EMAAR THE ECONOMIC CITY
(A SAUDI JOINT STOCK COMPANY)

UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AND REVIEW REPORT FOR THREE-MONTH PERIOD ENDED 31 MARCH 2023

EMAAR THE ECONOMIC CITY
(A Saudi Joint Stock Company)
UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023

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Report on review of condensed consolidated interim financial statements

To the shareholders of Emaar The Economic City:
(A Saudi Joint Stock Company)

Introduction
We have reviewed the accompanying condensed consolidated interim statement of financial position of Emaar The Economic City (the "Company") and its subsidiaries (together the "Group") as at 31 March 2023 and the related condensed consolidated interim statements of profit or loss and other comprehensive income, changes in equity and cash flows for the three-month period then ended and other explanatory notes. Management is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with International Accounting Standard 34, "Interim Financial Reporting" (IAS 34), as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

Scope of review
We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of interim financial information performed by the independent auditor of the entity", as endorsed in the Kingdom of Saudi Arabia. A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, as endorsed in the Kingdom of Saudi Arabia, and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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

Emphasis of matter
We draw attention to Note 1 to the accompanying condensed consolidated interim financial statements, which indicates that the Group incurred a loss of Saudi Riyals 171.3 million. In addition, the Group's current liabilities exceeded its current assets by Saudi Riyals 7,238.0 million and it had accumulated losses amounting to Saudi Riyals 4,863.5 million as at that date. In addition, the Group has not complied with the requirements of covenants related to long-term borrowing facilities, resulting in borrowings with outstanding balance of Saudi Riyals 2,852.5 million as at 31 March 2023 being immediately due and payable on demand in accordance with the terms and conditions of the borrowing agreements. The Group's ability to meet its obligations as they fall due and to continue its operations without significant curtailment is therefore highly dependent on the successful execution of management's plans including a favourable outcome from the ongoing debt restructuring negotiations, obtaining additional funding from shareholders and the sale of properties to generate sufficient cash flows. These events and conditions, along with other matters set forth in Note 1, indicate the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern. The accompanying condensed consolidated interim financial statements do not include the adjustments that would be necessary if the Group were unable to continue as a going concern. Our conclusion is not modified in respect of this matter.

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EMAAR THE ECONOMIC CITY
(A Saudi Joint Stock Company)
Condensed consolidated interim statement of profit or loss and other comprehensive income
(All amounts in Saudi Riyals thousands unless otherwise stated)

	Note	For the three-month period ended 31 March	
		2023 (Unaudited)	**2022 (Unaudited) (Restated Note - 15)**
Revenue	3	**157,004**	86,622
Cost of revenue		**(136,371)**	(123,100)
Gross profit / (loss)		**20,633**	(36,478)
Selling and marketing expenses		**(8,411)**	(23,437)
General and administrative expenses		**(56,555)**	(47,716)
Impairment loss on financial and contract assets		**(16,814)**	(14,057)
Depreciation		**(9,041)**	(11,011)
Amortisation		**(241)**	(731)
Other operating income		**8,987**	14,426
Operating loss		**(61,442)**	(119,004)
Financial income		**477**	323
Financial charges		**(97,041)**	(51,297)
Share of profit of equity accounted investee		**481**	13,970
Loss before zakat		**(157,525)**	(156,008)
Zakat	10	**(13,750)**	(10,000)
Loss for the period		**(171,275)**	(166,008)
Other comprehensive income			
Items that will be reclassified to profit or loss in subsequent periods:			
Share of other comprehensive (loss) / income of equity accounted investee		**(2,116)**	12
Total comprehensive loss for the period		**(173,391)**	(165,996)
Loss per share:			
Basic and diluted loss per share attributable to equity holders of the Parent Company (in Saudi Riyals per share)	4	**(0.15)**	(0.15)

The accompanying notes from 1 to 16 form an integral part of these condensed consolidated interim financial statements, which have been authorised for issue by the Board of Directors on behalf of the shareholders and signed on its behalf by:

Chairman Board of Directors	**Chief Executive Officer**	**Chief Financial Officer**

EMAAR THE ECONOMIC CITY
(A Saudi Joint Stock Company)
Condensed consolidated interim statement of financial position
(All amounts in Saudi Riyals thousands unless otherwise stated)

	Note	As at 31 March 2023 (Unaudited)	As at 31 December 2022 (Audited)
Assets			
Non-current assets			
Property and equipment	5	**5,020,392**	5,064,924
Right-of-use assets		**54,868**	57,291
Investment properties	6	**4,708,126**	4,739,035
Intangible assets		**4,034**	4,275
Investment in equity accounted investees	8	**2,834,575**	2,586,740
Development properties	7	**569,728**	565,935
Unbilled revenue		**551,036**	588,849
Employees' receivable - home ownership scheme		**59,346**	60,123
Restricted cash		**45,440**	45,389
Total non-current assets		**13,847,545**	13,712,561
Current assets			
Development properties	7	**812,024**	820,802
Unbilled revenue		**198,041**	154,676
Current portion of employees' receivable - home ownership scheme		**3,920**	3,858
Trade receivables and other current assets		**429,252**	425,594
Restricted cash - current portion		**7,832**	6,333
Cash and cash equivalents		**220,608**	82,141
Total current assets	1	**1,671,677**	1,493,404
Total assets		**15,519,222**	15,205,965
Equity and liabilities			
Equity			
Share capital		**11,333,333**	11,333,333
Statutory reserve		**11,536**	11,536
Accumulated losses		**(4,863,483)**	(4,690,092)
Total equity		**6,481,386**	6,654,777
Non-current liabilities			
Long-term borrowings	9	**58,324**	76,917
Lease liabilities		**25,750**	25,815
Employee benefit obligations		**44,083**	40,841
Total non-current liabilities		**128,157**	143,573

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Chairman Board of Directors	**Chief Executive Officer**	**Chief Financial Officer**

(All amounts in Saudi Riyals thousands unless otherwise stated)

	Note	As at 31 March 2023 (Unaudited)	As at 31 December 2022 (Audited)
Current liabilities			
Lease liabilities - current portion		**55,975**	55,448
Long-term borrowings - current portion	9	**6,158,163**	5,962,373
Short-term borrowings		**201,641**	201,765
Trade and other payables		**2,101,439**	1,809,318
Other provisions	12	**163,253**	163,253
Zakat provision	10	**229,208**	215,458
Total current liabilities	1	**8,909,679**	8,407,615
Total liabilities		**9,037,836**	8,551,188
Total equity and liabilities		**15,519,222**	15,205,965

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Chairman Board of Directors | **Chief Executive Officer** | **Chief Financial Officer**

EMAAR THE ECONOMIC CITY
(A Saudi Joint Stock Company)
Condensed consolidated interim statement of changes in equity
(All amounts in Saudi Riyals thousands unless otherwise stated)

	Share capital	Statutory reserve	Accumulated losses	Total equity
Balance as at 1 January 2022 (Audited) (Restated - Note 15)	11,333,333	11,536	(3,568,062)	7,776,807
Loss for the period	-	-	(166,008)	(166,008)
Other comprehensive income for the period	-	-	12	12
Total comprehensive loss for the period	-	-	(165,996)	(165,996)
Balance as at 31 March 2022 (Unaudited) (Restated - Note 15)	11,333,333	11,536	(3,734,058)	7,610,811
Balance as at 1 January 2023 (Audited)	**11,333,333**	**11,536**	**(4,690,092)**	**6,654,777**
Loss for the period	-	-	**(171,275)**	**(171,275)**
Other comprehensive loss for the period	-	-	**(2,116)**	**(2,116)**
Total comprehensive loss for the period	-	-	**(173,391)**	**(173,391)**
Balance as at 31 March 2023 (Unaudited)	**11,333,333**	**11,536**	**(4,863,483)**	**6,481,386**

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Chairman Board of Directors | **Chief Executive Officer** | **Chief Financial Officer**

EMAAR THE ECONOMIC CITY
(A Saudi Joint Stock Company)
Condensed consolidated interim statement of cash flows
(All amounts in Saudi Riyals thousands unless otherwise stated)

	Note	For the three-month period ended 31 March 2023 (Unaudited)	2022 (Unaudited) (Restated – Note - 15)
Operating activities			
Loss before zakat		**(157,525)**	(156,008)
Adjustments for:			
Depreciation on property and equipment	5	**49,863**	53,917
Depreciation on investment properties	6	**12,500**	12,644
Depreciation on right-of-use asset		**2,423**	2,963
Impairment loss on financial and contract assets		**16,814**	14,057
Amortisation		**241**	731
Financial charges		**97,041**	51,297
Share of results of equity accounted investees		**(481)**	(13,970)
Financial income		**(477)**	(323)
Interest income on unwinding of unbilled revenue		**(7,138)**	(3,503)
Gain on disposal of investment properties	6	**(2,896)**	(7,450)
Gain on contribution of development property to the Fund		**(28,224)**	-
Loss on disposal property and equipment		**-**	743
Impairment reversal on investment properties	6	**(1,383)**	-
Reversal of provision for development properties	7	**(1,386)**	-
Interest expense on unwinding of Employees' receivable – home ownership scheme		**463**	1,148
Provision for employee benefit obligations		**3,631**	3,185
		(16,534)	(40,569)
Changes in operating assets and liabilities:			
Development properties		**11,589**	643
Employees' receivable - home ownership scheme		**252**	3,321
Unbilled revenue		**1,586**	28,832
Trade receivables and other current assets		**(20,472)**	71,205
Trade and other payables		**83,312**	1,054
Increase in restricted cash		**(1,499)**	(1,243)
Cash generated from operations		**58,234**	63,243
Financial charges paid on borrowings		**(39,506)**	(45,822)
Employee benefit obligations paid		**(389)**	(1,092)
Net cash generated from operating activities		**18,339**	16,329

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Chairman Board of Directors	**Chief Executive Officer**	**Chief Financial Officer**

(All amounts in Saudi Riyals thousands unless otherwise stated)

	Notes	For the three-month period ended 31 March 2023 (Unaudited)	2022 (Unaudited) (Restated- Note - 15)
Investing activities			
Financial income received		**477**	(323)
Additions to property and equipment	5	**(5,331)**	-
Proceeds from disposal from property and equipment		-	3
Additions to investment properties	6	**(817)**	-
Proceeds from sale of investment properties		**5,850**	15,630
Restricted cash balances (disbursed) / received		**(51)**	20,882
Additions to right-of-use assets		-	(2,743)
Additions to intangible assets		-	(227)
Net cash (used in) / generated from investing activities		**128**	33,222
Financing activities			
Proceeds from loans and borrowings		**120,000**	15,360
Repayments of loans and borrowings		-	(17,017)
Principal element of lease repayments		-	(1,084)
Net cash generated from / (used in) financing activities		**120,000**	(2,741)
Net increase in cash and cash equivalents		**138,467**	46,810
Cash and cash equivalents at the beginning of the period		**82,141**	240,433
Cash and cash equivalents at the end of the period		**220,608**	287,243
Non-cash supplementary information:			
Transfer from investment properties to development properties	6	**17,655**	-
Contribution of development property to the Fund	8	**249,470**	-

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Chairman Board of Directors	**Chief Executive Officer**	**Chief Financial Officer**

(All amounts in Saudi Riyals thousands unless otherwise stated)

1. General information

Emaar The Economic City (the "Company" or the "Parent Company") is a Saudi Joint Stock Company incorporated and operating in the Kingdom of Saudi Arabia under Ministerial Decision number 2533, dated 3 Ramadan 1427H, corresponding to 21 September 2006. The Company obtained its initial Commercial Registration ("CR") number 4030164269 on 8 Ramadan 1427H, corresponding to 26 September 2006. The registered office of the Company has been shifted to Rabigh with a revised Commercial Registration number 4602005884, dated 6 Rabi Awal 1436H, corresponding to 28 December 2014.

These condensed consolidated interim financial statements comprise the financial statements of the Company and its subsidiaries (together referred to as the 'Group').

The Group is engaged in the development of real estate in the economic or other zones and other development activities including infrastructure, promotion, marketing and sale of land within development areas, transfer/lease of land, development of buildings/housing units, and construction on behalf of other parties. The main activity of the Group is the development of the King Abdullah Economic City ("KAEC").

These condensed consolidated interim financial statements include the results, assets and liabilities of the following registered branches of the Group:

Branch	**CR Number**
Jeddah	4030164269
Riyadh	1010937549
Rabigh	4602006934

The Company has the following subsidiaries as at 31 March 2023. The Company and its subsidiaries are incorporated in the Kingdom of Saudi Arabia. The subsidiaries have share capital consisting solely of ordinary shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group.

Name of subsidiaries	**CR number**	**Effective ownership as at 31 March 2023**	**Effective ownership as at 31 December 2022**	**Principal Activities**
Economic City Investments Company Limited ("ECIC")	4602006934	100%	100%	Marketing and sale of real estate properties including brokerage activities and operating educational and technical institutes.
Industrial Zones Development Company Limited ("IZDCL")	4602211995	100%	100%	Investment & development services in the real estate sector.
Economic City Real Estate Operation and Management Company Limited ("REOM")	4602004968	100%	100%	Marketing and sale of real estate and hospitality services.
Economic City Pioneer Real Estate Management Company Limited ("REM")	4602004970	100%	100%	Development of real estate and leasing services.
Economic City Real Estate Development Company Limited ("RED")	1010937549	100%	100%	Sale of real estate properties and providing hospitality, education and leisure services.
Emaar Knowledge Company Limited ("EKC")	4602006620	100%	100%	Operating educational and technical institutes.

1. General information (continued)

Going Concern

The Group incurred a loss of Saudi Riyals 171.3 million (for the three-month period ended 31 March 2022: loss of Saudi Riyals 166.0 million). In addition, the Group's current liabilities exceeded its current assets by Saudi Riyals 7,238.0 million and it had accumulated losses amounting to Saudi Riyals 4,863.5 million as at 31 March 2023 (31 December 2022: current liabilities exceed current assets by Saudi Riyals 6,914.2 million and accumulated losses amounted to Saudi Riyals 4,690.1 million). In addition, the Group has not complied with the requirements of covenants related to long-term borrowing facilities, resulting in borrowings with outstanding balance of Saudi Riyals 2,852.5 million (also see Note 9) as at 31 March 2023 (31 December 2022: Saudi Riyals 2,777.5 million) being immediately due and payable on demand in accordance with the terms and conditions of the borrowing agreements. These conditions indicate the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern.

King Abdullah Economic City ("KAEC" or the "City") was announced in 2005, and development began in 2006. The City is intended to be a hub for various economic sectors, including industry, logistics, and tourism. It is planned to include residential areas, commercial centres, and other amenities, such as schools, hospitals, and recreational facilities. KAEC has faced challenges related to investment and development, besides logistical and infrastructure challenges. Building a city from scratch on a large scale is a complex undertaking. However, over the years, the Group has done massive development in the City. Apart from the Industrial Valley, the City has six distinctive residential districts each with its unique construction, location and facilities. Further, the City has multiple fully developed and functional facilities like luxury hotels, 18-hole championship golf course, resorts, beaches, cinemas, yacht club, karting centre, lagoon campsite, art centre, malls, schools, college, medical facilities, labor village etc.

The Group is currently going through a restructuring and is focusing on the following:

a) Industrial Valley

KAEC's Industrial Valley ("IV") is considered one of the most sought-after industrial and logistics destinations in the country benefiting from close proximity to the King Abdullah Port ("KAP" or the "Port"), one of the largest and most advanced seaports in the region.

The sales and leasing activities for land in IV are demonstrating a positive trend over the past three years, which demonstrates the increased demand in the area and reflects the increasing interest in the industrial warehousing and logistics sector as an asset class in the Kingdom of Saudi Arabia as the government has been trying to diversify the economy.

The direct link between the IV and King Abdullah Port in KAEC makes the IV a global logistics hub. It incorporates five industrial clusters: FMCG/foods, logistics, pharmaceuticals, plastics, and building materials. Additionally, it provides ready industrial lands connected to a state-of-the art infrastructure.

The IV is also now becoming a hub for Electric Vehicles (EV) and other automotive manufacturing companies in the Kingdom of Saudi Arabia.

Also, there are other auto vehicle manufacturing companies which are already operating in the IV. Further, the Group is currently in discussion with other local entities, interested in establishing an auto parts business, for sale of land.

Subsequent to the three-month period ended 31 March 2023, on 13 April 2023, the Council of Economic and Development Affairs announced four Special Economic Zones (SEZ) in the Kingdom of Saudi Arabia, which also includes KAEC.

The SEZ will help KAEC's primary objective which is to stimulate growth, boost residency rates and create economic activity within entire city. KAEC has an access to unparalleled geostrategic location at the heart of global trade routes, as 13% of global trade passes through the Red Sea and companies can easily connect into global supply chains here, utilizing existing, world-class infrastructure and the world's most efficient port. A 60 square-kilometer area has been allocated for the landmark SEZ in KAEC, near Industrial Valley and King Abdullah Port, to provide businesses in premise a clear path to smooth and successful commercial activity. The SEZ will also provide tremendous opportunities for developing the local economy, generating jobs, and localizing supply chains.

(All amounts in Saudi Riyals thousands unless otherwise stated)

1 General information (continued)

b) Tourism

The Group is now focusing on making KAEC Saudi Arabia's top all-purpose tourist destination and provide tourists with top-notch travel and leisure opportunities. The Group plans to develop an entertainment district which will include two theme parks, a motor park and approximately 2,100+ hotel rooms.

The Group has signed a framework cooperation agreement with the Tourism Development Fund, “FTG Development Company”, Albilad Investment Company and “Ekofine Holding BV” to establish a Saudi Riyals 1.8 billion closed end private investment fund (“Fund”). The Fund will be responsible to develop and operate a five-star comprehensive resort and hotel with a water park and luxury overwater villas under the brand of Rixos, one of the trademarks owned by Accor International. The Rixos Emerald Shores project is one of the largest tourist resorts targeted to be established in KAEC and is unique in the Kingdom of Saudi Arabia as it is planned that the resort will be constructed on a land of a total area of 275 thousand square meters. The Fund has been activated on 30 March 2023 (see Note 8).

Going concern plan

The Group had in the past significantly reduced its development activities pursuant to the continued overall lower economic activity in KAEC. Debt financing has been utilized to fund the development activities in KAEC and working capital requirements of the Group. The projected operating cash flows of the Group, for the next twelve-months, are insufficient to meet the repayment of debt and other obligations therefore the successful execution of management’s plans to generate sufficient cash flows from debt restructuring, additional funding from shareholders and the sale of properties is of immense significance to meet both the Group’s obligations when they become due and to continue its operations without significant curtailment. These events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Group’s ability to continue as a going concern.

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

As at 31 March 2023	**Within 1 year**	**1-2 years**	**2-5 years**	**Over 5 years**	**Total contractual cash flows**
Loans and borrowings	**6,563,829**	**288,910**	**557,503**	**113,186**	**7,523,428**
Trade and other payables	**838,367**	**-**	**-**	**-**	**838,367**
Short term borrowings	**201,641**	**-**	**-**	**-**	**201,641**
Lease liabilities	**54,868**	**9,822**	**20,791**	**-**	**85,481**
Total	**7,658,705**	**298,732**	**578,294**	**113,186**	**8,648,917**

In assessing the appropriateness of applying the going concern basis in the preparation of these condensed consolidated interim financial statements, the Group’s management has developed a plan for twelve months from 31 March 2023 to enable the Group to meet both its obligations as they become due and to continue its operations, without significant curtailment, as a going concern in both the short and long term.

Management has concluded that the Group will not be able to fully satisfy its cash requirements from the sale of properties alone and, accordingly, in such a scenario, the Group has already initiated discussions to restructure its borrowing facilities, which are elaborated below.

The plan comprises the Group’s liquidity and forecasted cash flows taking into account reasonably possible outcomes over a twelve-month period from 31 March 2023. As per the forecasted cash flows, management expects that there will be no loan repayment in the next 12 months. The Group is currently preparing a detailed business transformation plan and expects that it will be able to restructure all of its loan agreements after submission of the business transformation plan to the banks. The business transformation plan is expected to be submitted within the next six months from the reporting date.

(All amounts in Saudi Riyals thousands unless otherwise stated)

1 General information (continued)

This plan principally includes:

Plan	Description	Amount (Saudi Riyals)	Details
Debt restructuring	Loan due to Ministry of Finance ("MoF") - Note 9	2,531 million	The Group is in discussion with the MoF to finalise a restructuring agreement to defer the repayment of the loan obligation amounting to Saudi Riyals 2,531 million, to be payable starting from June 2024, in six equal annual instalments, including interest due of Saudi Riyals 363.9 million, classified under current liabilities. As disclosed in consolidated financial statements for the year ended 31 December 2022, the Group received an approval from the MoF, conditional upon signing of amendment to the original MoF loan agreement, wherein the MoF approved conversion of accrued interest, amounting to Saudi Riyals 363.9 million, as principal outstanding and deferral of the obligation, amounting to Saudi Riyals 2,531 million, with repayments starting from June 2024.
Debt restructuring	Loan due to local banks - Note 9	3,391.7 million	The Group is currently preparing a detailed business transformation plan and expects that it will be able to restructure all of its loan agreements after submission of the business transformation plan to the banks. However, in the intervening period, the Group has applied for support from all of the commercial banks, during which the Group has requested the commercial banks to postpone the principal repayments of the existing borrowing facilities. Although to date, the Group has only received the acknowledgement of support from one commercial bank relating to an outstanding obligation of Saudi Riyals 114.1 million, nonetheless, the Group's management is confident that acknowledgements will be received from the remaining commercial banks as well. The Group's obligations against lenders and banks carry financial covenants in respect of loans amounting to Saudi Riyals 3,275.2 million, disclosed in Note 9. During the three-month period ended 31 March 2023, the Group has not complied with the requirements of covenants related to long-term borrowing facilities with an outstanding obligation of Saudi Riyals 3,275.2 million. Consequently, the management has classified the outstanding obligation under current liabilities as at 31 March 2023. The management has applied to the lenders to obtain a waiver and one of the lenders confirmed via vide letter dated 29 June 2022 that the request is in process. Also, during the year ended 31 December 2022, the Group signed a restructuring agreement, with one of the lenders, containing repayments from June 2023. The Group's management is confident that waivers on all loans where the Group is in breach of its covenants, are expected to be granted. The unused balance of the short-term borrowings facility as at 31 March 2023 amounted to Saudi Riyals 71.79 million (31 December 2022: Saudi Riyals 98.71 million).

(All amounts in Saudi Riyals thousands unless otherwise stated)

1 General information (continued)

Plan	Description	Amount (Saudi Riyals)	Details
New financing	Loan from Public Investment Fund ("PIF") - Note 9	730.0 million	During December 2022, the Board of Directors passed a resolution to start discussions with the three major shareholders to obtain an additional finance facility amounting to Saudi Riyals 1,000 million. During February 2023, the Group signed a Term Loan Facility with one of its substantial shareholders, PIF, for up to Saudi Riyals 1,000 million to be repaid after 18 months through a single bullet payment at maturity. Financial costs on the facility is based on SIBOR + spread. The loan contains a conversion option to equity, exercisable by PIF, subject to certain required approvals under the applicable laws and regulations. The loan is secured against certain real estate assets within KAEC. The loan facility will be used to finance specific critical expenses including strategic capital expenditures. As at 31 March 2023, management has drawn down Saudi Riyals 120 million from this facility and expects to draw down additional amount of Saudi Riyals 730 million from this facility.
New financing	Additional funding from shareholders	800.0 million	The Group expects to receive additional funding, amounting to Saudi Riyals 800 million, from its shareholders during the course of the next twelve months period.
Cost optimization	Operational performance	-	The Group has commenced an exercise to identify operational areas for cost optimization. Various measures are being considered to preserve cash and improve the overall liquidity position as a result of various cost optimization initiatives.
Collection from existing sales and sale of properties	Operational performance	794.7 million	The Group expects to generate aggregate cash amounting to Saudi Riyals 794.7 million through collection from outstanding receivables and through sale of certain identified plots of land and properties on which discussions are going on and it within twelve months from the date of the condensed consolidated interim statement of financial position. The Group expects multiple sales discussions to materialize over the course of the next twelve months period.
Collection from operating assets	Operational performance	301.7 million	The Group expects to generate cash flows from its operating assets amounting to Saudi Riyals 301.7 million, over the course of the next twelve months period.

Based on the above plan, the Group's cash flow forecast for the twelve-month period from the reporting date indicates a net positive cash flow position amounting to Saudi Riyals 420.2 million, subject to non-repayment of any loan outstanding amounts. Although, there is a material uncertainty related to the successful execution and conclusion of the above plan, management has considered a base case scenario only as management continues to believe projected cash flows plan through debt restructuring, covenant waivers and, raising additional funding from shareholders and sale of properties is highly probable and these plans will be successful and materialise as expected and that it remains appropriate to prepare the condensed consolidated interim financial statements on a going concern basis as the above plan mitigates any shortfall that may arise during the next 12 months.

(All amounts in Saudi Riyals thousands unless otherwise stated)

2. Basis of preparation

2.1 Statement of compliance

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

These condensed consolidated interim financial statements do not include all the information and disclosures required for a complete set of annual consolidated financial statements. Accordingly, the condensed consolidated interim financial statements should be read in conjunction with the Group's last audited annual consolidated financial statements for the year ended 31 December 2022.

However, selected explanatory notes are included to explain events and transactions that are significant to the understanding of the material changes in the Group's financial position and performance since the date of last audited financial statements. In addition, results for the three-month period ended 31 March 2023 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2023.

2.2 Basis of measurement

These condensed consolidated interim financial statements have been prepared under the historical cost convention, except as explained in the relevant accounting policies in the annual consolidated financial statements for the year ended 31 December 2022.

2.3 New and amended standards

The accounting policies adopted in the preparation of these condensed consolidated interim financial statements are consistent with those followed in preparing the Group's consolidated financial statements for the year ended 31 December 2022, except for the adopted amendments to "IFRSs as endorsed in KSA", as elaborated in the next paragraph.

The Group has adopted the following relevant amendments to IFRS which are effective for periods beginning on and after 1 January 2023, and have no impact on the Group:

Title	Key requirements
IFRS 17, 'Insurance contracts'	This standard replaces IFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. IFRS 17 has fundamentally changed the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.
Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2	The IASB amended IAS 1 to require entities to disclose their material rather than their significant accounting policies. The amendments define what is 'material accounting policy information' and explain how to identify when accounting policy information is material. They further clarify that immaterial accounting policy information does not need to be disclosed. If it is disclosed, it should not obscure material accounting information. To support this amendment, the IASB also amended IFRS Practice Statement 2 Making Materiality Judgements to provide guidance on how to apply the concept of materiality to accounting policy disclosures.
Definition of Accounting Estimates – Amendments to IAS 8	The amendment to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, whereas changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period.

(All amounts in Saudi Riyals thousands unless otherwise stated)

2. Basis of preparation (continued)

2.3 New and amended standards (continued)

Standards and interpretations issued but not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for 31 March 2023 reporting period and have not been early adopted by the Group. The relevant standards, interpretations and amendments issued, but are not yet effective are disclosed below.

Title	Key requirements	Effective date
Classification of Liabilities as Current or Non-current – Amendments to IAS 1	The narrow-scope amendments to IAS 1 'Presentation of Financial Statements, clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (e.g., the receipt of a waiver or a breach of covenant). The amendments also clarify what IAS 1 means when it refers to the 'settlement' of a liability.	1 January 2024
Leases on sale and leaseback – Amendment to IFRS 16	These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.	1 January 2024

These standards, amendments or interpretations are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

2.4 Critical accounting estimates and judgments

The preparation of the condensed consolidated interim financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, costs, assets and liabilities and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future period.

These estimates and assumptions are based upon experience and various other factors that are believed to be reasonable under the circumstances and are used to judge the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised or in the revision period and future periods if the changed estimates affect both current and future periods.

The significant judgments made by management in applying the Group's accounting policies and the key assumptions concerning the future and other key sources of estimation uncertainty were the same as those described in the annual consolidated financial statements for the year ended 31 December 2022.

3. Revenue

	Three-month period ended 31 March	
	2023 (Unaudited)	**2022 (Unaudited)**
Types of revenue from contracts with customers:		
Sale of development properties	**74,673**	(4,814)
Utilities and other related services ("City operations")	**29,087**	33,004
Accommodation	**19,370**	23,162
Tuition and other fees ("Education")	**12,607**	12,703
Food and beverages and other related services	**5,192**	7,008
Leisure services	**3,326**	2,271
Total	**144,255**	73,334
Timing of revenue recognition		
Over time	**136,087**	66,189
Point-in-time (*)	**8,168**	7,145
Revenue from contract with customers	**144,255**	73,334
Lease rental income		
Industrial	**9,856**	10,605
Residential	**2,893**	2,683
Total lease rental income	**12,749**	13,288
Total revenue	**157,004**	86,622

(*) Revenue from point-in-time includes food and beverage services amounting to Saudi Riyals 5.2 million and leisure services amounting to Saudi Riyals 2.9 million.

The Group has right to payment for performance completed to date, therefore as permitted under IFRS 15, the transaction price allocated to the unsatisfied contracts is not disclosed.

4. Loss per share

Loss per share has been calculated by dividing the loss for the period attributable to the owners of the Parent Company by the weighted average number of shares outstanding during the period. The Parent Company does not have any dilutive potential share and therefore diluted loss per share is the same as basic loss per share.

The loss per share calculation is given below:

	Three-month period ended 31 March	
	2023 (Unaudited)	**2022 (Unaudited) (Restated – Note 15)**
Loss for the period attributable to owners of the Company	**(171,275)**	(166,008)
Weighted average number of ordinary shares (in thousands)	**1,133,333**	1,133,333
Loss per share (Saudi Riyals) - Basic and Diluted	**(0.15)**	(0.15)

(All amounts in Saudi Riyals thousands unless otherwise stated)

5. Property and equipment

	For the three-month period ended 31 March 2023	For the year ended 31 December 2022
	(Unaudited)	**(Audited)**
Cost:		
At the beginning of the period/year	**7,081,788**	7,126,837
Additions during the period/year	**5,331**	1,474
Write-off	**-**	(46,523)
At the end of the period/year	**7,087,119**	7,081,788
Accumulated depreciation and impairment:		
At the beginning of the period/year	**2,016,864**	1,761,845
Depreciation charge for the period/year	**49,863**	228,950
Impairment charge for the period/year	**-**	26,069
At the end of the period/year	**2,066,727**	2,016,864
Net book value at the end of the period / year	**5,020,392**	5,064,924

a) Included within property and equipment is capital work in progress amounting to Saudi Riyals 1,668.89 million (2022: Saudi Riyals 1,668.56 million) which mainly represents construction costs in respect of the infrastructure and other projects at KAEC.

b) During the year ended 31 December 2022, the Group had recognised an impairment loss, amounting to Saudi Riyals 26.1 million. During the three-month period ended March 2023, no impairment loss has been recognised.

The Group has relied on the impairment assessment performed as of 31 December 2022. Management of the Group believes that the recoverable value of the Group's properties didn't significantly change from the assessment performed for the purpose of the Group's last audited consolidated financial statements for the year ended 31 December 2022, up to the three-month period ended 31 March 2023.

(All amounts in Saudi Riyals thousands unless otherwise stated)

6. Investment properties

	For the three-month period ended 31 March 2023 (Unaudited)	For the year ended 31 December 2022 (Audited)
Cost:		
At the beginning of the period / year	**5,166,384**	5,203,291
Additions during the period / year	**817**	8,176
Transfer to development property (Note d)	**(17,655)**	(19,310)
Disposals during the period / year	**(3,575)**	(25,773)
At the end of the period/year	**5,145,971**	5,166,384
Accumulated depreciation and impairment:		
At the beginning of the period/year	**427,349**	371,549
Depreciation charge for the period/year	**12,500**	39,169
Impairment charge for the period/year	**-**	32,917
Reversal of impairment	**(1,383)**	(11,853)
Disposals during the period/year	**(621)**	(4,433)
At the end of the period/year	**437,845**	427,349
Net book value at the end of the period / year	**4,708,126**	4,739,035

a) Included within investment properties as at 31 March 2023 is capital work in progress amounting to Saudi Riyals 1,005.2 million (31 December 2022: Saudi Riyals 1,013.1 million) which represents assets under construction relating to a commercial centre's expansion and infrastructure development work on the land parcels.

b) As at 31 March 2023 the Group's investment properties with a carrying amount of Saudi Riyals 2,449 million (31 December 2022: Saudi Riyals 928 million) were mortgaged as collateral against loans and borrowings.

c) Following is the fair value and carrying amount of investment properties held for various purposes:

	Fair value		Carrying amount	
	31 March 2023 (Unaudited)	31 December 2022 (Audited)	31 March 2023 (Unaudited)	31 December 2022 (Audited)
Rental income	**6,487,765**	6,501,870	**1,905,082**	1,923,546
Currently undetermined future use	**29,134,576**	29,239,880	**2,803,044**	2,815,489
	35,622,341	35,741,750	**4,708,126**	4,739,035

d) As at 31 March 2023 properties amounting to Saudi Riyals 17.7 million (31 December 2022: Saudi Riyals 19.3 million) were transferred from 'investment properties' to 'development properties' as they underwent a change in use, evidenced by commencement of development with a view to sell along with active marketing for such sale. The development of the properties was planned after the feasibility study and receipt of sale proposal and the basic infrastructure development in the surrounding area was already completed beforehand. Accordingly, these properties are classified and transferred to development properties.

(All amounts in Saudi Riyals thousands unless otherwise stated)

6. Investment properties (continued)

e) As at 31 March 2023 and 31 December 2022, the Group has no contractual obligation for future repairs and maintenance which are not recognized as liability.

f) As During the year ended 31 December 2022, the Group has recognised an impairment loss, amounting to Saudi Riyals 32.9 million. During the three-month period ended March 2023, no impairment loss has been recognised.

The Group has relied on the impairment assessment performed as of 31 December 2022. Management of the Group believes that the recoverable value of the Group's properties didn't significantly change from the assessment performed for the purpose of the Group's last audited consolidated financial statements for the year ended 31 December 2022, up to the three-month period ended 31 March 2023.

7. Development properties

	31 March 2023	31 December 2022
	(Unaudited)	(Audited)
Cost incurred to - date – opening balance	**1,564,865**	1,591,949
Transferred from investment properties (Note 6(d))	**17,655**	19,310
	1,582,520	1,611,259
Additions	**970**	-
Less: disposals	**(24,996)**	(46,394)
Less: provision for development properties	**(176,742)**	(178,128)
Total	**1,381,752**	1,386,737
Current portion of development properties	**812,024**	820,802
Non-current portion of development properties	**569,728**	565,935

7.1 Disposals from development properties are recognised as expense within cost of revenue.

8. Investment in equity accounted investees

The entities listed below have share capital consisting solely of ordinary shares, which are held directly by the Group. The entities are incorporated in the Kingdom of Saudi Arabia which is also their principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held.

	Effective ownership interest (%)		31 March 2023	31 December 2022
	31 March 2023	31 December 2022	(Unaudited)	(Audited)
Investment in Ports Development Company "PDC" (see note (a) below)	50%	50%	**2,539,315**	2,540,950
Investment in Biyoutat Progressive Company for Real Estate Investment & Development ("Biyoutat") (see note (b) below)	20%	20%	**45,790**	45,790
Investment in Albilad Tourism Fund (see note (c) below)	41.15%	-	**249,470**	-
			2,834,575	2,586,740

(All amounts in Saudi Riyals thousands unless otherwise stated)

8. Investment in equity accounted investees (continued)

a) Investment in PDC - Joint Venture

PDC is a closed joint stock company and is principally engaged in the development, finance, operation and maintenance of the King Abdullah Port through its own and third parties' resources.

	31 March 2023 (Unaudited)	**31 December 2022 (Audited)**
Beginning of the period / year	**2,540,950**	2,487,253
Share of profit for the period / year	**481**	25,046
Share of other comprehensive income for the period / year	**(2,116)**	28,651
End of the period / year	**2,539,315**	2,540,950

b) Investment in Biyoutat - Associate

Biyoutat is a limited liability company which was incorporated in 2016. It is principally engaged to build, own and manage a residential compounds at KAEC. The Company has not yet started its operations. Hence, the share of results of Biyoutat for the period are insignificant for the Group.

c) Investment in Albilad Tourism Fund - Equity investment

During the three-month period ended 31 March 2023, the Group invested in the Albilad Toursim Fund (the "Fund"). The Group entered into a property sale agreement to sell a prime beachfront land plot, in Murooj Golf Community District in KAEC, as an in-kind contribution to the Fund.

In return for the land sale, the Group acquired units in the Fund amounting to Saudi Riyals 269.2 million, representing 41.15% of the Fund's equity. The Fund's term is 12 years and is extendable up to 3 additional years. The Group has performed an assessment of the criteria to determine whether the Group has control over the Fund and concluded that the Group does not have control, but significant influence over the Fund. Accordingly, the Fund is being accounted as equity investment in the condensed consolidated interim financial statements for the three-month period ended 31 March 2023.

	31 March 2023 (Unaudited)	**31 December 2022 (Audited)**
Initial investment	**269,204**	-
Elimination of share of profit on contribution of land (*)	**(19,734)**	-
Closing investment	**249,470**	-

(*) The amount pertains to profit derived by the Group on contribution of land to the Fund.

(All amounts in Saudi Riyals thousands unless otherwise stated)

9. Long-term borrowings

	31 March 2023	31 December 2022
Ministry of Finance ("MoF") loan (Note (a) below)	2,166,667	2,166,667
Accrued commission	537,747	509,659
	2,704,414	2,676,326
Current portion	(2,704,414)	(2,676,326)
Non-current portion	-	-
Facility from local banks (Note (a) below)	3,317,889	3,317,889
Accrued commission	73,806	45,075
	3,391,695	3,362,964
Current portion	(3,333,371)	(3,286,047)
Non-current portion	58,324	76,917
Facility from a shareholder (Note (b) below)	120,000	-
Accrued commission	378	-
	120,378	-
Current portion	(120,378)	-
Non-current portion	-	-
Total long-term borrowings	6,216,487	6,039,290
Current portion of long-term borrowings*	(6,158,163)	(5,962,373)
Non-current portion of long-term borrowings	58,324	76,917

*The Group has not complied with the requirements of covenants related to long-term borrowing facilities, resulting in the borrowings with outstanding balance of Saudi Riyals 2,852.5 million as at 31 March 2023 being immediately due and payable on demand in accordance with the terms and conditions of the borrowings. Such borrowings have been classified as current portion in the above schedule.

(a) There are no changes in term and conditions of the borrowings from the consolidated financial statements for the year ended 31 December 2022, except for the request by the Group to commercial banks for extending the maturity of the instalment, amounting to Saudi Riyals 110 million and Saudi Riyals 38.39 million, and the banks have extended the payment date of instalments for 180 days.

(b) During February 2023, the Group signed a Term Loan Facility with one of its substantial shareholders, PIF, for up to Saudi Riyals 1,000 million to be repaid after 18 months through a single bullet payment at maturity. Financial costs on the facility will be based on SIBOR + spread. The loan contains a conversion option to equity, exercisable by PIF, subject to certain required approvals under the applicable laws and regulations. The loan is secured against certain real estate assets within KAEC. The loan facility will be used to finance specific critical expenses including strategic capital expenditures. As at 31 March 2023, the Group has drawn Saudi Riyals 120 million from this loan facility.

The loan contains an embedded derivative due to the presence of a call option in the loan arrangement. As at 31 March 2023, management has assessed that the fair value of the embedded derivative is not material.

There are non-financial debt covenants related to the facility including cross-default clauses in respect of loan facilities with commercial banks. As at 31 March 2023, the Group was not in compliance with certain covenants and, accordingly, the borrowings are payable on demand and, therefore, have been classified as current liability in the accompanying condensed consolidated interim financial statements.

(All amounts in Saudi Riyals thousands unless otherwise stated)

10. Zakat

Movement in provision

The movement in the Zakat provision is as follows:

	31 March 2023 (Unaudited)	31 December 2022 (Audited)
At the beginning of the period / year	**215,458**	148,524
Charge for the current period / year	**13,750**	43,152
Charge for the open assessments period/year	**-**	56,356
Payments during the period / year	**-**	(32,574)
At the end of the period / year	**229,208**	215,458

10.1 Components of zakat base

The Company and its fully owned Saudi Arabian subsidiaries file zakat declarations on a consolidated basis in accordance with the regulations of the ZATCA. The significant components of the zakat base under zakat and income tax regulation are principally comprised of shareholders' equity, provisions at the beginning of period, loans and borrowings and estimated income subject to zakat, less deductions for the net book value of property and equipment, investment properties and certain other items. Zakat is payable at 2.58% of approximate zakat base (excluding adjusted net income for the period) and at 2.5% of the adjusted net profit for the period.

10.2 Status of final assessments

There are no changes to the status of open zakat assessments, as at 31 March 2023, as disclosed in the Group's consolidated financial statements for the year ended 31 December 2022.

(All amounts in Saudi Riyals thousands unless otherwise stated)

11. Related party transactions

Related parties include the Company's shareholders, associated and affiliated companies and key management personnel of the Group. Terms and conditions of these transactions are approved by the management.

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

Related party	**Nature of transactions**	**Amounts of transactions for the three-month period ended**		**Balance as at**	
		31 March 2023 (Unaudited)	**31 March 2022 (Unaudited)**	**31 March 2023 (Unaudited)**	**31 December 2022 (Audited)**
Amounts due from related parties:					
Affiliates	Sales, lease rentals, utilities, service charges and others	**12**	171	**17,966**	18,163
Joint Venture	Lease rentals and utilities charges	**-**	-	**-**	581
Associate	Contribution of development property to the Fund	**269,204**	-	**-**	-
			-		-
Key management personnel	Sale of properties, utilities and service charges	**31**	-	**3**	3
	Lease rentals	**-**	295	**-**	73
Board of Directors	Other	**5**	-	**5**	54
Total				**17,974**	18,874
Amounts due to related parties:					
Affiliates	Services provided to the Group	**-**	1,079	**(906)**	(2,011)
Key management personnel	Remuneration	**4,676**	6,246	**-**	-
Board of Directors (the "BoD")	Remuneration and meeting fees	**1,100**	787	**(1,100)**	(4,415)
	Others	**-**	-	**-**	(16)
Total				**(2,006)**	(6,442)

(All amounts in Saudi Riyals thousands unless otherwise stated)

11. Related party transactions (continued)

Compensation of key management personnel of the Group

	For the three-month period ended 31 March	
	2023 **(Unaudited)**	**2022** **(Unaudited)**
Short-term employee benefits	**4,122**	5,051
Non-monetary benefits	**274**	258
Post-employment benefits	**180**	255
Termination benefits	**100**	682
	4,676	6,246

Key management personnel comprise Chief Executive Officer and heads of departments. Compensation of the Group's key management personnel includes salaries, non-cash benefits and contributions to a post-employment defined benefit plan.

12. Contingent liabilities and commitments

There are no changes in contingent liabilities and commitments, as 31 March 2023, as disclosed in the Group's consolidated financial statements for the year ended 31 December 2022, except as mentioned below:

(a) The Group has outstanding commitments related to future expenditure for the development of KAEC in the coming few years related to property and equipment, investment properties and development properties amounts to Saudi Riyals 205.34 million, Saudi Riyals 145.13 million and Saudi Riyals 69.51 million respectively (31 December 2022: Saudi Riyals 209.56 million, Saudi Riyals 148.69 million and Saudi Riyals 70.53 million respectively).

(b) The Group's outstanding commitments related to letter of guarantee and letters of credit amounting to Saudi Riyals 22.89 million and Saudi Riyals 4.1 million respectively (31 December 2022: Saudi Riyals 22.89 million and Saudi Riyals 25.18 million respectively).

(c) The Group's share in the capital commitments of the joint venture is Saudi Riyals 135.97 (31 December 2022: Saudi Riyals 138.5 million).

13. Segment reporting

Basis of segmentation

For management purposes, the Group has six strategic divisions, which are its operating segments. These divisions offer different products and/or services and are managed separately. Operating segments are reported in a manner consistent with the internal reporting provided to the Board of Directors (BOD) and CEO, (together chief operating decision maker, CODM). The CODM assesses the financial performance and position of the Group, and makes strategic decisions including resource allocation.

The CODM primarily uses a measure of profit / loss before tax to assess the performance of the operating segments. However, the CODM also receives information about the segments' revenue on a quarterly basis.

The profit / loss before tax of the Group's operating segments reported to the CODM are measured in a manner consistent with that in condensed interim consolidated statement of profit or loss and other comprehensive income. Hence, a reconciliation is therefore not presented separately.

Financial income charges are not allocated to operating segments, as this type of activity is driven by the central treasury function, which manages the cash position of the Group.

Reportable segments	**Operations**
Residential business	Includes revenue from sale/lease rental income of land and units for residential purposes.
Industrial development	Includes revenue from sale/lease rental income of land and units for commercial purposes and situated in industrial zone.
Hospitality and leisure	Includes room rent, food and beverages and other related services from operations of hotels, resorts and other leisure clubs.
Education services	Includes revenue from tuition and other fees from schools and colleges operated by the Group.
City operations	Includes revenue from utilities and other city management services by the Group in KAEC.
Corporate (Head office)	Activities of corporate office including selling, marketing and financing.

(All amounts in Saudi Riyals thousands unless otherwise stated)

13. Segment reporting (continued)

	Residential business	Industrial development	Hospitality and leisure	Education	City Operations	Corporate	Adjustments and eliminations-	Total
For the three-month period ended:								
31 March 2023 (Unaudited)								
Revenue								
External customers*	28,583	45,869	59,701	12,799	10,008	44	-	157,004
Inter-segment	2,748	-	7,921	-	16,934	-	(27,603)	-
	31,331	45,869	67,622	12,799	26,942	44	(27,603)	157,004
Results								
Cost of inventories and services recognised as an expense	(23,865)	(11,016)	(22,868)	(496)	(20,276)	(2,455)	17,644	(63,332)
Impairment loss on financial and contract assets	(15,060)	(10,000)	4,285	(341)	3,037	1,265	-	(16,814)
Financial charges	(16)	-	(630)	(773)	-	(95,622)	-	(97,041)
Financial income	-	-	-	-	-	477	-	477
Depreciation	(8,818)	(5,621)	(17,147)	(3,520)	(649)	(29,031)	-	(64,786)
Amortisation	(17)	-	-	(11)	-	(213)	-	(241)
Share of results of equity accounted investee	-	-	-	-	-	481	-	481
Other expenses	(18,271)	(8,738)	(16,809)	(10,265)	(4,412)	(24,737)	9,959	(73,273)
(Loss) / profit before zakat	(34,716)	10,494	14,453	(2,607)	4,642	(149,791)	-	(157,525)
Zakat	-	-	-	-	-	(13,750)	-	(13,750)
Loss for the year	(34,716)	10,494	14,453	(2,607)	4,642	(163,541)	-	(171,275)

*Revenue from two customers of the Group, relating to the industrial development segment and hospitality and leisure segment, amounts to Saudi Riyals 29.4 million and Saudi Riyals 110.8 million.

(All amounts in Saudi Riyals thousands unless otherwise stated)

13. Segment reporting (continued)

Condensed consolidated interim statement of profit or loss and other comprehensive income:

	Residential business	Industrial development	Hospitality and leisure	Education	City Operations	Corporate	Adjustments and eliminations-	Total
For the three-month period ended:								
31 March 2022 (Unaudited)								
Revenue								
External customers	17,481	12,763	35,860	12,706	7,991	(179)	-	86,622
Inter-segment	2,232	-	6,821	-	14,431	-	(23,484)	-
	19,713	12,763	42,681	12,706	22,422	(179)	(23,484)	86,622
Results								
Cost of inventories and services recognised as an expense	(19,855)	1,714	(19,254)	532	(17,465)	(5,239)	15,114	(44,453)
Impairment loss on financial assets	(2,199)	(17,164)	6,518	(938)	(157)	(117)	-	(14,057)
Financial charges	(27)	-	(705)	(592)	-	(49,973)	-	(51,297)
Murabaha deposit income	-	-	-	-	-	323	-	323
Depreciation	(9,674)	(5,804)	(18,252)	(4,568)	(850)	(30,376)	-	(69,524)
Amortisation	(145)	-	-	(13)	-	(573)	-	(731)
Share of results of equity accounted investee	-	-	-	-	-	13,970	-	13,970
Other (expenses) / income	(6,396)	(5,771)	(15,349)	(17,504)	(5,601)	(34,610)	8,370	(76,861)
Loss before zakat	(18,583)	(14,262)	(4,361)	(10,377)	(1,651)	(106,774)	-	(156,008)
Zakat	-	-	-	-	-	(10,000)	-	(10,000)
Loss for the year	(18,583)	(14,262)	(4,361)	(10,377)	(1,651)	(116,774)	-	(166,008)

14. Fair value of assets and liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

All financial instruments for which fair value is recognised or disclosed are categorised within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or liability falls into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest input level that is significant to the entire measurement. The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. There were no transfers among the levels during the period.

As at the reporting date, management believes that, in lieu of the tenor and interest rate profile (where applicable), the carrying value of Group’s financial assets and liabilities approximate their fair values and are measured at amortized cost.

15. Restatement of comparative information

During the three-month period ended 31 March 2023, the Group restated certain amounts and balances included in the prior period condensed consolidated interim financial statements in order to reflect appropriate accounting and classification. These restatements did not have any impact on the comparative condensed consolidated interim statement of financial position. The details of each of such restatements have been summarised below:

15. Restatement of comparative information (continued)

Restatement - 1

During the three-month period ended 31 March 2023, the presentation of unearned finance income related to revenue from contracts with customers was reassessed. In prior periods, unbilled receivables from customers were recorded at the gross amount of such consideration. Given such transactions contained a significant financing component, revenue was recorded at the gross amount less an adjustment for the significant financing component which was recorded as "unearned financing component" in non-current liabilities. This resulted in an overstatement of the unbilled receivables and non-current liabilities and did not conform to the requirements of IFRS 15 - Revenue from Contracts with Customers ("IFRS 15").
During the three-month period ended 31 March 2023, management reassessed the above treatment of "unearned financing component" and consequently restated the comparative figures by adjusting the 'unearned financing component' from non-current liabilities against related 'unbilled revenue' to correct the presentation.

Restatement - 2

The Group operates an "Employee Ownership Scheme", which is categorised as finance lease in the condensed consolidated interim financial statements. In prior periods, management has recorded receivables comprising lease payments at the gross value which included unearned interest and a liability was recognised for 'unearned interest income' in the condensed consolidated interim statement of financial position under non-current liabilities and the current portion within 'trade and other payables'. In accordance with IFRS 16 - Leases, the lessor shall recognise assets under a finance lease at an amount equal to the net investment in the lease, which does not include 'unearned finance income'.
During the three- month period ended 31 March 2023, management corrected the above treatment of "unearned interest income" and consequently has adjusted such balance of 'unearned interest income' from non-current liabilities against the lease receivables.

Restatement - 3

In the prior periods, the cash and cash equivalents of the Group included bank balance held in an escrow account with a commercial bank as collateral under loan arrangement.

These balances are subject to significant restrictions and are not available for general use by the Group. In accordance with IAS 7 - Statement of Cash flows, given the bank balances that are not available for general use by the Group should not form part of cash and cash equivalents.

For the three-month period ended 31 March 2023, the Group re-assessed the nature of the restricted deposits and concluded that the balances are not available on demand and the nature of the restrictions are severe to the extent the balances do not meet the definition of cash and cash equivalents as defined in IAS 7 - Statement of Cash flows.

Restatement - 4

In addition to the above bank balances related to collateral, the cash and cash equivalents of the Group consists of balances held in escrow accounts for development of off - plan projects.

These balances are subject to restrictions and are not available for general use by the Group. In accordance with IAS 7 - Statement of Cash Flows, bank balances that are not available for general use by the Group should not form part of cash and cash equivalents.

For the three-month period ended 31 March 2023, the Group re-assessed the nature of the restricted deposits and concluded that the balances are not available on demand and the nature of the restrictions are severe to the extent the balances do not meet the definition of cash and cash equivalents as defined in IAS 7 - Statement of Cash Flows.

Restatement - 5

During the three-month period ended 31 March 2023, management identified that contract liability and contract asset (unbilled revenue) balances were presented on a net basis. In accordance with IAS 1 - Presentation of Financial Statements, an asset and liability shall not be offset, unless required by IFRS. There is no IFRS which allows such balances to be presented net. As such, during the three-month period ended 31 March 2023, management corrected the above treatment and consequently adjusted the balance of 'unbilled revenue' and 'trade and other payables' to be presented on a gross basis in current assets and non-current assets and current liabilities, respectively.

15. Restatement of comparative information (continued)

Restatement - 6

In prior periods, management did not assess expected credit losses ('ECL') on unbilled lease receivable balances. In accordance with IFRS 9 - Financial Instruments, management is required to assess ECL on unbilled lease receivable balances in the scope of IFRS 16.

During the three-month period ended 31 March 2023, management assessed the impact of ECL on unbilled lease receivable balances and consequently adjusted the balance of "impairment loss on financial and contract assets" in the condensed consolidated interim statement of profit or loss and other comprehensive income.

Restatement - 7

In addition to the above restatement, management identified that there was no ECL on trade receivable balances 'not yet due'. In accordance with IFRS 9 - Financial Instruments, management is required to assess ECL on financial assets including trade receivable balances 'not yet due'.

As a result, during the three-month period ended 31 March 2023, management assessed the impact of ECL on trade receivable balances 'not yet due' and consequently adjusted the balance of "impairment loss on financial and contract assets" in the condensed consolidated interim statement of profit or loss and other comprehensive income.

Restatement - 8

During the three-month period ended 31 March 2023, the Group performed an exercise to determine if the presentation of the condensed consolidated interim statement of profit and loss and other comprehensive income is in accordance with IAS 1 "Presentation of Financial Statements". This exercise resulted in reclassification of certain line items in the condensed consolidated interim statement of profit or loss and other comprehensive income to conform with IFRS.

Below is the summary of the reclassifications made for the line items affected:

8 (a) - Reclassification of other income

In prior periods, other income which includes income from operating activities was excluded from operating activities and presented below "Operating Loss" in the condensed consolidated interim statement of profit and loss and other comprehensive income.

In accordance with the requirements of IAS 1 'Presentation of financial statements', when "Operating Loss" is disclosed in the condensed consolidated interim financial statements the amount should include all items that are clearly related to operation, i.e. it should be representative of activities that would normally be regarded as "Operating".

During the three-month period ended 31 March 2023, management has reassessed the above requirements and as a result 'other income' amounting to Saudi Riyals 14.4 million has been categorised as operating activities and presented within 'Operating Loss' in the condensed consolidated interim statement of profit and loss and other comprehensive income.

8 (b) - Reclassification of depreciation relating to infrastructure assets to cost of sales.

In prior periods, management had classified the depreciation of infrastructure assets, classified within property and equipment, as operating expenses.

During the three-month period ended 31 March 2023, management assessed the nature of infrastructure assets and consequently reclassified the depreciation of infrastructure assets to 'cost of revenue' as this is used primarily to generate revenue.

(All amounts in Saudi Riyals thousands unless otherwise stated)

15. Restatement of comparative information (continued)

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

For the three-month period ended 31 March 2022	**Previously reported**	**Restatement - 6**	**Restatement - 7**	**Restatement - 8 (a)**	**Restatement - 8 (b)**	**Restated**
Cost of revenue	(93,138)	-	-	-	(29,962)	(123,100)
Gross loss	(6,516)	-	-	-	(29,962)	(36,478)
Impairment loss on financial and contract assets	(8,413)	(6,354)	710	-	-	(14,057)
Depreciation	(40,973)	-	-	-	29,962	(11,011)
Other operating income	-	-	-	14,426	-	14,426
Operating loss	(127,786)	(6,354)	710	14,426	-	(119,004)
Other operating income	14,426	-	-	(14,426)	-	-
Loss before zakat	(150,364)	(6,354)	710	-	-	(156,008)
Loss for the period	(160,364)	(6,354)	710	-	-	(166,008)
						-
Total comprehensive loss for the period	(160,352)	(6,354)	710	-	-	(165,996)
						-
Basic and diluted loss per share attributable to equity holders of the Parent Company (in Saudi Riyals per share)	(0.14)	(0.01)	-	-	-	(0.15)

(All amounts in Saudi Riyals thousands unless otherwise stated)

15. Restatement of comparative information (continued)

Effect on condensed consolidated interim statement of changes in equity:

For the three - month period ended 31 March 2022	**Previously reported**	**Restatement - 6**	**Restatement - 7**	**Restated**
Accumulated losses - as at 1 January 2022	(3,465,598)	(94,812)	(7,652)	(3,568,062)
Loss for the period	(160,364)	(6,354)	710	(166,008)
Total comprehensive loss for the period	(160,352)	(6,354)	710	(165,996)
Accumulated losses - as at 31 March 2022	(3,625,950)	(101,166)	(6,942)	(3,734,058)
Total equity - as at 1 January 2022	7,879,271	(94,812)	(7,652)	7,776,807
Total equity - as at 31 March 2022	7,718,919	(101,166)	(6,942)	7,610,811

(All amounts in Saudi Riyals thousands unless otherwise stated)

15. Restatement of comparative information (continued)

Effect on condensed consolidated interim statement of cash flows:

For the three- month period ended 31 March 2022	**Previously reported**	**Restatement - 1**	**Restatement - 2**	**Restatement - 3**	**Restatement - 4**	**Restatement - 5**	**Restatement - 6**	**Restatement - 7**	**Restated**
Operating activities									
Loss before zakat	(150,364)	-	-	-	-	-	(6,354)	710	(156,008)
Impairment loss / (gain) on financial and contract assets	8,413	-	-	-	-	-	6,354	(710)	14,057
Employees' receivable – home ownership scheme	3,455	-	(134)	-	-	-	-	-	3,321
Trade and other payables	(49,036)	-	134	-	-	49,956	-	-	1,054
Unbilled revenue – net	91,529	(12,741)	-	-	-	(49,956)	-	-	28,832
Restricted cash	-	-	-	-	(1,243)	-	-	-	(1,243)
Cash generated from operations	77,227	(12,741)	-	-	(1,243)	-	-	-	63,243
Net cash generated from operating activities	30,313	(12,741)	-	-	(1,243)	-	-	-	16,329
Investing activities									
Restricted cash balance received	-	-	-	20,882	-	-	-	-	20,882
Net cash generated from investing activities	12,340	-	-	20,882	-	-	-	-	33,222
Financing activities									
Movement in unearned interest income	(12,741)	12,741	-	-	-	-	-	-	-
Net cash used in financing activities	(15,482)	12,741	-	-	-	-	-	-	(2,741)
Changes in cash and cash equivalents	27,171	-	-	20,882	(1,243)	-	-	-	46,810
Cash and cash equivalents at the beginning of the year	348,154	-	-	(101,199)	(6,522)	-	-	-	240,433
Cash and cash equivalents at the end of the year	375,325	-	-	(80,317)	(7,765)	-	-	-	287,243

16. Date of approval and authorisation for issue

The condensed consolidated interim financial statements were approved and authorized for issue by the Board of Directors on 18 May 2023, corresponding to 28 Shawwal 1444H.