JABAL OMAR DEVELOPMENT COMPANY
(A SAUDI JOINT STOCK COMPANY)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2020

Jabal Omar Development Company (A Saudi Joint Stock Company)
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2020

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

To the Shareholders of Jabal Omar Development Company

Introduction

We have reviewed the accompanying 31 March 2020 condensed consolidated interim financial statements of Jabal Omar Development Company ("the Company") and its subsidiaries ("the Group") which comprises:

- the condensed consolidated statement of financial position as at 31 March 2020;
- the condensed consolidated statement of profit or loss and other comprehensive income for the three-months period ended 31 March 2020;
- the condensed consolidated statement of changes in equity for the three-months period ended 31 March 2020;
- the condensed consolidated statement of cash flows for the three-months period ended 31 March 2020; 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 interim financial information 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.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 31 March 2020 condensed consolidated interim financial statements of **Jabal Omar Development Company** and its subsidiaries are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia.

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

To the Shareholders of Jabal Omar Development Company (continued)

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the condensed consolidated interim financial statements, which indicates that the Group incurred a net loss of SR 217 million during the three months period ended 31 March, 2020 and, as of that date, the Group's current liabilities exceeded its current assets by SR 442 million. As stated in Note 1, these events or conditions, along with other matters as set forth therein, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

For KPMG Al Fozan & Partners
Certified Public Accountants

Dr. Abdullah Hamed Al Fozan
License No. 348

8 Dhul Qadah 1441H
Corresponding to 29 June 2020

Jabal Omar Development Company (A Saudi Joint Stock Company)
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 2020
Expressed in Saudi Riyal "000"

ASSETS	Notes	As at 31 March 2020 (Unaudited)	As at 31 December 2019 (Audited)
NON-CURRENT ASSETS			
Investment properties	5	**6,223,467**	6,192,633
Property and equipment	6	**17,742,764**	17,630,023
Restricted cash	7	**242,590**	242,590
Investment held at fair value through profit or loss	8	**1,497,986**	1,497,986
Investment in an associate		**90,486**	87,082
Intangible assets		**3,000**	3,302
Advances to certain founders		**302,433**	302,458
Other non - current assets		**21,677**	23,291
TOTAL NON - CURRENT ASSETS		**26,124,403**	25,979,365
CURRENT ASSETS			
Property for development and sale	9	**1,921,619**	1,928,376
Other current assets		**79,678**	216,730
Trade and other receivables	10	**428,341**	342,322
Restricted cash - current portion	7	**382,571**	446,244
Cash and cash equivalents	7	**233,376**	237,860
TOTAL CURRENT ASSETS		**3,045,585**	3,171,532
TOTAL ASSETS		**29,169,988**	29,150,897
EQUITY AND LIABILITIES			
EQUITY			
Share capital		**9,294,000**	9,294,000
Statutory reserve		**108,506**	108,506
Accumulated losses		**(398,905)**	(181,653)
Equity attributable to Company's shareholders		**9,003,601**	9,220,853
Non-controlling interests		**2,263**	2,316
TOTAL EQUITY		**9,005,864**	9,223,169
LIABILITIES			
NON-CURRENT LIABILITIES			
Loans and borrowings	11	**8,148,284**	4,948,012
Liabilities against finance lease	12	**6,595,147**	6,599,357
Provision for employees' terminal benefits		**28,513**	29,523
Other non-current liabilities	6a(ii)	**1,904,349**	1,947,087
TOTAL NON-CURRENT LIABILITIES		**16,676,293**	13,523,979
CURRENT LIABILITIES			
Loans and borrowings - current portion	11	**2,384,892**	5,262,821
Accounts payable and other current liabilities		**1,079,765**	1,119,154
Liabilities against finance lease - current portion	12	**23,174**	21,774
TOTAL CURRENT LIABILITIES		**3,487,831**	6,403,749
TOTAL LIABILITIES		**20,164,124**	19,927,728
TOTAL EQUITY AND LIABILITIES		**29,169,988**	29,150,897

The attached notes 1 to 18 form an integral part of these condensed consolidated interim financial statements.

Usman Asad Siddiqui	Khaled Mohammed Al Amoudi	Ziyad Othman Alhekail
Acting Chief Financial Officer	Chief Executive Officer	Chairman of the Board of Directors

Jabal Omar Development Company (A Saudi Joint Stock Company)
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the three months period ended 31 March 2020
Expressed in Saudi Riyal "000"

	Notes	For the three months period ended 31 March 2020 (Unaudited)	2019 (Unaudited)
Revenue		179,392	177,616
Cost of revenue		(203,591)	(189,163)
GROSS LOSS		(24,199)	(11,547)
Selling and marketing expenses		(1,858)	(7,790)
General and administrative expenses		(39,890)	(49,397)
Allowance for expected credit losses	1	(23,514)	-
Other income, net	13	47,995	245,328
OPERATING (LOSS) / PROFIT		(41,466)	176,594
Financial charges	14	(179,244)	(178,191)
Share of results from investment in an associate		3,405	3,159
(LOSS) / PROFIT BEFORE ZAKAT		(217,305)	1,562
Zakat	15	-	-
(LOSS) / PROFIT FOR THE PERIOD		(217,305)	1,562
OTHER COMPREHENSIVE (LOSS) / INCOME			
Total comprehensive (loss) / income for the period		(217,305)	1,562
(LOSS) / PROFIT ATTRIBUTABLE TO:			
Owners of the Company		(217,252)	1,618
Non-controlling interests		(53)	(56)
		(217,305)	1,562
TOTAL COMPREHENSIVE (LOSS) / INCOME ATTRIBUTABLE TO:			
Owners of the Company		(217,252)	1,618
Non-controlling interests		(53)	(56)
		(217,305)	1,562
(LOSS) / EARNING PER SHARE (SAR):			
Basic and diluted (loss) /earnings per share attributable to owners of the Company		(0.23)	0.00

The attached notes 1 to 18 form an integral part of these condensed consolidated interim financial statements.

Usman Asad Siddiqui Acting Chief Financial Officer	Khaled Mohammed Al Amoudi Chief Executive Officer	Ziyad Othman Al-Hekail Chairman of the Board of Directors

Jabal Omar Development Company (A Saudi Joint Stock Company)
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the three months period ended 31 March 2020
Expressed in Saudi Riyal "000"

	Equity Attributable to Company's shareholders					
	Share capital	**Statutory reserve**	**(Accumulated losses) / retained earnings**	**Total**	**Non-controlling interests**	**Total equity**
Balance at 01 January 2020	9,294,000	108,506	(181,653)	9,220,853	2,316	9,223,169
Total comprehensive loss for the period	-	-	(217,252)	(217,252)	(53)	(217,305)
Balance at 31 March 2020 (Unaudited)	9,294,000	108,506	(398,905)	9,003,601	2,263	9,005,864
Balance at 01 January 2019	9,294,000	108,506	376,024	9,778,530	4,700	9,783,230
Impact of initial application of IFRS 16	-	-	(166,073)	(166,073)	-	(166,073)
Balance at 01 January 2019 (adjusted)	9,294,000	108,506	209,951	9,612,457	4,700	9,617,157
Total comprehensive income for the period	-	-	1,618	1,618	(56)	1,562
Balance at 31 March 2019 (Unaudited)	9,294,000	108,506	211,569	9,614,075	4,644	9,618,719

The attached notes 1 to 18 form an integral part of these condensed consolidated interim financial statements.

Usman Asad Siddiqui
Acting Chief Financial Officer

Khaled Mohammed Al Amoudi
Chief Executive Officer

Ziyad Othman Alhekail
Chairman of the Board of Directors

Jabal Omar Development Company (A Saudi Joint Stock Company)
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the three months period ended 31 March 2020
Express in Saudi Riyal "000"

	Notes	For the three months period ended 31 March 2020 (Unaudited)	2019 (Unaudited)
CASHFLOW FROM OPERATING ACTIVITIES			
(Loss) / profit before Zakat		(217,305)	1,562
Adjustments for:			
Depreciation on property and equipment	6	64,576	56,888
Depreciation on investment properties	5	14,269	20,019
Amortization of intangible assets		296	105
Provision for employees' terminal benefits, net		(1,171)	968
Allowance for expected credit losses		23,514	-
Amortization of deferred gain on sale and finance leaseback assets	6a(ii)	(45,682)	(45,180)
Share of results of investment in an associate		(3,404)	(3,159)
Financial charges	14	179,244	178,191
Change in fair value of FVTPL investments		-	(197,440)
		14,337	11,954
Changes in:			
Other non-current assets		1,614	(38,967)
Property for development and sale		6,767	(11,035)
Other current assets		137,041	182,746
Trade and other receivables		(109,533)	24,443
Other non-current liabilities		3,105	17,372
Accounts payable and other current liabilities		(39,389)	(93,281)
Cash generated from operations		13,942	93,232
Financial charges paid		(84,770)	(356,840)
Net cash used in operating activities		(70,828)	(263,608)
CASHFLOW FROM INVESTING ACTIVITIES			
Additions to property and equipment		(119,116)	(139,234)
Additions to investment properties		(13,303)	(69,809)
Purchase of intangible assets		6	-
Net change in restricted cash balances		63,673	(10,302)
Net cash used in investing activities		(68,740)	(219,345)
CASHFLOW FROM FINANCING ACTIVITIES			
Net change in advance to certain founders		25	-
Net change in loans and borrowings		137,869	206,554
Net change in liabilities against finance lease		(2,810)	8,535
Net cash from financing activities		135,084	215,089
DECREASE IN CASH AND CASH EQUIVALENTS		(4,484)	(267,864)
Cash and cash equivalents at beginning of the period		237,860	642,314
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	7	233,376	374,450

The attached notes 1 to 18 form an integral part of these condensed consolidated interim financial statements.

Usman Asad Siddiqui	Khaled Mohammed Al Amoudi	Ziyad Othman Alhekail
Acting Chief Financial Officer	Chief Executive Officer	Chairman of the Board of Directors

Express in Saudi Riyal "000"

	Notes	For the three months period ended 31 March 2020 (Unaudited)	2019 (Unaudited)
MAJOR NON-CASH TRANSACTIONS			
Capitalization of borrowing cost on investment property	5b	**31,801**	28,158
Capitalization of borrowing cost on property and equipment	6e	**58,201**	52,456
Right of use assets - previously classified as operating leases		-	15,824
Impairment of right of use asset charged to retained earnings		-	166,073
Capitalization of borrowing cost on property for development and sale		-	8,547

The attached notes 1 to 18 form an integral part of these condensed consolidated interim financial statements.

Usman Asad Siddiqui	Khaled Mohammed Al Amoudi	Ziyad Othman Alhekail
Acting Chief Financial Officer	Chief Executive Officer	Chairman of the Board of Directors

1. GENERAL INFORMATION

Jabal Omar Development Company ("the Company"), a Saudi Joint Stock Company was established under the Regulations for Companies in the Kingdom of Saudi Arabia ("KSA") as per Royal Decree No. M/63, dated 18 October 2006 (corresponding to 25 Ramadan 1427H). The Ministerial Resolution No. 253/S dated 28 October 2007 (corresponding to 16 Shawal 1428H) declared the incorporation of the Company. The Company is registered in Makkah Al Mukkaramah City under Commercial Registration number 4031051838 dated 25 November 2007 (corresponding to 15 Dhul Qida 1428H).

The Company's main activity is to own Jabal Omar area adjacent to the western side of the Holy Mosque in Makkah and develop it into plots of land to manage, invest, sell and lease them for the Company's interest; in addition to carrying out operations necessary for construction, maintenance, management, demolishing, surveying, and furnishing hotels, commercial facilities and staff residences, as well as importing and exporting hotels' equipment and furniture and operating the hotels.

The Company's project (the "Project") comprises of seven phases, each phase has a number of podiums and towers. The Company has completed development work for first few phases, including site demolition, debris clearance, surface levelling and related infrastructure works. Therefore, majority of properties situated in these phases are either operational or ready to be monetized. However, remaining phases are still being developed and require sizable amounts of investment thereof. Since the Company utilizes external sources of financing to fund the construction of the Project, the magnitude and extent of revenues from the current operational assets, does not fully cover the aggregate debt servicing requirements. Moreover, a large part of the Company business is seasonal whereby income from hotels peaks in the Hajj & Umrah season while sales of *property for development and sale* during similar season slows down. These factors, along with prior unexpected delays in completion of projects, have adversely impacted the Group's financial performance and liquidity position, represented by a net loss of SR 217 million for the three months period ended 31 March 2020 and net current liability position of SR 442 million as of that date (which includes SR 2.4 billion in respect of repayments of loans).

The foregoing matters were further exacerbated by the outbreak of novel coronavirus (COVID-19) during the period, classified as a pandemic in March 2020, causing significant macro-economic uncertainty and disruptions to economic activities. In relation thereto, management and those charged with governance carried out an initial assessment of the directional impact of COVID 19 on the Group's core operations. The assessment indicated stress on various operational aspects of the Group, including expectations of:

- 80% reduction in revenue from hotel operations relative to FY 2019 as a result of nil to very low activity during otherwise peak occupancy periods in lieu of restricted travel and religious pilgrimage. Based on current estimates, management expects the hotel occupancies to return to pre COVID 19 levels by October 2020.
- Significantly lower sale of residential units due to prevailing liquidity crunch in the country. Management expects that the sale activity will gather momentum by Q3 2020.
- 113% increase in expected credit losses due to expected delays in collections of trade receivables

Since the aforementioned adverse statistics and events are indicative of the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern, therefore, management has carried out a detailed exercise for developing a mitigation plan comprising of various measures aimed at addressing the prevailing operational challenges, especially current and anticipated future liquidity gaps. These measures include, among others, restructuring of current debt obligations, sale of assets and cost optimization. Moreover, in relation to COVID 19, management has taken a series of preventive measures, including the creation of crisis management teams and processes to ensure the health and safety of employees, customers, and community at large. As the pandemic situation is constantly changing, the management believes there is no significant impact beyond what is already disclosed in the condensed consolidated interim financial statements.

1. GENERAL INFORMATION (CONTINUED)

Key highlights of the mitigation plan with respect to these aspects and their corresponding status are described below.

Aspect	Description of financial statement account	Measures taken	Status
Debt restructuring	Loan due to a Government entity – note 11(b) *(Principal amount: SR 3 billion, amount included under non- current liabilities: SR 3 billion)*	The Group requested the lender for the execution of a restructuring plan comprising of: - deferral in current repayments falling due within 12 months - grant of further liquidity support	During the period ended 31 March 2020, the Group received official communication from the Government entity confirming the: - postponement of all installments due on or before 31 December 2020 until 30 June 2021 - willingness to provide support to the Group on restructuring of other debts and extend financial support to meet cashflow requirements to meet Phase 3 funding needs. Subsequent to the period end, the Group has officially requested the lender to provide immediate funding support to enable the Group to meet its Phase 3 related cashflow requirement. The foregoing request is under review by the lender.
	Bilateral loans due to a local bank – notes 11(e), (h) *(Principal amount: SR 1.6 billion, amount included under current liabilities: SR 1.6 billion)*	The Group requested the lender for the execution of a restructuring plan comprising of: - deferral in current repayments falling due within 12 months - rescheduled repayments to be linked with operational cashflows of the Group	In April 2020, the Group received a communication from the lender confirming the approval of the deferral of total loan amount for 18 months starting as of that date, with the deferred repayments to be linked with certain assigned operating cashflows. As of the date of issuance of these financial statements, the Group has agreed the detailed terms and conditions of restructuring whereby out of the total loan exposure, an amount of SR 1 billion will be due on 30 November 2021 while the remaining SR 0.6 billion will be due on 31 December 2025. Further details of the revised terms are disclosed in notes 11(e) and (h).
	Loan due to other financiers – notes 11(c), (d), (f), (g) and (i) *(Principal amount: SR 5.6 billion, amount included under current liabilities: SR 451 million)*	The Group requested the financiers for the restructuring of the existing loan balance, especially, in light of the support measures announced by Saudi Arabian Monetary Authority in response to COVID 19.	The Group has received short-term deferral from financiers on instalments due prior to 30 June 2020 until the latter part of FY 2020. The Group is in process of negotiating further extension (beyond FY 2020) with the financiers.
	Finance lease* arrangement *(Lease carrying value: SR 6 billion, amount included under current liabilities: SR nil)*	Subsequent to the period end, the Group announced suspension of lease payments for the period from May 2020 to November 2020 due to 'force majeure' as a result of COVID-19. As such, the Group also sought refund of the prepaid lease rentals for the period from 10 March 2020 to 07 May 2020. Moreover, the Group is in process of negotiating lease restructuring with the lessor.	Pursuant to Group's announcement, the Lessor has indicated that the governance of the lessor will review the matter subject to receipt of certain information from the Group.

1. GENERAL INFORMATION (CONTINUED)

Aspect	Description of financial statement account	Measures taken	Status
Sale of assets*	Unencumbered/un-pledged assets included under investment properties and property and equipment – notes 5, 6 & 1	Subsequent to the Board of Director's approval for sale of available assets, the Group commenced an exercise to identify interested buyers.	The Group is currently carrying out pre-offer discussions with interested buyers and also holds a non-binding offer for certain asset valid until August 2020.
Cost optimization*	Operational cost	The Group has commenced an exercise to identify operational areas for cost optimization. Various measures being considered in this regard.	The optimization plan is currently being developed and is expected to be implemented within FY 2020.

**the associated cashflows forecasted by the Group in preparing its mitigation plan represent management's best estimate of the corresponding timing and amounts of proceeds/savings considering the impact of COVID 19 and retention of key staff.*

Based on the aforementioned factors, the Group's cashflow forecast for the foreseeable future, including the 12 months period from the reporting date depicts a net positive cashflow position. As such the Group expects to be able to meet its obligations as and when they fall due without a need for curtailing core operations or carrying out forced sale of existing operational assets. In preparing its forecast, the Group has considered all reasonably probable cash flows with such timing and amount as supported by the circumstances and facts available as of the date of issuance of these condensed consolidated interim financial statements, including the impact of COVID 19. Moreover, the Group has also considered various scenarios to assess the sensitivity of key assumptions used. Accordingly, management believes that the Group continues to be a going concern and the condensed consolidated interim financial statements have been prepared on that basis. However, in the event that the Group is unable to positively meet the foregoing plans and measures, the prevailing material uncertainty may adversely impact the Group's ability to continue as a going concern.

The Company has branch commercial registrations to engage in hospitality activities as per the Saudi Commission for Tourism and National Heritage's ("SCTA") letters. These condensed consolidated interim financial statements include the results of the operating activities relating to the following hotels in addition to its two branches in Jeddah and Riyadh bearing commercial registration numbers 4030291056 and 1010465230 respectively.

Name	*Commencement of operation*	*Registration No.*	*Registration date*	*SCTA's-letter No.*	*SCTA's-letter date*
Hilton suites Makkah	01 July 2014 (corresponding to 4 Ramadan 1435H)	4031077081	25 May 2013 (corresponding to 15 Rajab 1434H)	AVM/5887/34	04 March 2013 (corresponding to 22 Rabi II 1434H)
Hyatt Regency	22 June 2015 (corresponding to 5 Ramadan 1436H)	4031087547	09 September 2014 (corresponding to 14 Dhul Qida 1435H)	8957	25 May 2014 corresponding to 26 (Rajab 1435H)
Conrad	30 July 2016 (corresponding to 25 Shabaan 1437H)	4031091636	29 April 2015 (corresponding to 10 Rajab 1436H)	9347	16 March 2015 (corresponding to 25 Jumada I 1436H)
Hilton Convention	31 March 2017 (corresponding to 3 Rajab 1438H)	4031097174	10 August 2016 (corresponding to 07 Dhul Qida 1437H)	16474	19 July 2016 (corresponding to 14 Shawwal 1437H)
Double Tree by Hilton	01 August 2019 (corresponding to 29 Dhul Qida 1440H)	4031214815	15 May 2018 (corresponding to 29 Shaban 1439H)	1651	14 May 2018 (corresponding to 28 Shaban 1439H
Marriott Makkah	22 June 2015 (corresponding to 5 Ramadan 1436H)	4031085088	07 May 2014 (corresponding to 8 Rajab 1435H)	AVM/8332/35	17 March 2014 (corresponding to 16 Jumada I 1435H)

1. GENERAL INFORMATION (CONTINUED)

These condensed consolidated interim financial statements comprise the financial statements of the Company and its subsidiaries (together referred to as the 'Group'). The Company has the following subsidiaries as at 31 March 2020. The Group is incorporated in Kingdom of Saudi Arabia.

Name of the Subsidiary	*Registration No.*	*Registration date*	*Ownership interest*	*Financial year end*	*Principal activities*
Shamikhat Company for Investment and Development	4030594602	09 October 2017 corresponding to 19 Muharram 1439H	100%	31 December	Investment & Development services in the real estate sector
Sahat For Facility Management Company	4031210499	22 October 2017 corresponding to 02 Safar 1439H	100%	31 December	Real estate services
Warifat Hospitality Company	4030298569	01 January 2018 corresponding 14 Rabi II 1439H	90%	31 December	Hospitality services
Ishrakat for logistic services Company	4030303509	06 May 2018 corresponding 21 Shaban 1439H	100%	31 December	Logistic services
Alyaat for marketing Company	4030326220	05 March 2019 corresponding 27 Jumada Al-Thani 1440H	100%	31 December	Marketing services

2. BASIS OF PREPARATION

2.1 Statement of compliance

The accompanying condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by Saudi Organization for Certified Public Accountants (SOCPA) (collectively referred to "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 IFRS financial statements to be prepared in accordance with IFRS as endorsed in KSA. However, selected explanatory notes are included to explain events and transactions that are significant to the understanding of the changes in the Group's financial position and performance since the date of last audited financial statements. In addition, results for the three months period ended 31 March 2020 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2020. Accordingly, the condensed consolidated interim financial statements should be read in conjunction with the Group's last audited financial statements for the year ended 31 December 2019. Certain prior period amounts have been reclassified to conform to the presentation in the current year.

2.2 Basis of Measurement

These condensed consolidated interim financial statements have been prepared under the historical cost basis using the accrual basis of accounting except for the following items which are measured on an alternative basis on each reporting date:

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

2. BASIS OF PREPARATION (CONTINUED)

2.3 Functional and presentation currency

These condensed consolidated interim financial statements are presented in Saudi Arabian Riyals ("SR") which is the functional and presentational currency of the Company and all components. All amounts have been rounded to the nearest thousands unless otherwise indicated.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS ESTIMATES, AND ASSUMPTIONS

The accounting policies judgements, estimates and assumptions adopted for the preparation of these condensed consolidated interim financial statements are consistent with those applied in preparation of consolidated financial statements as at and for the year ended 31 December 2019.

4. NEW STANDARDS AND AMENDMENTS ISSUED BUT NOT YET EFFECTIVE

Standards and amendments issued but not yet effective as at the reporting date are listed below. The Group is currently assessing the implications of these on its financial statements, however, it expects that the impact, if any, would not be material to the financial statements.

Effective for annual periods beginning on or after	New Standards or amendments
1 January 2021	IFRS 17 Insurance Contracts
1 January 2022	Classification of Liabilities as Current or Non-current (Amendments to IAS 1)
Available for optional adoption/effective date deferred indefinitely	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)

Expressed in Saudi Riyal "000" unless otherwise stated

5. INVESTMENT PROPERTIES

	Land	Buildings	Equipment	Infrastructure Assets	Capital work in progress	Total
COST:						
Balance at 1 January 2019	1,518,276	2,297,058	903,875	92,335	2,999,052	7,810,596
Additions during the year	-	10,805	4,373	-	414,552	429,730
Transfers from property and equipment (note 6(b(i)))	(124,328)	(578,390)	(195,629)	-	(990,005)	(1,888,352)
Balance at 31 December 2019 (Audited)	**1,393,948**	**1,729,473**	**712,619**	**92,335**	**2,423,599**	**6,351,974**
				-		
Additions during the period	-	-	-	-	45,103	45,103
Balance at 31 March 2020 (Unaudited)	**1,393,948**	**1,729,473**	**712,619**	**92,335**	**2,468,702**	**6,397,077**
ACCUMULATED DEPRECIATION:						
Balance at 1 January 2019	-	58,726	84,089	13,985	-	156,800
Depreciation for the year	-	27,786	48,219	2,190	-	78,195
Transfers from property and equipment (note 6(b(i)))	-	(36,786)	(38,868)	-	-	(75,654)
Balance at 31 December 2019 (Audited)	**-**	**49,726**	**93,440**	**16,175**	**-**	**159,341**
Depreciation for the period	-	5,263	8,529	477	-	14,269
Balance at 31 March 2020 (Unaudited)	**-**	**54,989**	**101,969**	**16,652**		**173,610**
NET BOOK VALUE:						
At 31 March 2020 (Unaudited)	**1,393,948**	**1,674,484**	**610,650**	**75,683**	**2,468,702**	**6,223,467**
At 31 December 2019 (Audited)	1,393,948	1,679,747	619,179	76,160	2,423,599	6,192,633

Expressed in Saudi Riyal "000" unless otherwise stated

5. INVESTMENT PROPERTIES (CONTINUED)

a) Investment property includes assets under finance leases, Refer note 6(a)(ii) for details.

b) During the three months period ended 31 March 2020, an amount of SR 31.8 million (31 March 2019: SR 28.1 million) was capitalized as cost of borrowings for the construction of investment properties included in capital work in progress.

c) Investment properties include assets held as a lessee under finance leases, included under the following:

	Land	Building	Equipment	Total
As at 01 January 2020	405,186	1,419,167	506,907	2,331,260
Depreciation for the period	-	(4,463)	(7,137)	(11,600)
As at 31 March 2020 (Unaudited)	405,186	1,414,704	499,770	2,319,660

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6. PROPERTY AND EQUIPMENT

	Land	Buildings	Central district cooling system	Equipment	Furniture and fixtures and other assets	Infrastructure assets	Capital work in progress	Total
COST:								
Balance at 1 January 2019	2,435,467	3,297,463	505,025	1,204,968	752,036	266,865	7,326,101	15,787,925
Additions during the year	-	21,062	-	6,056	46,986	-	577,917	652,021
Transfers to investment properties (note 6(b(i)))	124,328	578,390	-	195,629	-	-	990,005	1,888,352
Transfers from CWIP	-	655,199	-	733,219	87,913	162,191	(1,638,522)	-
Balance at 31 December 2019 (Audited)	**2,559,795**	**4,552,114**	**505,025**	**2,139,872**	**886,935**	**429,056**	**7,255,501**	**18,328,298**
Additions during the period	-	-	-	-	368	-	176,949	177,317
Balance at 31 March 2020 (unaudited)	**2,559,795**	**4,552,114**	**505,025**	**2,139,872**	**887,303**	**429,056**	**7,432,450**	**18,505,615**

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6. PROPERTY AND EQUIPMENT (CONTINUED)

	Land	Buildings	Central district cooling system	Equipment	Furniture and fixtures and other assets	Infrastructure assets	Capital work in progress	Total
ACCUMULATED DEPRECIATION:								
Balance at 1 January 2019	-	57,753	60,671	81,527	163,340	22,521	-	385,812
Depreciation for the year	-	45,397	15,168	65,272	103,640	7,332	-	236,809
Transfer to investment properties (note 6(b(i)))	-	36,786	-	38,868	-	-	-	75,654
Balance at 31 December 2019 (Audited)	**-**	**139,936**	**75,839**	**185,667**	**266,980**	**29,853**	**-**	**698,275**
Depreciation for the period	-	13,710	3,792	22,302	22,784	1,988	-	64,576
Balance at 31 March 2020 (Unaudited)	**-**	**153,646**	**79,631**	**207,969**	**289,764**	**31,841**	**-**	**762,851**
NET BOOK VALUE:								
At 31 March 2020 (Unaudited)	**2,559,795**	**4,398,468**	**425,394**	**1,931,903**	**597,539**	**397,215**	**7,432,450**	**17,742,764**
At 31 December 2019 (Audited)	2,559,795	4,412,178	429,186	1,954,205	619,955	399,203	7,255,501	17,630,023

6. PROPERTY AND EQUIPMENT (CONTINUED)

a. As at the reporting date investment properties and property and equipment includes assets under lease arrangement amounting in aggregate to SR 2,320 million (31 December 2019: SR 2,331 million) and SR 3,743 million (31 December 2019: SR 3,773 million) respectively. Details of these lease arrangements are as follows:

i. The Group signed an agreement ("the Agreement") with the Central District Cooling Company ("CDCC") an associate for the construction, operation and maintenance of the District Cooling System ("DCS") for 26.5 years from the date of final commissioning of DCS which became effective 31 December 2014. The DCS is pledged against a loan obtained by CDCC. Since the Agreement with CDCC in respect of DCS contains lease arrangement hence it has been classified as a lease by the Group. At 31 March 2020 the net carrying amount of DCS was SR 599 million (31 December 2019: SR 603 million).

ii. During the period ended 31 December 2017 the Group signed a Sale Purchase Agreement (the "Agreement") with Alinma Investment Company ("AIC") for the sale of certain towers in phase 1, including hotels and commercial centers, to Alinma Makkah Real Estate Fund (the "Fund") a Fund incorporated in the Kingdom of Saudi Arabia as a closed ended fund managed by AIC (the "Fund Manager") at a sale price of SR 6 billion. In relation to the Agreement the Group signed other agreements through additional supplemental agreements namely Sale Undertaking Agreement Lease Agreement and Exclusive Sale Agency Agreement (together-with the Agreement termed as the "Arrangement") to complete the sale as one linked transaction.

The key features of the Arrangement are as follows:

- The Group sold the Properties at a price of SR 6 billion.
- The Group shall lease back the properties and manage them for a period of 10 years for a semi-annual rent of SR 270 million.
- The Group has a call option to buy back the properties from end of 5th year till 10th year effectively at SR 6 billion. In effect if the properties are bought back by the Group or sold to a third party the excess amount over SR 6 billion will be the right of the Group.
- Upon termination of the lease at the end of 10th year in case the properties remain unsold the Fund is free to sell the Properties to any third party. However, the Group will have the first right of offer.

At the time of execution, the Arrangement was accounted for as a Sale and Lease back based on the commercial substance of the transaction.

At 31 March 2020 the carrying amount of investment properties and property and equipment under the leaseback is SR 2,320 million and SR 3,309 million (31 December 2019: SR 2,331 million and SR 3,334 million). The Group has deferred the gain on disposal of the properties amounting to SR 1.83 Billion which is being amortized over the term of lease period of 10 years and classified as follows in the condensed consolidated statement of financial position:

- Long-term portion under other non-current liabilities amounting to SR 1.21 Billion (31 December 2019: SR 1.25 Billion)
- Current portion under accounts payable and other current liabilities amounting to SR 183 million. (31 December 2019: SR 183 million)

As at 31 March 2020 prepaid instalment on the lease amount to SR 57 million (31 December 2019: SR 192 million), classified under other current assets.

b. These represent amounts transferred to property for development and sale pertaining to assets determined by management to be used for future sale in the ordinary course of Group's operations.

(i) These represent amounts transferred to investment properties pertaining to assets determined by management to be used for generating rental income.

(ii) These represent amounts transferred from investment properties to property and equipment on account of change nature of use.

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6. PROPERTY AND EQUIPMENT (CONTINUED)

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

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

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

Moreover, in lieu of the fact that MCDC subscribed for the shares on behalf of owners who could not submit their legal tittle deeds, a corresponding payable to MCDC was recognised. The amount payable to MCDC would be settled as and when owners who could not submit their title deeds earlier, would do so, with a corresponding re-allocation in shareholding between MCDC and such owner. Management expects the liability to be settled over a period of more than 12 months from the reporting date.

d. Property and equipment include assets held as a lessee under finance leases, included under the following:

	Land	Building	Central District Cooling system	Equipment	Furniture and fixtures and other assets	Total
As at 01 January 2020	471,494	1,851,495	429,188	727,554	293,822	3,773,553
Additions during the period	-	-	-	-	-	-
Depreciation for the period	-	(5,765)	(3,792)	(8,648)	(12,035)	(30,240)
As at 31 March 2020 (Unaudited)	471,494	1,845,730	425,396	718,906	281,787	3,743,313

e. During the period ended 31 March 2020, an amount of SR 58.2 million (31 March 2019: SR 52.4 million) was capitalized as cost of borrowings for the construction of property and equipment included in capital work in progress.

7. CASH AND CASH EQUIVALENTS

	31 March 2020 (Unaudited)	31 December 2019 (Audited)
Cash on hand	227	330
Cash at banks (see notes (a) below)	858,310	926,364
	858,537	926,694
Less: Restricted cash – non-current (see note (a) below)	(242,590)	(242,590)
Less: Restricted cash – current (see note (a) below)	(382,571)	(446,244)
Cash and cash equivalents	233,376	237,860

a) Cash at banks includes an amount of SR 419 million placed in Murabaha deposits with commercial banks having original maturity of three to six months (31 December 2019: SR 462 million) and yielding profit at prevailing market rate. However, these Murabaha deposits are restricted under reserve accounts as per the agreement under corresponding arrangement with commercial banks.

b) Balance in bank accounts with entities having common directorship with the Company amount to SR 2 million as at reporting date (31 December 2019: SR 13.7 million)

8. INVESTMENT HELD AT FAIR VALUE THROUGH PROFIT OR LOSS

	Notes	Carrying value as at 31 March 2020 (Unaudited)	Carrying value as at 31 December 2019 (Audited)	Unrealized gain as at 31 March 2020 (Unaudited)	Unrealized gain as at 31 December 2019 (Audited)
Alinma Makkah Real Estate Fund	a	1,166,986	1,166,986	166,986	166,986
Al Bilad Makkah Hospitality Fund	b	331,000	331,000	111,000	111,000
		1,497,986	1,497,986	277,986	277,986

a) This represents investment in 100 million units (31 December 2019: 100 million units) of the investee, which is a closed ended fund domiciled in KSA and managed by Alinma Investment Company. The main asset of the investee is represented by finance lease receivables pertaining to the sale and leaseback of certain properties located in Makkah. Significant unobservable inputs used in the valuation include fair value of investee's major asset (estimated using contractual cash flows and terminal value of the asset discounted at risk adjusted discount rate). Accordingly, the fair value of the major asset is most sensitive to this risk adjusted discount rate. As at 31 March 2020, a reasonably possible change in the risk adjusted discount rate, while keeping all other inputs and assumptions constant, would have affected the value of the investment as follows:

	Effect on profit and loss (SR '000) Increase	Effect on profit and loss (SR '000) Decrease
1%(100bps) change in risk adjusted discount rate	73,095	(79,613)

b) This represents investment in 20 million units (31 December 2019: 20 million units) of the investee which is a private placement closed ended real estate investment fund domiciled in KSA and managed by Al Bilad Investment Company. The objective of the investee is to acquire interest in properties situated in Makkah in order to generate income and capital growth. The main assets of the investee are represented by investment properties. The investee prepares and publishes financial statements on semi-annual basis under which it reports net asset value of the fund based on the fair value of these investment properties, as determined by two independent valuers (referred to as 'Indicative NAV'). Since the units of the fund are traded with reference to such Indicative NAV, management believes that it is a reasonable approximation of the fair value of the investee. As per the latest audited financial statements of the investee for the year ended 31 December 2019, the Indicative NAV per unit amounts to SR 16.55, which has accordingly been used as a valuation basis of the Group's investment as at 31 March 2020. Moreover, based on management's assessment of the impact of COVID 19 on the fair value of operating assets domiciled in the Haram area, the Group has estimated an insignificant corresponding impact on fair value of the investment.

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9. PROPERTY FOR DEVELOPMENT AND SALE

These represent properties being developed for sale as residential units. Movement during the period ended 31 March 2020 is as follows:

	31 March 2020 (Unaudited)	31 December 2019 (Audited)
Opening balance	1,928,376	1,508,443
Additions	17,343	463,054
	1,945,719	1,971,497
Less: Charged to cost of revenue	(24,100)	(43,121)
	1,921,619	1,928,376

10. TRADE AND OTHER RECEIVABLES

	31 March 2020 (Unaudited)	31 December 2019 (Audited)
Accounts receivable (see notes a and b below)	427,329	310,443
Accrued rental income	7,541	9,312
Margin and other deposits	19,821	19,771
Other receivables	17,869	23,501
Less: Allowance for expected credit losses (ECL)	(44,219)	(20,705)
	428,341	342,322

a) Accounts receivables includes balances receivable from related parties amounting to SR 71.7 million (31 December 2019: SR 51.6 million) (see note 16).

b) Accounts receivables include contract assets (unbilled revenue) in respect of off-plan sales of *property for development and sale* amounting to SR 102.6 million (31 December 2019: SR 61.1 million).

11. LOANS AND BORROWINGS

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

	31 March 2020 (Unaudited)	31 December 2019 (Audited)
Government loan (note (b) below)	3,000,000	3,000,000
Syndicate loan (2) (note (c) below)	4,268,265	3,898,208
Facility from a local bank (note (d) below)	571,770	571,770
Facility from a local bank (note (e) below)	1,000,000	1,000,000
Facility from a local bank (note (f) below)	149,945	147,981
Facility from a local bank (note (g) below)	138,567	203,310
Facility from a local bank (note (h) below)	600,000	600,000
Subordinated Sukuk (note (i) below)	508,045	508,045
	10,236,592	9,929,314
Less: Deferred financial charges	(29,199)	(31,236)
Accrued commission on term loans	325,783	312,755
	10,533,176	10,210,833
Less: Current portion	(2,384,892)	(5,262,821)
Non-current portion	8,148,284	4,948,012

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11. LOANS AND BORROWINGS (CONTINUED)

a) Movement in term loans for the period/year is as follows:

	For the three months period ended 31 March 2020 (Unaudited)	For the year ended 31 December 2019 (Audited)
Opening balance	10,210,833	9,272,213
Drawdown during the period / year	415,287	1,571,608
Repayment during the period / year	(92,944)	(632,988)
Closing balance	10,533,176	10,210,833

Term loans

b) The Group signed an agreement with a government entity and obtained a loan amounting to SR 3 billion to develop the Jabal Omar area, which was withdrawn during past years. On 15 February 2016 (corresponding to 6 Jumada I 1437H), the Group obtained an approval from the government entity to postpone the effective date of loan settlement and its financial charges and grace period commissions for an additional term so that the grace period would become 7 years from original disbursement date and was payable in six annual equal instalments commencing 1 January 2019.

During 2018, the Group had further rescheduled the loan in agreement with the government entity to repay in three equal installment annually, commencing on December 31, 2018.

During the period ended 31 March 2020, the Group received confirmation from the Government entity confirming the postponement of all installments due on or before 31 December 2020 until 30 June 2021 and willingness to provide support on restructuring of other debts and extend the financial support to meet cashflow requirements to meet Phase 3 funding needs. Accordingly, the loan balance has been reclassified to non-current liabilities. The loan carries borrowing costs at commercial rates. The loan is secured by a mortgage of land plots of 30,494 square meters.

c) On 16 September 2015 (corresponding to 3 Dhul-Hijjah 1436H), the Group signed a syndicated Islamic loan agreement under Ijara arrangement with a credit limit of SR 8 billion with two local banks. Such loan shall be used to repay all bank liabilities related to Phases 2, 4 and 5, including a loan from a local bank with a credit limit of Saudi Riyals 2 billion (already paid) and another short-term liability in addition to completing the construction of Phases 2 and 4 and executing Phase 5. The syndicated Islamic loan is payable over a period of 12 years from the date of signing the agreement with a grace period of 4 years. The Group has withdrawn an amount of SR 4.3 billion under the facility. The loan carries borrowing costs at commercial rates.

The Group provided the following securities against the loan:

- Mortgage of the above mentioned phases' lands deeds.
- Endorsing lease contracts of the above mentioned stages.
- Restriction on the above mentioned stages' bank accounts.
- Endorsing insurance policies of the above mentioned stages.
- Release of the letter of guarantee provided by the above mentioned phase's contractors.
- Signing a direct agreement with contractors of the above mentioned phase's contractors.
- Promissory note by the Group for the bank.

11. LOANS AND BORROWINGS (CONTINUED)

d) On 30 March 2016 (corresponding to 21 Jumada II 1437H), the Group signed an unsecured facility term agreement with a local bank, with an amount of SR 842 million for the purpose of settlement of certain Group's outstanding liabilities. On 20 March 2017 (corresponding to 21 Jumada II 1438H), the Group signed an agreement for the same unsecured facility (as mentioned above) whereby the loan has been restructured to long term and will be repaid over a period of four years. Accordingly, as per the revised repayment terms, the loan is repayable in seven semi-annual equal instalments; the first instalment was due on 20 March 2018 (corresponding to 03 Rajab 1439H) and last instalment would have been due on 20 March 2021 (corresponding to 7 Shabaan 1442H). The loan carries borrowing costs at commercial rates. On 21 March 2019 (corresponding to 14 Rajab 1441), the Group entered into a revised/ restructured agreement relating to the facility for the outstanding amount of the loan as at the restructuring date. Accordingly, as per the revised terms, the loan is repayable in nine installments; the first installment falling due on 18 August 2019 (Corresponding to 17 Dhual Hijjah 1440) and last installment due on 19 September 2023 (Corresponding to 4 Rabiul awal 1445). During the quarter ended 31 March 2020, the Group has received short-term deferral on the instalment due in March 2020 until the following instalment due date in September 2020.

e) On 3 August 2017 (corresponding to 11 Dhul Qadah 1438H), the Group signed an unsecured facility with a local bank, with an amount of SR 500 million for the purpose of settlement of certain Group's outstanding liabilities. The loan carries borrowing costs at commercial rates and was repayable after six months (with an option to extend for a further period of six months). Original maturity date of the loan was 01 February 2018 (corresponding to 15 Jumada I 1439H). On 16 October 2017 (corresponding to 26 Muharram 1439H), the Group has re-negotiated and signed an agreement to convert the existing unsecured facility with secured facility for an additional amount of SR 500 million which increased the facility to SR 1 billion for the purpose of Group's outstanding liabilities. This new facility is secured with SR 1 billion subscribed units of JODC in Alinma Makkah Real Estate Fund and was due for payment on 28 December 2019. The loan carries borrowing costs at commercial rates. Subsequent to the reporting date, the Group has finalized the terms and condition of restructuring the facilities and accordingly maturity has been extended to November 2021. Moreover, based on the revised terms, the interest rate has been increased by 0.25%. The resulting modification loss will be recognized in the interim condensed consolidated financial statements for the period ending 30 June 2020.

f) On 16 August 2017 (corresponding to 24 Dhul Qadah 1438H), the Group signed an unsecured non funded facility with a local bank, with an amount of SR 200 million for the purpose of opening letters of credit (L/C) and letters of guarantees (L/G) by the Group. The facility carries borrowing costs at commercial rates and facility was rolled over till 17 September 2022 (corresponding to 21 Safar 1444). The facility carries borrowing costs at commercial rates. At 31 March 2020, the Group has utilized SR 150 million to settle some of the outstanding liabilities.

g) On 17 January 2018 (corresponding to 30 Rabi Al-Akhar 1439H), the Group signed an unsecured non-funded facility with a local bank, with an amount of SR 300 million for the purpose of opening letters of credit (L/C) and letters of guarantees (L/G) by the Group. The facility was renewed with amount of SR 209.8 million with expiry date of 31 January 2020. At 31 March 2020, the Group has utilized SR 138 million to settle some of the outstanding liabilities. The lender has common directorship with the Company. Subsequent to the reporting date, the facility has been extended until October 2020.

h) On 30 January 2019 (corresponding to 24 Jamada awal 1440), the Group has signed an unsecured facility with a local bank, with an amount of SR 600 million for the purpose of financing existing phase 3 project overhead requirements and other financial commitments. The loan was repayable on 27 February 2020. The facility carries borrowing costs at commercial rates. Subsequent to the reporting date, the Group has finalized the terms and condition of restructuring the facilities and accordingly maturity has been extended to December 2025. The deferred repayments will be linked with the assigned operating cashflows. Moreover, based on the revised terms, the interest rate has been increased by 0.5%. The resulting modification loss will be recognized in the interim condensed consolidated financial statements for the period ending 30 June 2020. At 31 March 2020, the Group has utilized the facility in full.

i) On 15 November 2018, the Group issued sharia compliant unsecured and subordinated private Sukuk amounting to SAR 503 million, with maturity date of 15 November 2023. The outstanding principal is repayable in a single instalment due on the maturity date. The Sukuk carries borrowing cost at commercial rates.

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12. LIABILITIES AGAINST LEASES

The liabilities against lease are as follows:

	31 March 2020 (Unaudited)	31 December 2019 (Audited)
Total lease payments under finance leases	11,027,660	11,307,031
Finance charges	(4,409,339)	(4,685,900)
	6,618,321	6,621,131
Less: Current portion	(23,174)	(21,774)
Non-current portion	6,595,147	6,599,357

13. OTHER INCOME, NET

	For the three months period ended 31 March 2020 (Unaudited)	For the three months period ended 31 March 2019 (Unaudited)
Fair value gain on FVTPL investment (refer note 8)	-	197,440
Dividend income from FVTPL investments	20,222	-
Amortization of deferred gain on sale of assets under sale and finance lease back (note6(a)(ii))	45,682	45,180
Other (expense) / income, net	(17,909)	2,708
	47,995	245,328

14. FINANCIAL CHARGES

	For the three months period ended 31 March 2020 (Unaudited)	For the three months period ended 31 March 2019 (Unaudited)
Finance leases	138,977	138,251
Loans and borrowings	40,267	39,940
	179,244	178,191

15. ZAKAT PAYABLE

The Group has submitted Zakat returns with General Authority of Zakat and Tax ("GAZT") up to and including the year 2018 and obtained restricted Zakat certificate. Moreover, GAZT has issued Zakat assessments for the period from 1427H to 1433H resulting in additional Zakat demand of SR 48.3 million. The Group has filed an appeal with GAZT in respect of the additional Zakat liability and is expecting a favorable outcome.

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16. RELATED PARTIES AND OTHER AFFILIATES

In the ordinary course of its business the Group transacts with related parties which are based on prices and terms approved by the management.

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

Related party	Nature of transaction	For the three months period ended 31 March 2020	For the three months period ended 31 March 2019
Alinma Makkah Real Estate Fund	- Finance lease charges	135,000	135,000
	- Dividend	20,222	-
Seniot management employees	- Short term employee benefits	938	785
	- Post-employment benefits	37	31
BOD	BOD meeting attendance fee	167	-
Central District Cooling Company	- Finance lease rental payment (Note 6(a)(i))	17,899	26,298
	- Concession fee 7%	563	2,281

Balances arising from transactions with related parties are as follows:

Related party	Included under	31 March 2020 (Unaudited)	31 December 2019 (Audited)
Alinma Makkah Real Estate Fund	Trade and other receivables	71,778	51,556
Al-Bilad Makkah Hospitality Fund	Accounts payable and other current liabilities	20,501	20,501
Central District Cooling Company	Accounts payable and other current liabilities	63,125	55,159
Makkah Construction and Development Company	Other non-current liabilities	309,565	309,565

17. SEGMENT REPORTING

Basis for segmentation

The Group has the following five strategic divisions which are its reportable operating segments. These divisions offer different products and/or services and are managed separately. The following summary describes the operations of each reportable segment.

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

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17. SEGMENT REPORTING (CONTINUED)

	For the three months period ended 31 March 2020 (Unaudited)					
	Operating Hotels	*Commercial Centres*	*Property for development and sale*	*Property under construction*	*Corporate*	*Total*
Statement of financial position items as at 31 March 2020:						
Current assets	**211,187**	**136,598**	**2,040,452**	**-**	**657,348**	**3,045,585**
Property and equipment	**10,258,002**	**-**	**-**	**7,432,451**	**52,311**	**17,742,764**
Investment properties	**1,023,153**	**2,731,612**	**-**	**2,468,702**	**-**	**6,223,467**
All other non-current assets	**-**	**-**	**-**	**-**	**2,158,172**	**2,158,172**
Total liabilities	**4,627,672**	**3,030,997**	**37,227**	**9,721,533**	**2,746,695**	**20,164,124**
Statement of profit or loss and other comprehensive income items for the three months period ended 31 March 2020 :						
Revenues from operations	**111,273**	**30,082**	**38,037**	**-**	**-**	**179,392**
Total comprehensive (loss) / income	**(107,650)**	**(24,309)**	**12,753**	**-**	**(98,099)**	**(217,305)**

	For the year ended 31 December 2019 (Audited)					
	Operating Hotels	*Commercial Centres*	*Property for development and sale*	*Property under construction*	*Corporate*	*Total*
Statement of financial position items as at 31 December 2019:						
Current assets	247,732	104,280	2,014,937	-	804,583	3,171,532
Property and equipment	10,317,628	-	-	7,255,504	56,891	17,630,023
Investment properties	1,029,410	2,739,626	-	2,423,597	-	6,192,633
All other non-current assets	-	-	-	-	2,156,709	2,156,709
Total liabilities	4,664,576	3,021,439	34,801	9,352,897	2,854,015	19,927,728
Statement of profit or loss and other comprehensive income items for the three months period ended 31 March 2019 :						
Revenues from operations	106,692	34,198	36,726	-	-	177,616
Total comprehensive (loss) / income	(92,963)	(25,699)	17,497	-	102,727	1,562

18. APPROVAL OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

These condensed consolidated interim financial statements were approved and authorized to issue by the Board of Directors on 21 June 2020 corresponding to (29 Shawal 1441H).