities, whereby the loan will be repaid over a period of four years. Accordingly, as per the repayment terms, the loan was repayable in seven semi-annual equal instalments; the first instalment was due on 20 March 2018 (corresponding to 03 Rajab 1439H) and last instalment would have been due on 20 March 2021 (corresponding to 7 Shabaan 1442H). The loan carries borrowing costs at SIBOR plus 5%. On 21 March 2019 (corresponding to 14 Rajab 1441), the Group entered into a revised/ restructured agreement relating to the facility for the outstanding amount of the loan as at the restructuring date. Accordingly, as per the revised terms, the loan is repayable in nine installments: the first installment falling due on 18 August 2019 (Corresponding to 17 Dhual Hijjah 1440) and last installment due on 19 September 2023 (Corresponding to 4 Rabiul awal 1445). During the year ended 31 December 2020, the Group has received short-term deferral on the instalment due in March 2020 and September 2020 until the following instalment due date in March 2021 and remaining amount to be settled till September 2023 based on semi-annual installment schedule. Due to restructuring in current payments, the Group has recognized modification losses amounting to SR 4.9 million during the year ended 31 December 2020. During 2021, the Group received short-term deferral on the instalment due in March 2021 until July 2021. As of December 31 2021, the Group has utilized SR 636 million. During the year ended 31 December 2022, the Group has repaid the loan in full.

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

15. LOANS AND BORROWINGS (continued)

The Group has pledged plots of land from phase 7 with a carrying amount of SR 229.5 million to the lender as mortgage against the loan.

The above facility contains certain financial covenants and the Group is in compliance with these covenants as at 31 December 2022.

d) On 17 July 2017 (corresponding to 22 Shawal 1438H), the Group signed an unsecured facility with a local bank, with an amount of SR 500 million for the purpose of settlement of certain Group's outstanding liabilities. The loan carries borrowing costs at commercial rates and was repayable after six months (with an option to extend for a further period of six month). Original maturity date of the loan was 31 August 2018 (corresponding to 20 Dul-Hajjah 1439H). On 16 October 2017 (corresponding to 26 Muharram 1439H), the Group has re-negotiated and signed an agreement to convert the existing unsecured facility with secured facility for an additional amount of SR 500 million which increased the facility to SR 1 billion for the purpose of Group's outstanding liabilities. This new facility is secured with SR 1 billion subscribed units of JODC in the Group's subsidiary interest, Alinma Makkah Real Estate Fund and was due for payment on 31 March 2018. The loan carries borrowing costs at commercial rates. During the year ended 31 December 2020, the Group has finalized the terms and condition of restructuring the facilities and accordingly maturity has been extended to November 2021 with borrowing cost of SIBOR plus 3%. The Group has recognized modification losses amounting to SR 36.2 million, as a result of facilities rescheduled during the year ended 31 December 2020. There are no financial debt covenants related to the facilities. The loan facility has a history of roll-over in the past and during the year ended 31 December 2022, the Group obtained approval from lender to rollover a loan facility amounting to SR 1 billion to 28 August 2022.

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

During the year ended 31 December 2022, the Group has restructured the above-mentioned facilities from the bank amounting to SR 1,000 million and SR 600 million, respectively, and pursuant to this restructuring, the Group has entered into a new facility amounting to SR 1,600 million through modification of the previously obtained facilities. The restructured loan carries borrowing rate at SIBOR plus 2.3%. The Group has recognized modification losses amounting to SR 79.2 million, as a result of facilities rescheduled during the year ended 31 December 2022. This has been signed subsequent to year end. The facility is repayable in six equal quarterly installments commencing from 24 February 2023 with two bullet payments on 28 August 2026 and 28 August 2027 respectively.

The Group has pledged one of its property in phase 1 with the carrying amount of SR 2 billion to the lender as mortgage against the loan.

The above facility contains certain financial covenants; however the Group is in compliance with these covenants as at 31 December 2022.

15. LOANS AND BORROWINGS (continued)

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

f) On 16 August 2017 (corresponding to 24 Dhul Qadah 1438H), the Group signed an unsecured non funded facilities with a local bank, with an amount of SR 200 million for the purpose of opening letters of credit (L/C) and letters of guarantees (L/G) by the Group. The facility carries borrowing costs at commercial rates and facility was rolled over till 05 October 2023 (corresponding to 21 Safar 1444). At 31 December 2022, the Group has utilized SR 55.4 million to settle some of the outstanding liabilities. There are no financial debt covenants related to the facility.

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

   During the year ended 31 December 2022, the Group announced and redeemed the partial early redemption of Sukuk amounting to USD 67,500,000 in aggregate face amount of its Certificates (out of total face amount of USD 135,000,000) that were issued on 12 November 2018 and its original maturity date is 15 November 2023.

h) During the year ended 31 December 2021, the Group entered into a secured financing arrangement amounting to SR 1.6 billion with a lender for the completion of the Phase 3 of the Group's Project. SR 547 million were drawn which were used to settle some of Phase 3 related liabilities. Remaining drawdowns from this facility will be made within eighteen months from 30 June 2023. Cost of borrowing is SIBOR plus 0.9% per annum. As per the repayment terms, the loan is repayable in is twenty four equal semi-annual installments. First installment due after 24 months from the date of end of initial availability period dated 30 November 2024.

   This loan is secured against the guarantee provided by the Government to the lender. There are no financial debt covenants related to the facility.

i) During the year ended 31 December 2022, total drawdowns against loans and borrowings amounted to SR 1,993 million (2021: SR 1,184 million), repayments amounted to SR 969 million (2021: SR 286 million), while total finance cost amounted to SR 545 million (2021: SR 369 million)

16. LEASE LIABILITIES

The Lease liabilities are as follows:

	31 December 2022 SR'000	31 December 2021 SR'000
Total liabilities	**1,831**	15,090
Finance costs	**(38)**	(534)
	1,793	14,556
Less: Current portion	**(1,385)**	(3,247)
Non-current portion	**408**	11,309

The table below shows the maturity analysis of lease liability bifurcated in lease rentals and unamortized finance charges, to be paid after the reporting date.

	Future lease rentals SR'000	Unamortized finance charges SR'000	Lease Liability SR'000
31 December 2022			
Less than one year	**1,423**	**(38)**	**1,385**
Between one to five years	**408**	**--**	**408**
	1,831	**(38)**	**1,793**
31 December 2021			
Less than one year	3,407	(160)	3,247
Between one to five years	11,683	(374)	11,309
	15,090	(534)	14,556

17. PROVISION FOR EMPLOYEES' TERMINAL BENEFITS

The Group operates a defined benefit plan in line with the Labour Law requirement in the Kingdom of Saudi Arabia. The end of service benefit payments under the plan are based on the employees' final salaries and allowances and their cumulative years of service at the date of their termination of employment, as defined by the conditions stated in the Labour Laws of the Kingdom of Saudi Arabia. Employees' end of service benefit plans are unfunded plans and the benefit payment obligation are met when they fall due upon termination of employment. The following table summarizes the components of the net benefit expense recognized in the consolidated statement of profit or loss and other comprehensive income and amounts recognized in the consolidated statement of financial position.

17. PROVISION FOR EMPLOYEES' TERMINAL BENEFITS (continued)

	31 December 2022 SR'000	31 December 2021 SR'000
Defined benefit liability at the beginning of the year	**27,309**	33,400
Included in profit or loss		
Current service cost	**7,124**	7,992
Interest cost	**601**	459
Curtailment gain	**(888)**	(757)
	6,837	7,694
Included in other comprehensive income		
Re-measurement (gain) / loss:		
Actuarial (gain) / loss arising from:		
demographic assumptions	**310**	--
financial assumptions	**341**	(1,236)
experience adjustment	**2,505**	(1,254)
	3,156	(2,490)
Other		
Benefits paid	**(4,627)**	(11,034)
Liability transferred	**--**	(261)
	(4,627)	(11,295)
Defined benefit liability at the end of the year	**32,675**	27,309

Actuarial assumptions

The following were the principal actuarial assumptions applied at the reporting date:

	31 December 2022	31 December 2021
Discount rate (%)	**4.13%**	2.4%
Future salary growth (%)	**4.12%**	2.25%

At 31 December 2022, the weighted-average duration of the defined benefit obligation was 6.58 years (31 December 2021: 6.03 years).

Expected future payments are discounted using market yields at the end of the reporting period of high-quality corporate bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows.

17. PROVISION FOR EMPLOYEES' TERMINAL BENEFITS (continued)

Sensitivity analysis
Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	31 December 2022		31 December 2021	
	Increase	**Decrease**	Increase	Decrease
	SR'000	***SR'000***	*SR'000*	*SR'000*
Discount rate (1% movement)	**(2,196)**	**2,072**	(1,600)	1,833
Future salary growth (1% movement)	**2,181**	**(2,331)**	1,958	(1,742)

The sensitivity analyses above have been determined based on a method that extrapolates the impact on the defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The sensitivity analyses are based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analyses may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation from one another.

The following undiscounted payments are expected to the defined benefit plan in future years:

	31 December 2022 SR'000	31 December 2021 SR'000
Within the next 12 months (next annual reporting period)	**4,899**	4,458
Between 1 and 5 years	**13,909**	11,370
Between 5 and 10 years	**25,811**	16,164

18. OTHER NON-CURRENT LIABILITIES

	Note	**31 December 2022 SR'000**	31 December 2021 SR'000
Payable to CDCC (refer note (b) below)	21	**716,232**	741,205
Retention payable – non–current		**193,501**	370,363
Refundable deposits (refer note (a) below)		**7,979**	6,457
Others		**15,958**	13,455
		933,670	1,131,480

a) Refundable deposits are received against commercial centers which are to be settled at the end of contract.

b) Under the arrangement CDCC's purpose is to construct the cooling facilities and provide the cooling service to the Group or other consumers within the project development area. The concession agreement sets out a pricing formula for the sale of services to the Group and consumers which is at a fixed rate subject to contracted cooling capacity and quantity of cooling services.

19. TRADE PAYABLE AND OTHER CURRENT LIABILITIES

	31 December 2022 SR'000	31 December 2021 SR'000
Contractors accrued balances, accrued expenses and other liabilities	**384,726**	602,859
Retention payable – current	**197,839**	19,117
Advances from customers	**236,022**	188,941
Trade payable	**121,253**	141,071
Due to related parties (note 21)	**651,678**	587,878
	1,591,518	1,539,866

a) Retention payables consist of amount due to be settled to sub-contractors based on agreed terms. The amount has been classified as under current and non-current based on expected date of settlement.

b) Advance from customer includes amount received in advance against sale of residential units and advance rent for commercial centers.

20. ZAKAT PAYABLE

Zakat is computed at 2.5% of income subject to zakat or Zakat base, whichever is higher. As such, Zakat for the year ended 31 December 2022 is based on Zakat base, significant components of which are as follows:

		31 December 2022 SR'000	31 December 2021 SR'000
Equity		**14,081,762**	7,903,214
Opening provisions and other adjustments		**12,603,340**	8,226,168
Book value of long-term assets		**(26,720,067)**	(26,112,588)
Adjusted income	A	**(208,317)**	1,125,567
Zakat base	B	**(243,282)**	(1,680,227)
Zakat base higher of A and B		**--**	1,125,567

Certain items have been adjusted in accordance with the Saudi zakat and income tax law to arrive at the Zakat base.

20. ZAKAT PAYABLE (continued)

The movement in the zakat provision for the year is as follows:

	31 December 2022 SR'000	31 December 2021 SR'000
Opening Balance	**301,768**	68,741
Charge for the year		
Current zakat charge – current year	**--**	29,017
Current zakat charge – prior period	**--**	182,189
	--	211,206
Payments	**(16,710)**	--
Transfer from accruals	**--**	21,821
Closing balance	**285,058**	301,768

Status of assessments

The Group has filed Zakat returns for all periods/years upto and including 31 December 2021. Zakat assessments have been finalized with Zakat, Tax and Customs Authority (ZATCA) for the years from 1427H to 1433H.

In prior periods, ZATCA had raised additional zakat demand of SR 421 million in respect of the years ended 30 Dhul Hijjah 1434H to 1437H along with the periods ended 15 Rajab 1438H and 31 December 2018. The Group had filed an appeal against the additional demand. 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 has submitted a request for reconsideration with TVDAC. As at the reporting date, TVDAC's response is awaited in this respect.

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 has submitted an appeal in respect of the foregoing assessments. The Tax Violation and Dispute Resolution Committee (TVDRC) has rendered its decision on the Group's appeal revising the additional Zakat demand to SR 189 million. The Group is in the process of filing an appeal with the TVDAC against TVDRC's decision. As at 31 December 2022, management has recognized a provision representing its best estimate of the amount required to settle all Zakat exposures, including pending assessments and appeals thereagainst, upto and including the year ending 31 December 2022.

21. RELATED PARTY 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.

Key management personnel comprise chief executive officer and heads of departments. Compensation of the group's key management personnel includes salaries, non-cash benefits and contributions to a post-employment defined Benefit plan.

Related party	Relationship
Central District Cooling Company	Joint venture
Al-Bilad Makkah Hospitality Fund	Investee
Makkah Construction and Development Company	Shareholder
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 consolidated financial statements, significant transactions with related parties in the ordinary course of business included in the consolidated financial statements for the year ended 31 December and balances arising there from are summarized below:

Related party	Nature of transaction	31 December 2022 SR'000	31 December 2021 SR'000
Bank Al Bilad	Finance cost	--	28,291
Key Management Personnel Compensation	- Short term employee benefits	7,200	6,714
	- Post-employment benefits	150	150
	- BOD meeting attendance fee	1,640	557
Central District Cooling Company – Joint Venture	Cooling charges	22,798	12,978
	Concession payable related finance charges	38,474	39,614
	Concession payments	23,765	22,625
	Rental income	4,057	4,057

21. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

Balances arising from transactions with related parties are as follows:

Related party	Relationship	Included under	**31 December 2022 SR'000**	31 December 2021 SR'000
Central District Cooling Company	Joint venture	Other non-current liabilities	**716,232**	741,205
		Trade and other receivables	**15,868**	11,467
		Trade payable and other current liabilities	**272,395**	208,817
Bank Al-Bilad	Affiliate	Loans and borrowings	**--**	642,277
Al-Bilad Makkah Hospitality Fund	FVTPL investment	Trade payable and other current liabilities	**69,718**	69,496
Makkah Construction and Development Company (refer note 5c)	Shareholder	Trade payable and other current liabilities	**309,565**	309,565

22. REVENUE

	Note	**31 December 2022 SR'000**	31 December 2021 SR'000
Revenue from contract with customers	A	**760,217**	276,025
Revenue from rental income	B	**89,284**	34,334
		849,501	310,359

22. REVENUE (continued)

22.1 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 year ended 31 December							
	2022	2021	**2022**	2021	**2022**	2021	**2022**	2021
	Operating Hotels		Commercial centers		Properties for development and sale		Total	
	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	**-**	-	-	**-**	**62,680**	96,909	**62,680**	96,909
Hotel operations								
- Room rent	**542,157**	142,111	-	**-**	**-**	-	**542,157**	142,111
- other services	**155,380**	37,005	-	**-**	**-**	-	**155,380**	37,005
	697,537	179,116	-	**-**	**62,680**	96,909	**760,217**	276,025
Timing of revenue recognition:								
Point-in-time	**155,380**	37,005	-	**-**	**-**	-	**155,380**	37,005
Over time	**542,157**	142,111	-	**-**	**62,680**	96,909	**604,837**	239,020
Total Revenue from contract with customers	**697,537**	179,116	-	**-**	**62,680**	96,909	**760,217**	276,025

22.2 Rental income (over time)

	2022	2021	**2022**	2021	**2022**	2021	**2022**	2021
	SR'000	SR'000	**SR'000**	SR'000	**SR'000**	SR'000	**SR'000**	SR'000
Commercial center	-	-	**89,284**	34,334	-	**-**	**89,284**	34,334
Total revenue from rental income	-	-	**89,284**	34,334	**-**	**-**	**89,284**	34,334

22.3 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.

23. COST OF SALES

	31 December 2022 SR'000	31 December 2021 SR'000
Cost of property for development and sale	**74,231**	87,616
Commercial center operating costs	**22,392**	14,212
Hotel operating cost	**468,068**	205,235
Depreciation and amortization	**225,338**	221,655
Other costs	**7,711**	6,276
	797,740	534,994

24. GENERAL AND ADMINISTRATION EXPENSES

	31 December 2022 SR'000	31 December 2021 SR'000
Employee related costs and travelling expenses	**53,456**	136,753
Depreciation and amortization	**41,337**	51,181
Withholding taxes	**3,364**	3,378
Professional and consultancy fees	**38,071**	16,554
Attendance fee for board meetings	**1,724**	594
Hotels pre-opening expenses	**3,323**	1,668
Other	**36,085**	27,492
	177,360	237,620

25. OTHER OPERATING INCOME

	31 December 2022 SR'000	31 December 2021 SR'000
Murabaha investment income	**5,106**	1,821
Financial investments at fair value through profit or loss (refer note 8)	**--**	844
Concession fee	**1,602**	1,097
Maintenance fee and others	**12,382**	3,500
	19,090	7,262

26. NET FINANCE COSTS

	31 December 2022 SR'000	31 December 2021 SR'000
Finance cost on leasing arrangement and other non-current liabilities	**38,483**	426,159
Finance cost on loan arrangement (a)	**545,051**	368,997
	583,534	795,156
Amount capitalized (note 5 and 6)	**(157,564)**	(59,127)
	425,970	736,029

a) This includes modification loss amounting to SR 79.91 million (2021: SR 49 million) recognized during the year 2022.

27. (LOSS) / EARNINGS PER SHARE

Basic (loss) / earning per share for the year ended 31 December 2022 and for the year ended 31 December 2021, have been computed by dividing the (loss) / profit for the year attributable to the shareholders of the Company by the number of shares outstanding during such year. As there are no diluted shares outstanding, basic and diluted losses per share are identical.

	31 December 2022 SR'000	31 December 2021 SR'000
(Loss) / profit for the year attributable to shareholders of the Company	**(352,430)**	946,206
Weighted average number of shares outstanding (number in thousand) (refer note 27.1)	**1,004,445**	929,400
(Loss) / earnings per share (Saudi Riyals) – Basic and diluted	**(0.35)**	1.02

27.1 Weighted-average number of shares

	31 December 2022	31 December 2021
In thousand of shares		
Issued shares at 1 January	**929,400**	929,400
Effect of shares issued during the year	**75,045**	-
Weighted-average number of shares at 31 December	**1,004,445**	929,400

28. 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 Group's Chairman, Group Chief Executive, and Chief Financial Officer (CFO) 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.

	As at the year ended 31 December 2022				
	Operating Hotels SR'000	***Commercial Centers SR'000***	***Properties for development and sale SR'000***	***Corporate SR'000***	***Total SR'000***
Current assets	**404,563**	**71,455**	**33,589**	**651,705**	**1,161,312**
Property, plant and equipment	**20,151,206**	**44,930**	**--**	**5,403**	**20,201,539**
Investment properties	**1,614,696**	**3,433,145**	**--**	**--**	**5,047,841**
Asset held for sale	**130,749**	**--**	**--**	**--**	**130,749**
Other non-current assets	**220**	**--**	**--**	**670,810**	**671,030**
Total Assets	**22,301,434**	**3,549,530**	**33,589**	**1,327,918**	**27,212,471**
Total liabilities	**142,478**	**38,982**	**119,331**	**13,524,968**	**13,825,759**

The consolidated statement of profit or loss and other comprehensive income items for the year ended 31 December 2022 items are as follows:

For the year ended 31 Dec 2022	***Operating Hotels SR'000***	***Commercial Centers SR'000***	***Properties for development and sale SR'000***	***Corporate SR'000***	***Total SR'000***
Revenue from operations	**697,537**	**89,284**	**62,680**	**--**	**849,501**
Total comprehensive (loss) / income	**(18,993)**	**46,444**	**(11,551)**	**(371,429)**	**(355,529)**

28. SEGMENT REPORTING (continued)

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

The consolidated statement of profit or loss and other comprehensive income items for the year ended 31 December 2021.

For the year ended 31 Dec 2021	*Operating Hotels SR'000*	*Commercial Centres SR'000*	*Properties for development and sale SR'000*	*Corporate SR'000*	*Total SR'000*
Revenue from operations	184,835	34,334	91,190	-	310,359
Total comprehensive (loss) / income	(579,325)	(210,205)	9,293	1,728,717	948,480

29. FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial liabilities comprise loans and borrowings, and trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets include trade receivables, and cash and short-term deposits that derive directly from its operations. The Group also holds investments in equity instruments.

The Group has exposure to the following risks arising from financial instruments:
- market risk;
- credit risk; and
- liquidity risk

Risk management framework
The Group management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Board of Directors has overall responsibility for establishment and oversight of the Group's risk management framework. Audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the management. The Group is continuously monitoring the evolving scenario and any further change in the risk management policies will be reflected in the future reporting periods.

Market risk
Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and price risk.

29. FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates. The Group manages the interest rate risk by regularly monitoring the interest rate profiles of its interest-bearing financial instruments. The Group's interest-bearing liabilities, which are mainly bank borrowings, at floating rates of interest, which are subject to re-pricing. There are interest bearing liabilities at fixed rate of interest, which has no exposure to cash flow interest rate risk. Management monitors the changes in interest rates and believes that the fair value and cash flow interest rate risks to the Group are not significant. Interest bearing financial assets comprises of short term murabaha deposits which are at fixed interest rates; therefore, has no exposure to cash flow interest rate risk and fair value interest rate risk.

The interest rate profile of the Group's variable interest-bearing financial instruments as reported to the management of the Group is as follows:

	31 December 2022 SR'000	31 December 2021 SR'000
Financial liabilities	**10,374,463**	9,068,322

Profit or loss is sensitive to higher/lower interest expense on borrowings as a result of changes in interest rates. The following table demonstrates the sensitivity to a reasonable possible change in interest rate on the Group's profit before tax, through the impact of floating rate borrowings with all other variables held constant:

	31 December 2022 SR'000	31 December 2021 SR'000
Interest rate-increases by 100 basis points	**99,262**	90,683
Interest rate-decreases by 100 basis points	**(99,262)**	(90,683)

Currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's transactions are principally in Saudi Riyals and United States Dollars. The management believes that there is no currency risk arising from the transactions in currencies to which the Saudi Riyals is pegged. The Group's exposure to currency risk arising from currencies to which the Saudi Riyals is not pegged is not material to these consolidated financial statements.

Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, other than those arising from special commission rate risk (also referred to as interest rate risk or commission rate risk) or currency risk, whether those changes are caused by factors specific to the individual financial instruments or it's issuer, or factors affecting all similar financial instruments traded in the market.

29. FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Price risk (continued)

The Group's exposure to unit price risk arises from investments held by the Group and classified in the consolidated statement of financial position at fair value through profit or loss. The Group closely monitors price in order to manage price risk arising from investments in fund.

The table below summarizes the impact of increases/decreases of the NAV of units on the Group's equity. The analysis is based on the assumption that the NAV of units had increased or decreased by 5% with all other variables held constant, and that all the Group's units moved in line with the market price.

	Impact on profit or loss	
	31 December 2022 SR'000	31 December 2021 SR'000
NAV of the units – increases by 5%	**14,188**	15,206
NAV of the units – decreases by 5%	**(14,188)**	(15,206)

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, leading to a financial loss. The Group manages credit risk by assessing the credit worthiness of counter parties before entering into transactions as well as monitoring any outstanding exposures on a periodic basis to ensure timely settlement. Credit risk arises from cash and cash equivalents, restricted cash, credit exposures to customers, including outstanding receivables, accrued rental income and contract assets.

Credit risk is managed on a Group basis. For trade receivables, accrued rental income and contract assets, internal risk control department assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set in accordance with limits set by the management. The compliance with credit limits by customers is regularly monitored by line management.

The Group's maximum exposure to credit risk for the components of the statement of financial position at 31 December 2022 and 31 December 2021 is equal to the respective carrying amounts as disclosed in notes 9 and 12.

Cash at banks are placed with banks with sound credit ratings. Other receivables are considered to have low credit risk; therefore, 12 months expected loss model was used for impairment assessment. Based on management's impairment assessment, there is no provision required in respect of these balances for all the years presented.

For trade receivables, accrued rental income and contract assets, the Group applies the simplified approach to provide for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected credit loss provision for all trade receivables, accrued rental income and contract assets based on a provision matrix. To measure the expected credit losses, trade receivables, accrued rental income and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets and accrued rental income relate to unbilled work in progress. Further, the expected credit losses also incorporate forward-looking information.

29. FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)

The provision matrix takes into account historical credit loss experience (48 months-period) and is adjusted for average historical recovery rates. The historical loss rates are also considered to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified GDP growth rate to be the most relevant macro-economic factors of forward looking information and accordingly adjusts the historical loss rates based on expected changes in these factors.

Tenant Receivables
Tenants are assessed according to Group criteria prior to entering into lease arrangements. Credit risk is managed by requiring tenants to pay rentals and services to tenants in advance. The credit quality of the tenant is assessed based on an extensive credit rating scorecard at the time of entering into a lease agreement. Outstanding tenants' receivables are regularly monitored. An impairment analysis is performed at each reporting date on an individual basis for major tenants. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial asset.

Receivables resulting from the sale of inventory property, property under development and contract assets
Customer credit risk is managed by requiring customers to pay advances before the transfer of ownership, therefore, substantially eliminating the Group's credit risk in this respect.

The following table provides information about the exposure to credit risk and ECLs for receivables and contract assets:

31 December 2022	**Current SR'000**	**More than 30 days past due SR'000**	**More than 90 days past due SR'000**	**More than 120 days past due SR'000**	**Total SR'000**
Expected loss rate	**2%**	**2%**	**2%**	**2%**	**36%**
Gross carrying amount	**52,541**	**28,663**	**4,337**	**187,919**	**273,460**
Loss allowance	**792**	**545**	**84**	**95,914**	**97,335**

31 December 2021	Current SR'000	More than 30 days past due SR'000	More than 90 days past due SR'000	More than 120 days past due SR'000	Total SR'000
Expected loss rate	0%	26%	59%	48%	25%
Gross carrying amount	102,463	25,446	11,908	98,655	238,472
Loss allowance	-	6,572	7,006	47,111	60,689

29. FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity Risk

Liquidity risk is the risk that an enterprise will encounter difficulty in meeting the obligations associated with the financial liabilities that are settled by delivering cash or another financial asset. The Group's objective when managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. Liquidity risk is managed by monitoring on a regular basis that sufficient funds are available through committed credit facilities to meet any future commitments. This includes consideration of future cashflow forecasts, prepared using assumptions about the nature, timing and amount of future transactions, planned course of actions and other committed cash flows that can be considered reasonable and achievable in the circumstances of the Group. The Group's management has developed a plan to enable the Group to meet its obligations as they become due and to continue its operations, without significant curtailment, as a going concern.

Expected maturity of undiscounted cash flows of financial liabilities are as follows:

	Gross undiscounted value SR'000	**up to 1 year SR'000**	**More than 1 year and less than 2 years SR'000**	**More than 2 year and less than 5 years SR'000**	**More than 5 years SR'000**
31 December 2022					
Loans and borrowings	11,584,343	540,161	1,515,618	2,732,285	6,796,279
Payable to unit holder	-	-	-	-	-
Trade payable and other current liabilities	1,355,496	1,355,496	-	-	-
Lease liabilities	1,831	1,440	391	-	-
Other non-current liabilities	1,388,886	37,266	261,714	186,717	903,189
	14,330,556	**1,934,363**	**1,777,723**	**2,919,002**	**7,699,468**

	Gross undiscounted value SR'000	up to 1 year SR'000	More than 1 year and less than 2 years SR'000	More than 2 year and less than 5 years SR'000	More than 5 years SR'000
31 December 2021					
Loans and borrowings	10,860,347	1,398,958	1,801,557	1,935,187	5,724,645
Payable to unit holder	8,644,479	812,398	812,398	1,218,596	5,801,087
Trade payable and other current liabilities	1,350,925	1,350,925	-	-	-
Lease liabilities	15,090	3,407	11,683	-	-
Other non-current Liabilities	1,589,740	62,239	437,595	186,717	903,189
	22,460,581	3,627,927	3,063,233	3,340,500	12,428,921

29. FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity Risk (continued)

Liquidity risk is managed by monitoring on a regular basis that sufficient funds and banking and other credit facilities are available to meet the Group's future commitments. Refer to Note 15 for unused credit facilities and Note 9 for closing cash position of the Group.

The following table sets out the carrying amounts of non-derivative financial assets and financial liabilities expected to be recovered or settled less than 12 months after the reporting date.

	31 December 2022 SR'000	31 December 2021 SR'000
Financial assets		
Other current assets	**53,622**	86,868
Trade and other receivables	**344,351**	455,845
Financial investments at fair value through profit or loss	**-**	24,475
Cash and cash equivalents	**340,384**	328,427
Restricted cash	**346,288**	716,520

	31 December 2022 SR'000	31 December 2021 SR'000
Financial liabilities		
Loans and borrowings – current portion	**478,621**	1,766,085
Payable to other unitholders of investment fund	**-**	406,199
Lease liabilities – current portion	**1,385**	3,247
Trade payable and other current liabilities	**1,355,496**	1,350,925

The following table sets out the carrying amounts of non-derivative financial assets and financial liabilities expected to be recovered or settled more than 12 months after the reporting date.

	31 December 2022 SR'000	31 December 2021 SR'000
Financial assets		
Financial investments at fair value through profit or loss	**283,762**	304,122
Restricted cash	**242,590**	242,590
Other non-current assets	**17,453**	18,396
Financial liabilities		
Loans and borrowings	**10,502,424**	8,042,845
Payable to other unitholders of investment fund	**-**	4,964,244
Lease liabilities – non- current portion	**408**	11,309
Other non-current liabilities	**933,670**	1,131,480

29. FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity Risk (continued)

Capital management

The primary objective of the Group's capital management is to safeguard the Group's ability to continue as a going concern, maintain a strong base so as to maintain investor and creditor confidence and to sustain future development of the business; to provide returns for shareholders; and to optimize the capital structure to reduce cost of capital. The capital structure includes all components of shareholders' equity totaling SR 13,387 million at 31 December 2022 (31 December 2021: SR 8,628 million). The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

Cash flow forecasting is performed by the management which monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Company does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Management is monitoring the cash capital position of the company and is the process of considering the overall capital structure. Some of these initiatives have been set out in the note on going concern (Note 2.4).

The Group's treasury department monitors capital on the basis of the gearing ratio. This ratio is calculated based on the net debt divided by total capital.

	31 December 2022 SR'000	31 December 2021 SR'000
Borrowings	**10,981,045**	9,808,930
Lease liabilities	**1,793**	14,556
Payable to unit holders	**-**	5,370,443
Less: cash and cash equivalents	**(340,384)**	(328,427)
Less: restricted cash	**(588,878)**	(959,110)
Net debt (A)	**10,053,576**	13,906,392
Shareholders' equity (B)	**13,386,712**	8,628,226
Total capital (A+B)	**23,440,288**	22,534,618
Gearing ratio (A / (A+B))	**0.43**	0.62

29. FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity Risk (continued)

Capital management (continued)

(a) Net debt

	31 December 2022 SR'000	31 December 2021 SR'000
Borrowings	**10,981,045**	9,808,930
Lease liabilities	**1,793**	14,556
Payable to unit holders	**-**	5,370,443
Less: cash and cash equivalents	**(340,384)**	(328,427)
Less: restricted cash	**(588,878)**	(959,110)
Net debt (A)	**10,053,576**	13,906,392
Gross debt – fixed interest rates	**309,763**	5,384,999
Gross debt – variable interest rates	**10,673,075**	9,808,930
Cash and liquid investments	**(929,262)**	(1,287,537)
Net debt (A)	**10,053,576**	13,906,392

(b) Net debt reconciliation

	Cash and cash equivalent SR'000	Restricted cash SR'000	Borrowings SR'000	Payable to unitholders SR'000	Lease liabilities SR'000	Total SR'000
January 1, 2021	51,225	590,909	(10,940,081)	(5,050,462)	(25,038)	(15,373,447)
Finance cost / others	-	-	(397,185)	(319,980)	-	(717,165)
Remeasurement	-	-	1,500,000	-	10,482	1,510,482
Cash flows, net	277,202	368,201	28,336	-	-	673,739
31 December 2021	**328,427**	**959,110**	**(9,808,930)**	**(5,370,442)**	**(14,556)**	**(13,906,391)**
Finance cost / others	-	-	(538,191)	5,370,442	-	4,832,251
Remeasurement	-	-	-	-	11,323	11,323
Cash flows, net	11,957	(370,232)	(633,924)	-	1,440	(990,759)
31 December 2022	**340,384**	**588,878**	**(10,981,045)**	**-**	**(1,793)**	**(10,053,576)**

29. FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

29.1 Fair value measurement of financial instruments

Recognized fair value measurements

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.

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 consolidated 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 consolidated 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 31 December 2022 and 31 December 2021, the fair values of the Group's financial instruments are estimated to approximate their carrying values.

29. FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

29.1 Fair value measurement of financial instruments (continued)

Fair value hierarchy

	For the year ended 31 December 2022					
	FVTPL SR'000	**Amortized cost SR'000**	**Total SR'000**	**Level 1 SR'000**	**Level 2 SR'000**	**Level 3 SR'000**
Financial assets						
Cash and cash equivalents	**-**	**340,384**	**-**	**-**	**-**	-
Restricted cash	**-**	**588,878**	**-**	**-**	**-**	-
Trade and other receivables	**-**	**344,351**	**-**	**-**	**-**	-
Other current assets	**-**	**53,622**	**-**	**-**	**-**	-
Financial investments at fair value through profit or loss	**283,762**	**-**	**283,762**	**-**	**-**	**283,762**
	283,762	**1,327,235**	**283,762**	**-**	**-**	**283,762**

	For the year ended 31 December 2021					
	FVTPL SR'000	Amortized cost SR'000	Total SR'000	Level 1 SR'000	Level 2 SR'000	Level 3 SR'000
Financial assets						
Cash and cash equivalents	-	328,427	-	-	-	-
Restricted cash	-	959,110	-	-	-	-
Trade and other receivables	-	537,628	-	-	-	-
Other current assets	-	95,230	-	-	-	-
Financial investments at fair value through profit or loss	328,597	-	328,597	24,475	-	304,122
	328,597	1,920,395	328,597	24,475	-	304,122

There are no transfers in the fair value levels during the year ended 31 December 2022.

29. FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

29.1 Fair value measurement of financial instruments (continued)

Financial assets at FVTPL comprise investments in funds. 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.

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

The carrying values of the financial liabilities under amortised cost approximate their fair values. The carrying value of all the financial assets classified as amortised cost approximates their fair value on each reporting date.

Fair value measurements using significant unobservable inputs (level 3)

	31 December 2022 SR'000	31 December 2021 SR'000
Opening balance	**304,122**	304,710
Loss recognised in profit or loss	**(20,360)**	(588)
Closing balance	**283,762**	304,122

Valuation process
In line with the Group's reporting dates, the Group's finance department determines fair value of the valuations of financial instruments required for financial reporting purposes, including level 3 fair values. This team reports directly to the Chief Financial Officer (CFO). Refer Note 8 for details on main level 3 inputs used by the Group.

30. COMMITMENTS AND CONTINGENCIES

a) As at 31 December 2022, the outstanding capital commitments in respect of development of the Project amounted to SR 3,607 million (31 December 2021: SR 4,297 million).
b) Refer note 20 for Zakat and tax related contingencies.
c) As at 31 December 2022, the Group has bank letter of credits amounting to SR 5.5 million (31 December 2021: SR 56.2 million) issued from local bank in the Kingdom of Saudi Arabia
d) As at 31 December 2022, the contingencies against banks' letter of guarantees issued on behalf of the Group amounted to SR 50 million (31 December 2021: SR 50 million).

31. SUBSEQUENT EVENTS

The new Companies Law issued through Royal Decree M/132 on 1/12/1443H (corresponding to 30 June 2022) (hereinafter referred as "the Law") came into force on 26/6/1444 H (corresponding to 19 January 2023). For certain provisions of the Law, full compliance is expected not later than two years from 26/6/1444H (corresponding to 19 January 2023). The management is in process of assessing the impact of the New Companies Law and will amend its By-Laws for any changes to align the Articles to the provisions of the Law.

32. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

These consolidated financial statements have been approved and authorized to issue by the Board of Directors on 30 March 2023 corresponding to 8 Ramadan 1444H.