Al-Andalus Property Company
(Saudi Joint Stock Company)
CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2024
together with the
Independent Auditor's Report

Al-Andalus Property Company
(Saudi Joint Stock Company)
CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT
For the year ended 31 December 2024
(All amounts are expressed in Saudi Riyal unless otherwise stated)

KPMG Professional Services Company
Roshn Front, Airport Road
P.O. Box 92876
Riyadh 11663
Kingdom of Saudi Arabia
Commercial Registration No 1010425494

Headquarters in Riyadh

شركة كي بي إم جي للاستشارات المهنية مساهمة مهنية
واجهة روشن، طريق المطار
صندوق بريد ٩٢٨٧٦
الرياض ١١٦٦٣
المملكة العربية السعودية
سجل تجاري رقم ١٠١٠٤٢٥٤٩٤

المركز الرئيسي في الرياض

Independent Auditor's Report

To the Shareholders of Al-Andalus Property Company
(A Saudi Joint Stock Company)

Opinion

We have audited the consolidated financial statements of **Al-Andalus Property Company** (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2024, 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 material accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2024, 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 Opinion

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 Auditors' 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 the International Independence Standards) that are 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 opinion.

Key audit matters

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.

Key audit matters (continued)

Investment properties

Note (8) to the consolidated financial statements.

Key audit matter	How the matter was addressed in our audit

As at 31 December 2024, the investment properties are stated at cost less accumulated depreciation and impairment losses (if any). The carrying amount of these investment properties is stated at SR 1.37 billion and their fair value at that date was estimated by management to be SR 2.37 billion. The Group assessed the fair value of investment properties in collaboration with independent real estate valuation experts, as well as disclosed the fair value of investment properties in the notes accompanying the consolidated financial statements.
 	
We considered assessing the existence of impairment in investment properties and estimating its recoverable amount – including estimating of the fair value - as a key audit matter since that requires significant assumptions and judgments that could result in material misstatements of the calculation of impairment losses (if any) and also misstatements with regard to the disclosure of the fair values of the investment properties in the consolidated financial statements.
	Our audit procedures, included among others:
	- Evaluated management's assessment of the existence of impairment indicators.
	
	- Assessed on a sample basis the accuracy of observable inputs used in the valuations, such as rental income, occupancy rates and lease lengths back to lease agreements for a sample of properties.
	
	- Tested the mathematical accuracy of the calculations included within management's valuation assessment.
	
	- Involved our internal valuation specialist who performed the following procedures:
	    - Reviewed the methodology applied by the Valuer and management, to assess whether valuation approach used, and methodology adopted by the Valuer is appropriate; and
	    - Assessed the reasonableness and appropriateness of certain underlying significant assumptions and judgments used by the Valuer and management.
	
	- Assessed the independence of the Group's independent real estate valuation experts "management expert" and their professional qualifications and their accreditation by the Saudi Authority for Accredited Values (TAQEEM).
	
	- Assessed the adequacy of the disclosures in the consolidated financial statements.

Independent Auditor's Report (continued)

To the Shareholders of Al-Andalus Property Company
(A Saudi Joint Stock Company) (continued)

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 do not and 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, i.e., Board of Directors, 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 (ISAs) as 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 skepticism 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.

Independent Auditor's Report (continued)

To the Shareholders of Al-Andalus Property Company
(A Saudi Joint Stock Company) (continued)

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

- 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 auditors' 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.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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 **Al-Andalus Property Company** and its subsidiaries.

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

Khalil Ibrahim Al Sedais
License Number: 371

Riyadh, 23 Ramadan 1446H
Corresponding to: 23 March 2025

كي . بي . إم . جي للإستشارات المهنية
ترخيص رقم ٤٦
Lic No. 46
C.R. 1010425494
R : 2
KPMG
KPMG Professional Services

Al-Andalus Property Company
(Saudi Joint Stock Company)
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
For the year ended 31 December 2024
(All amounts are expressed in Saudi Riyal unless otherwise stated)

	Note	**2024**	2023
ASSETS			
Non-current assets			
Property and equipment	*7*	**135,247,719**	141,952,221
Investment properties	*8*	**1,374,172,184**	1,324,017,520
Equity accounted investees	*10*	**570,715,454**	527,085,565
Total non-current assets		**2,080,135,357**	1,993,055,306
Current assets			
Receivables from operating lease	*11*	**62,191,934**	72,265,806
Prepayments and other receivables	*12*	**27,187,933**	15,211,949
Due from related parties	*28*	**5,127,082**	1,972,193
Cash and cash equivalents	*26*	**45,880,615**	176,940,865
Other investments	*27*	**40,343,803**	-
Total current assets		**180,731,367**	266,390,813
Total assets		**2,260,866,724**	2,259,446,119
SHAREHOLDERS' EQUITY AND LIABILITIES			
Equity			
Share capital	*13*	**933,333,330**	933,333,330
Statutory reserve	*14*	**-**	100,624,786
Retained earnings		**83,292,053**	37,950,256
Equity attributable to the company's shareholders		**1,016,625,383**	1,071,908,372
Non-controlling interests	*15*	**142,964,360**	156,601,357
Total equity		**1,159,589,743**	1,228,509,729
Liabilities			
Non-current liabilities			
Employees' benefits - defined benefit obligations	*16*	**12,604,414**	10,873,929
Lease liabilities	*9*	**114,959,440**	98,159,287
Islamic finance facilities	*17*	**839,034,552**	798,367,365
Total non-current liabilities		**966,598,406**	907,400,581
Current liabilities			
Advances from lessees and deferred revenue		**53,052,606**	49,935,755
Lease liabilities - current portion	*9*	**17,302,750**	17,302,750
Islamic finance facilities - current portion	*17*	**14,366,097**	5,442,476
Due to related parties	*28*	**16,335,472**	16,020,364
Zakat provision	*23*	**4,145,569**	7,010,047
Accruals and other payables	*18*	**29,476,081**	27,824,417
Total current liabilities		**134,678,575**	123,535,809
Total liabilities		**1,101,276,981**	1,030,936,390
Total equity and liabilities		**2,260,866,724**	2,259,446,119

Mr. Fawaz Bin Abdulaziz bin Huwail	Eng. Faisal Bin Abdulrahman Alnasser	Mr. Abdulsalam Bin Abdulrahman Alaqeel
Chief Financial Officer	*Chief Executive Officer*	*Chairman of Board of Directors*

The accompanying notes from 1 to 36 form an integral part of these consolidated financial statements.

Al-Andalus Property Company
(Saudi Joint Stock Company)
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2024
(All amounts are expressed in Saudi Riyal unless otherwise stated)

	Note	**2024**	2023
Revenue	*24*	**235,887,525**	215,155,987
Cost of revenue	*19*	**(90,740,042)**	(77,450,919)
Gross profit		**145,147,483**	137,705,068
Marketing expenses		**(3,881,992)**	(3,131,635)
General and administrative expenses	*20*	**(57,297,086)**	(48,170,024)
Impairment of receivables from operating leases	*11*	**(1,900,618)**	(11,000,000)
Share of profit from equity accounted investees	*10*	**(33,907,930)**	24,051,274
Other income	*21*	**7,295,925**	7,334,674
Impairment loss on property plant and equipment	*7*	**(8,000,000)**	-
Operating profit		**47,455,782**	106,789,357
Finance cost	*22*	**(68,245,976)**	(52,176,897)
(Loss)/Profit before zakat		**(20,790,194)**	54,612,460
Zakat	*23*	**(2,948,056)**	(5,953,321)
(Loss)/Profit for the year		**(23,738,250)**	48,659,139
Other comprehensive income			
Items that will not be reclassified subsequently to statement of profit or loss:			
Re-measurement of employees' benefits - defined benefit obligations	*16*	**(349,341)**	(298,316)
Total comprehensive (loss)/income		**(24,087,591)**	48,360,823
Profit attributable to:			
Shareholders of the company		**(31,600,315)**	36,416,938
Non-controlling interests		**7,862,065**	12,242,201
		(23,738,250)	48,659,139
Total comprehensive/(loss) income attributable to:			
Shareholders of the company		**(31,949,656)**	36,118,622
Non-controlling interests		**7,862,065**	12,242,201
		(24,087,591)	48,360,823
Earnings per share			
Basic and diluted earnings per share	*25*	**(0.34)**	0.39

Mr. Fawaz Bin Abdulaziz bin Huwail	Eng. Faisal Bin Abdulrahman Alnasser	Mr. Abdulsalam Bin Abdulrahman Alaqeel
Chief Financial Officer	*Chief Executive Officer*	*Chairman of Board of Directors*

The accompanying notes from 1 to 36 form an integral part of these consolidated financial statements.

Al-Andalus Property Company
(Saudi Joint Stock Company)
Consolidated Statement of Changes in Equity
For the year ended 31 December 2024
(All amounts are expressed in Saudi Riyal unless otherwise stated)

	Equity attributable to the Company's Shareholders					
	Share capital	**Statutory reserve**	**Retained earnings**	**Total**	**Non-controlling interests**	**Total equity**
For the year ended 31 December 2024						
Balance as at 1 January 2024	**933,333,330**	**100,624,786**	**37,950,256**	**1,071,908,372**	**156,601,357**	**1,228,509,729**
Loss for the year	**-**	**-**	**(31,600,315)**	**(31,600,315)**	**7,862,065**	**(23,738,250)**
Other comprehensive income	**-**	**-**	**(349,341)**	**(349,341)**	**-**	**(349,341)**
Total comprehensive income for the year	**-**	**-**	**(31,949,656)**	**(31,949,656)**	**7,862,065**	**(24,087,591)**
Transfer from statutory reserve (Note 14)	**-**	**(100,624,786)**	**100,624,786**	**-**	**-**	**-**
Dividends (Note 29)	**-**	**-**	**(23,333,333)**	**(23,333,333)**	**(21,499,062)**	**(44,832,395)**
Balance as at 31 December 2024	**933,333,330**	**-**	**83,292,053**	**1,016,625,383**	**142,964,360**	**1,159,589,743**
For the year ended 31 December 2023						
Balance as at 1 January 2023	933,333,330	96,983,092	52,139,994	1,082,456,416	168,008,031	1,250,464,447
Profit for the year	-	-	36,416,938	36,416,938	12,242,201	48,659,139
Other comprehensive income	-	-	(298,316)	(298,316)	-	(298,316)
Total comprehensive income for the year	-	-	36,118,622	36,118,622	12,242,201	48,360,823
Transfer to statutory reserve	-	3,641,694	(3,641,694)	-	-	-
Dividends (Note 29)	-	-	(46,666,666)	(46,666,666)	(23,648,875)	(70,315,541)
Balance as at 31 December 2023	933,333,330	100,624,786	37,950,256	1,071,908,372	156,601,357	1,228,509,729

Mr. Fawaz Bin Abdulaziz bin Huwail
Chief Financial Officer

Eng. Faisal Bin Abdulrahman Alnasser
Chief Executive Officer

Mr. Abdulsalam Bin Abdulrahman Alaqeel
Chairman of Board of Directors

The accompanying notes from 1 to 36 form an integral part of these consolidated financial statements.

Al-Andalus Property Company
(Saudi Joint Stock Company)
Consolidated Statement of Cash Flows
For the year ended 31 December 2024
(All amounts are expressed in Saudi Riyal unless otherwise stated)

	Note	2024	2023
Operating activities:			
(Loss)/Profit for the year before zakat		**(20,790,194)**	54,612,460
Adjustments for non-cash items:			
Depreciation:			
- Property and equipment	*7*	**5,393,918**	5,256,644
- Investment properties	*8*	**35,131,876**	28,923,185
Impairment losses on property, plant and equipment	*7*	**8,000,000**	-
Interest on lease liabilities	*9*	**13,456,287**	11,618,156
Share of profit from equity accounted investees	*10*	**33,907,930**	(24,051,274)
Gain on investment at fair value through profit or loss		**(925,075)**	(3,751,187)
Impairment loss on receivables from operating leases	*11*	**1,900,618**	11,000,000
Finance cost	*17*	**54,789,689**	40,558,741
Employees' benefits – defined benefit obligations	*16*	**2,552,536**	1,858,426
		133,417,585	126,025,151
Changes in:			
Receivables from operating leases		**8,173,254**	(2,053,186)
Prepayments and other receivables		**(11,975,984)**	(4,395,239)
Related parties' balances, net		**(2,839,781)**	11,378,292
Advances from lessees and deferred revenue		**3,116,851**	4,155,648
Accruals and other payables		**1,651,665**	1,232,940
Dividends received from equity-accounted investees	*10*	**24,250,181**	25,000,000
Zakat paid	*23*	**(5,812,534)**	(7,727,362)
Employees' benefits - defined benefit obligations	*16*	**(1,171,392)**	(250,591)
Net cash from operating activities		**148,809,845**	153,365,653
Investing activities			
Additions to property and equipment	*7*	**(6,689,416)**	(2,262,000)
Addition of equity-accounted investees	*10*	**(101,788,000)**	(13,000,000)
Additions to investment properties	*8*	**(40,290,125)**	(272,696,337)
Additions to right-of-use assets	*8*	**(23,049,800)**	-
Purchase of investments in financial instrument at FVTPL		**(63,140,163)**	-
Proceeds from sale of investments in financial instruments at FVTPL		**64,065,238**	84,855,368
Acquisition of other investments	*27*	**(40,343,803)**	-
Net cash used in investing activities		**(211,236,069)**	(203,102,969)
Financing activities			
Proceeds from Islamic finance facilities		**54,000,000**	214,236,995
Payment of interest on Islamic financing facilities		**(59,198,881)**	(40,188,896)
Payment of lease liabilities		**(6,841,383)**	(4,574,594)
Payment of interest on lease liabilities		**(11,761,367)**	(11,618,156)
Dividends paid		**(23,333,333)**	(46,666,666)
Dividends paid to the non-controlling interests		**(21,499,062)**	(23,648,875)
Net cash (used in) /generated from financing activities		**(68,634,026)**	87,539,808
Net change in cash and cash equivalents during the year		**(131,060,250)**	37,802,492
Cash and cash equivalents at the beginning of the year		**176,940,865**	139,138,373
Cash and cash equivalents at end of the year		**45,880,615**	176,940,865
Material non-cash transactions			
Additions to right-of-use assets		**21,946,616**	-

Mr. Fawaz Bin Abdulaziz bin Huwail	Eng. Faisal Bin Abdulrahman Alnasser	Mr. Abdulsalam Bin Abdulrahman Alaqeel
Chief Financial Officer	*Chief Executive Officer*	*Chairman of Board of Directors*

The accompanying notes from 1 to 36 form an integral part of these consolidated financial statements.

1. REPORTING ENTITY

Al Andalus Property Company (the "Company") is a Saudi joint stock company established pursuant to the Ministerial Resolution No. 2509 dated 03/09/1427H corresponding to 26/09/2006 approving the declaration of the establishment of the Company. The Company is registered in Riyadh under the Commercial Registration No. 1010224110 dated 17/09/1427H corresponding to 10/10/2006.

The main activities of the company include construction, ownership and management of centers, commercial and residential complexes in addition to general contracting of residential, commercial buildings, educational, recreational, health institutions, roads, dams, water and sewage projects, electrical and mechanical works. The activities also include maintenance and operation of real estate properties, buildings and commercial complexes as well as ownership, development and investment of lands and properties for the benefit of the company and based on its purposes.

The head office of the company is located in Riyadh - Al Wadi District - Northern Ring Road - Al Andalus Property Company Building.

The financial year of the Group commences on 1 January and ends on 31 December of each Gregorian year.

Al-Andalus Property Company is referred to as (the "Company") or referred collectively with its subsidiaries as disclosed in Note 3, as (the "Group").

2. BASIS OF PREPARATION

2-1 Statement of compliance

The accompanying consolidated financial statements have been prepared in accordance IFRS as issued by the International Accounting Standards Board ("IFRS") that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by Saudi Organization for Chartered and Professional Accountants ("SOCPA").

2-2 Basis of measurement

The consolidated financial statements have been prepared on a historical cost basis, except for:
- Financial instruments - fair value through profit or loss.
- Defined benefit obligations – employees' benefits which are measured at present value using the projected unit credit method.

As required by the Capital Market Authority ("CMA") through its circular dated 16th October 2016 the Group needs to apply the cost model to measure the property and equipment, investment properties, and intangible assets upon adopting the IFRS Accounting Standards for three years period starting from the IFRS Accounting Standards adoption date.

On 31 December 2019, CMA has examined the suitability of continuing to use the cost model or permitting the use of the fair value model or revaluation options and made the following decisions:

Obligating listed companies to continue to use the cost model to measure Properties (IAS 16) and Investment Properties (IAS 40) in the financial statements prepared for financial periods within fiscal years, which start before the calendar year 2022; and

Allowing listed companies, the policy choice to use the fair value model for investment property subsequent to initial measurement or the policy choice to use the revaluation model for property (IAS 16) subsequent to initial recognition in the financial statements prepared for financial periods within fiscal years starting during the calendar year 2022 or thereafter. The Group has elected to apply the cost model and does not intend to move to the fair value model and discloses the fair value of the investment properties.

The group discloses its investment properties and their fair value in Note 8.

2-3 Functional and presentation currency

These consolidated financial statements are presented in Saudi Riyals (SR), which is the functional currency of the company.

3. BASIS OF CONSOLIDATION

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are considered to be expenses when incurred, except if related to the issue of debt instruments or equity.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognized in profit or loss and other comprehensive income.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it will not be remeasured and the settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognized in profit or loss.

If share-based payments awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquirer's awards), then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based measure of the replacement awards compared with the market-based measure of the acquirer's awards and the extent to which the replacement awards relate to pre-combination service.

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2024. 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. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. 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.

The financial statements of subsidiaries are prepared for the same reporting period as the Group. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

(All amounts are expressed in Saudi Riyal unless otherwise stated)

3- BASIS OF CONSOLIDATION (CONTINUED)

Non-controlling interests

For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Loss of control

When the group losses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognized in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Transaction eliminated on consolidation

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. Unrealised losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

The consolidated financial statements include the financial statements of the Company and its subsidiaries listed below for the year ended 31 December:

		% of shareholding	
Subsidiary's name	**Country of Incorporation**	**2024**	2023
Al-Ahli REIT Fund 1	Kingdom of Saudi Arabia	**68.73%**	68.73%
*Manafea Al Andalus Company for Real Estate Development	Kingdom of Saudi Arabia	**70%**	70%

Details of subsidiaries are as follows:

1. *Al-Ahli REIT Fund 1*

Al-Ahli REIT Fund 1 was formed in accordance with Capital Market Authority dated 11 Rabi' I 1438H (corresponding to 29 November 2017). The principal activities of the Fund are to make investments in investment properties. Currently, Al-Andalus managed the properties in the Fund through the master transfer agreement. Any change in the management of Fund's properties will require a majority of the unit holder voting. The Fund's investments represent the below properties:

Nature and name of property	**Location**
Alandalus Mall	Jeddah
Al-Andalus Mall Hotel	Jeddah
Salama Tower	Jeddah
QBIC Plaza	Riyadh

2. *Manafea Al Andalus Company for Real Estate Development*

Manafea Al Andalus Company for Real Estate Development was formed as a limited liability company in the Kingdom of Saudi Arabia and operates under Commercial Registration No 1010700657 dated 22 Rajab 1438H (corresponding to 19 April 2017). The principal activities of Manafea include leasing, managing properties owned or leasing (non-residential), and commissions from properties management, and development activities and investment activities.

Nature and name of property	**Location**
Al Marwah Plaza	Jeddah

(All amounts are expressed in Saudi Riyal unless otherwise stated)

3. BASIS OF CONSOLIDATION (CONTINUED)

Potential sale of subsidiary:

*As at 31 Dec 2024 the management of the Group has been in discussions with a prospective buyer "Saudi Tourism Development Company" regarding the potential sale of its 70% interest in the subsidiary "Manafea Al-Andalus Company". The board of directors has formed an executive committee to start the process for sale the subsidiary at 8 October 2024, the formation of the executive committee is just to initiate and explore potential prospects and submit the same to the BOD for approval. After the reporting date 31 December 2024, on 27 February 2025, the board of directors' approval obtained to sale the subsidiary, and a contract has been signed between "Al-Andalus Property Company" and "Saudi Tourism Development Company."

4. NEW AND AMENDED STANDARDS OR AMENDMENTS FOR 2024 AND FORTHCOMING REQUIRMENTS

Number of accounting standards, amendments to or interpretations of accounting standards have been issued, which did not have a material impact on the group financial statements.

- **New currently effective requirements:** This table lists the recent changes to the Accounting Standards that are required to be applied with an annual reporting period beginning on 1 January 2024.

Effective date	New Accounting Standards or Amendments
1 January 2024	Non-current Liabilities with Covenants – Amendments to IAS 1 and; Classification of Liabilities as Current or Non-current – Amendments to IAS 1
	Lease Liability in a Sale and Leaseback – Amendments to IFRS 16
	Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7

- **Forthcoming requirements:** This table lists the recent changes to the Accounting Standards that are required to be applied for annual reporting periods beginning after 1 January 2024 and that are available for early adoption in annual reporting periods beginning on 1 January 2024.

Effective date	New Accounting Standards or Amendments
1 January 2025	Lack of Exchangeability -Amendments to IAS 21
1 January 2026	Classification and Measurement of Financial Instruments - Amendments to IFRS 9 and IFRS 7
	Annual Improvements to IFRS Accounting Standards - Volume 11
1 January 2027	IFRS 18 Presentation and Disclosure in Financial Statements
	IFRS 19 Subsidiaries without Public Accountability: Disclosures
Available for optional adoption/ effective date deferred indefinitely	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments to IFRS 10 and IAS 28

The Group has not early adopted the new standards or amendments to new IFRSs that have been issued.

5. MATERIAL ACCOUNTING POLICES

The Group has consistently applied the following accounting policies to all periods presented in these consolidated financial statements unless otherwise stated.

Property and equipment

Items of property and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses, if any. If significant parts of an item of property and equipment have different useful lives, then they are accounted for as separate items (major components) of property and equipment. Any gain or loss on disposal of an item of property and equipment is recognized in profit or loss and other comprehensive income.

Depreciation is calculated to write off the cost of items of property and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated.

The estimated lives of property and equipment are as follows:

Asset	Estimated lives
Buildings	25-40
Leasehold Improvements	The lower of lease term or useful life
Motor vehicles	4
Machinery and equipment	3-10

The useful life, estimated useful lives and residual values (if needed) and depreciation method are reviewed at each reporting date and adjusted if appropriate.

Investment properties

Investment properties are non-current assets held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property is measured at cost on initial recognition and subsequently at cost less accumulated depreciation and impairment losses, if any.

Investment properties are derecognized when they are sold, owner-occupied or in case of not holding it for increase in its value.

Any gain or loss on disposal of investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognized in profit or loss. When investment properties that were previously classified as property and equipment are sold, any related amount included in the revaluation reserve is transferred to retained earnings.

Expenses incurred for replacing component of investment properties items, which are accounting for separately are capitalized, and carrying amount of replaced component is written off. Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the item of the related investment properties. All other expenses are recognized in the statement of profit or loss and other comprehensive income when incurred.

Estimated useful lives of different components of investment properties are as follows:

Categories	Years
Building	20 - 40

5. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units ("CGUs").

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Equity-accounted investees - associates

Equity-accounted investees are those companies over which the Group has significant influence. Significant influence is the Group's ability to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The results, assets, and liabilities of equity-accounted investees are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, an investment in an equity-accounted investee is initially recognized in the consolidated statement of financial position at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the equity-accounted investee. When the Group's share of losses of the equity-accounted investee exceeds the Group's interest in that the equity-accounted investee (which includes any long-term interests that, in substance, form part of the Group's net investment in the equity-accounted investee), the Group discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the equity-accounted investee. If the equity-accounted investee subsequently reports profits, the Group resumes recognizing its share of those profits only after its share of the profits equals the share of losses not recognized.

An investment in the equity-accounted investees is accounted for using the equity method from the date on which the investee becomes an equity-accounted investee. On acquisition of the investment in the equity-accounted investees, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognized as goodwill, which is included within the carrying amount of the investment.

Any excess of the Group's share of the net fair value of identifiable assets and liabilities of equity-accounted investees over the cost of the investment, after reassessment, is recognized immediately in consolidated statement of profit or loss and other comprehensive income in the period in which the investment is acquired.

When a group entity transacts with an equity-accounted investee of the Group, profits or losses resulting from the transactions with the equity-accounted investee are recognized in the Group's consolidated financial statements only to the extent of interests in the equity-accounted investee that are not related to the Group.

The financial statements of the equity-accounted investee 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.

5. MATERIAL ACCOUNTING POLICIES (CONTINUED)

After application of the equity method, the Group determines at each reporting date whether there is any objective evidence that the investment in the equity-accounted investees is impaired. When necessary, the entire carrying amount of the investment (including underlying goodwill) is tested for impairment in accordance with IAS 36 ‘Impairment of Assets’ as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

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

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.

1) *Right of use assets*

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right of use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

Right of use assets are depreciated using the straight-line method from the lease commencement date to the earlier end of the useful life of the right of use assets or the end of the lease term. The estimated useful lives of right of use assets are determined on the same basis as those of property and equipment. In addition, the right of use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

ii) *Lease liabilities*

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined.

Lease payments included in the measurement of the lease liabilities comprise the following:

- Fixed payments, including in-substance fixed payments;
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal year if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the group’s estimate of the amount expected to be payable under a residual value guarantee, or if the group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use assets or is recorded in profit or loss if the carrying amount of the right-of-use assets has been reduced to zero.

The group has presented separately the right-of-use assets and the lease liabilities in the statement of financial position.

5. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Short-term leases and leases of low-value assets
The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Interest expenses on lease liability
The interest expenses on lease liability is charged to the Consolidated Statement of Profit or Loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Financial instruments

Recognition and initial measurement
Trade receivables issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument.

Financial asset (unless it is a receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue. Trade receivables without a significant financing component is initially measured at the transaction price.

Financial assets

Classification of financial assets
On initial recognition, a financial asset is classified as: measured at amortized cost, fair value through other comprehensive income (FVTOCI) or fair value through profit and loss (FVTPL).

Financial asset is measured at amortized cost if it meets both of the following conditions are met:
a. the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
b. the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial asset shall be measured at FVTOCI if both of the following conditions are met:
a. the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
b. the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial asset shall be measured at FVTPL unless it is measured at amortized cost or at FVTOCI.

Financial assets	**IFRS 9 classification**
Cash and bank balances	Amortized cost
Operating lease receivables	Amortized cost
Due from related parties	Amortized cost

5. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Subsequent measurement
The following accounting policies apply to the subsequent measurement of financial assets:

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividends income, are recognized in profit or loss.
Financial assets at amortized cost	These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gain, loss, and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest rate method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividends clearly represent a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

Reclassification

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Group changes its business model for managing financial assets.

Derecognition

Financial asset is derecognized 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.

Financial assets

If the terms of a financial asset are modified, the Group evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognized and a new financial asset is recognized at fair value.

If the cash flows of the modified asset carried at amortized cost are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the Group recalculates the gross carrying amount of the financial asset and recognizes the amount adjusting the gross carrying amount as modification gain or loss in the consolidated statement of profit or loss.

5. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Impairment of financial assets

IFRS 9 impairment requirements use more forward-looking information to recognize expected credit losses – the ‘expected credit losses (ECLs) model’. Instruments within the scope of the new requirements included operating lease receivables.

Recognition of credit losses is no longer dependent on the Group first identifying a credit loss event. Instead, the Group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Expected credit losses assessment for operating lease receivables:

The Group applies the IFRS 9 simplified approach in measuring expected credit losses which uses a lifetime expected credit losses provision.
The expected loss rates are based on the payment profiles of receivables over a period of 12 months before each reported period and corresponding historical credit losses experienced within this period.
The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified Gross Domestic “GDP” Product of Kingdom of Saudi Arabia (the country in which it renders the services), inflation rate of Saudi Arabia and Saudi Governmental spending to be the most relevant factors, and accordingly adjusts the historical loss rates based.

The expected loss approach breaks the total loss amount modelling into following parts: probability of default (“PD”), loss given default (“LGD”), exposure at default (“EAD”). These are briefly described below:

Loss given default (LGD): This is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from any collateral. It is usually expressed as a percentage of the EAD.

Probability of default (PD): the likelihood of a default over a particular time horizon.

Exposure at default (EAD): This is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, and expected drawdowns on committed facilities.

Presentation of impairment
Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

Impairment losses related to operating lease receivables are presented separately in the statement of profit or loss and other comprehensive income.

Model and framework
The Group uses a point in time PD model to measure its impairment on financial assets. Point in time PD models incorporate information from a current credit cycle and assess risk at a point in time. The point in time PD structure can be used to measure credit deterioration and starting PD when performing the allowance calculations. Also, when calculating lifetime expected credit losses, after the inputs are correctly converted, cash flows can be projected and gross carrying amount, loss provision, and amortized cost for the financial instrument are then calculated.

5. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Macroeconomic weighted average scenarios
The Group includes macroeconomic factors of GDP, inflation rate and Governmental spending to develop multiple scenarios, the purpose is towards the realization of most likely outcome using worst and best case scenarios. The scenario-based analysis incorporates forward-looking information into the impairment estimation using multiple forward-looking macroeconomic scenarios. The estimate of expected credit losses reflects an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes.

After the inputs to the model are adjusted for above mentioned macroeconomic scenarios, PD of each scenario is calculated and then weighted average PD. In the last step, a weighted average lifetime ECL is determined.

Portfolio segmentation
The Group assesses its financial assets based on credit risk characteristics using segmentations such as geographical region, type of customer, customer rating etc. The different segments reflect differences in PDs and in recovery rates in the event of "default".

Definition of default
In the above context, the Group considers default when:
- the customer is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realizing security (if any is held); or
- When the customer is past due on any material credit obligation to the Group. The customer is more than 90 days past due on any material credit obligation to the Group.

The carrying amount of the asset is reduced using the above model and the loss is recognized in the consolidated statement of comprehensive income. Receivables, together with the associated provision are written off when there is no realistic prospect of future recovery and all collateral has been realized or has been transferred to the Group. If in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced. If a write-off is later recovered, the recovery is recognized under other income in the consolidated statement of profit or loss.

Specific provision
Specific provision is recognized on customer to customer basis at every reporting date. The Group recognizes specific provision against receivables from certain customers. Provisions are reversed only when the outstanding amounts are recovered from the customers.

Write-off
The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Financial liabilities
All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.
The Group's financial liabilities mainly includes trade and other payables, related party and borrowings.

After initial recognition, loans and borrowings are subsequently measured at amortized cost using the effective interest rate method.

Financial liabilities	**IFRS 9 classification**
Trade payables	Amortized cost
Accrued expenses and other payables	Amortized cost
Loans	Amortized cost
Due to related parties	Amortized cost

5. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Derecognition
The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled or expired.

Financial liabilities
The Group derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, new financial liabilities based on the modified terms are recognized at fair value. The difference between the carrying amount of the financial liability distinguished and the new financial liability with modified terms is recognized in the consolidated statement of profit or loss.

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 recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

Non-current assets classified as held for sale are presented separately and are measured at the lower of their carrying amounts immediately prior to their classification as held for sale and their fair value less costs to sell. However, some held for sale assets such as financial assets, continue to be measured in accordance with the Group's relevant accounting policy for those assets. Once classified as held for sale, the assets are not subject to depreciation or amortization.

Any gain or loss arising from the sale of a discontinued operation or its remeasurement to fair value less costs to sell is presented as part of a single line item, profit or loss from discontinued operations.

Cash and cash equivalents
Cash and cash equivalents in the consolidated statement of financial position comprise cash at banks, short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

Employees' benefits

Short term obligations
Short-term employees' benefits are expensed as the related service is provided. A liability is recognised 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.

Post-employment obligation
The Group provides end of service benefits to its employees in accordance with the requirements of Saudi Labor Law. The entitlement to these benefits, is based upon the employees' basic salary and length of service, subject to the completion of a minimum service period. The expected costs of these benefits are recognized over the service period.

Employees' benefits obligation plans are not funded. Accordingly, valuations of the obligations under those plans are carried out by an independent actuary based on the projected unit credit method and the liability is recorded based on an actuarial valuation.

The liability recognized in the consolidated statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period. The defined benefit obligations are calculated annually by independent actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation.

5. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Past-service costs are recognized immediately in the consolidated statement of profit or loss and other comprehensive income.

The interest cost is calculated by applying the discount rate to the balance of the defined benefit obligations. This cost is included in employee benefit expense in the consolidated statement of income. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited in other comprehensive income in the period in which they arise

Revenue recognition

Revenue is measured based on the consideration specified in a contract with a customer and is recognized when a customer obtains control of the service. Determining the timing of the transfer of control – at point in time or over time – requires judgement.

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding any levies or duty.

Rental income

The Group is deemed as the lessor for various operating leases. Rental income arising from operating leases on investment properties is recognized, net of discount, in accordance with the terms of lease contracts over the lease term on a straight-line basis, and they are recorded as income in the consolidated statement of profit or loss due to its operating nature, unless there is another basic alternative is more representative of the pattern of benefits to be derived from the leased asset. The lease term is the non-cancellable period of the lease together with any further term for which the tenant has the option to continue the lease, where, at the inception of the lease, the management are reasonably certain that the tenant will exercise that option. Accrued revenue is recognized to the extent that the revenue has been earned but not yet billed.

Amounts received from tenants to terminate leases or to compensate for dilapidations are recognized in the consolidated statement of profit or loss when the right to receive them arises.

IFRS 15: Revenue from contracts with customers

IFRS 15: Revenue from contracts with customers includes revenue resulting from selling of goods and rendering of services. This standard based on principle of revenue recognition when control on goods or service is transferred to the customer, unless these contracts are in the scope of other standards. The new standard establishes a five steps approach for accounting of revenue from contracts with customers. Under IFRS 15, revenue is recognized at an amount that reflects the consideration to which a Group expects to be entitled in exchange for transferring goods or services to a customer.

The standard requires organizations to make estimation, taking into account all facts and related circumstances upon applying each step of the approach on the contracts with its customers. In addition, the standard determines accounting of the additional costs to obtain the contract and cost related directly to perform the contract.
The Group is engaged in leasing activities and these contracts are within the scope of IFRS 16, consequently, IFRS (15) does not have significant impact on the Group's consolidated financial statements.

Statutory reserve

In accordance with the Company's bylaws and the previous Saudi Arabian Regulations for Companies, the Group sets aside 10% of its net income each year as statutory reserve until such reserve equals to 30% of the share capital. However, with the introduction of the new Companies Law in the Kingdom of Saudi Arabia for implementation, the requirement to maintain the statutory reserve is no longer in place. The statutory reserve transferred to retained earnings, refer to note (14).

5. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Zakat

The Group and its subsidiaries are subject to Zakat in accordance with the zakat regulation issued by the Zakat, Tax and Customs Authority ("ZATCA") in the Kingdom of Saudi Arabia, which is subject to interpretations. Zakat is levied at a fixed rate of 2.5% on the higher of adjusted Zakat profit or based on net equity using the basis defined in the zakat regulation. The management establishes provisions where appropriate on the basis of amounts expected to be paid to the ZATCA and periodically evaluates positions taken in the Zakat returns with respect to situations in which applicable income tax regulation is subject to interpretation. Zakat is charged to the consolidated statement of profit or loss and other comprehensive income. Additional zakat liability, if any, related to prior years' assessments arising from ZATCA are accounted for in the period in which the final assessments are finalized.

Provisions

A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

Dividends to shareholders

Interim dividends are recorded as a liability in the period in which they are approved by the Board of Directors. Final dividends are recorded in the period in which they are approved by the shareholders in the General Assembly.

Reporting Segments

IFRS 8 requires operating segments to be identified based on internal reports that are regularly reviewed by the Group executive management and used to allocate resources to segments and assess their performance. The operating segments described in note 24 has been identified in accordance with IFRS 8. Most of the Group's revenues, profits and assets relate to its operations in Saudi Arabia and arise from these reportable business segments. The executive management monitors the operational results of these operating segments separately for making decisions about resource allocation and performance evaluation. The performance of the segment is evaluated on a profit or loss basis and is measured in a manner consistent with the profit or loss recognized in the consolidated financial statements.

Earnings per share

The Company presents basic earnings per share for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the number of ordinary shares outstanding during the year.

6. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of consolidated financial statements requires management to make judgment, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the judgments about the carrying amounts of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognized in the period in which the estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

In the process of applying the Group's accounting policies, management has made the following estimates and judgments, which are significant to the consolidated financial statements:

Judgments
Information about judgments made in applying accounting policies that have significant effects on the amounts recognized in the consolidated financial statements are included in the following notes:
Note 3 - whether the Group exercises control over an investee.
Note 10 - Equity-accounted investees classification
Note 5 - Determining whether an arrangement contains a lease

Assumptions and estimation uncertainties
Information about assumptions and estimation uncertainties that have the most significant effect on the amounts recognized in the consolidated financial statements, are described below:

<u>Provision for expected credit losses on operating lease receivables</u>
The Group uses a provision matrix to calculate ECLs of operating lease receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic, product inflation rate of Saudi Arabia and Saudi Governmental spending) are expected to deteriorate over the next year which can lead to an increased number of defaults in the real estate 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 analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECL is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecasted 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 11.

<u>Valuation of investment properties</u>
The Group uses the services of qualified and independent valuers to obtain estimates of the fair value of investment properties using recognized valuation techniques for the purpose of impairment review and disclosures in the consolidated financial statements, for further details of assumptions and estimates.

<u>Useful lives of property, equipment and investment properties</u>
The management determines the estimated useful lives of property, equipment and investment properties for calculating depreciation. This estimate is determined after considering expected usage of the assets and physical wear and tear. Management reviews the residual value and useful lives annually, and changes in depreciation charges, if any, are adjusted in current and future periods.

6. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

Impairment of non - financial assets
Impairment exists when the carrying value of an asset or cash generating unit ("CGU") exceeds the recoverable amount, which is the higher of the fair value less costs to sell and value in use. The fair value less costs 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 discounted cash flows ("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 tested. The recoverable amount is sensitive to the discount rate used for the Discounted Cash Flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to property recognized by the Group.

Employees' benefits – defined benefit obligations
The Group operates an End of service benefit plan for its employees based on the prevailing Saudi Labor laws. The liability is being accrued based on projected credit unit method in accordance with the periodic actuarial valuation. For details of assumptions and estimate, please refer to Note 16.

Certain actuarial assumptions have been adopted as disclosed in Note 16 to these consolidated financial statements for valuation of present value of defined benefit obligations. Any changes in these assumptions in future years might affect gains and losses in those years.

Lease classification - Group as lessor
The Group is the lessor in various operating leases. All leases are classified as operating leases from the lessor view, where the Group deems that they do not transfer substantially all the risks and rewards incidental to ownership of an underlying leased asset.

(All amounts are expressed in Saudi Riyal unless otherwise stated)

7. PROPERTY AND EQUIPMENT

	Lands	Buildings	Machinery and equipment	Motor vehicles	Total
Cost:					
Balance at 1 January 2023	16,034,745	169,933,899	24,606,623	563,100	211,138,367
Additions	-	1,799,448	462,552	-	2,262,000
Balance at 31 December 2023	**16,034,745**	**171,733,347**	**25,069,175**	**563,100**	**213,400,367**
Additions	**-**	**4,708,117**	**1,461,039**	**520,260**	**6,689,416**
Balance at 31 December 2024	**16,034,745**	**176,441,464**	**26,530,214**	**1,083,360**	**220,089,783**
Accumulated depreciation:					
Balance at 1 January 2023	-	(48,148,056)	(17,480,346)	(563,100)	(66,191,502)
Charge for the year	-	(3,292,424)	(1,964,220)	-	(5,256,644)
Balance at 31 December 2023	**-**	**(51,440,480)**	**(19,444,566)**	**(563,100)**	**(71,448,146)**
Charge for the year	**-**	**(3,292,424)**	**(1,994,155)**	**(107,339)**	**(5,393,918)**
Impairment loss*	**-**	**(8,000,000)**	**-**	**-**	**(8,000,000)**
Balance at 31 December 2024	**-**	**(62,732,904)**	**(21,438,721)**	**(670,439)**	**(84,842,064)**
Net carrying amount:					
31 December 2024	**16,034,745**	**113,708,560**	**5,091,493**	**412,921**	**135,247,719**
31 December 2023	16,034,745	120,292,867	5,624,609	-	141,952,221

Depreciation charged for the year ended 31 December is allocated as follows:

	2024	2023
Cost of revenue	**4,819,779**	4,777,313
General and administrative expenses	**574,139**	479,331
	5,393,918	5,256,644

The Group has pledged Al-Andalus Mall Hotel against Islamic financing facility that is obtained from local bank (note 17). The carrying values of Al Andalus Mall Hotel is SR 135.28 million as at the reporting date.

* During 2024, the Group tested Al-Andalus Mall Hotel for impairment and recognized an impairment loss of SAR 8 million (2023: nil). The key assumption used is discount rate in determining the fair value using the discounted cash flow method technique.

(All amounts are expressed in Saudi Riyal unless otherwise stated)

8. INVESTMENT PROPERTIES

	Lands	Buildings	Projects under construction	Right of Use Asset (Land)	Total
Cost:					
Balance at 1 January 2023	360,785,558	777,989,736	54,100,567	133,951,505	1,326,827,366
Additions	52,200,000	158,121,593	62,374,744	-	272,696,337
Balance at 31 December 2023	**412,985,558**	**936,111,329**	**116,475,311**	**133,951,505**	**1,599,523,703**
Additions *	**-**	**1,775,759**	**38,514,366**	**44,996,415**	**85,286,540**
Transferred from projects under construction to buildings***	**-**	**152,529,893**	**(152,529,893)**	**-**	**-**
Balance at 31 December 2024	**412,985,558**	**1,090,416,981**	**2,459,784**	**178,947,920**	**1,684,810,243**
Accumulated depreciation and impairment:					
Balance at 1 January 2023	-	(189,437,038)	-	(57,145,960)	(246,582,998)
Charge for the year	-	(22,771,709)	-	(6,151,476)	(28,923,185)
Balance at 31 December 2023	**-**	**(212,208,747)**	**-**	**(63,297,436)**	**(275,506,183)**
Charged for the year**	**-**	**(28,248,848)**	**-**	**(6,883,028)**	**(35,131,876)**
Balance at 31 December 2024	**-**	**(240,457,595)**	**-**	**(70,180,464)**	**(310,638,059)**
Net carrying amount:					
31 December 2024	**412,985,558**	**849,959,386**	**2,459,784**	**108,767,456**	**1,374,172,184**
31 December 2023	412,985,558	723,902,582	116,475,311	70,654,069	1,324,017,520

* Additions to the right-of-use assets amount to SR 44.9 million, which includes a payment of SR 23 million to the previous lessee. This payment was made to secure lease agreements for six land plots in Riyadh. The amounts paid have been capitalized as part of the cost of right-of-use assets.

**Depreciation charge for year is charged to the cost of revenues.

*** The project under construction represents the expansion works for Al-Andalus Mall which includes capitalized borrowing cost amounted to SR 6.1 million (2023: SR 8.2 million).

As indicated in note 17, The Group has pledged Al-Andalus Mall, which its carrying amount of SR 537.50 million, against Islamic financing facility that is obtained from local bank. Also, the Group has pledged Yassmin Al-Andalus Tower which its carrying amount of SR 198.56 million, against Islamic financing facility that is obtained from local bank.

The lands and the buildings classified as investment properties were assessed by external valuers to determine their fair value as at 31 December 2024. The fair values of the investment properties amounted to SR 2.37 billion (2023: SR 2.33 billion) as at that date. The key assumptions used in determining the fair values of the investment properties were discount rates, occupancy rate and exit yield rate and the valuation approaches used are the income approach (discounted cash flows) and sales comparable method. The external valuers are accredited by the Saudi Authority for Accredited Valuers (TAQEEM).

(All amounts are expressed in Saudi Riyal unless otherwise stated)

8. INVESTMENT PROPERTIES (CONTINUED)

The following table shows the valuations techniques used in determining the fair value of investment properties, as well as key unobservable inputs used in valuation models.

				Fair value measurement	
Properties	**Valuation approach**	**Purpose**	**Key inputs and valuation assumptions**	**Fair value as at 31 December 2024**	Fair value as at 31 December 2023
Head office of Al-Andalus Company	Sales comparison technique	Rental income and capital appreciation	Comparable sale price	22,000,000	13,640,000
Al Sahafa Center	Income approach (Discounted cash flows)	Rental income and capital appreciation	Discount rate 8.25% Occupancy Rate 97%	11,000,000	10,000,000
Al Tilal Center	Income approach (discounted cash flows)	Rental income and capital appreciation	Discount rate 8% Occupancy Rate 98%	7,000,000	8,000,000
Al Yarmouk Center	Income approach (discounted cash flows)	Rental income and capital appreciation	Discount rate 8.5% Occupancy Rate 94%	7,000,000	7,000,000
Yassmin Al-Andalus Tower	Income approach (discounted cash flows)	Rental income and capital appreciation	Discount rate 10.5% Occupancy Rate 100%	214,000,000	209,000,000
Alandalus Mall	Income approach (discounted cash flows)	Rental income and capital appreciation	Discount rate 9.75% Occupancy Rate 87%	1,413,767,500	1,393,184,500
Al Marwah Plaza	Income approach (discounted cash flows)	Rental income and capital appreciation	Discount rate 8.5% Occupancy Rate 96%	30,000,000	34,000,000
Salama Tower	Income approach (discounted cash flows)	Rental income and capital appreciation	Discount rate 9.5% Exit yield rate 8.25%	281,115,500	272,795,500
QBIC Plaza	Income approach (discounted cash flows)	Rental income and capital appreciation	Discount rate 10% Exit yield rate 7.75%	275,774,000	267,367,500

(All amounts are expressed in Saudi Riyal unless otherwise stated)

8. INVESTMENT PROPERTIES (CONTINUED)

The Group uses the valuation reports from the independent valuers engaged by the management to evaluate the fair values of properties at the reporting date. The valuers have appropriate qualifications and experience in the valuation of properties at the relevant locations. The details of independent valuers as follows:

The details of independent valuers as follows:

1- ValuStart: TAQEEM record No. 1210000320/1210001039
2- ESNAD: TAQEEM record No. 1210000934
3- QIAM: TAQEEM record No. 1210000052

The valuation technique used were based on the third level of fair value extraction methods.

Reconciliation of level 3 fair value

Fair value for investment properties as following:	**2024**	2023
Shopping malls on owned lands	**1,413,767,500**	1,393,184,500
Shopping malls on leasehold lands	**55,000,000**	59,000,000
Owned lands/buildings held as investment properties	**792,889,500**	762,803,000
Add: carrying amount of lease liability	**109,365,727**	115,462,037
	2,371,022,727	2,330,449,537

(All amounts are expressed in Saudi Riyal unless otherwise stated)

9. LEASE LIABILITIES

Lease liabilities related to leased lands for a period of time ranging from 20 to 25 years.

	2024	2023
Balance at the beginning of the year	**115,462,037**	120,036,631
Additions during the period	**21,946,616**	-
Interest expense on lease liabilities*	**13,456,287**	11,618,156
Payment of lease liabilities	**(18,602,750)**	(16,192,750)
Balance at the end of the year	**132,262,190**	115,462,037

Discounted lease liabilities included in the consolidated statement of financial position as at 31 December 2024		
Non-current	**114,959,440**	98,159,287
Current	**17,302,750**	17,302,750
	132,262,190	115,462,037

*The amounts recognized in the consolidated statement of profit or loss for the year in respect of interest expenses on lease liabilities amounts to SAR 13 million (2023: SAR 11 million)

Maturity analysis – contractual un-discounted cash flows:		
Less than 1 year	**17,302,750**	17,302,750
1 - 5 years	**103,651,802**	88,951,802
More than 5 years	**169,403,590**	100,404,390
Total un-discounted lease liabilities	**290,358,142**	206,658,942

Operating leases

The Group leases out its investment property. The Group has classified these leases as operating leases, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets.
Rental income recognized by the Group during 2024 was SAR 211.2 million (2023: SAR 193.5 million).

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date.

	31 December 2024	31 December 2023
Less than one year	**142,878,549**	121,669,075
1 year to 2 years	**89,149,324**	73,976,226
2 years to 3 years	**69,161,692**	55,737,560
3 years to 4 years	**51,342,481**	43,176,248
4 years to 5 years	**36,130,602**	31,918,671
More than 5 years	**79,708,801**	106,494,704
	468,371,449	432,972,484

(All amounts are expressed in Saudi Riyal unless otherwise stated)

10. EQUITY ACCOUNTED INVESTEES

A summary of the details of the investments in the equity-accounted investees is as follows:

	Nature of investment	Country of incorporation	% of shareholding 2024	% of shareholding 2023	2024	2023
Al Aswaq Al Mutatawerah Company	Associate**	KSA	**50%**	50%	**101,469,385**	105,614,770
Hayat Real Estate Company	Associate	KSA	**25%**	25%	**197,525,907**	192,011,638
Sorooh Al Marakiz Company	Associate	KSA	**25%**	25%	**49,031,249**	49,031,249
West Jeddah Hospital Company	Associate**	KSA	**50%**	50%	**115,613,544**	62,052,533
Al-Jawhra Al-Kubra Company	Associate	KSA	**25%**	25%	**50,954,583**	62,022,300
Massat Property Company *	Associate	KSA	**25%**	25%	**56,120,786**	56,353,075
					570,715,454	527,085,565

* These equity-accounted investees have not yet commenced commercial operations.

** The Group owns 50% of the shareholding of these associates and does not own control or common control, where the Group re-evaluate its ability to exercise control over the investee through its ability to direct the related activities of the investees. The Group considers all other relevant facts and circumstances in assessing whether it has power over an investee, including any contractual and other such arrangements which may affect the activities which impact investees' return.

The financial statements of the equity-accounted investee 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.

The movement in investment in equity-accounted investees is as follows:

	2024	2023
Opening balance	**527,085,565**	515,034,291
Share of (loss)/profit from equity-accounted investees	**(33,907,930)**	24,051,274
Dividends received from equity-accounted investees	**(24,250,181)**	(25,000,000)
Additions during the year *	**101,788,000**	13,000,000
Balance at the end of the year	**570,715,454**	527,085,565

* The additions represent the increase in the carrying amount of investment in West Jeddah Hospital Company through additional capital contribution without change in ownership percentage.

- During the period, the Group has issued a financial guarantee amounting up to SAR 766.5 million to local bank in respect of credit facilities granted to the group associate "West Jeddah Hospital Company".

(All amounts are expressed in Saudi Riyal unless otherwise stated)

10. EQUITY ACCOUNTED INVESTEES (CONTINUED)

2024	Al Aswaq Al Mutatawerah Company	Hayat Real Estate Company	Sorooh Al Marakiz Company	West Jeddah Hospital Company	Al-Jawhra Al-Kubra Company	Massat Property Company	Total
Non-current assets	192,593,933	414,185,100	197,764,460	1,671,573,319	1,028,095,278	265,679,333	3,769,891,423
Current assets	21,100,209	43,507,837	1,380,210	323,578,606	41,532,276	34,364,777	465,463,915
Non-current liabilities	(1,069,955)	(2,091,418)	-	(1,540,365,474)	(683,000,000)	(65,099,172)	(2,291,626,019)
Current liabilities	(9,685,417)	(48,497,890)	(3,019,673)	(177,487,301)	(182,809,221)	(10,461,797)	(431,961,299)
Net assets	202,938,770	407,103,629	196,124,997	277,299,150	203,818,333	224,483,141	1,511,768,020
Adjustments	-	-	-	(91,959,124)	-	-	(91,959,124)
Group's share percentage	%50	%25	%25	%50	%25	%25	
Group's share of net assets	101,469,385	101,775,907	49,031,249	92,670,013	50,954,583	56,120,786	452,021,923
The Group's share of profit from sold land	-	-	-	22,943,531	-	-	22,943,531
Goodwill	-	95,750,000	-	-	-	-	95,750,000
Carrying amount of investment in equity-accounted investees	101,469,385	197,525,907	49,031,249	115,613,544	50,954,583	56,120,786	570,715,454
Total revenue of the equity-accounted investees	36,619,042	127,748,451	-	293,622,628	96,309,411	-	554,299,532
Net gain / (loss) of equity-accounted investees	17,672,763	83,057,079	-	(96,453,616)	(47,457,639)	(1,000,850)	(44,182,263)
The Group's share of gain /(loss) from equity-accounted investees	4,854,615	20,764,270	-	(48,226,808)	(11,067,716)	(232,291)	(33,907,930)

(All amounts are expressed in Saudi Riyal unless otherwise stated)

10. EQUITY ACCOUNTED INVESTEES (CONTINUED)

2023	Al Aswaq Al Mutatawerah Company	Hayat Real Estate Company	Sorooh Al Marakiz Company	West Jeddah Hospital Company	Al-Jawhra Al-Kubra Company	Massat Property Company	Total
Non-current assets	202,214,942	394,794,153	197,764,460	1,312,030,506	1,019,525,154	203,777,067	3,330,106,282
Current assets	24,353,213	47,225,169	1,380,210	106,267,404	83,544,228	23,102,594	285,872,818
Non-current liabilities	(843,008)	(1,885,041)	-	(1,160,000,000)	(723,000,000)	(44,878)	(1,885,772,927)
Current liabilities	(14,495,607)	(55,087,731)	(3,019,673)	(88,120,782)	(131,980,182)	(1,422,482)	(294,126,457)
Net assets	211,229,540	385,046,550	196,124,997	170,177,128	248,089,200	225,412,301	1,436,079,716
Adjustments	-	-	-	(91,959,124)	-	-	(91,959,124)
Group’s share percentage	%50	%25	%25	%50	%25	%25	
Group’s share of net assets	105,614,770	96,261,638	49,031,249	39,109,002	62,022,300	56,353,075	408,392,034
The Group’s share of profit from sold land	-	-	-	22,943,531	-	-	22,943,531
Goodwill	-	95,750,000	-	-	-	-	95,750,000
Carrying amount of investment in equity-accounted investees	105,614,770	192,011,638	49,031,249	62,052,533	62,022,300	56,353,075	527,085,565
Total revenue of the equity-accounted investees	38,390,250	126,201,707	-	-	42,915,853	-	207,507,810
Net gain / (loss) of equity-accounted investees	13,642,320	90,540,964	(429)	(3,111,861)	(14,956,661)	(440,122)	85,674,211
The Group’s share of gain /(loss) from equity-accounted investees	6,821,160	22,635,241	-	(1,555,931)	(3,739,165)	(110,031)	24,051,274

(All amounts are expressed in Saudi Riyal unless otherwise stated)

11. RECEIVABLES FROM OPERATING LEASE

	2024	2023
Operating lease receivables	**90,773,651**	103,362,996
Impairment of receivables from operating lease	**(28,581,717)**	(31,097,190)
	62,191,934	72,265,806

Movement in impairment of operating lease receivables:

	2024	2023
1 January	**31,097,190**	24,982,959
Provided during the year	**1,900,618**	11,000,000
Utilized during the year	**(4,416,091)**	(4,885,769)
31 December	**28,581,717**	31,097,190

The aging analysis of operating lease receivables at the reporting date is include in note 30 (d).

12. PREPAYMENTS AND OTHER RECEIVABLES

	2024	2023
Accrued income	**13,452,268**	3,244,365
Advances to suppliers	**2,262,701**	3,266,915
Employees' advances	**3,030,994**	1,797,306
Prepaid insurances	**1,756,145**	1,537,027
Value Added Tax (VAT)	**2,607,838**	3,298,044
Other receivables	**4,077,987**	2,068,292
	27,187,933	15,211,949

13. SHARE CAPITAL

The Company’s share capital as at 31 December 2024 amounts to SR 933,333,330 (2023: SR 933,333,330) divided into 93,333,333 shares with a nominal value of SR 10 per share.

14. STATUTORY RESERVES

The company’s articles of association updated in accordance with the new Companies Law. subsequent to the update for articles of association the Company’s General Assembly On 01 December 2024 approved to transfer the balance of the statutory reserve amounting to SR 100,6 million as in the consolidated financial statements for the year ended 31 December 2024 to the retained earnings balance.

(All amounts are expressed in Saudi Riyal unless otherwise stated)

15. NON-CONTROLLING INTEREST

The details of the subsidiary that has significant non-controlling interests for the Group are summarized below:

	31 December 2024		31 December 2023	
	Al-Ahli REIT Fund 1	**Manafea Al-Andalus Company**	Al-Ahli REIT Fund 1	Manafea Al-Andalus Company
NCI Percentage	31.27%	30%	31.27%	30%
Non-current assets	**1,916,603,406**	**59,373,352**	1,903,260,856	63,383,856
Current assets	**69,881,026**	**10,113,970**	82,060,196	10,500,156
Non-current liabilities	**714,279,664**	**44,312,487**	660,004,613	45,710,127
Current liabilities	**76,401,276**	**9,397,768**	87,440,662	10,796,632
Net assets	**1,195,803,492**	**15,777,066**	1,237,875,777	17,377,253
Net assets attributable to non-controlling interests	**138,231,240**	**4,733,120**	151,388,181	5,213,176
Gross revenue	**187,881,938**	**9,841,068**	183,476,926	10,200,604
Net income	**26,677,715**	**(1,600,188)**	40,555,399	(1,464,908)
Other comprehensive income	-	-	-	-
Total comprehensive income	**26,677,715**	**(1,600,188)**	40,555,399	(1,464,908)
Profits attributable to non-controlling interests	**8,342,122**	**(480,056)**	12,681,673	(439,472)
Total comprehensive income attributable to non-controlling interests	**8,342,122**	**(480,056)**	12,681,673	(439,472)
Net cash generated from operating activities	**105,786,365**	**5,776,281**	116,939,212	8,179,252
Net cash used in investing activities	**(41,423,274)**	**(90,000)**	(67,664,862)	(28,470)
Net cash used in financing activities	**(65,926,766)**	**(6,655,000)**	(47,100,935)	(6,050,000)
Net change in cash and cash equivalents during the year	**(1,563,675)**	**(968,719)**	2,173,415	2,100,782

16. EMPLOYEES' BENEFITS – DEFINED BENEFIT OBLIGATIONS

Movement in employees' benefits - defined benefit obligations recognized in the statement of financial position is as follows:

	2024	2023
Balance at 1 January	**10,873,929**	8,967,778
Current service cost	**1,789,428**	1,460,446
Interest cost	**763,108**	397,980
Actuarial loss on the obligation (OCI)	**349,341**	298,316
Benefits paid	**(1,171,392)**	(250,591)
Balance at 31 December	**12,604,414**	10,873,929

(All amounts are expressed in Saudi Riyal unless otherwise stated)

16. EMPLOYEES' BENEFITS – DEFINED BENEFIT OBLIGATIONS (CONTINUED)

Benefit expense recognized in profit or loss

	2024	2023
Current service cost	**1,789,428**	1,460,446
Interest cost	**488,418**	397,980
Past Service Cost	**274,690**	-
	2,552,536	1,858,426

Significant assumptions used in determining the post-employment defined benefit obligations include the following:

	2024	2023
Discount rate	**6.00%**	4.75%
Future salary increase rate	**7.00%**	9.90%

The sensitivity analysis of the quantitative effect of assumptions for change in salaries and the discount rate on defined benefit obligations is as follows:

	2024		2023	
	1% increase	**1% decrease**	1% increase	1% decrease
Discount rate	**(1,470,473)**	**1,722,961**	(1,161,109)	1,371,436
Future salary increases rate	**1,522,622**	**(1,803,812)**	1,401,121	(1,207,088)

Maturity Profile

Years	**Undiscounted payments**
Year 1	SAR 687,429
Year 2	SAR 556,139
Year 3	SAR 571,582
Year 4	SAR 583,963
Year 5	SAR 662,334
Year 6 to Year 10	SAR 3,463,027
Year 11 & above	SAR 24,850,659

The sensitivity analysis above has been undertaken based on a method that extrapolates the impact on the employees' defined benefit obligations as a result of reasonable changes in key assumptions occurred at the end of the reporting date. The sensitivity analysis is based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analysis may not be representative of an actual change in the employees' end-of-service benefits as it is unlikely that changes in assumptions would occur in isolation of one another.

(All amounts are expressed in Saudi Riyal unless otherwise stated)

17. ISLAMIC FINANCE FACILITIES

	2024	2023
Balance at the beginning of the year	**803,809,841**	589,203,001
Additions during the year	**54,000,000**	214,236,995
Additions of finance cost during the year	**54,789,689**	40,558,741
Payments during the year	**(59,198,881)**	(40,188,896)
Balance at the end of the year	**853,400,649**	803,809,841
Non-Current	**839,034,552**	798,367,365
Current	**14,366,097**	5,442,476

During 2019, the Group obtained an Islamic financing facility amounting to SR 650 million from local bank. The facility agreement included adherence to specific financial covenants for the local bank. The Group pledged the properties (Al-Andalus Mall and Hotel), in favor of a Real Estate Company, a fully owned subsidiary of the local bank, as a guarantee against the financing. The tenor of the Islamic financing facility is 15 years. The Islamic financing facility provides a 5-year grace period during which only profit payments must be made. Following the grace period, the principal amount shall be repaid over 10 years on a quarterly basis. Further, an amendment to the Islamic financing agreement was signed and the type of facility was changed from Ijara to Murabaha. The tenure of the financing was revised and the outstanding financing balance became payable in July 2026. Accordingly, the financing balance was disclosed as non-current. The facility limit was increased to SR 760 million instead of SR 650 million. An additional amount of the facility of SR 54 million was utilized during the period ended 31 December 2024.

During 2023, the Group obtained an Islamic finance facility from the local bank to finance the acquisition transaction of Yassmin Al-Andalus Tower in Al-Yasmeen district, Riyadh city. The term of the facility is 7 years, and payments must be made after one year from the date of withdrawal in the form of incremental annual installments for a period of 7 years, with the last installment due on the date of termination. The Group pledged Yassmin Al-Andalus Tower having a carrying value of SAR 198.5 million as at reporting date, classified within investment properties to the local bank as a guarantee against the financing. The Group also approved to waive the rental returns and transfer them directly to the Group account at the local bank.

The financing is subject to commission rates based on SIBOR plus an agreed commission rate. The increase in the finance cost is attributable to the increase in the interest rates accrued during the period. The above facility agreements contain covenants, which among other things, require certain financial ratios to be maintained, otherwise the loan will be repayable on demand.

(All amounts are expressed in Saudi Riyal unless otherwise stated)

18. ACCRUALS AND OTHER PAYABLES

	2024	2023
Accrued expenses	**23,345,727**	23,649,817
Accrued employees' salaries and benefits	**1,186,589**	812,700
Due to suppliers	**2,752,818**	922,000
Other payables	**2,190,947**	2,439,900
	29,476,081	27,824,417

19. COST OF REVENUE

	For the year ended 31 December	
	2024	2023
Employees' salaries and other benefits	**14,995,375**	13,999,264
Depreciation and amortization	**39,951,654**	33,700,498
Services expenses	**28,052,145**	21,293,228
Repair and maintenance	**4,776,245**	4,872,797
Other	**2,964,623**	3,585,132
	90,740,042	77,450,919

20. GENERAL AND ADMINISTRATIVE EXPENSES

	For the year ended 31 December	
	2024	2023
Employees' salaries and other benefits	**32,143,793**	23,402,806
Depreciation of properties and equipment	**574,139**	479,331
Services Expenses related to management fees	**15,677,973**	15,430,364
Professional Services	**4,950,469**	5,062,888
Maintenance and others	**3,950,712**	3,794,635
	57,297,086	48,170,024

21. OTHER INCOME

	For the year ended 31 December	
	2024	2023
Reversal of provisions no longer required	**2,704,392**	2,329,847
Interests income - current accounts	**3,544,055**	1,253,640
Interest income from investments in Murabaha deposits and funds	**925,075**	3,751,187
Other income	**122,403**	-
	7,295,925	7,334,674

22. FINANCE COST

	For the year ended 31 December	
	2024	2023
Interest expense on lease liabilities	**13,456,287**	11,618,156
Interest on Islamic Finance Loans	**54,789,689**	40,558,741
	68,245,976	52,176,897

(All amounts are expressed in Saudi Riyal unless otherwise stated)

23. ZAKAT

The Company and its subsidiaries submitted their Zakat returns separately based on the financial statements of each company. Therefore, Zakat base is identified and Zakat is calculated for the Company and its subsidiaries separately. The total estimated Zakat is presented in the Group's consolidated statement of income.

The Company filed all Zakat returns up to the year ended 31 December 2023 and obtained Zakat certificate up to the year 2023. The Group finalized Zakat assessment with ZATCA up to the year ended 31 December 2021.

Zakat base
Zakat is calculated for the year ended 31 December using Zakat base as follows:

	For the year ended 31 December	
	2024	2023
Net Zakat positive base (A)		
Equity	**1,037,680,160**	1,097,271,625
Provisions	**12,604,414**	17,829,278
Lease labilities	**47,750,491**	-
Islamic financing facilities	**124,754,888**	206,902,138
Net positive Zakat base	**1,222,789,953**	1,322,003,041
Net Zakat negative base (B)		
Net Assets	**264,417,353**	284,568,246
Investments in equity accounted investees and subsidiaries	**886,742,512**	806,478,561
Net Zakat negative base	**1,151,159,865**	1,091,046,807
Net zakat base	**71,630,088**	238,132,840
Adjusted net income	**(30,006,480)**	53,453,799
Zakat charged	**1,848,056**	5,953,321
Subsidiaries Zakat charge	**1,100,000**	-
Total	**2,948,056**	5,953,321

The movement in the provision for zakat is as follows:

	2024	2023
1 January	**7,010,047**	8,784,088
Provided during the year	**2,948,056**	5,953,321
Payments made during the year	**(5,812,534)**	(7,727,362)
31 December	**4,145,569**	7,010,047

(All amounts are expressed in Saudi Riyal unless otherwise stated)

24. SEGMENT REPORT

The Group's activities include a number of operating sectors as follows:

The reportable sector	Activity
Retail and operation sector	This includes rent for commercial units from investment properties such as malls and the operation of the mall.
Hospitality sector	This includes entities engaged in providing hospitality service (Al-Andalus Mall Hotel).
Office sector	This includes rent for commercial units from investment properties (Salama Tower, QBIC Plaza and Yassmin Al-Andalus Tower).

The Group reviews internal reports for each sector on a quarterly basis as a minimum.

The information related to each reportable sector is as follows: Net sector profit before zakat is used to measure performance as the Group's management believes that this information is the most relevant in assessing the results of the relevant sector compared to other companies operating in the same industry.

As at the year ended 2024	**Retail Sector**	**Hospitality sector**	**Office Sector**	**Unallocated**	**Total**
Revenue	**159,006,838**	**19,146,513**	**57,734,174**	**-**	**235,887,525**
Cost of revenue	**(53,088,177)**	**(20,949,732)**	**(16,702,133)**	**-**	**(90,740,042)**
Share of profit from equity accounted investees	**-**	**-**	**-**	**(33,907,930)**	**(33,907,930)**
Expenses	**(65,542,161)**	**-**	**(48,213,367)**	**(15,669,526)**	**(129,425,054)**
Other income	**-**	**-**	**-**	**7,295,925**	**7,295,925**
Impairment Loss on PPE	**-**	**(8,000,000)**	**-**	**-**	**(8,000,000)**
Impairment loss of receivables from operating lease	**(1,438,310)**	**(462,308)**	**-**	**-**	**(1,900,618)**
Net income before Zakat	**38,938,190**	**(10,265,527)**	**(7,181,326)**	**(42,281,531)**	**(20,790,194)**
Total assets	**720,911,961**	**125,363,510**	**680,571,257**	**734,019,996**	**2,260,866,724**
Total liabilities	**429,334,614**	**3,709,517**	**656,451,933**	**11,780,917**	**1,101,276,981**

The Group's executive management, reviews the internal management reports of each division at least quarterly. Group revenues are generated from contracts with customers by providing commercial unit rental services and hospitality services. Control over commercial units rental services is transferred over time, while control over hospitality services is transferred at a point in time.

Information about geographic regions
All of the Group operating sectors operate within the borders of the Kingdom of Saudi Arabia.

(All amounts are expressed in Saudi Riyal unless otherwise stated)

24. SEGMENT REPORT (CONTINUED)

As at the year ended 2023	Retail sector	Hospitality sector	Office sector	Unallocated	Total
Revenue	153,749,940	15,588,557	45,817,490	-	215,155,987
Cost of revenue	(45,812,035)	(19,926,750)	(11,712,134)	-	(77,450,919)
Share of profit from equity accounted investees	-	-	-	24,051,274	24,051,274
Expenses	(37,179,576)		(40,558,741)	(25,740,239)	(103,478,556)
Other income	-	-	-	7,334,674	7,334,674
Impairment loss of receivables from operating lease	(11,000,000)	-	-	-	(11,000,000)
Net income before Zakat	59,758,329	(4,338,193)	(6,453,385)	5,645,709	54,612,460
Total assets	708,870,685	132,646,133	694,173,006	723,756,295	2,259,446,119
Total liabilities	366,774,863	-	657,151,488	7,010,039	1,030,936,390

(All amounts are expressed in Saudi Riyal unless otherwise stated)

25. (LOSS)/EARNINGS PER SHARE – BASIC AND DILUTED

Basic and diluted earnings per share is calculated by dividing the profit for the period attributable to the shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

	2024	2023
Net profit/(loss) for the year	**(31,600,315)**	36,416,938
Weighted average number of outstanding ordinary shares (share)	**93,333,333**	93,333,333
Basic and diluted (loss)/earnings per share	**(0.34)**	0.39

The diluted earnings per share are equal to the basic earnings per share for the year ended 31 December 2024 and 31 December 2023 as there are no instruments with reduced earnings per share.

26. CASH AND BANK

	2024	2023
Cash at banks – current accounts	**45,880,615**	176,940,865
	45,880,615	176,940,865

27. OTHER INVESTMENTS

	2024	2023
Time deposits	**40,343,803**	-
	40,343,803	-

Time deposits represent deposits with Alkhair Capital Fund with maturity of less than three months.

28. RELATED PARTIES TRANSACTIONS

For the purpose of these consolidated financial statements, parties are considered to be related to the Group, if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, and vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or entities. The transactions with related parties are made on terms approved by the Board of the Directors of the Group. The Group and its related parties transact with each other in the ordinary course of business. The transactions and the balances between the Company and its subsidiaries and those between the subsidiaries have been eliminated in preparing these consolidated financial statements.

Details of transactions with related parties are as follows:

Related party name	**Relationship**	**Nature of transaction**	**31 December 2024**	31 December 2023
Hayat Real Estate Company	Associate	Expenses paid on behalf of associate	**10,937,393**	10,362,519
Al-Ahli Capital	Fund manager of the subsidiary	Operating Services	**15,677,973**	15,430,364

(All amounts are expressed in Saudi Riyal unless otherwise stated)

28. RELATED PARTIES TRANSACTIONS (CONTINUED)

The details of balances with related parties are mentioned below:

	2024	2023
Due from related parties - other than receivables		
Hayat Real Estate Company	**5,127,082**	1,972,193
	5,127,082	1,972,193
Due to related parties - other than payables		
Al-Ahli Capital	**16,335,472**	16,020,364
	16,335,472	16,020,364

The remunerations of the board of directors and key management personnel are as follow:

	2024	2023
End-of-services benefits	**1,039,541**	1,610,400
Salaries, remuneration and other benefits	**8,589,963**	4,735,903
	9,629,504	6,346,303

29. DIVIDENDS DISTRIBUTED TO SHAREHOLDERS

31 December 2024

On 9 March 2024, the Board of Directors have resolved under the authorization of the General Assembly to distribute interim dividends of SR 23.3 million (SR 0.25 per share) and the dividends have been paid on 23 March 2024.

31 December 2023

On 9 March 2023, the Board of Directors have resolved under the authorization of the General Assembly to distribute interim dividends of SR 23.3 million (SR 0.25 per share) and the dividends have been paid on 23 March 2023. On 30 August 2023, the Board of Directors have resolved based on the authorization of the General Assembly to distribute interim dividends of SR 23.3 million (SR 0.25 per share) and the dividends have been paid on 14 September 2023. Total dividends during the year ended 31 December 2023 amounted to SR 46.7 million

30. FINANCIAL INSTRUMENTS-FAIR VALUE AND RISK MANAGEMENT

The Group is subjected to various financial risks due to its activities including: Market risk (including currency risk, fair value and cash flows of interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Group.

Senior management is responsible for the risk management. Financial instruments carried on the consolidated statement of financial position include cash and cash equivalents, investments, accounts receivable, due from/to related parties, prepayments and other current assets, Murabaha finance, trade payables and accrued expenses and other current liabilities. The particular recognition policy adopted are disclosed in the individual policy statements associated with each item. Financial asset and liability is offset and net amounts reported in the consolidated statement of financial position, when the Group has a legally enforceable right to set off the recognized amounts and intends either to settle on a net basis, or to realize the asset and liability simultaneously.

30. FINANCIAL INSTRUMENTS-FAIR VALUE AND RISK MANAGEMENT (CONTINUED)

a) Market risk

Market risk is the risk that changes in market prices such as foreign exchange rates, profit rates and equity prices will affect the Group's income or the value of its holdings of financial. instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return

b) Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to the change in foreign exchange rates. The Group's transactions are principally in Saudi Riyals and US Dollars. The Saudi Riyal is pegged to the US Dollar.

There are no significant risks of currency exchange rate change, and management closely and continuously monitors the exchange rate fluctuations.

c) Interest Rate risk

Interest rate risks are the exposures to various risks associated with the effect of fluctuations in the prevailing interest rates on the Group's financial position and cash flows.

The Group's interest rate risks arise mainly from its loans and short-term deposits, which are at variable rate of interest and are not subject to re-pricing on a regular basis. Variable rate loans carry extra commission according to prevailing market rates and indicators on SIBOR basis.

The following table demonstrates the effect on the income from reasonable possible changes in the commission rates related to variable interest rate loans, with all other items subject to change held constant. Commission rate risk has no direct impact on the Group's equity.

	Statement of profit or loss	
31 December 2024	**Increase 100 points**	**Decrease 100 Points**
Loans with variable interest rate	**8,534,006**	**(8,534,006)**
31 December 2023		
Loans with variable interest rate	8,038,098	(8,038,098)

d) Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its trade receivables, cash and cash equivalent and due from related parties.

Outstanding tenants' receivables are regularly monitored. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial asset.

	2024	2023
Cash and cash equivalents	**45,880,615**	176,940,865
Operating lease receivables	**90,773,651**	103,362,996
Due from related parties	**5,127,082**	1,972,193
	141,781,348	282,276,054

(All amounts are expressed in Saudi Riyal unless otherwise stated)

30. FINANCIAL INSTRUMENTS-FAIR VALUE AND RISK MANAGEMENT (CONTINUED)

d) Credit risk (continued)

Credit risks on receivables, bank balances and the due from related parties are limited on the following:
- Cash balances held with banks with sound credit ratings ranging from BBB- and above.
- Lease receivables are shown net of allowance for impairment of trade receivables and discounts.
- Financial position of related parties is stable.

Impairment losses in financial assets recognized in profit and loss represent the following:

	2024	2023
Impairment losses of lease receivables	**(1,900,618)**	(11,000,000)
	(1,900,618)	(11,000,000)

Operating lease receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and sector in which customers operate.

Loss rates are based on actual historic credit loss experience. These rates are multiplied by scalar factors to reflect differences between economic conditions during the year over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables. Scalar factors are based on actual and forecast gross domestic product growth and unemployment rates.

The following table provides information about the exposure to credit risk and ECLs for accounts receivable from customers as at 31 December 2024 and 31 December 2023:

	31 December 2024		
	Gross carrying amount	**Weighted-average loss**	**Loss allowance %**
Not past due			
0 - 30 days	**12,713,893**	**1,329,513**	**%10**
31 - 60 days	**10,974,293**	**1,147,600**	**%10**
61 - 90 days	**2,469,573**	**258,247**	**%10**
More than 90 days	**64,615,892**	**25,846,357**	**%40**
	90,773,651	**28,581,717**	**%31**

	31 December 2023		
	Gross carrying amount	Weighted-average loss	Loss allowance %
Not past due			
0 - 30 days	7,282,263	443,104	%6
31 - 60 days	5,762,203	350,613	%6
61 - 90 days	17,466,965	1,062,813	%6
More than 90 days	72,851,565	29,240,660	%40
	103,362,996	31,097,190	%30

The outstanding balance of trade receivables is due from local customers in Kingdom of Saudi Arabia.

(All amounts are expressed in Saudi Riyal unless otherwise stated)

30. FINANCIAL INSTRUMENTS-FAIR VALUE AND RISK MANAGEMENT (CONTINUED)

d) Credit Risk (continued)

Due from related parties
An impairment analysis is performed at each reporting date on an individual basis for the major related parties. The maximum exposure to credit risk at the reporting date is the carrying value of the amounts due from related parties (please refer to note 28).

The Group does not hold collateral as a security. This assessment is undertaken each financial year through examining the financial position of the related parties and the market in which the related parties operates. The Group evaluates the risk with respect to due from related parties as low, since the vast majority of the related parties are fully owned by the same shareholders.

Financial instruments and cash deposits
Credit risk related to balances with banks and financial institutions is managed by treasury in accordance with the Group's policy. Cash is substantially placed with national banks with sound credit ratings. The Group does not consider itself exposed to a concentration of credit risk with respect to banks due to their strong financial background.

e) Liquidity risk

Liquidity risk is the risk that the entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at an amount close to its fair value. Liquidity risk is managed by monitoring on a regular basis that sufficient funds are available through committed credit facilities to meet any future commitments.

The Group's objective is to maintain a balance between continuity of funding and flexibility using bank overdrafts and bank loans.

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

		Undiscounted contractual payments			
	Carrying amount	**Total**	**On demand or less than 1 year**	**1-5 years**	**Over 5 years**
2024					
Islamic finance facilities	**853,400,649**	**928,751,421**	**65,001,438**	**813,648,286**	**50,101,697**
Lease labilities	**132,262,190**	**290,358,942**	**17,302,750**	**103,651,802**	**169,404,390**
Accruals and other payables	**29,476,081**	**29,476,082**	**29,476,082**	**-**	**-**
Due to related parties	**16,335,472**	**16,335,472**	**16,335,472**	**-**	**-**
	1,031,474,392	**1,264,921,917**	**128,115,742**	**917,300,088**	**219,506,087**

		Undiscounted contractual payments			
2023	Carrying amount	Total	On demand or less than 1 year	1-5 years	Over 5 years
Islamic finance facilities	803,809,841	993,752,859	65,001,438	813,648,286	115,103,135
Lease labilities	115,462,037	206,658,942	17,302,750	88,951,802	100,404,390
Accruals and other payables	27,824,417	27,824,417	27,824,417	-	-
Due to related parties	16,020,364	16,020,364	16,020,364	-	-
	963,116,659	1,244,256,582	126,148,969	902,600,088	215,507,525

(All amounts are expressed in Saudi Riyal unless otherwise stated)

31. FAIR VALUE

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 and at prevailing market conditions regardless if the price is directly identified or estimated using other valuation technique.

All assets and liabilities whether measured at fair value or their fair values are disclosed in the financial statements in accordance with the hierarchical levels of fair value measurements as stated below are classified into the lowest level of measuring input which is considered significant for measuring the fair value as a whole.

Level 1: Declared (unadjusted) and quoted market prices in active markets for identical assets or liabilities.
Level 2: Inputs that are directly or indirectly observable or tracked for an asset or a liability other than declared prices mentioned in level 1.
Level 3: Inputs that are unobservable or not tracked for an asset or a liability.

Fair value of financial instruments

The Group is exposed to risks as a result of using financial instruments. The following explains the Company's objectives, polices and operations to manage these risks and methods used to measure them in addition to quantitative information related to these risks in the accompanying financial statements.

There were no significant changes that may expose the Company to financial instrument risks through its objectives, polices and operations to manage these risks and methods used that are different from what have been used in prior years unless otherwise indicated.

There were no transfers between level 1, 2 or 3 during the reporting period.

32. CAPITAL MANAGEMENT

The Board's policy is to maintain an efficient capital base to maintain investor, creditor and market confidence and to sustain the future development of its business. The Board of Directors monitors the return on utilized capital, which the Group defines as result from operating activities divided by total shareholders' equity. The Board of Directors also monitors the level of dividends to ordinary shareholders.

The Group's objectives when managing capital are:

1. To safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and
2. To provide an adequate return to shareholders

There were no changes in the Group's approach to manage the share capital during the year.

The Group monitors the share capital on the basis of debt ratio. This ratio is calculated by dividing the net debt by the total equity. The Group's debt ratio at the end of the financial year is as follows:

	2024	2023
Total liabilities	**1,101,276,981**	1,030,936,390
Less: cash and cash equivalents	**(45,880,615)**	(176,940,865)
Adjusted net debt	**1,055,396,366**	853,995,525
Total equity	**1,016,625,383**	1,071,908,372
Debt ratio	**100%**	80%

(All amounts are expressed in Saudi Riyal unless otherwise stated)

33. CORRESPONDING FIGURES

During the year ended 31 December 2023, certain ROU assets under the nature of investment property have now been classified as investment property for better presentation. as follows:

	As at 31 Dec 2023 (as previously reported)	**Movement**	**As at 31 Dec 2023**
Investment Property - Cost	**1,465,572,198**	**133,951,505**	**1,599,523,703**
Investment Property - Accumulated Depreciation	**(212,208,747)**	**(63,297,436)**	**(275,506,183)**
Right of Use Assets	**70,654,069**	**(70,654,069)**	**-**
Other non-current assets	**669,037,786**	**-**	**669,037,786**
Total non-current assets	**1,993,055,306**	**-**	**1,993,055,306**

	As at 31 Dec 2023 (as previously reported)	Movement	As at 31 Dec 2022
Investment Property - Cost	1,192,875,861	133,951,505	1,326,827,366
Investment Property - Accumulated Depreciation	(189,437,038)	(57,145,960)	(246,582,998)
Right of Use Assets	76,805,545	(76,805,545)	-
Other non-current assets	659,981,156	-	659,981,156
Total non-current assets	1,740,225,524	-	1,740,225,524

Corresponding impacts of above have been adjusted in the comparative information of the statement of financial position and statement of cash flows. These adjustments do not have any impact on net cash generated from operating activities.

34. FINANCIAL COMMITMENTS AND CONTINGENCIES

Commitments

As at 31 December 2024, the Group has no commitments (31 December 2023: SR 71.3 million).

Contingent liabilities

As at 31 December 2024, the Group has no contingent liabilities (31 December 2023: Nil).

35. SUBSEQUENT EVENTS

The management believes that there are no significant subsequent events since the end of the year, which may require disclosure or adjustment in these consolidated financial statements, except as disclosed in note 3.

36. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

These consolidated financial statements have been approved by the Board of Directors on 20 Ramadan 1446H (corresponding 20 March 2025).