

Arabian Centres Company

(A Saudi Joint Stock Company)

Condensed consolidated interim financial statements

(Unaudited)

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

together with the

Independent Auditor's Review Report

Contents	Pages
Independent auditor's review report	1 – 2
Condensed consolidated interim financial statements	
- Condensed consolidated statement of financial position	3
- Condensed consolidated statement of profit or loss	4
- Condensed consolidated statement of comprehensive income	5
- Condensed consolidated statement of changes in equity	6
- Condensed consolidated statement of cash flows	7 – 8
- Notes to the condensed consolidated interim financial statements	9 – 32



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كي بي إم جي للاستشارات المهنية

واجهة روشن، طريق المطار
صندوق بريد ٩٢٨٧٦
الرياض ١١٦٦٣
المملكة العربية السعودية
سجل تجاري رقم ١٠١٠٤٢٥٤٩٤

المركز الرئيسي في الرياض

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

To the Shareholders of Arabian Centres Company

Introduction

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

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

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

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' that is endorsed in the Kingdom of Saudi Arabia. A review of condensed consolidated interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

KPMG Professional Services, a professional closed joint stock company registered in the Kingdom of Saudi Arabia with a paid-up capital of SAR40,000,000 (previously known as "KPMG Al Fozan & Partners Certified Public Accountants") and a non-partner member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

كي بي إم جي للاستشارات المهنية شركة مهنية مساهمة مقفلة، مسجلة في المملكة العربية السعودية، رأس مالها (٤٠,٠٠٠,٠٠٠) ريال سعودي منفرع بالكامل. التسمية سابقاً "شركة كي بي إم جي الفوزان وشركاه محاسبون ومراجعون قانونيون". و هي عضو غير شريك في الشبكة العالمية لشركات كي بي إم جي المستقلة والنتيجة لـ كي بي إم جي العالمية المحدودة، شركة انجليزية محدودة بضمان. جميع الحقوق محفوظة.



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

To the Shareholders of Arabian Centres Company (continued)

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 30 September 2023 condensed consolidated interim financial statements of **Arabian Centres Company and its subsidiaries** are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia.

KPMG Professional Services

Hani Hamzah A. Bedairi
License No: 460



Riyadh, on 25 Rabi al-Thani 1445H
Corresponding to: 09 November 2023

Notes to the Condensed consolidated interim financial statements index

Contents	Pages
<u>Basis of preparation</u>	
1. Reporting entity	9
2. Statement of compliance	11
3. Basis of measurement	11
4. Functional and presentation currency	11
5. Significant accounting estimates, assumptions and judgements	11
6. Significant accounting policies	11
7. Standards issued but not yet effective	12
<u>Assets</u>	
8. Investment properties	12
9. Investment in equity accounted investee and others	15
10. Cash and cash equivalents	17
11. Related party transactions and balances	17
<u>Equity and liabilities</u>	
12. Dividends distribution	19
13. Loans and borrowings	19
<u>Performance for the period</u>	
14. Revenue	22
15. Other operating income	22
16. Earnings per share	23
17. Operating segments	23
<u>Financial instruments</u>	
18. Financial instruments - fair values and risk management	23
<u>Other information</u>	
19. Commitments and contingencies	30
20. Summarized financial information of material subsidiaries	31
21. Effect of change in accounting policy	32
22. Comparative financial Information	32
23. Approval of the condensed consolidated interim financial statements	32

Arabian Centres Company (A Saudi Joint Stock Company)
Condensed consolidated statement of financial position

As at 30 September 2023

		30 September 2023 Unaudited	31 December 2022 Audited
	Notes		
Assets			
Investment properties	8	24,756,340,546	23,075,741,378
Property and equipment		57,350,379	63,412,471
Accrued revenue – non-current portion		170,172,585	182,392,826
Investment in equity accounted investee and others	9	75,834,940	64,874,137
Other non-current assets		23,590,896	24,818,172
Non-current assets		25,083,289,346	23,411,238,984
Development properties		353,044,704	345,683,721
Accrued revenue		85,086,292	91,196,413
Accounts receivable		354,876,780	388,214,220
Amounts due from related parties	11	390,909,380	417,815,065
Prepayments and other assets		239,265,151	206,384,728
Cash and cash equivalents	10	415,780,998	610,445,796
		1,838,963,305	2,059,739,943
Assets held for sale	8	62,500,000	405,880,057
Current assets		1,901,463,305	2,465,620,000
Total assets		26,984,752,651	25,876,858,984
Equity			
Share capital		4,750,000,000	4,750,000,000
Share premium		411,725,703	411,725,703
Statutory reserve		722,492,544	722,492,544
Other reserves		3,729,682	16,511,299
Retained earnings		7,882,323,858	8,118,388,376
Equity attributable to the shareholders of the Company		13,770,271,787	14,019,117,922
Non-controlling interest		59,640,001	49,482,783
Total equity		13,829,911,788	14,068,600,705
Liabilities			
Loans and borrowings	13	7,724,909,265	7,433,674,604
Lease liabilities		2,794,764,711	2,383,687,028
Employee benefits		35,594,881	28,486,108
Other non-current liabilities		55,715,963	47,571,467
Non-current liabilities		10,610,984,820	9,893,419,207
Loans and borrowings	13	1,145,063,541	903,315,625
Lease liabilities – current portion		317,413,700	255,589,354
Accounts payable and other liabilities		717,414,731	459,263,679
Amount due to related parties	11	7,030,629	6,339,458
Unearned revenue		292,353,385	239,109,599
Zakat liabilities		64,580,057	51,221,357
Current liabilities		2,543,856,043	1,914,839,072
Total liabilities		13,154,840,863	11,808,258,279
Total equity and liabilities		26,984,752,651	25,876,858,984

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

These condensed consolidated interim financial statements were authorized for issue by the Board of Directors and signed on its behalf by:


Frederik Foussat
Chief Financial Officer


Alison Rehill-Erguven
Chief Executive Officer


Board Member

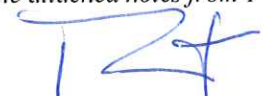
All amounts are presented in Saudi Riyals unless otherwise stated.

Arabian Centres Company (A Saudi Joint Stock Company)
Condensed consolidated statement of profit or loss

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

	<i>Notes</i>	Three-month period ended		Nine-month period ended	
		30 September 2023	30 September 2022	30 September 2023	30 September 2022
		Unaudited	Unaudited	Unaudited	Unaudited
			Restated–Note 21		Restated–Note 21
Revenue	14	567,704,048	573,748,232	1,709,751,598	1,655,865,200
Cost of revenue - Direct costs		(104,947,339)	(89,155,607)	(297,812,687)	(269,017,759)
Gross profit		462,756,709	484,592,625	1,411,938,911	1,386,847,441
Other operating income	15	2,703,754	--	274,844,435	19,996,426
Net fair value gain / (loss) on investment properties	8	60,293,744	(4,325,663)	81,457,111	(178,433,886)
Advertisement and promotion expenses		(17,519,222)	(7,358,214)	(36,478,597)	(23,964,092)
General and administrative expenses		(77,367,664)	(48,713,017)	(247,197,554)	(178,660,055)
Impairment loss on accounts receivable and accrued revenue rentals		(32,621,488)	(31,479,840)	(146,056,988)	(29,565,024)
Other operating expenses		--	(24,558,834)	(18,113,705)	(52,349,334)
Operating profit		398,245,833	368,157,057	1,320,393,613	943,871,476
Finance income	18B	--	--	7,124,755	--
Finance costs over loans and borrowings		(64,434,900)	(50,954,383)	(184,398,912)	(136,230,310)
Finance costs over lease liabilities		(26,881,904)	(35,389,898)	(79,258,398)	(115,759,172)
Net finance costs		(91,316,804)	(86,344,281)	(256,532,555)	(251,989,482)
Share of loss of equity-accounted investee	9	(951,359)	(2,359,989)	(8,057,583)	(15,030,989)
Profit before zakat		305,977,670	279,452,787	1,055,803,475	676,851,005
Zakat charge		(12,367,571)	(15,131,533)	(37,105,654)	(55,819,717)
Profit for the period		293,610,099	264,321,254	1,018,697,821	621,031,288
Profit for the period is attributable to:					
- Shareholders of the Company		286,542,132	257,568,532	1,008,540,603	615,905,478
- Non-controlling interest		7,067,967	6,752,722	10,157,218	5,125,810
		293,610,099	264,321,254	1,018,697,821	621,031,288
Earnings per share					
Basic and diluted earnings per share	16	0.60	0.54	2.12	1.30

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



Frederik Foussat
Chief Financial Officer



Alison Rehill-Erguven
Chief Executive Officer



Board Member

Arabian Centres Company (A Saudi Joint Stock Company)
Condensed consolidated statement of comprehensive income

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

	Three-month period ended 30 September 2023		Nine-month period ended 30 September 2023	
	Unaudited	30 September 2022 Unaudited Restated–Note 21	Unaudited	30 September 2022 Unaudited Restated–Note 21
Notes				
Profit for the period	293,610,099	264,321,254	1,018,697,821	621,031,288
Other comprehensive income				
<i>Items that are or may be reclassified subsequently to profit or loss:</i>				
- Cash flow hedges – effective portion of change in fair value	--	1,290,985	80,794	7,585,742
- Cash flow hedges – reclassified to profit or loss	18B	--	(7,124,755)	--
- Foreign currency translation difference of equity accounted investee	9	(302,993)	17,199	(1,423,313)
<i>Items that will not be reclassified to profit or loss:</i>				
- Remeasurement of end of service liability	--	1,928,698	(3,162,605)	3,733,357
Total other comprehensive income / (loss) for the period	(302,993)	1,796,370	(10,189,367)	9,895,786
Total comprehensive income for the period	293,307,106	266,117,624	1,008,508,454	630,927,074
Total comprehensive income for the period attributable to:				
- Shareholders of the Company	286,239,139	259,364,902	998,351,236	625,801,264
- Non-controlling interests	7,067,967	6,752,722	10,157,218	5,125,810
	293,307,106	266,117,624	1,008,508,454	630,927,074

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



Frederik Foussat
Chief Financial Officer



Alison Rehill-Erguven
Chief Executive Officer



Board Member

All amounts are presented in Saudi Riyals unless otherwise stated.

Arabian Centres Company (A Saudi Joint Stock Company)


Condensed consolidated statement of changes in equity

For the nine-month period ended 30 September 2023

	Attributable to shareholders of the Company							Non-Controlling interest	Total equity
	Notes	Share capital	Share premium	Statutory reserve	Other reserves	Retained earnings	Total		
Balance at 1 January 2022 – Unaudited		4,750,000,000	411,725,703	561,758,636	8,078,739	7,984,536,161	13,716,099,239	47,718,814	13,763,818,053
Total comprehensive income for the period									
Profit for the period (note 21)		--	--	--	--	615,905,478	615,905,478	5,125,810	621,031,288
Other comprehensive income		--	--	--	9,895,786	--	9,895,786	--	9,895,786
Total comprehensive income for the period		--	--	--	9,895,786	615,905,478	625,801,264	5,125,810	630,927,074
Transfer to statutory reserve		--	--	77,543,151	--	(77,543,151)	--	--	--
Transactions with shareholders of the company									
Dividends	12	--	--	--	--	(712,500,000)	(712,500,000)	--	(712,500,000)
Balance at 30 September 2022 – Unaudited		4,750,000,000	411,725,703	639,301,787	17,974,525	7,810,398,488	13,629,400,503	52,844,624	13,682,245,127
Balance at 1 January 2023 – Audited		4,750,000,000	411,725,703	722,492,544	16,511,299	8,118,388,376	14,019,117,922	49,482,783	14,068,600,705
Total comprehensive income for the period									
Profit for the period		--	--	--	--	1,008,540,603	1,008,540,603	10,157,218	1,018,697,821
Other comprehensive loss		--	--	--	(10,189,367)	--	(10,189,367)	--	(10,189,367)
Total comprehensive income for the period		--	--	--	(10,189,367)	1,008,540,603	998,351,236	10,157,218	1,008,508,454
Transfer from other reserve		--	--	--	105,121	(105,121)	--	--	--
Transactions with shareholders of the company									
Treasury shares acquired	12	--	--	--	(2,697,371)	--	(2,697,371)	--	(2,697,371)
Dividends	12	--	--	--	--	(1,244,500,000)	(1,244,500,000)	--	(1,244,500,000)
Balance at 30 September 2023 – Unaudited		4,750,000,000	411,725,703	722,492,544	3,729,682	7,882,323,858	13,770,271,787	59,640,001	13,829,911,788

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


Frederik Foussat
 Chief Financial Officer


Alison Rehill-Erguven
 Chief Executive Officer


 Board Member

All amounts are presented in Saudi Riyals unless otherwise stated.

Arabian Centres Company (A Saudi Joint Stock Company)

Condensed consolidated statement of cash flows

For the nine-month period ended 30 September 2023

	Notes	Nine-month period ended 30 September 2023 Unaudited	Nine-month period ended 30 September 2022 Unaudited <i>Restated-Note 21</i>
Cash flows from operating activities:			
Profit before Zakat		1,055,803,475	676,851,005
<i>Adjustments for:</i>			
- Depreciation on property and equipment		13,182,811	15,446,847
- Depreciation on right-of-use assets		--	8,334,662
- Impairment loss on accounts receivable and accrued revenue rentals		146,056,988	29,565,024
- Provision for employee benefits		6,283,746	6,395,395
- Finance cost over loans and borrowings		184,398,912	136,230,310
- Finance cost over lease liabilities		79,258,398	115,759,172
- Share of loss of equity-accounted investee	9	8,057,583	15,030,989
- (Gain) / loss on disposal of investment property	15	(238,668,127)	27,079,535
- Gain on lease termination	15	(16,439,630)	--
- Gain on Disposal of Subsidiaries		--	(10,100)
- Fair value gain of other investments	9	7,880	(281,348)
- Lease rental concession		(2,812,500)	(1,875,000)
- Advance to supplier Write off		--	3,000,000
- Gain on Disposal of Derivatives	18B	(7,124,755)	--
- Impairment on advances to suppliers		--	8,263
- Net fair value (gain) / loss on investment properties	8	(81,457,111)	178,433,886
		1,146,547,670	1,209,968,640
<i>Changes in:</i>			
- Accounts receivable		(74,295,001)	(81,865,803)
- Amounts due from related parties, net		(152,553,144)	(122,752,385)
- Prepayments and other assets		(38,543,948)	(62,853,850)
- Accounts payable and other liabilities		173,224,612	36,553,602
- Accrued revenue		(20,094,185)	(30,783,640)
- Unearned revenue		53,243,786	29,202,361
Cash generated from operating activities		1,087,529,790	977,468,925
Employee benefits paid		(2,337,578)	(807,541)
Zakat paid		(23,746,954)	(27,458,319)
Net cash from operating activities		1,061,445,258	949,203,065
Cash flows from investing activities:			
Additions to development properties		(7,360,983)	(61,458,248)
Additions to investment properties, net		(836,628,535)	(687,037,120)
Additions to equity-accounted investee and others	9	(19,778,849)	(9,225,731)
Acquisition of property and equipment		(7,120,719)	2,715,757
Proceeds from disposal of investment property	8	644,548,184	230,528,350
Proceeds from disposal of derivatives		7,124,755	--
Proceeds from disposal of other investments		769,782	6,000,000
Net cash used in investing activities		(218,446,365)	(518,476,992)

All amounts are presented in Saudi Riyals unless otherwise stated.

Arabian Centres Company (A Saudi Joint Stock Company)
Condensed consolidated statement of cash flows (continued)

For the nine-month period ended 30 September 2023

		Nine-month period ended 30 September 2023 Unaudited	Nine-month period ended 30 September 2022 Unaudited <i>Restated–Note 21</i>
	<i>Notes</i>		
Cash flows from financing activities:			
Proceeds from loans and borrowings	13	722,498,192	631,845,848
Repayments of loans and borrowings		(194,250,009)	(42,827,979)
Transaction costs paid during the period	13	(10,500,000)	889,312
Proceeds from Sukuk II Payable Deferred Premium		--	40,078,125
Payment of finance costs over loans and borrowings		(330,242,922)	(170,984,608)
Treasury shares acquired		(2,697,371)	--
Payment of dividend to shareholders		(1,064,350,000)	(712,500,000)
Payments of lease liabilities		(158,121,581)	(217,726,149)
Net cash used in financing activities		(1,037,663,691)	(471,225,451)
Net decrease in cash and cash equivalents		(194,664,798)	(40,499,378)
Cash and cash equivalents at the beginning of period		610,445,796	662,128,423
Cash and cash equivalents at end of the period		415,780,998	621,629,045
Significant non-cash transactions:			
- Capitalized finance costs for projects under construction		236,925,978	171,029,569
- Capitalized arrangement fees for projects under construction		6,030,760	3,612,245
- Capitalized finance cost over lease liabilities for projects under construction		36,655,980	25,979,910
- Dividend settled against due from related party balances		180,150,000	--

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



Frederik Foussat
Chief Financial Officer



Alison Rehill-Erguven
Chief Executive Officer



Board Member

Arabian Centres Company (A Saudi Joint Stock Company)

Notes to the condensed consolidated interim financial statements

For the nine-month period ended 30 September 2023

1. Reporting entity

Arabian Centres Company ("the Company") is a Saudi Joint Stock Company registered in Riyadh, Kingdom of Saudi Arabia ("KSA") under commercial registration numbered 1010209177 and dated 7 Rabi Thani 1426H (corresponding to 15 May 2005). The registered office is located at Nakheel District, P.O. Box 341904, Riyadh 11333, KSA.

The Company was formed on 7 Rabi Thani 1426H (corresponding to 15 May 2005) as Limited Liability Company. On 8 Muhurram 1439H (corresponding to 28 September 2017) legal status of the Company had changed from a Limited Liability Company to a Saudi Closed Joint Stock Company.

On 22 May 2019, the Company completed its Initial Public Offering ("IPO") and its ordinary shares were listed on the Saudi Stock Exchange ("Tadawul"). In connection with IPO, the Company has issued 95 million of its ordinary shares for a cash payment and the legal status of the Company changed from Saudi Closed Joint Stock Company to Saudi Joint Stock Company.

The Company and its subsidiaries' (collectively referred to as "the Group") principal business objectives are to purchase lands, build, develop and invest in buildings, sell or lease of buildings and the construction of commercial buildings including demolition, repair, excavation and maintenance works. It also includes maintenance and operation of commercial centres, tourist resorts, hotels and restaurants, managing and operating temporary and permanent exhibitions, compounds and hospitals.

On 29 December 2022, the shareholders approved the change of the fiscal year of the Company to 31 December from 31 March.

The new Companies Law issued through Royal Decree M/132 on 01/12/1443H (corresponding to June 30, 2022) (hereinafter referred as "the New Law") came into force on 26/06/1444 H (corresponding to January 19, 2023) as well as the amended implementing regulations issued by the Capital Market Authority (CMA) based on the New Law. For certain provisions of the New Law and the amended CMA implementing regulations, full compliance is expected not later than two years from 26/6/1444H (corresponding to January 19, 2023). The management is in process of assessing the impact of the New Law and will amend its By-laws with the amendments in the provisions required to align with the provisions of the New Law and the amended CMA implementing regulations, and with any other amendments that may take advantage of the New Law and the amended CMA implementing regulations. Consequently, the Company shall present the amended By-laws to the shareholders in its Extraordinary General Assembly meeting for their ratification.

Arabian Centres Company (A Saudi Joint Stock Company)
Notes to the condensed consolidated interim financial statements (continued)

For the nine-month period ended 30 September 2023

1. Reporting entity (continued)

Following is the list of subsidiaries included in these condensed consolidated interim financial statements as at 30 September 2023 and 31 December 2022:

No	Subsidiaries	Country of incorporation	Direct ownership interest held by the Group as at:		Indirect ownership interest held by the Group as at:		Share Capital (SR)	Number of shares issued
			30 September 2023	31 December 2022	30 September 2023	31 December 2022		
1	Al Bawarij International for Development & Real Estate Investment Company	Kingdom of Saudi Arabia	95%	95%	--	5%	500,000	500
2	Al Makarem International for Real Estate Development Company	Kingdom of Saudi Arabia	95%	95%	--	5%	500,000	500
3	Oyoun Al Raed Mall Trading	Kingdom of Saudi Arabia	95%	95%	5%	5%	100,000	100
4	Oyoun Al Basateen Company for Trading	Kingdom of Saudi Arabia	95%	95%	--	5%	100,000	100
5	Al-Qassem Company for Entertainment and Commercial Projects Owned by Abdulmohsin AlHokair and Company	Kingdom of Saudi Arabia	50%	50%	--	--	500,000	500
6	Yarmouk Mall Company Limited	Kingdom of Saudi Arabia	95%	95%	5%	5%	500,000	500
7	Mall of Arabia Company Limited	Kingdom of Saudi Arabia	95%	95%	--	5%	500,000	500
8	Dhahran Mall Trading Company Limited	Kingdom of Saudi Arabia	95%	95%	5%	5%	500,000	500
9	Al Noor Mall Trading Company Limited	Kingdom of Saudi Arabia	95%	95%	--	5%	500,000	500
10	Al Yasmeen Mall Trading Company Limited	Kingdom of Saudi Arabia	95%	95%	--	5%	100,000	100
11	Al Hamra Mall Trading Company Limited	Kingdom of Saudi Arabia	95%	95%	--	5%	100,000	100
12	Al Erth Al Rasekh Trading Company Limited	Kingdom of Saudi Arabia	95%	95%	5%	5%	100,000	100
13	Derayah Destination Arabia Diversified Fund	Kingdom of Saudi Arabia	100%	100%	--	--	--	--
14	Riyad Real Estate Development Fund – Jawharat AlRiyadh	Kingdom of Saudi Arabia	100%	100%	--	--	--	--
15	Riyad Real Estate Development Fund – Jawharat Jeddah	Kingdom of Saudi Arabia	100%	100%	--	--	--	--

Arabian Centres Company (A Saudi Joint Stock Company)
Notes to the condensed consolidated interim financial statements (continued)

For the nine-month period ended 30 September 2023

2. Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting that is endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by Saudi Organization for Chartered and Professional Accountants ("SOCPA") and should be read in conjunction with the Group's latest annual consolidated financial statements as at and for the period ended 31 December 2022 ("latest annual Consolidated Financial Statements"). They do not include all of the information required for a complete set of financial statements prepared in accordance with International Financial Reporting Standards ("IFRSs") that are endorsed in the Kingdom of Saudi Arabia. However, selected accounting policies and explanatory notes are included to explain events and transactions that are significant to understand the changes in the Group's financial position and performance since the latest annual consolidated financial statements.

3. Basis of measurement

These condensed consolidated interim financial statements are prepared under the historical cost convention except for the following material items in the condensed consolidated statement of financial position:

- Other investments at fair value
- Derivative financial instruments at fair value
- Employee end of service benefits using projected unit credit method
- Investment properties at fair value

4. Functional and presentation currency

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

5. Significant accounting estimates, assumptions, and judgements

The preparation of these condensed consolidated interim financial statements in conformity with IFRS that are endorsed in the Kingdom of Saudi Arabia, requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the latest annual consolidated financial statements.

6. Significant accounting policies

The accounting policies applied in these condensed consolidated interim financial statements are the same as those applied in the latest annual consolidated financial statements as at and for the period ended 31 December 2022, except as specified below. A number of new accounting standards and amendments to accounting standards are effective for annual periods beginning on 1 January 2023, however, they did not have any impact on the condensed consolidated interim financial statements.

Treasury shares

When shares recognised as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented in other reserves. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity and the resulting surplus or deficit on the transaction is presented within retained earnings.

Arabian Centres Company (A Saudi Joint Stock Company)
Notes to the condensed consolidated interim financial statements (continued)

For the nine-month period ended 30 September 2023

7. Standards issued but not yet effective

A number of new accounting standards and amendments to accounting standards are effective for annual periods beginning after 1 January 2023 and earlier application is permitted. The Group has not early adopted any of the forthcoming new or amended accounting standards in preparing these condensed consolidated interim financial statements.

- Classification of Liabilities as Current or Non-current (Amendments to IAS 1)
- Non-current Liabilities with Covenants (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)
- Lack of exchangeability (amendments to IAS 21)
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)

These amended standards and interpretations are not expected to have a significant impact on the condensed consolidated interim financial statements.

8. Investment properties

		30 September 2023	31 December 2022
	Notes	Unaudited	Audited
Investment properties	8A	23,803,659,534	22,345,814,321
Advance payment for projects under construction	8B	952,681,012	729,927,057
		24,756,340,546	23,075,741,378

A. Investment properties

		30 September 2023	31 December 2022
	Notes	Unaudited	Audited
Balance at the beginning of the period		22,751,694,378	23,366,553,661
Additions during the period		1,438,888,102	620,277,916
Disposal during the period	(i)	(405,880,057)	(253,812,000)
Disposal on sale of subsidiary		--	(557,480,304)
Impact of reassessment of lease		--	(479,055,119)
Depreciation on right-of-use asset		--	(5,550,331)
Net fair value gain on investment properties	(ii)	81,457,111	60,760,555
Balance at the end of the period	(vi)	23,866,159,534	22,751,694,378

Presented in condensed consolidated statement of financial position as:

Investment properties		23,803,659,534	22,345,814,321
Asset held for sale	(v)	62,500,000	405,880,057
		23,866,159,534	22,751,694,378

- i. During the nine-month period ended 30 September 2023, the Group disposed of a portion of the Jawharat Riyadh land for a total consideration of **SR 644.5 million** resulting in a gain of **SR 238.6 million** which has been recorded under other operating income in the condensed consolidated statement of profit or loss.

During the nine-month period ended 31 December 2022, the Group disposed of the Olaya land for a total consideration of **SR 230 million** resulting in a loss on disposal of **SR 23.3 million** which is recorded under other operating expenses in the condensed consolidated statement of profit or loss.

- ii. During the nine-month period ended 30 September 2023, the Group terminated a project under development and related land operating lease agreement. Net fair value gain for the period includes a loss of **SR 142.6 million** relating to termination of the project under development.

Arabian Centres Company (A Saudi Joint Stock Company)
Notes to the condensed consolidated interim financial statements (continued)

For the nine-month period ended 30 September 2023

8. Investment properties (continued)

A. Investment properties (continued)

- iii. On 15 May 2022, there was partial fire outbreak at the Mall of Dhahran in the Eastern Province of Saudi Arabia. The mall was closed for a short period and reopened its doors on 7 June 2022, with an exception to some damaged area that is currently under restoration. The impact of the fire outbreak has been factored in by the valuers in the fair value of the mall. Surveyors are in the process of assessing the extent of loss, following which the Group will file a claim for reimbursement with the insurers.
- iv. All leasehold interests meet the definition of an investment property and, accordingly, the Group has accounted for the right-of-use assets as part of investment property as allowed by IFRS 16. The lands are restricted to be used for commercial purposes in relation to the Group's businesses and the right to renew the lease is based on mutual agreements between the parties. If the respective leases are not renewed the land and buildings will be transferred to the lessors at the end of the lease term.
- v. During the nine-month period ended September 2023, the Group entered into an agreement to sell the land to a potential buyer and is in the process of completing the pre-conditions to execute the sale. Accordingly, the carrying value of the land has been classified as asset held for sale under current assets.
- vi. The carrying amount at reporting date includes the fair value of the following:

	30 September 2023 Unaudited	31 December 2022 Audited
Shopping malls at owned lands	11,638,120,116	11,001,779,497
Shopping malls at leasehold lands	6,744,501,319	6,496,382,519
Owened lands held as investment properties	333,476,370	290,359,220
Projects under construction -Fair value	5,150,061,729	4,963,173,142
	23,866,159,534	22,751,694,378

vii. Fair value of investment properties

a) *Fair value hierarchy*

The fair value measurement for investment property of **SR 23,866 million** (31 December 2022: SR 22,752 million) has been categorized as a level 3 fair value based on the significant unobservable inputs adopted by the valuer in the valuation technique used which are future retail rental payment terms; discount rates; and capitalization rate (yields).

The fair value of investment properties as at the reporting dates for all properties, whether owned or leased, is determined by independent external valuers with appropriate qualifications and experience in the valuation of properties. The effective dates of the valuations are 30 September 2023, 31 December 2022 and are prepared in accordance with Royal Institution of Chartered Surveyors ("RICS") Global Standards 2020 which comply with the international valuation standards and the RICS Professional Standards.

b) *Inter-relationship between key unobservable inputs and fair value measurement*

30 September 2023

Property	Fair value SR million	Valuation technique	Significant unobservable input	Range
Shopping Malls	18,383	Discounted cash flows	Occupancy (%) Future rent growth (%) Discount rate (%)	55% - 98% 2%-5% 9.5% - 18%
Properties under construction	5,150	Discounted cash flows	Occupancy (%) Future rent growth (%) Discount rate (%)	90%-95% 2.25% 12.25% - 13.5%
Owened land	333	Comparable transactions	Average price (SR /sqm)	210 – 8,943

The estimated fair value would increase/(decrease) if the discount rates were lower/(higher) and/or the growth rates and occupancy% were higher/(lower).

Arabian Centres Company (A Saudi Joint Stock Company)
Notes to the condensed consolidated interim financial statements (continued)

For the nine-month period ended 30 September 2023

8. Investment properties (continued)

A. Investment properties (continued)

vi. Fair value of investment properties (continued)

b) *Inter-relationship between key unobservable inputs and fair value measurement (continued)*

31 December 2022

Property	Fair value SR million	Valuation technique	Significant unobservable input	Range
Shopping Malls	17,498	Discounted cash flows	Occupancy (%) Future rent growth (%) Discount rate (%)	66% - 100% 2%-5% 10% - 21%
Properties under construction	4,963	Discounted cash flows	Occupancy (%) Future rent growth (%) Discount rate (%)	90%-95% 2% 12% - 16%
Owned land	290	Comparable transactions	Average price (SR /sqm)	210 – 8,834

c) *Reconciliation of fair value as per fair valuer to accounting fair value*

Accrued lease income at the reporting date, relating to the accounting for operating lease rentals on a straight line basis as per IFRS 16 and lease liabilities have been adjusted from the fair valuation as per fair valuer, in order to avoid double counting of assets and liabilities, as mentioned below:

	30 September 2023 Unaudited	31 December 2022 Audited
Fair value of land and buildings as per fair valuer	21,206,447,369	20,456,023,688
Less: Adjustment for accrued operating lease income	(255,258,877)	(273,589,239)
Add: carrying amount of lease liabilities	2,914,971,042	2,569,259,929
Total carrying amount of investment properties	23,866,159,534	22,751,694,378

vii. Amounts recognized in profit or loss for investment property that generated income.

	Nine-month period ended	
	30 September 2023 Unaudited	30 September 2022 Unaudited
Revenue from investment property	1,709,751,598	1,655,865,200
Direct operating expenses on properties that generated rental income	(297,812,687)	(269,017,759)

viii. The following table shows the valuation technique to measure fair value of investment property

Discounted cash flows	The gross fair value (net costs to complete), as applicable, is derived using DCF and is benchmarked against net initial yield.
Comparable transactions	Properties held for future development are valued using comparable methodology which involves analyzing other relevant market transactions.

Arabian Centres Company (A Saudi Joint Stock Company)
Notes to the condensed consolidated interim financial statements (continued)

For the nine-month period ended 30 September 2023

8. Investment properties (continued)

B. Advance payments for projects under construction

It represents advance payments to the contractor for the construction of shopping malls, which are under various stages of completion.

Name of related party	Business status	Relationship	Construction work services received		Balances	
			Nine-month period ended 30 September 2023	Nine-month period ended 30 September 2022	30 September 2023 Unaudited	31 December 2022 Audited
Lynx Contracting Company	Limited Liability	Affiliate	415,805,405	550,308,301	944,684,274	720,068,772
Other					7,996,738	9,858,285
					952,681,012	729,927,057

With the consent of the shareholders of the Company, the Company has signed a framework agreement for the construction of all projects with Lynx Contracting Company.

9. Investment in equity accounted investee and others

		30 September 2023 Unaudited	31 December 2022 Audited
	Notes		
Investment in Joint venture and associate	9A	75,453,188	63,714,723
Investment in real estate fund at FVTPL	9B	381,752	1,159,414
		75,834,940	64,874,137

A. Investment in Joint venture and associate

Name of an entity	Note	30 September 2023 Unaudited	31 December 2022 Audited
FAS Lab Holding Company (Joint Venture)	(i)	75,203,188	63,714,723
Khozam Mall Real Estate Development Company (Associate)	(ii)	250,000	--
		75,453,188	63,714,723

- i. This represents a 50% equity investment in the share capital of FAS Lab Holding Company, a limited liability company incorporated in the Kingdom of Saudi Arabia, which is engaged primarily in leading the digital initiatives of the Group including but not limited to providing the malls visitors and shoppers with a specialized and advanced loyalty program, simplified and innovative consumer financing solutions and an e-commerce platform.
- ii. This represents a 50% equity investment in the share capital of Khozam Mall Real Estate Development Company, a closed joint stock Company incorporated in the Kingdom of Saudi Arabia, which is engaged primarily in the construction of real estate projects. The Company has been established during the period and is yet to commence commercial operations.

Arabian Centres Company (A Saudi Joint Stock Company)
Notes to the condensed consolidated interim financial statements (continued)

For the nine-month period ended 30 September 2023

9. Investment in equity accounted investee and others (continued)

A. Investment in Joint venture and associate (continued)

i. Reconciliation of carrying amount

FAS Lab Holding Company (Joint Venture)	Opening balance	Additions	Share in losses	Other comprehensive income / (loss)	Ending balance
30 September 2023- Unaudited	63,714,723	19,528,849	(8,057,583)	17,199	75,203,188
31 December 2022- Audited	63,783,826	8,013,722	(7,159,334)	(923,491)	63,714,723

Khozam Mall Real Estate Development Company (Associate)	Opening balance	Additions	Share in losses	Other comprehensive loss	Ending balance
30 September 2023- Unaudited	--	250,000	--	--	250,000

ii. Summarized financial statements – FAS Lab Holding Company

	30 September 2023	31 December 2022
	Unaudited	Audited
Assets	284,793,693	294,510,053
Liabilities	(105,972,229)	(136,527,133)
Net Assets	178,821,464	157,982,920

Revenue	299,330,600	389,720,819
Operating loss	(13,092,862)	(12,685,030)
Total comprehensive loss	(12,055,083)	(11,140,002)
Loss for the period attributable to shareholders of the company	(14,078,859)	(14,318,667)

B. Investment in a real estate fund at FVTPL

	30 September 2023	31 December 2022
Name of the real estate fund	Unaudited	Audited
Al Jawhara Real Estate Fund	381,752	1,159,414
	381,752	1,159,414

This represents equity investment in Al Jawhara Real Estate Fund (formerly known as Digital City Fund) purchased for SR 6.8 million. During the nine-month period ended December 31, 2022, the Group sold units in the fund and realized a gain on disposal of investment of SR 180,000 in the consolidated statement of profit or loss. As at 30 September 2023, the net asset value (NAV) of the investment amounted to SR 0.38 million (31 December 2022: SR 1.2 million) and SR 7,880 of unrealized fair value loss is recognized in the condensed consolidated statement of profit or loss (31 December 2022: gain of SR 0.38 million). During the nine-month period ended 30 September 2023, fund has divested its investment portfolio of SR 0.77 million.

Arabian Centres Company (A Saudi Joint Stock Company)
Notes to the condensed consolidated interim financial statements (continued)

For the nine-month period ended 30 September 2023

10. Cash and cash equivalents

	30 September 2023 Unaudited	31 December 2022 Audited
Bank balances – current accounts	412,488,382	378,077,716
Cheques under collection	--	231,323,093
Cash in hand	989,987	1,044,987
Cash in portfolio account (restricted cash)	2,302,629	--
	415,780,998	610,445,796

11. Related party transactions and balances

For the purpose of these condensed consolidated interim 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. Balances and transactions between the Company and its subsidiaries, which are related parties within the Group, have been eliminated on consolidation. Transactions are entered into with the related parties on terms and conditions approved by either the Group's management or its Board of Directors.

A. Key management personnel compensation

The remunerations of directors and other key management personnel ('KMP') during the nine-month period ended 30 September are as follows:

	30 September 2023 Unaudited	30 September 2022 Unaudited
End of service benefits	4,424,081	5,706,632
Salaries and short-term benefits	16,741,622	9,051,790
Total key management compensation	21,165,703	14,758,422

B. Related party transactions and balances

I - Related party balances are presented in the condensed consolidated statement of financial position as follows:

	30 September 2023 Unaudited	31 December 2022 Audited
Amount due from related parties	390,909,380	417,815,065
Amount due to related parties	(7,030,629)	(6,339,458)
	383,878,751	411,475,607

Arabian Centres Company (A Saudi Joint Stock Company)
Notes to the condensed consolidated interim financial statements (continued)

For the nine-month period ended 30 September 2023

11. Related party transactions and balances (continued)

B. Related party transactions and balances (continued)

11 - During the period, the Group transacted with its related parties. The terms of those transactions are approved by management/Board of Directors in the ordinary course of business. The significant transactions and the related amounts are as follows:

Name of related party	Business status	Rental income and other fees / services	Expenses	Others	Total	Balance as at 30 September 2023
Transactions during the nine-month period ended 30 September 2023						
30 September 2023-Unaudited						
Transactions with ultimate shareholder						
Saudi FAS Holding Company	Closed Joint Stock Company	2,471,669	--	3,372,160	5,843,829	6,785,132
Transactions with fellow subsidiaries (subsidiaries of shareholder)						
Fawaz Abdulaziz Al Hokair Company and its subsidiaries	Joint Stock Company	265,532,160	--	65,048,000	330,580,160	175,695,070
Abdul Mohsin Al Hokair Group for Tourism and Development and its subsidiaries	Joint Stock Company	18,294,436	--	--	18,294,436	22,865,259
Salman & Sons Holding Co and its associates	Limited Liability Company	42,383,906	--	--	42,383,906	74,461,433
Majd Al Amal Co. Limited and its associates	Limited Liability Company	17,095,256	--	--	17,095,256	1,832,840
Tadaris Alnajid Security Company	Limited Liability Company	--	(48,405,958)	--	(48,405,958)	9,773,290
Ezdihar Holding Co and its subsidiaries	Limited Liability Company	42,943,246	--	--	42,943,246	73,401,700
Others, net	Limited Liability Company	5,251,810	(8,104,703)	7,947,905	5,095,012	19,064,027
		393,972,483	(56,510,661)	76,368,065	413,829,887	383,878,751
31 December 2022-Audited						
Transactions during the nine-month period ended 30 September 2022						
Transactions with ultimate shareholder						
Saudi FAS Holding Company	Closed Joint Stock Company	1,485,479	--	26,286,451	27,771,930	--
Transactions with fellow subsidiaries (subsidiaries of shareholder)						
FAS Holding Company for Hotels and its subsidiaries	Joint Stock Company	276,942,053	--	66,295,172	66,295,172	--
Fawaz Abdulaziz Al Hokair Company and its subsidiaries	Joint Stock Company	--	--	1,757,632	278,699,685	158,196,905
Abdul Mohsin Al Hokair Group for Tourism and Development and its subsidiaries	Joint Stock Company	21,257,240	--	--	21,257,240	16,177,998
Salman & Sons Holding Co and its associates	Limited Liability Company	36,354,599	--	--	36,354,599	90,313,341
Majd Al Amal Co. Limited and its associates	Limited Liability Company	15,146,451	--	--	15,146,451	47,670,205
Tadaris Alnajid Security Company	Limited Liability Company	-	37,634,564	--	37,634,564	3,637,973
Ezdihar Holding Co and its subsidiaries	Limited Liability Company	37,744,095	--	--	37,744,095	88,138,532
Others, net	Limited Liability Company	3,937,869	--	--	3,937,869	7,340,653
		392,867,786	37,634,564	94,339,255	524,841,605	411,475,607

Arabian Centres Company (A Saudi Joint Stock Company)
Notes to the condensed consolidated interim financial statements (continued)

For the nine-month period ended 30 September 2023

12. Capital and reserves

A) Treasury shares

During the period ended 30 September 2023, the Company entered into a market making agreement with Al Rajhi Capital to provide continuous buying and selling of the Company's shares. As at 30 September 2023, Arabian Centres Company held 131,854 of its shares (2022: Nil).

B) Dividends

30 September 2023

- i. On 1 January 2023, the Board of Directors resolved to distribute interim dividends for the first half of period ended 31 December 2022 amounting to SR 0.75 per share aggregating to SR 356,250,000. The dividends were paid on 12 February 2023.
- ii. On 2 April 2023, the Board of Directors resolved to distribute dividends for the second half of the period ended 31 December 2022 amounting to SR 1 per share aggregating to SR 475,000,000. The dividends were paid on 16 April 2023.
- iii. On 13 July 2023, the Board of Directors resolved to distribute dividends for the first half of the year ending 31 December 2023 amounting to SR 0.87 per share aggregating to SR 413,250,000. The dividends were paid on 13 August 2023.

31 December 2022

- i. On 2 July 2022, the Board of Directors resolved to distribute an interim dividend for the second half of the year ended 31 March 2022 amounting to SR 0.75 per share aggregating to SR 356,250,000. The dividend was paid on 26 July 2022.
- ii. On 23 January 2022, the Board of Directors have resolved to distribute an interim dividend for the year ended 31 March 2022 amounting to SR 0.75 per share aggregating to SR 356,250,000. The Company paid dividends during the prior year.

13. Loans and borrowings

	30 September 2023	31 December 2022
<i>Note</i>	Unaudited	Audited
Islamic facility with banks (i)	3,730,860,093	3,206,842,927
Sukuk (ii)	5,139,112,713	5,130,147,302
<i>13 B</i>	8,869,972,806	8,336,990,229
Loans and Borrowings – Current liabilities	1,145,063,541	903,315,625
Loans and Borrowings – Non-Current liabilities	7,724,909,265	7,433,674,604
	8,869,972,806	8,336,990,229

Information about the Group's exposure to interest rate, foreign currency and liquidity risks is included in Note 18.

A. Terms and repayment

i. Facility 1

The Group entered into a long-term Islamic facility arrangement amounting to SR 5,250 million (equivalent USD 1,400 million), with local and international banks. This facility is divided into a Murabaha facility up to SR 500 million (maturing in 12 years), Ijara facilities up to SR 4,000 million (maturing in 8 and 12 years), and Revolving Murabaha up to SR 950 million (maturing in 3 years). These facilities are fully utilized as at reporting date.

Arabian Centres Company (A Saudi Joint Stock Company)
Notes to the condensed consolidated interim financial statements (continued)

For the nine-month period ended 30 September 2023

13. Loans and borrowings (continued)

A. Terms and repayment (continued)

i. Facility 1 (continued)

The long-term loan is repayable in unequal semi-annual instalments and are subject to commission rates based on SIBOR/LIBOR plus an agreed commission rate. In order to reduce its exposure to commission rate risks the Group has entered into an Islamic profit rate swap for portion of its long-term loan. For details refer *note 18*.

The facilities are secured by insurance policies, proceeds of rental income, and land and buildings of several malls. During the nine-month period ended 30 September 2023, the Group borrowed an additional **SR 200 million** from the Revolving Murabaha facility (nine-month period ended 31 December 2022: SR 575 million)

Facility 2

During the period ended 31 December 2022, a subsidiary of the Group has entered into a long-term Islamic facility arrangement amounting to SR 800 million with a local bank.

During the period ended 30 September 2023, a subsidiary of the Group has entered into a long-term Islamic facility arrangement amounting to SR 1,000 million with a local bank.

The long-term loan is repayable in unequal semi-annual instalments and are subject to commission rates based on SIBOR plus an agreed commission rate. The facilities are secured by Lands.

During the nine-month period ended 30 September 2023, the Group has drawn-down **SR 522 million** (period ended 31 December 2022: SR 63 million) from the facilities. The above facility agreements contain covenants, which among other things, require certain financial ratios to be maintained.

ii. Sukuk

- a) On 20 November 2019, Arabian Centres Sukuk Limited (a special purpose company established for the purpose of issuing Sukuk) completed the issuance of an International USD denominated Shari'ah compliant Sukuk "Sukuk Certificates" amounting to USD 500 million (equivalent SR 1,875 million), at a par value of USD 0.2 million each, annual yield of 5.375% payable semi-annually and a maturity of five years. Sukuk Certificates may be subject to early redemption at the option of the Company as per certain specified conditions mentioned in the Sukuk Certificate.
- b) On 7 April 2021, Arabian Centres Sukuk II Limited (a special purpose company established for the purpose of issuing Sukuk) completed the issuance of a Five and half year International USD denominated Shari'ah compliant Sukuk "Sukuk II Certificates" amounting to USD 650 million (equivalent SR 2,437.5 million), at a par value of USD 0.2 million each, annual yield of 5.625% payable semi-annually. On 28 July 2021, the Company issued additional Sukuk II certificates amounting to USD 225 million (equivalent SR 843.75 million), at a premium of 4.75%. Sukuk Certificates may be subject to early redemption at the option of the Company as per specified conditions mentioned in the Sukuk Certificate.

B. Reconciliation of carrying amount

	Notes	Islamic facility with banks	Sukuk	Total
Balance at 1 April 2022		2,723,415,669	5,156,200,000	7,879,615,669
Proceeds received during the year		638,308,994	--	638,308,994
Repayments made during the year		(102,563,584)	--	(102,563,584)
	(i)	3,259,161,079	5,156,200,000	8,415,361,079
Un-amortized transaction costs	(ii)	(52,318,152)	(53,478,788)	(105,796,940)
Deferred Sukuk premium	(iii)	--	27,426,090	27,426,090
Balance at 31 December 2022- Audited		3,206,842,927	5,130,147,302	8,336,990,229

Arabian Centres Company (A Saudi Joint Stock Company)
Notes to the condensed consolidated interim financial statements (continued)

For the nine-month period ended 30 September 2023

13. Loans and borrowings (continued)

B. Reconciliation of carrying amount (continued)

Balance at 1 January 2023	3,259,161,079	5,156,200,000	8,415,361,079
Proceeds received during the period	722,498,192	--	722,498,192
Repayments made during the period	(194,250,009)	--	(194,250,009)
	(i) 3,787,409,262	5,156,200,000	8,943,609,262
Un-amortized transaction costs	(ii) (56,549,169)	(39,067,540)	(95,616,709)
Deferred Sukuk premium	(iii) --	21,980,253	21,980,253
Balance at 30 September 2023- Unaudited	3,730,860,093	5,139,112,713	8,869,972,806

i. Below is the repayment schedule of the principal portion of the outstanding long-term loans:

	Islamic facility with banks	Sukuk	Total
31 December 2022-Audited			
Within one year	903,315,625	--	903,315,625
Between two to five years	1,312,147,537	5,156,200,000	6,468,347,537
More than five years	1,043,697,917	--	1,043,697,917
	3,259,161,079	5,156,200,000	8,415,361,079
30 September 2023-Unaudited			
Within one year	1,145,063,542	--	1,145,063,542
Between two to five years	1,733,918,636	5,156,200,000	6,890,118,636
More than five years	908,427,084	--	908,427,084
	3,787,409,262	5,156,200,000	8,943,609,262

ii. Un-amortized transaction costs movement is as follows:

	Islamic facility with banks	Sukuk	Total
Balance at 1 April 2022	53,463,354	67,890,041	121,353,395
Arrangement fees paid	5,118,750	--	5,118,750
Amortization for the year	(4,650,111)	(11,969,122)	(16,619,233)
Capitalized arrangement fees	(1,613,841)	(2,442,131)	(4,055,972)
Balance at 31 December 2022-Audited	52,318,152	53,478,788	105,796,940
Balance at 1 January 2023	52,318,152	53,478,788	105,796,940
Arrangement fees paid	10,500,000	--	10,500,000
Amortization for the period	(2,652,620)	(11,996,851)	(14,649,471)
Capitalized arrangement fees	(3,616,363)	(2,414,397)	(6,030,760)
Balance at 30 September 2023-Unaudited	56,549,169	39,067,540	95,616,709

iii. Deferred Sukuk premium

This represents the premium received on further issuance of Sukuk II (i.e. Issue price less face value of the certificate) and is amortized over the life of the instrument using the effective interest rate at the date of initial recognition of the instrument. Movement is as follows:

	Sukuk	Total
Balance at 1 April 2022	32,911,308	32,911,308
Addition during the year	--	--
Amortization for the period	(5,485,218)	(5,485,218)
Balance at 31 December 2022-Audited	27,426,090	27,426,090
Balance at 1 January 2023	27,426,090	27,426,090
Amortization for the period	(5,445,837)	(5,445,837)
Balance at 30 September 2023-Unaudited	21,980,253	21,980,253

Arabian Centres Company (A Saudi Joint Stock Company)
Notes to the condensed consolidated interim financial statements (continued)

For the nine-month period ended 30 September 2023

14. Revenue

		Nine-month period ended 30 September 2023	Nine-month period ended 30 September 2022
	Note	Unaudited	Unaudited
Rental income	(i)	1,587,226,395	1,526,402,544
Service and management fee income		70,537,296	82,018,115
Turnover rent		48,883,687	44,331,119
Commission income on provisions for utilities, net		3,104,220	3,113,422
		1,709,751,598	1,655,865,200

- i. Rental income includes related maintenance and service charge of Malls premises charged to each of the tenants.

Group as a lessor:

The Group has entered into operating leases on its investment properties portfolio consisting of various buildings. These leases have terms of between 1 to 5 years. Leases include a clause to enable upward revision of the rental charge depending on the lease agreements. Future minimum rentals receivable under non-cancellable operating leases as at the end of the reporting periods are as follows:

	As at 30 September 2023	As at 30 September 2022
	Unaudited	Unaudited
Within one year	1,465,700,258	1,705,631,365
After one year but not more than five years	1,801,380,719	1,915,821,092
More than five years	222,958,143	361,942,461
	3,490,039,120	3,983,394,918

15. Other operating income

	Nine-month period ended 30 September 2023	Nine-month period ended 30 September 2022
	Unaudited	Unaudited
Gain on sale of investment property (Note 8A(i))	238,668,127	--
Gain on termination of lease	16,439,630	--
Recovery of written off receivables	11,244,000	--
Waiver of amount payable to disposed subsidiaries	--	18,129,016
Compensation from landlord	2,812,500	1,867,410
Others	5,680,178	--
	274,844,435	19,996,426

Arabian Centres Company (A Saudi Joint Stock Company)

Notes to the condensed consolidated interim financial statements (continued)

For the nine-month period ended 30 September 2023

16. Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the ordinary Shareholders of the Company by the weighted average number of ordinary shares outstanding during the financial period as all the Company's shares are ordinary shares. Diluted earnings per share is calculated by adjusting the basic earnings per share for the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

	Three-month period ended		Nine-month period ended	
	30 September 2023 Unaudited	30 September 2022 Unaudited	30 September 2023 Unaudited	30 September 2022 Unaudited
Profit attributable to ordinary shareholders	286,542,132	257,568,532	1,008,540,603	615,905,478
Weighted average number of ordinary shares	474,872,304	475,000,000	474,956,967	475,000,000
	0.60	0.54	2.12	1.30

17. Operating segments

The Group's activities and business lines used as a basis for the financial reporting are consistent with the internal reporting process and information reviewed by the Chief operating decision maker (CODM). Management considers the operations of the Group as a whole as one operating segment as all subsidiaries engage in similar business activities.

The Group's revenue, gross profit, investment properties, total assets and total liabilities pertaining to the Group's operations as a whole are presented in the condensed consolidated statement of financial position and in the condensed consolidated statement of profit or loss and the condensed consolidated statement of comprehensive income.

All of the Group's operations are conducted in KSA. Hence, geographical information is not applicable in this case.

18. Financial instruments - fair values and risk management

A. Accounting classification and fair values

Financial instruments have been categorized as follows:

	Notes	30 September 2023 Unaudited	31 December 2022 Audited
Financial Assets			
Other investments	9	381,752	1,159,414
Other financial receivables		142,022,740	104,486,404
Amounts due from related parties	11	390,909,380	417,815,065
Accounts receivable		354,876,780	388,214,220
Profit rate swaps used for hedging		--	7,043,961
Cash and cash equivalents	10	415,780,998	610,445,796
		1,303,971,650	1,529,164,860
Financial Liabilities			
Loans and borrowings	13	8,869,972,806	8,336,990,229
Lease liabilities		3,112,178,411	2,639,276,382
Accounts payable		201,762,151	118,951,524
Other liabilities		402,006,186	204,162,320
Amount due to related party	11	7,030,629	6,339,458
Tenants' security deposits		169,362,357	158,673,106
		12,762,312,540	11,464,393,019

Arabian Centres Company (A Saudi Joint Stock Company)
Notes to the condensed consolidated interim financial statements (continued)

For the nine-month period ended 30 September 2023

18. Financial instruments - fair values and risk management (continued)

A. Accounting classification and fair values (continued)

The following table presents the Group's financial instruments measured at fair value at 30 September 2023 and 31 December 2022:

	30 September 2023-Unaudited				
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets					
FVTPL – equity instruments (a)					
Al Jawhara Real Estate Fund	381,752	--	--	381,752	381,752
	31 December 2022-Audited				
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets					
FVTPL – equity instruments (a)					
Al Jawhara Real Estate Fund	1,159,414	--	--	1,159,414	1,159,414
Derivatives designated as hedging instruments (b)	7,043,961	--	7,043,961	--	7,043,961

(a) The valuation is derived based on net asset value of the fund which is based on market multiples derived from comparable companies to the investee and adjusted for non-marketability of the investee.

(b) The fair value of commission rate swaps has been calculated by a third-party expert, discounting estimated future cash flows on the basis of market expectation of future interest rates, representing Level 2 in the IFRS 13 fair value hierarchy.

B. Derivatives designated as hedging instruments

The Group held Islamic Profit/commission Rate Swaps ("IRS") of a notional value of USD 80 million (equivalent to SR 300 million) in order to reduce its exposure to commission rate risks against long term financing. The table below shows the fair values of derivatives financial instruments, recorded as positive fair value. The notional amounts indicate the volume of transactions outstanding at the period end and are neither indicative of the market risk nor the credit risk.

Description of the hedged items	Hedging instrument	Fair Value	30 September 2023	31 December 2022
			Unaudited	Audited
Commission payments on floating rate loan	IRS	Positive	--	7,043,961

Derivatives often involve at their inception only a mutual exchange of promises with little or no transfer of consideration. However, these instruments frequently involve a high degree of leverage and are very volatile. A relatively small movement in the value of the rate underlying a derivative contract may have a significant impact on the income or equity component of the Group.

The hedging instrument expired on 31 May 2023 with net amount being settled between the parties. Total amount of cash flow hedge reserve has been reclassified to profit or loss during the period amounting to SR 7,124,755.

Arabian Centres Company (A Saudi Joint Stock Company)
Notes to the condensed consolidated interim financial statements (continued)

For the nine-month period ended 30 September 2023

18. Financial instruments - fair values and risk management (continued)

C. Financial risk management

The Group has exposure to the following risk arising from financial instruments:

- Credit risk
- Liquidity risk
- Market risk (including commission rate risk, real estate risk and currency risk)
- Capital management risk

The Group's principal financial liabilities are loans and borrowings. The main purpose of the Group's loans and borrowings is to finance the acquisition and development of the Group's investment properties portfolio. The Group has accounts receivable, amounts due to and from related parties, lease liability, accounts payable and cash and bank balances that arise directly from its operations.

i. 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 risks from its leasing activities, including deposits with banks and financial institutions.

Credit risk is managed by requiring tenants to pay rentals in advance. The credit quality of the tenant is assessed based on an extensive credit rating scorecard at the time of entering into a lease agreement. Outstanding tenants' receivables are regularly monitored. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial asset.

Bank balances and deposits are held with local banks with sound external credit ratings.

Accounts Receivable

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.

Each entity within the group has established a credit policy under which each new customer is analyzed individually for creditworthiness before the entity's standard payment and delivery terms and conditions are offered. The review includes financial statements, industry information and in some cases bank references. Credits to each customer are reviewed periodically. The Group limits its exposure to credit risk by offering credit terms which are typically not longer than three months on average.

In monitoring customer credit risk, customers are grouped according to their credit characteristics trading history with the Group and existence of previous financial difficulties.

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.

Arabian Centres Company (A Saudi Joint Stock Company)
Notes to the condensed consolidated interim financial statements (continued)

For the nine-month period ended 30 September 2023

18. Financial instruments - fair values and risk management (continued)

C. Financial risk management (continued)

i. Credit risk (continued)

The following table provides information about the exposure to credit risk and ECLs for accounts receivable from customers as at 30 September 2023 and 31 December 2022.

30 September 2023-Unaudited			
	Gross Carrying Amount	Weighted-average loss	Loss Allowance (%)
0-90 days	86,464,104	16,172,336	19%
91-180 days	87,539,963	21,564,577	25%
181-270 days	80,809,254	22,948,704	28%
271-360 days	64,756,124	22,178,109	34%
361-450 days	63,249,546	24,695,549	39%
451-540 days	41,671,076	18,379,110	44%
541-630 days	27,011,536	14,067,980	52%
631-720 days	27,815,707	15,270,789	55%
More than 720 days	126,354,302	95,517,678	76%
	605,671,612	250,794,832	

31 December 2022-Audited			
	Gross Carrying amount	Weighted-average loss	Loss Allowance (%)
0-90 days	110,173,161	13,707,754	12%
91-180 days	99,288,349	16,421,056	17%
181-270 days	86,585,249	15,381,037	18%
271-360 days	44,653,878	11,210,581	25%
361-450 days	44,176,668	13,460,611	30%
451-540 days	36,635,522	13,984,109	38%
541-630 days	33,821,347	14,963,099	44%
631-720 days	29,279,546	15,327,850	52%
More than 720 days	75,001,342	56,944,745	76%
	559,615,062	171,400,842	

18. Financial instruments - fair values and risk management (continued)

C. Financial risk management (continued)

i. Credit risk (continued)

Accounts Receivable (continued)

During the nine-month period ended 30 September 2023, the Group has written off receivables amounting to **Nil** (Nine-month period ended 31 December 2022: SR 77.9 million). In addition, the group has directly charged to profit or loss an amount of **SR 66.7 million** (Nine-month period ended 31 December 2022: SR 14.6 million) on account of impairment of accounts receivable and accrued revenue.

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 11B). 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 operate. The Group evaluates the risk with respect to due from related parties as low, as majority of the related parties are owned by the same shareholders.

Financial instruments and cash deposit

Credit risk from balances with banks and financial institutions is managed by Ultimate Parent Company's 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.

Arabian Centres Company (a Saudi joint stock company)
Notes to the condensed consolidated interim financial statements (continued)

For the nine-month period ended 30 September 2023

18. Financial instruments - fair values and risk management (continued)

C. Financial risk management (continued)

ii. Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The management believes that the Group is not exposed to significant risks in relation to liquidity and maintains different lines of credit. Upon careful comparison of the financial liabilities included within the current liabilities (excluding amounts due to related parties as these could be deferred during liquidity crunch situation) with the financial assets forming part of the current assets, there seems to be a reasonably hedging position between the two categories.

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

Contractual maturities of financial liabilities:	Carrying amount	Less than 6 months	Between 6 and 12 months	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
30 September 2023-Unaudited							
Accounts payable	201,762,151	201,762,151	--	--	--	--	201,762,151
Tenants' security deposits	169,362,357	85,424,330	28,222,063	30,901,690	24,583,249	231,025	169,362,357
Other liabilities	402,006,186	402,006,186	--	--	--	--	402,006,186
Due to related parties	7,030,629	7,030,629	--	--	--	--	7,030,629
Lease liabilities	3,112,178,411	391,792,760	120,727,082	227,133,390	815,136,198	3,562,591,208	5,117,380,638
Loans and borrowings	8,869,972,806	918,597,278	628,281,390	2,516,272,609	5,758,854,811	1,081,383,194	10,903,389,282
	12,762,312,540	2,006,613,334	777,230,535	2,774,307,689	6,598,574,258	4,644,205,427	16,800,931,243
31 December 2022-Audited							
Accounts payable	118,951,524	118,951,524	--	--	--	--	118,951,524
Tenants' security deposits	158,673,106	93,131,320	17,970,317	29,753,414	17,383,624	434,429	158,673,104
Other liabilities	204,162,320	204,162,320	--	--	--	--	204,162,320
Due to related parties	6,339,458	6,339,458	--	--	--	--	6,339,458
Lease liabilities	2,639,276,382	195,135,113	175,129,382	254,286,890	678,466,712	3,045,417,085	4,348,435,182
Loans and borrowings	8,336,990,229	1,076,009,249	321,974,381	2,516,369,539	5,154,645,105	1,255,230,891	10,324,229,165
	11,464,393,019	1,693,728,984	515,074,080	2,800,409,843	5,850,495,441	4,301,082,405	15,160,790,753

Arabian Centres Company (A Saudi Joint Stock Company)
Notes to the condensed consolidated interim financial statements (continued)

For the nine-months period ended 31 September 2023

18. Financial instruments - fair values and risk management (continued)

C. Financial risk management (continued)

iii. Market risk

Market risk is the risk that changes in market prices, such as currency rates and interest rates that will affect the Group's profit 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.

Commission rate risk

Commission rate risk is the risk that the value of financial instruments will fluctuate due to changes in the market commission rates. The Group has no significant commission bearing long-term assets, but has commission bearing liabilities as at 30 September 2023 and 31 December 2022. The Group manages its exposure to commission rate risk by continuously monitoring movements in commission rates.

The following table demonstrates the sensitivity of the Group to a reasonably possible change, with all other variables held constant, of the Groups profit before zakat (through the impact on floating rate borrowings):

	Nine-month period ended 30 September 2023 Unaudited	Nine-month period ended 30 September 2022 Unaudited
Gain/(loss) through the condensed consolidated statement of profit or loss		
Floating rate debt:		
SIBOR +100bps	(28,405,569)	(23,831,337)
SIBOR -100bps	28,405,569	23,831,337

Real estate risk

The Group has identified the following risks associated with the real estate portfolio:

- The cost of the development projects may increase if there are delays in the planning process. The Group uses advisors who are experts in the specific planning requirements in the project's location in order to reduce the risks that may arise in the planning process.
- A major tenant may become insolvent causing a significant loss of rental income and a reduction in the value of the associated property. To reduce this risk, the Group reviews the financial status of all prospective tenants and decides on the appropriate level of security required via rental deposits or guarantees.

Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises from recognized assets and liabilities which are denominated in currency that is not Group's functional currency. The Group has certain US Dollar denominated financial liabilities which are not exposed to significant currency risk as Group's functional currency is pegged to US Dollar.

iv. Capital management risk

The Board's policy is to maintain an efficient capital base as to maintain investor, creditor and market confidence and to sustain future development of its business. The Board of Directors monitor the return on capital employed and the level of dividends to ordinary shareholders.

The Group's objectives when managing capital are:

- i) 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
- ii) to provide an adequate return to shareholders

Arabian Centres Company (a Saudi joint stock company)**Notes to the condensed consolidated interim financial statements (continued)**

For the nine-month period ended 30 September 2023

19. Commitments and contingencies

		30 September 2023 Unaudited	31 December 2022 Audited
	<i>Note</i>		
Commitments			
Commitments for projects under construction	(i)	2,537,165,741	3,265,050,000
Outstanding bank guarantees		10,998,384	13,000,000

- (i) These commitments pertain to construction of shopping malls across the Kingdom of Saudi Arabia.
- (ii) The Group is currently involved in legal arbitration proceedings brought by a contractor that alleges that Group owes them for work already carried out under the contract. The Group is disputing the claims against it and believes it has strong legal grounds to defend itself. However, the arbitration proceedings' ultimate outcome is uncertain, and the company cannot guarantee that it will successfully defend itself. The potential financial impact of **SAR 25 million** has been recorded in the condensed consolidated financial statements for the nine-month period ended 30 September 2023, which reflects management best estimate of the total expected financial exposure.

Arabian Centres Company (a Saudi joint stock company)

Notes to the condensed consolidated interim financial statements (continued)

For the nine-month period ended 30 September 2023

20. Summarized financial information of material subsidiaries

The following are the summarized financial statements of material subsidiaries consolidated within the Group condensed consolidated interim financial statements:

	Al-Qasseem Company for Entertainment and Commercial Projects Owned by Abdulmohsin Alhokair and Company	Riyadh Real Estate Development Funds Jawharat Jeddah	Riyadh Real Estate Development Funds Jawharat Riyadh
30 September 2023			
Assets			
Investment properties	202,882,054	1,537,739,856	2,349,628,550
Cash and cash equivalents	--	7,789,479	324,386,504
Other assets	66,178,872	21,334,284	51,191,102
	269,060,926	1,566,863,619	2,725,206,156
Liabilities			
Loans and borrowings	--	124,587,990	312,697,768
Lease liabilities	80,133,054	--	--
Other liabilities	37,109,845	19,511,263	23,326,157
	117,242,899	144,099,253	336,023,925
Net assets	151,818,027	1,422,764,366	2,389,182,231
31 December 2022-Audited			
Assets			
Investment properties	206,622,266	1,413,734,581	2,454,020,995
Cash and cash equivalents	--	7,536,666	--
Other assets	24,211,347	272,652	200,000
	230,833,613	1,421,543,899	2,454,220,995
Liabilities			
Loans and borrowings	--	58,828,677	--
Lease liabilities	77,301,026	--	--
Other liabilities	52,908,921	8,059,529	12,997,219
	130,209,947	66,888,206	12,997,219
Net assets	100,623,666	1,354,655,693	2,441,223,776
Nine-month period ended 30 September 2023-Unaudited			
Statement of profit or loss			
Revenue	30,717,823	--	--
Gross profit	22,429,794	--	--
Profit / (loss) for the period	10,306,452	(25,047,967)	151,446,638
Nine-month period ended 30 September 2022-Unaudited			
Statement of profit or loss			
Revenue	31,402,830	--	--
Gross profit	17,900,029	--	--
Profit / (loss) for the period	3,937,604	39,612,816	220,126,236

Arabian Centres Company (a Saudi joint stock company)**Notes to the condensed consolidated interim financial statements (continued)**

For the nine-month period ended 30 September 2023

21. Effect of change in accounting policy

On 29 June 2022, the Board of Directors of the Company approved the change in accounting policy for the subsequent measurement of the Group's investment properties from the cost model to the fair value model. The impact of the change in accounting policy has been reflected by restating each of the affected financial statement line items for prior periods. The following table summarizes the impacts on the Group's condensed consolidated statement of comprehensive income for the prior period presented:

Consolidated statement of profit or loss and consolidated statement of comprehensive income

For the three-month period ended 30 September 2022	Impact of change in accounting policy		
	As previously reported	Adjustment	As restated
Depreciation of right-of-use assets	(45,749,437)	45,749,437	--
Depreciation of investment properties	(87,146,968)	87,146,968	--
Other Operating Income	86,040,979	(86,040,979)	--
Other operating Expenses	--	(24,558,834)	(24,558,834)
Net fair value loss on investment properties	--	(4,325,663)	(4,325,663)
Profit for the period	246,350,325	17,970,929	264,321,254
Total comprehensive income for the period	248,146,695	17,970,929	266,117,624
Earnings per share – Basic and diluted	0.52	0.04	0.56

For the nine-month period ended 30 September 2022	Impact of change in accounting policy		
	As previously reported	Adjustment	As restated
Depreciation of right-of-use assets	(143,327,184)	134,992,522	(8,334,662)
Depreciation of investment properties	(266,335,503)	266,335,503	--
Other Operating Income	107,312,589	(87,316,163)	19,996,426
Other operating Expenses	(32,106,705)	(20,242,629)	(52,349,334)
Impairment of investment properties	(25,038,548)	25,038,548	--
Net fair value loss on investment properties	--	(178,433,886)	(178,433,886)
Profit for the period	480,657,393	140,373,895	621,031,288
Total comprehensive income for the period	490,553,179	140,373,895	630,927,074
Earnings per share – Basic and diluted	1.01	0.30	1.31

22. Comparative financial Information

Comparative figure of SR 9,652,914 in the condensed consolidated statement of profit or loss for the nine-month period ended 30 September 2022 have been reclassified from General and administrative expenses to Cost of revenue - Direct costs. This has been reclassified to conform to current period's presentation.

23. Approval of the condensed consolidated interim financial statements

The condensed consolidated interim financial statements were approved by the Board of Directors for issuance on 24 Rabi al thani 1445H (corresponding to 08 November 2023).