ABDULMOHSEN AL-HOKAIR GROUP FOR TOURISM AND DEVELOPMENT COMPANY
(A SAUDI JOINT STOCK COMPANY)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AND REPORT ON REVIEW FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2022

Abdulmohsen Al-Hokair Group for Tourism and Development Company
(A Saudi Joint Stock Company)
Condensed consolidated interim financial statements (Unaudited)
For the three-month and nine-month periods ended September 30, 2022

Table of contents	**Page**

Report on review of the condensed consolidated interim financial statements

To the Shareholders of Abdulmohsen Al-Hokair Group for Tourism and Development Company
(A Saudi Joint Stock Company)

Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of Abdulmohsen Al-Hokair Group for Tourism and Development Company (the “Company”) and its subsidiaries (the “Group”) as at September 30, 2022 and the related condensed consolidated interim statement of comprehensive income for the three-month and nine-month periods then ended and the related condensed consolidated interim statements of changes in shareholders’ equity and cash flows for the nine-month period then ended and other explanatory notes. The Board of directors is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with International Accounting Standard 34 - “Interim Financial Reporting” (IAS 34), as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, “Review of interim financial information performed by the independent auditor of the entity”, as endorsed in the Kingdom of Saudi Arabia. A review of interim financial 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, as endorsed in the Kingdom of Saudi Arabia, and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

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

Emphasis of matter

We draw attention to Note 2 to the accompanying condensed consolidated interim financial statements, which indicates that the Group has net income of SR 12.1 million for the three-month period ended September 30, 2022 and incurred a net loss of SR 54.2 million for the nine-month period ended September 30, 2022. In addition, the Group’s current liabilities exceeded its current assets by SR 207.6 million and the Group had accumulated losses of SR 326.5 million as at September 30, 2022 which exceeded one half of the share capital as of that date. As further described in Note 2, on September 21, 2022, the Board of Directors invited the shareholder extraordinary general assembly to vote on the Board of Directors recommendation to absorb the accumulated losses as of 30 June 2022 by reducing the capital which was approved by the regulator and shareholders’ extraordinary general assembly on 6 October 2022. However, the Group is mainly dependent on the successful execution of the Group’s business plans to generate sufficient cash flows so as to enable it to meet its obligations as they fall due and for the continuity of its operations without significant curtailment. These conditions, along with other matters as set forth in Note 2, indicate the existence of a material uncertainty 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.

PricewaterhouseCoopers

Khalid A. Mahdhar
License No. 368
November 13, 2022

Abdulmohsen Al-Hokair Group for Tourism and Development Company
(A Saudi Joint Stock Company)
Condensed consolidated interim statement of financial position
As at September 30, 2022

	Note	September 30, 2022 SR '000 (Unaudited)	December 31, 2021 * SR '000 (Audited)
ASSETS			
Non-current assets			
Investments in joint ventures	5	**104,096**	101,233
Property, equipment and projects under construction	6	**794,300**	892,774
Long term loans to a joint venture	12 - 23	**27,438**	15,366
Right of use assets	7	**660,559**	745,458
Total non-current assets		**1,586,393**	1,754,831
Current assets			
Inventories		**19,089**	18,486
Trade receivables		**79,305**	88,195
Prepayments and other current assets		**128,028**	48,421
Cash and bank balances		**128,690**	171,461
Total current assets		**355,112**	326,563
Total assets		**1,941,505**	2,081,394
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	11	**650,000**	650,000
Other reserves		**(44)**	171
Accumulated losses	2	**(326,516)**	(272,291)
Net shareholders' equity		**323,440**	377,880
Liabilities			
Non-current liabilities			
Non-current portion of long-term loans	8	**339,870**	366,721
Non-current portion of lease liabilities	9	**664,339**	754,020
Employees' terminal benefits liabilities		**51,132**	50,320
Total non-current liabilities		**1,055,341**	1,171,061
Current liabilities			
Trade payables and other current liabilities		**295,777**	239,933
Short term loans and current portion of long-term loans	8	**156,460**	187,526
Current portion of lease liabilities	9	**103,627**	98,134
Provision for zakat	10	**6,860**	6,860
Total current liabilities		**562,724**	532,453
Total liabilities		**1,618,065**	1,703,514
Total shareholders' equity and liabilities		**1,941,505**	2,081,394

* Refer to note 23 for more details about the reclassification for the comparative figures.

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

The accompanying notes 1 to 24 form an integral part of these condensed consolidated interim financial statements.

Abdulmohsen Al-Hokair Group for Tourism and Development Company
(A Saudi Joint Stock Company)
Condensed consolidated interim statement of comprehensive income (Unaudited)
For the three-month and nine-month periods ended September 30, 2022

	Notes	For the three-month period ended September 30,		For the nine-month period ended September 30,	
		2022 SR '000	2021* SR '000	2022 SR '000	2021 * SR '000
Revenue					
- Hotels		**79,726**	99,505	**262,242**	273,918
- Entertainment		**88,048**	82,149	**231,071**	213,073
- Others		**8,723**	9,357	**27,626**	27,662
Total revenue		**176,497**	191,011	**520,939**	514,653
Direct costs					
- Hotels	23	**(63,776)**	(80,977)	**(223,225)**	(243,414)
- Entertainment	23	**(55,716)**	(59,632)	**(167,131)**	(173,145)
- Others	23	**(9,973)**	(9,809)	**(31,277)**	(27,624)
Total direct costs	14 - 23	**(129,465)**	(150,418)	**(421,633)**	(444,183)
Gross profit		**47,032**	40,593	**99,306**	70,470
Selling and marketing expenses		**(5,667)**	(8,424)	**(21,022)**	(25,924)
General and administration expenses	23	**(35,400)**	(45,441)	**(113,523)**	(117,710)
Loss on disposal of property and equipment and write offs	6, 23	**(18,643)**	(3,950)	**(18,176)**	(34,167)
Gain from lease termination	15, 23	**39,257**	42,135	**39,257**	41,670
Other income	23	**1,099**	164	**1,103**	166
Provision impairment of trade receivable and related party receivable	23	**(2,989)**	(1,219)	**(2,006)**	(3,185)
Net expenses		**(22,343)**	(16,735)	**(114,367)**	(139,150)
Operating income/(loss)		**24,689**	23,858	**(15,061)**	(68,680)
Finance cost on loans		**(6,547)**	(6,600)	**(16,895)**	(19,400)
Finance cost on lease liabilities		**(7,069)**	(9,418)	**(24,784)**	(30,274)
Share of results of investment in joint ventures	5.1	**1,042**	(3,954)	**2,515**	(7,814)
Income / (loss) before zakat		**12,115**	3,886	**(54,225)**	(126,168)
Zakat	10.1	**-**	2,296	**-**	2,296
Net income/ (loss) for the period		**12,115**	6,182	**(54,225)**	(123,872)
Other comprehensive income					
Items that will not be reclassified to profit or loss:					
Remeasurement of post-employment benefit obligations, net of zakat		**1,092**	2,254	**555**	1,483
Items that will be reclassified to profit or loss:					
Exchange differences on translation of foreign operations		**(169)**	(1)	**(770)**	(2)
Other comprehensive income / (loss) for the period		**923**	2,253	**(215)**	1,481
Total comprehensive income / (loss) for the period		**13,038**	8,435	**(54,440)**	(122,391)
Profit / (loss) per share:					
Basic and diluted profit / (loss) per share (SR)	13	**0.38**	0.22	**(1.72)**	(5.22)

* Refer to note 23 for more details about the reclassification for the comparative figures.

Chairman of the Board of Directors — Chief Executive Officer — Chief Financial Officer

The accompanying notes 1 to 24 form an integral part of these condensed consolidated interim financial statements.

Abdulmohsen Al-Hokair Group for Tourism and Development Company
(A Saudi Joint Stock Company)
Condensed consolidated interim statement of changes in shareholders' equity
For the nine-month period ended September 30, 2022

	Share capital	Other reserves	Accumulated losses	Net shareholders' equity
	SR '000	SR '000	SR '000	SR '000
For the nine-month period ended September 30,2021				
Balance as at January 1, 2021 (audited)	550,000	(242)	(302,334)	247,424
Loss for the period	-	-	(123,872)	(123,872)
Other comprehensive income for the period	-	1,481	-	1,481
Total comprehensive loss for the period	-	1,481	(123,872)	(122,391)
Absorption of losses (Note 11)	(207,000)	-	207,000	-
Increase in share capital (Note 11)	307,000	-	-	307,000
Cost of rights issue	-	-	(5,382)	(5,382)
Balance as at September 30, 2021 (unaudited)	650,000	1,239	(224,588)	426,651
For the nine-month period ended September 30, 2022				
Balance as at January 1, 2022 (audited)	**650,000**	**171**	**(272,291)**	**377,880**
Loss for the period	-	-	**(54,225)**	**(54,225)**
Other comprehensive loss for the period	-	**(215)**	-	**(215)**
Total comprehensive loss for the period	-	**(215)**	**(54,225)**	**(54,440)**
Balance as at September 30, 2022 (unaudited)	**650,000**	**(44)**	**(326,516)**	**323,440**

Chairman of the Board of Directors

Chief Executive Officer

Chief Financial Officer

The accompanying notes 1 to 24 form an integral part of these condensed consolidated interim financial statements.

Abdulmohsen Al-Hokair Group for Tourism and Development Company
(A Saudi Joint Stock Company)
Condensed consolidated interim statement of cash flows (Unaudited)
For the nine-month period ended September 30, 2022

	Notes	For the nine- month period ended September 30, 2022 SR'000	2021* SR'000
Cash flows from operating activities			
Loss for the period before zakat		**(54,225)**	(126,168)
Adjustments for:			
Depreciation of property and equipment	6.1	**100,403**	115,356
Loss on disposal and write-off of property and equipment	6.2	**18,176**	34,167
Depreciation of right of use assets	7	**67,242**	79,194
Rent concession		**(5,081)**	-
Gain on disposal of right of use assets		**(6,579)**	(41,670)
Provision for impairment of trade receivables and related party receivables		**2,006**	3,185
Provision for slow moving inventories		**255**	377
Share of results of investment in joint ventures	5.1	**(2,515)**	7,814
Finance cost on loans		**16,895**	19,400
Finance cost on lease liabilities		**24,784**	30,274
Finance income from joint venture		**(931)**	(129)
Employees' terminal benefits liabilities		**7,900**	9,943
Operating cash flows before changes in working capital, and zakat paid:		**168,330**	131,743
Changes in working capital:			
Trade receivables		**7,244**	(32,372)
Prepayment and other current assets		**(79,967)**	16,314
Inventories		**(857)**	3,902
Trade payables and other current liabilities		**55,433**	70,384
Cash from operating activities		**150,183**	189,971
Zakat paid	10.1	**-**	(7,877)
Employees' terminal benefits paid		**(6,534)**	(6,597)
Net cash generated from operating activities		**143,649**	175,497
Investing activities			
Additions to property, equipment and projects under construction	6	**(26,945)**	(17,701)
Proceeds from sale of property and equipment and projects under construction		**6,115**	1,845
Additions to investments in joint ventures	5.1	**(150)**	-
Long term Loans to a joint venture	23	**(11,140)**	-
Net cash used in investing activities		**(32,120)**	(15,856)
Financing activities			
Increase in share capital		**-**	307,000
Proceeds from loans and borrowings		**172,309**	463,155
Repayment of loans and borrowings		**(230,226)**	(553,164)
Payment of lease liabilities		**(79,655)**	(120,349)
Finance cost paid		**(16,682)**	(17,592)
Cost of rights issue		**-**	(5,382)
Net cash (used in)/ generated from financing activities		**(154,254)**	73,668
Net (decrease)/ increase in cash and cash equivalents		**(42,725)**	233,309
Exchange differences on translation of foreign operations		**(46)**	(2)
Cash and cash equivalents at the beginning of the period		**171,461**	67,774
Cash and cash equivalents at the end of the period		**128,690**	301,081
Non-cash transactions:			
Additions to right of use assets	7	**17,656**	114,968
Additions to lease liabilities	9	**(17,656)**	(114,968)

* Refer to note 23 for more details about the reclassification for the comparative figures.

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

The accompanying notes 1 to 24 form an integral part of these condensed consolidated interim financial statements.

1 General information

Abdulmohsen AI-Hokair Group for Tourism and Development Company (the "Company") is a Saudi Joint Stock Company that operates under commercial registration number 1010014211 dated 16 Sha'aban 1398H (corresponding to July 22, 1978) and has branches and divisions operating in Riyadh, Jeddah, Khobar and other cities within the Kingdom of Saudi Arabia ("KSA").

The registered address of the Group is Al Murooj District North Ring Road between exit 4 and 5 after Double Tree Hilton P.O. Box 57750 Riyadh 11584.

The Company and its subsidiaries listed below (the "Group") are engaged in the establishment, management and operations of the following:

- Hotels and furnished apartments.
- Entertainment centers, recreation centers and tourist resorts.
- Commercial mall.
- Restaurants, parks and similar facilities.

The Company has invested in the following subsidiaries, which are included in these condensed consolidated interim financial statements:

	Direct and indirect Ownership %			
Subsidiary	**September 30, 2022**	**December 31, 2021**	**Principal activity**	**Country of incorporation**
Sparky's Land Amusement Toys Company ("Sparky's")	**100%**	100%	Operation and management of electrical games hall, children amusement games hall and electronic games.	United Arab Emirates
Asateer Company for Entertainment and Tourism	**100%**	100%	Operation and management of electrical games hall, children amusement games hall and electronic games	Arab Republic of Egypt
Osool Al Mazaya Hospitality Company	**85%**	85%	Establishment and operation of sport facilities projects	Kingdom of Saudi Arabia

Since the subsidiaries are wholly or substantially owned by the Group, the non-controlling interest is insignificant and therefore not disclosed. All of the above-mentioned subsidiaries have been consolidated.

2 Going concern

During 2020, the spread of Coronavirus (Covid-19) caused a significant impact on the Group's business as local authorities took precautionary measures in 2020, by closure of entertainment centers. In addition, other circumstances that followed also resulted in a substantial slow down to the Group's hotels business. As a result, the Group's entertainment and hotel revenues were significantly impacted since then, which have negatively affected the financial position, financial performance and cash flows of the Group as at and for the nine-months period ended September 30, 2022.

The condensed consolidated interim financial statements as at September 30, 2022 indicate that the Group earned a net income of SR 12.1 million for the three-month period ended September 30, 2022 and a net loss of SR 54.2 million for the nine-month period ended September 30, 2022. In addition, the accumulated losses of the Group amounting to SR 326.5 million (December 31, 2021: SR 272.3 million) as at September 30, 2022 exceeded one half of the Group's share capital as at that date. Further, the current liabilities of the Group exceeded its current assets as at September 30,2022 resulting in a negative working capital of SR 207.6 million (December 31, 2021: SR 205.9 million). These conditions indicate the existence of a material uncertainty that may cast a doubt on the Group's ability to continue as a going concern.

2 Going concern (continued)

Negative working capital

Management has made an assessment of the Group's performance and working capital and is satisfied that the Group has the required resources to continue the business and would be able to generate sufficient cash flows to enable it to meet its obligations on a timely basis for the next 12 months from the date of approval of these condensed consolidated interim financial statements through Group's performance and the financing arrangements:

- Ability to continue to use the unutilized facilities, which the Group has eligibility to withdraw and the successful renewal of the bank facility arrangements or if there is a debt covenant breach;
- Ability to roll-over the revolving facilities as they mature;
- The Group's ability to successfully meet its business plan to generate sufficient cash flows to meet its obligations for the next 12 months from the date of approval of these condensed consolidated interim financial statements.

Therefore, the condensed consolidated interim financial statements have been prepared on a going concern basis.

Accumulated losses exceeding one half of the share capital

As at 30 June 2022, the Group's accumulated losses exceeded one half of the Group's share capital, as per the requirements of the Regulations for ("Regulations"), the Board of Directors are required to convene an extraordinary general assembly meeting ("EOGM"). The EOGM shall be held within the period specified by the Regulations, so as to take necessary actions under the provisions of the Regulations and reduce the accumulated losses to less than one half of the share capital or to dissolve the Company before its term set in its By-laws. Under the Regulations, the Company shall be deemed terminated under various circumstances including the failure to conduct an EOGM on a timely basis or fail to issue a resolution in this regard or raise subscriptions to reduce the losses as agreed in the EOGM.

Management of the Company has taken the necessary measures and has informed the Chairman of the Board of Directors about these conditions, as required by the Regulations. On September 21, 2022 the Board of Directors called for an EOGM within the period specified in the Regulations and took appropriate measures to reduce the accumulated losses to less than one half of the share capital. The reduction of the share capital was approved by the relevant regulatory authorities and the EOGM subsequently on October 6, 2022.

3 Significant accounting policies

3.1 Basis of preparation

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

These condensed consolidated interim financial statements should be read in conjunction with the Group's annual audited consolidated financial statements as at and for the year ended December 31, 2021 and do not include all of the information required for a complete set of financial statements under International Financial Reporting Standards "IFRS" as endorsed in the kingdom of Saudi Arabia. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's condensed consolidated interim financial position and performance since the last annual audited consolidated financial statements.
The interim results may not be an indicator of the annual results of the Group.

3 Significant accounting policies (continued)

3.2 Consistent application of accounting policies

The accounting policies applied during the preparation of these condensed consolidated interim financial statements are the same policies applied during the preparation of the annual financial statements of the Group for the year ended December 31, 2021. and corresponding interim reporting period except for the new accounting policies introduced as adoption of the following amendments to IFRS which became applicable for annual reporting periods commencing on or after January 1, 2022. The management has assessed that the amendments have no significant impact on the Group's condensed consolidated interim financial statements.

New standards, interpretations and amendments adopted by the Group
The following standards and interpretations apply for the first time to financial reporting periods commencing on or after January 1, 2022:

Title	Key requirements	Effective date *
Property, Plant and Equipment: Proceeds Before Intended Use – Amendments to IAS 16	The amendment to IAS 16 Property, Plant and Equipment (PP&E) prohibits an entity from deducting from the cost of an item of PP&E any proceeds received from selling items produced while the entity is preparing the asset for its intended use. It also clarifies that an entity is 'testing whether the asset is functioning properly' when it assesses the technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment. Entities must disclose separately the amounts of proceeds and costs relating to items produced that are not an output of the entity's ordinary activities.	January 01, 2022
Reference to the Conceptual Framework – Amendments to IFRS 3.	Minor amendments were made to IFRS 3 Business Combinations to update the references to the Conceptual Framework for Financial Reporting and to add an exception for the recognition of liabilities and contingent liabilities within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets and Interpretation 21 Levies. The amendments also confirm that contingent assets should not be recognised at the acquisition date.	January 01, 2022
Onerous Contracts – Cost of Fulfilling a Contract – Amendments to IAS 37	The amendment to IAS 37 clarifies that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts. Before recognising a separate provision for an onerous contract, the entity recognises any impairment loss that has occurred on assets used in fulfilling the contract.	January 01, 2022
Annual Improvements to IFRS Standards 2018-2020	The following improvements were finalised in May 2020: • IFRS 9 Financial Instruments – clarifies which fees should be included in the 10% test for derecognition of financial liabilities. • IFRS 16 Leases – amendment of illustrative example 13 to remove the illustration of payments from the lessor relating to leasehold improvements, to remove any confusion about the treatment of lease incentives. • IFRS 1 First-time Adoption of International Financial Reporting Standards – allows entities that have measured their assets and liabilities at carrying amounts recorded in their parent's books to also measure any cumulative translation differences using the amounts	January 01, 2022

3 Significant accounting policies (continued)

3.2 Consistent application of accounting policies (continued)

Title	Key requirements	Effective date *
	reported by the parent. This amendment will also apply to associates and joint ventures that have taken the same IFRS 1 exemption. • IAS 41 Agriculture – removal of the requirement for entities to exclude cash flows for taxation when measuring fair value under IAS 41. This amendment is intended to align with the requirement in the standard to discount cash flows on a post-tax basis.	
New standards, interpretations and amendments issued but not yet effective		
IFRS 17 Insurance Contracts	IFRS 17 was issued in May 2017 as replacement for IFRS 4 Insurance Contracts. It requires a current measurement model where estimates are remeasured in each reporting period. Contracts are measured using the building blocks of: • discounted probability-weighted cash flows • an explicit risk adjustment, and • a contractual service margin (CSM) representing the unearned profit of the contract which is recognised as revenue over the coverage period. The standard allows a choice between recognising changes in discount rates either in the statement of profit or loss or directly in other comprehensive income. The choice is likely to reflect how insurers account for their financial assets under IFRS 9. An optional, simplified premium allocation approach is permitted for the liability for the remaining coverage for short duration contracts, which are often written by non-life insurers. There is a modification of the general measurement model called the 'variable fee approach' for certain contracts written by life insurers where policyholders share in the returns from underlying items. When applying the variable fee approach, the entity's share of the fair value changes of the underlying items is included in the CSM. The results of insurers using this model are therefore likely to be less volatile than under the general model. The new rules will affect the financial statements and key performance indicators of all entities that issue insurance contracts or investment contracts with discretionary participation features. Targeted amendments made in July 2020 aimed to ease the implementation of the standard by reducing implementation costs and making it easier for entities to explain the results from applying IFRS 17 to investors and others. The amendments also deferred the application date of IFRS 17 to 1 January 2023. Further amendments made in December 2021 added a transition option that permits an entity to apply an optional classification overlay in the comparative period(s) presented on initial application of IFRS 17. The classification overlay applies to all financial assets, including those held in respect of activities not connected to contracts within the scope of IFRS 17. It allows those assets to be classified in the comparative period(s) in a way that aligns with how the entity expects those assets to be classified on initial application of IFRS 9. The classification can be applied on an instrument-by-instrument basis.	January 1, 2023 (deferred from January 1, 2021) *

3 Significant accounting policies (continued)

3.2 Consistent application of accounting policies (continued)

New standards, interpretations and amendments issued but not yet effective (continued)

Title	Key requirements	Effective date *
Classification of Liabilities as Current or Non-current – Amendments to IAS 1	The narrow-scope amendments to IAS 1 Presentation of Financial Statements clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the entity's expectations or events after the reporting date (e.g., the receipt of a waver or a breach of covenant). The amendments also clarify what IAS 1 means when it refers to the 'settlement' of a liability. The amendments could affect the classification of liabilities, particularly for entities that previously considered management's intentions to determine classification and for some liabilities that can be converted into equity. They must be applied retrospectively in accordance with the normal requirements in IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. ** Since issuing these amendments, the IASB issued an exposure draft proposing further changes and the deferral of the amendments until at least 1 January 2024.	January 1, 2023 (deferred from January 1,2021) **
Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2	The IASB amended IAS 1 to require entities to disclose their material rather than their significant accounting policies. The amendments define what is 'material accounting policy information' and explain how to identify when accounting policy information is material. They further clarify that immaterial accounting policy information does not need to be disclosed. If it is disclosed, it should not obscure material accounting information. To support this amendment, the IASB also amended IFRS Practice Statement 2 Making Materiality Judgements to provide guidance on how to apply the concept of materiality to accounting policy disclosures.	January 1, 2023
Definition of Accounting Estimates – Amendments to IAS 8	The amendment to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, whereas changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period.	January 1, 2023

3 Significant accounting policies (continued)

3.2 Consistent application of accounting policies (continued)

New standards, interpretations and amendments issued but not yet effective (continued)

Title	Key requirements	Effective date *
Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12	The amendments to IAS 12 Income Taxes require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. They will typically apply to transactions such as leases of lessees and decommissioning obligations and will require the recognition of additional deferred tax assets and liabilities. The amendment should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, entities should recognise deferred tax assets (to the extent that it is probable that they can be utilised) and deferred tax liabilities at the beginning of the earliest comparative period for all deductible and taxable temporary differences associated with: • right-of-use assets and lease liabilities, and • decommissioning, restoration and similar liabilities, and the corresponding amounts recognised as part of the cost of the related assets. The cumulative effect of recognising these adjustments is recognised in retained earnings, or another component of equity, as appropriate. IAS 12 did not previously address how to account for the tax effects of on-balance sheet leases and similar transactions and various approaches were considered acceptable. Some entities may have already accounted for such transactions consistent with the new requirements. These entities will not be affected by the amendments.	January 1, 2023
Sale or contribution of assets between an investor and its associate or joint venture – Amendments to IFRS 10 and IAS 2	The IASB has made limited scope amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures. The amendments clarify the accounting treatment for sales or contribution of assets between an investor and their associates or joint ventures. They confirm that the accounting treatment depends on whether the nonmonetary assets sold or contributed to an associate or joint venture constitute a 'business' (as defined in IFRS 3 Business Combinations). Where the non-monetary assets constitute a business, the investor will recognise the full gain or loss on the sale or contribution of assets. If the assets do not meet the definition of a business, the gain or loss is recognised by the investor only to the extent of the other investor's interests in the associate or joint venture. The amendments apply prospectively. *** In December 2015, the IASB decided to defer the application date of this amendment until such time as the IASB has finalised its research project on the equity method.	n/a ***

* Applicable to reporting periods commencing on or after the given date.

These amended standards became applicable from the reporting periods commencing on or after the January 01, 2023. The Group's management has not opted for earlier adoption of any of the above-mentioned standards, interpretations and amendments issued but not yet effective. Based on the management's best estimates and judgement, the Group did not foresee any significant changes in its accounting policies or significant retrospective adjustments as a result of adopting these amendments or new standards.

3 Significant accounting policies (continued)

3.3 Historical cost convention

The condensed consolidated interim financial statements have been prepared under the historical cost convention. Except for employees' terminal benefits liabilities are recognized at the present value of future obligations using the Projected Unit Credit Method.

3.4 Functional and presentation currency

The condensed consolidated interim financial statements are presented in Saudi Riyal (SR) and all values are rounded to the nearest thousand (SR 000), except when otherwise indicated.

3.5 Basis of consolidation

The condensed consolidated interim financial statements comprise the financial statements of the Company and its subsidiaries as at September 30, 2022. The financial statements of the subsidiaries are prepared for the same reporting period as that of the Company, using consistent accounting policies.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has the following:

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

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

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

The Group re-assesses whether or not it controls an investee, if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the period are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.
Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. When a Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related non-controlling interest and other components of equity. Any resulting gain or loss is recognized in the consolidated statement of comprehensive income. Any interest retained in the former subsidiary is measured at fair value when control is lost.

4 Significant judgments, assumptions and estimates

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

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

However, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty are the same as those that applied to the Group's last annual audited consolidated financial statements as at and for the year ended December 31, 2021.

Going concern
The condensed consolidated interim financial statements have been prepared on a going concern basis. The Group's management has made an assessment of the Group's ability to continue as a going concern and is satisfied that the Group has the resources to continue in business for the foreseeable future. Please refer to note 2 for further details.

Impairment of non-financial assets
An impairment exists when the carrying value of an asset or cash generating units (CGU) exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is most sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

Management carried out an impairment test for its non-financial assets during the reporting year ended December 31, 2021, as events and changes in circumstances indicated that the carrying amount of certain of the Group's cash generating units ("CGU") may not be recoverable, for which management has considered both internal and external information for indicators of impairment. Management used the discounted cash flow model to determine the recoverable amount of the respective CGU. Management identifies each of its hotels and entertainment centers as a separate CGU. Management determines that the recoverable amount of each CGU is its value in use. Management used a discount rate around 10% and a terminal growth rate approximate to 2.86% in estimating the value in use. The outcome of such impairment test resulted in an impairment loss for certain CGU's which has been recorded as at December 31, 2021.

The sensitivity analysis of the discount rate or terminal growth rate on the cash flow projections of these CGU's has been assessed to be immaterial by the management.

Provision for expected credit losses of trade receivables
The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

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

4 Significant judgments, assumptions and estimates (continued)

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

Property and equipment useful life and residual value
Management estimated and assessed that useful life and residual value of property and equipment have not changed significantly. Any change in the estimated useful life or depreciation pattern will be accounted for prospectively.

5 Investments in joint ventures

Investments in joint ventures represent investments in the following companies, which are limited liability companies, except Tourism and Real Estate Development Company which is a Saudi closed joint stock company. All of the below companies are registered in the Kingdom of Saudi Arabia. The Group's investments in joint ventures are accounted for using the equity method in the condensed consolidated interim financial statements.

	Ownership			
	September 30, 2022	**December 31, 2021**	**September 30, 2022**	**December 31, 2021**
	%	**%**	**SR '000**	**SR '000**
Joint Ventures				
Tourism and Real Estate Development Company	**48.5**	48.5	**72,028**	70,917
Asateer Company for Entertainment Projects Limited	**50.0**	50.0	**24,344**	20,794
Luxury Entertainment Company	**31.0**	31.0	**2,376**	7,560
Al Qaseem Trading Company Limited	**50.0**	50.0	**3,831**	-
Tarfeeh Company for Tourism and Projects Limited	**50.0**	50.0	**1,114**	1,912
Asateer Gulf Sports Company Limited	**33.3**	-	**353**	-
Al Khaleejiya Company for Entertainment Limited	**50.0**	50.0	**50**	50
			104,096	101,233

5.1 Movement in the investments in joint ventures:

	For the nine-month period ended September 30, 2022	**For the year ended December 31, 2021**
	SR '000	**SR '000**
At the beginning of the period/year	**101,233**	107,183
Additions during the period/year	**150**	-
Share of results	**2,515**	(6,444)
Absorption of losses	**198**	494
At the end of the period/year	**104,096**	101,233

6 Property, equipment and projects under construction

The estimated useful lives of the assets for the calculation of depreciation are as follows:

Buildings and improvements	the shorter of useful life (10 to 30 years) or lease period
Entertainment equipment	4 to 10 years
Furniture and fixtures	4 to 8 years
Motor vehicles	4 to 5 years
Air conditioners	4 to 10 years
Computers	4 years
Tools	3 to 10 years

September 30, 2022	Buildings and improvements SR'000	Entertainment equipment SR'000	Furniture and fixtures SR'000	Motor vehicles SR'000	Air conditioners SR'000	Computers SR'000	Tools SR'000	Projects under construction SR'000	Total SR'000
Cost:									
At the beginning of the period	1,112,996	653,924	278,864	27,272	94,912	90,074	170,189	10,378	2,438,609
Additions	5,930	4,834	282	36	179	776	106	14,802	26,945
Disposals and writ off (*)	(66,807)	(17,651)	(21,362)	(2,702)	(11,889)	(5,792)	(25,366)	(2,067)	(153,636)
Transfer from projects under construction	2,415	102	288	204	375	405	233	(4,022)	-
Exchange difference	(296)	(581)	(3)	(18)	-	(22)	-	(36)	(956)
At the end of the period	1,054,238	640,628	258,069	24,792	83,577	85,441	145,162	19,055	2,310,962
Depreciation:									
At the beginning of the period	497,570	512,322	229,541	27,011	68,133	79,049	129,518	2,691	1,545,835
Charge for the period	43,455	28,527	13,103	165	5,119	3,473	6,561	-	100,403
Disposals	(50,872)	(17,445)	(20,445)	(2,702)	(10,067)	(5,267)	(20,480)	(2,067)	(129,345)
Exchange difference	(45)	(164)	(2)	(10)	-	(10)	-	-	(231)
At the end of the period	490,108	523,240	222,197	24,464	63,185	77,245	115,599	624	1,516,662
Net book values:									
As at September 30, 2022	564,130	117,388	35,872	328	20,392	8,196	29,563	18,431	794,300

(*) During the current period, the Group has disposed of assets of a certain hotel, due to the termination of lease agreement. In addition, on July 19, 2022, the municipality of Jeddah notified the Group's parent company (Abdulmohsen Abdulaziz Al Hokair Group), to evacuate a hotel which the parent Company owns and leases to the Group. The hotel is on a piece of land which the municipality of Jeddah intends to develop. As a result, the Group assessed the financial impact of expropriation of the hotel and recorded a write-off loss equivalent to its carrying value amounting to SR 23.6 million. Furthermore, the Group and its parent Company has entered into a lease termination agreement dated September 6, 2022 whereby it was agreed that the Parent company will compensate the Group with an amount of SR 23.6 million as a result of the lease termination and the expropriation of the hotel by the municipality of Jeddah. (note 12 and note 15)

6 Property, equipment and projects under construction (continued)

December 31, 2021	Buildings and improvements SR'000	Entertainment equipment SR'000	Furniture and fixtures SR'000	Motor Vehicles SR'000	Air conditioners SR'000	Computers SR'000	Tools SR'000	Projects under construction (**) SR'000	Total SR'000
Cost:									
At 1 January 2021	1,166,363	662,582	281,975	27,469	89,677	88,636	170,820	18,519	2,506,041
Additions	9,463	4,036	2,398	161	2,621	2,830	736	8,021	30,266
Disposals and write-offs (*)	(63,995)	(12,694)	(5,772)	(358)	(2,132)	(1,810)	(2,504)	(8,433)	(97,698)
Transfer from projects under construction	1,165	-	263	-	4,746	418	1,137	(7,729)	-
At 31 December 2021	1,112,996	653,924	278,864	27,272	94,912	90,074	170,189	10,378	2,438,609
Depreciation:									
At 1 January 2021	450,085	482,224	215,231	27,284	60,286	74,735	117,901	-	1,427,746
Charge for the year	65,888	41,381	19,454	85	8,690	5,750	11,322	-	152,570
Impairment loss (note 6.2)	27,474	-	106	-	864	40	2,228	2,691	33,403
Disposals and write-offs (*)	(45,877)	(11,283)	(5,250)	(358)	(1,707)	(1,476)	(1,933)	-	(67,884)
At 31 December 2021	497,570	512,322	229,541	27,011	68,133	79,049	129,518	2,691	1,545,835
Net book values:									
As at 31 December 2021	615,426	141,602	49,323	261	26,779	11,025	40,671	7,687	892,774

(*) Disposals and write-offs for the year ended 31 December 2021 included a net book value amount of SR 10.96 million which pertained to an entertainment center, that had to be abandoned by the Group as the land was required as part of Government's development plan. Although, the Group is expected to be compensated for this loss, however, the related amount could not be reliably estimated at December 31, 2021. Total write-offs (net book values) during 2021 was SR 20.5 million.

(**) During the year ended December 31, 2021, the Group decided to discontinue a project under construction, which relates to a commercial center, based on the current circumstances and future outlook. This resulted in a loss of SR 8.4 million during the year ended December 31, 2021.

6 Property, equipment and projects under construction (continued)

6.1 The depreciation charge has been allocated within the condensed consolidated interim statement of comprehensive income as follows:

	September 30, 2022 SR '000	December 31, 2021 SR '000
Direct costs	**92,110**	141,730
General and administration expenses	**8,293**	10,840
	100,403	152,570

6.2 Impairment of property and equipment

The Group performs impairment assessment of property and equipment annually, by reviewing the carrying amounts of its property and equipment to determine whether there is an indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss.

Management carried out an impairment test for its non-financial assets during the reporting year ended December 31, 2021, as events and changes in circumstances indicated that the carrying amount of certain of the Group's cash generating units ("CGU") may not be recoverable, for which management has considered both internal and external information for indicators of impairment. Management used the discounted cash flow model to determine the recoverable amount of the respective CGU. Management identifies each of its hotels and entertainment centers as a separate CGU. Management determines that the recoverable amount of each CGU is its value in use. Management used a discount rate of 10% and a terminal growth rate of 2.86% in estimating the value in use. The outcome of such impairment test resulted in an impairment loss for certain CGU's which has been recorded as at December 31, 2021.

The sensitivity analysis of the discount rate or terminal growth rate on the cash flow projections of these CGU's has been assessed to be immaterial by the management.

During the period ended September 30, 2022, the management didn't identify any additional indicators or significant favorable changes in the assumptions used in the impairment test performed as at December 31, 2021.

6.3 Projects under construction

Projects under construction represent the costs of one new entertainment center (December 31, 2021: two entertainment centers) in the Kingdom of Saudi Arabia that is currently under construction, in addition to renovation costs of existing hotels and entertainment centers.

7 Right-of-use assets

The Group leases several assets including lands, buildings, spaces in malls, and residential units. Information about assets for which the Group is a lessee is presented below:

<u>September 30, 2022</u>	Land	Buildings and offices	Spaces in malls	Residential units	Total
	SR'000	SR'000	SR'000	SR'000	SR'000
Cost:					
At the beginning of the period	156,156	303,140	578,197	11,951	1,049,444
Additions	-	2,196	15,460	-	17,656
Terminations	-	(3,202)	(28,350)	-	(31,552)
Modification of leases	-	-	(11,873)	-	(11,873)
At the end of the period	156,156	302,134	553,434	11,951	1,023,675
Depreciation:					
At the beginning of the period	40,411	75,093	179,578	8,904	303,986
Charge during the period	9,643	18,594	37,674	1,331	67,242
Termination	-	(2,739)	(5,373)	-	(8,112)
At the end of the period	50,054	90,948	211,879	10,235	363,116
Net book values:					
As at September 30, 2022	106,102	211,186	341,555	1,716	660,559

7 Right-of-use assets (continued)

December 31, 2021	**Land**	**Buildings and offices**	**Spaces in malls**	**Residential units**	**Total**
	SR'000	**SR'000**	**SR'000**	**SR'000**	**SR'000**
Cost:					
At the beginning of the year	156,156	203,411	645,668	10,416	1,015,651
Additions	-	118,719	9,917	1,526	130,162
Terminations	-	(15,360)	(55,386)	(359)	(71,105)
Modification of leases	-	(3,630)	(22,002)	368	(25,264)
At the end of the year	156,156	303,140	578,197	11,951	1,049,444
Depreciation:					
At the beginning of the year	27,103	65,249	141,324	7,138	240,814
Charge for the year	13,308	21,774	66,768	2,125	103,975
Terminations	-	(11,930)	(28,514)	(359)	(40,803)
At the end of the year	40,411	75,093	179,578	8,904	303,986
Net book values:					
As at December 31, 2021	115,745	228,047	398,619	3,047	745,458

8 Loans

Loans represent Murabaha financing obtained from local banks. These loans carry Murabaha financing costs at prevailing commercial rates.

The following is a summary of the loans:

	September 30, 2022	**December 31, 2021**
	SR '000	**SR '000**
Current portion of long-term loans	**136,460**	167,526
Short term loans	**20,000**	20,000
	156,460	187,526
Non-current portion of long-term loans	**339,870**	366,721
	496,330	554,247

(a) The movement in the loans is as follows:

	September 30, 2022	**December 31, 2021**
	SR '000	**SR '000**
At the beginning of the period/year	**554,247**	702,818
Proceeds during the period/year	**172,309**	484,282
Repayments during the period/year	**(230,226)**	(632,853)
	496,330	554,247

(i) The loan agreements contain covenants, mainly relating to certain leverage ratio, total debt to equity ratio, and other ratios. Under the terms of these agreements, banks have the right to demand immediate repayment of the loans if any of the covenants are not met. As of September 30, 2022, the Group was not in compliance with certain loan covenants, but has obtained waiver from the relevant banks prior to the period end.

(ii) The management assessed that fair value of the loans approximate their carrying amounts.

9 Lease liabilities

The minimum lease payments for the years subsequent to the date of the condensed consolidated interim statement of financial position are as follows:

	September 30, 2022	December 31, 2021
	SR '000	SR '000
Maturity analysis - contractual undiscounted cash flows		
Within one year	**135,225**	134,049
After one year but not more than five years	**398,075**	434,677
More than five years	**424,009**	509,864
Total undiscounted lease liabilities	**957,309**	1,078,590

The net present value of the net lease payments is as follows:

	September 30, 2022	December 31, 2021
	SR '000	SR '000
Lease liabilities included in the condensed *consolidated interim statement of financial position*		
Current portion of lease liabilities	**103,627**	98,134
Non-current portion of lease liabilities	**664,339**	754,020
	767,966	852,154

	For the nine-month period ended September 30,	
	2022	2021
	SR '000	SR '000
Amounts recognised in the condensed consolidated interim statement of comprehensive income:		
Financial charges on lease liabilities	**24,784**	30,274
Variable lease payments not included in the measurement of lease liabilities	**42,744**	40,358
Expenses relating to short term leases	**7,114**	13,385

The Group has certain lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs. Management exercises judgement in determining whether these extension and termination options are reasonably certain to be exercised.

9 Lease liabilities (continued)

Movement in lease liabilities during the nine-month period ended September 30, 2022 and year ended December 31, 2021 is as follows:

	September 30, 2022	**December 31, 2021**
	SR '000	**SR '000**
At the beginning of the period/year	**852,154**	965,450
Additions during the period/year	**17,656**	130,162
Financial charges for the period / year	**24,784**	40,219
Repayments during the period / year	**(79,655)**	(147,859)
Rent concession during the period/year	**(5,081)**	(18,862)
Modifications during the period/year	**(11,873)**	(25,264)
Reclassification to accrued expenses	**-**	(18,017)
Terminations during the period/year	**(30,019)**	(73,675)
At the end of the period/year	**767,966**	852,154
Current portion	**103,627**	98,134
Non-current portion	**664,339**	754,020

10 Zakat

Zakat expense for the period is determined according to the requirements of Zakat, Tax and Customs Authority ("ZATCA") and is charged to condensed consolidated interim statement of comprehensive income. Differences resulting from the final Zakat calculation, if any, are adjusted in the year when final assessments are received.

During the current period, management expects the Group's zakat base to be negative at year end and thus will not be subject to zakat.

The Group has filed its Zakat returns with ZATCA for all the years up to 2021. The Group has received final Zakat assessments for all the years, except 2013 and 2021, which are still pending. During last year, the Group obtained the final Zakat assessments for the years from 2014 to 2017 and settled amounts of SR 7.88 million, which resulted in a reversal of excess Zakat provision of SR 2.3 million. In addition, Zakat assessments for the years from 2018 to 2020 were received by the Group, which resulted in an additional Zakat provision of SR 3.5 million.

10.1 Movement in provision for Zakat

	September 30, 2022	**December 31, 2021**
	SR '000	**SR '000**
At the beginning of the period/year	**6,860**	13,542
Additional zakat provision	**-**	3,491
Reversal during the period/year	**-**	(2,296)
Paid during the period/year	**-**	(7,877)
At the end of the period/year	**6,860**	6,860

11 Share capital

The authorized, issued and fully paid share capital of the Company consists of 65 million share of SR 10 each (December 31, 2021: 65 million share of SR 10 each).

On 28 Thul-Qi'dah 1442H (corresponding to July 8, 2021), the Group's shareholders in their Extraordinary General Assembly approved a share capital reduction from SR 550 million to SR 343 million by reducing the number of shares from 55 million shares to 34.3 million shares, to offset SR 207 million of the Company's accumulated losses. In the same meeting, the shareholders also approved rights issue of 30.7 million ordinary shares of SR 10 each to increase the number of shares from 34.3 million shares to 65 million of SR 10 each. As a result, the share capital of the Company has increased to SR 650 million.

On 10 Rabi' al Awwal 1444H (corresponding to October 6, 2022), the extraordinary general assembly agreed to reduce the Company's capital from SR 650 million to SR 315 million, with a decrease of 51.54%, thus reducing the number of the Company's shares from 65 million shares to 31.5 million shares by canceling 33.5 million shares of the issued Company's shares, and this approval was announced on the website of the Capital Market Authority and the Saudi Exchange website.

12 Related party transactions and balances

12.1 Related party transactions

During the normal course of its operations, the Group had the following significant transactions with related parties during the year ended December 31, 2021 along with their balances:

		Amount of transactions for the nine - month period ended September 30,	
Related Party	**Nature of transaction**	**2022 SR '000**	**2021 SR '000**
Abdulmohsen Abdulaziz Al Hokair Group (Ultimate parent)	Rent expense/ Lease payments (a)	**41,977**	41,848
	Revenue	**1,546**	766
	Income from lease termination compensation (note 15) (c)	**32,678**	-
Joint ventures	Management fees income	**311**	41
	Loan	**11,140**	-
	Interest on loan	**931**	129
Under common control	Rent expense/ Lease payments (a)	**3,699**	5,844
	Revenue	**163**	190
	Management fees income	**-**	117
Key management compensation - Non executive	Salaries and related benefits (b)	**1,337**	1,337
	Remuneration for meetings	**1,559**	1,244
	Post-employment benefits	**122**	121
Key management compensation - executives	Salaries and related benefits (b)	**2,009**	1,796
	Post-employment benefits	**87**	107

a) This amount represents lease/rent payments for 24 properties (2021: 26 properties) that are leased by the Group from the principal shareholder (Abdulmohsen Abdul Aziz Al Hokair Holding Group Company) and affiliates.

b) Salaries and related benefits of SR 1.3 million (2021: SR 1.3 million) were paid to one member of the Board of Directors who is involved in the management of the Group.

In addition to the above, salaries and related benefits of SR 2 million (2021: SR 1.8 million) were paid to two key management executives of the Group. Key management executives are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including any director (whether executive or otherwise) of the Group.

12 Related party transactions and balances (continued)

12.1 Related party transactions

c) As mentioned in note 15, on July 19, 2022, the municipality of Jeddah notified the Group's parent company, to evacuate a hotel which the Parent Company owns and leases to the Group. The hotel is on a piece of land which the municipality of Jeddah intends to develop. As a result the Group assessed the financial impact of expropriation of the hotel and recorded a write-off loss equivalent to its carrying value amounting to SR 23.6 million which was accounted for as a loss on property, plant and equipment. Furthermore, in 2021 the Group had incurred losses of SR 9.2 million on another hotel which was leased from the Parent Company, and which was expropriated by the Government. The lease agreements between the parent and the Group did not make provision for such lease terminations.

On 6 September 2022, the Group and its parent Company entered into two lease termination agreement whereby it was agreed that the Parent company will compensate the Group with an amount of SR 23.6 million for the first hotel and SR 9.2 million for the second hotel with a total of SR 32.8 million, which is presented as gain from lease termination.

12.2 Terms and conditions relating to related party balances

Outstanding balances with related parties at the period-end are unsecured, interest free, settled in cash and due within 12 months of the condensed consolidated interim statement of financial position date. There have been no guarantees provided or received for any related party receivables or payables. This assessment is undertaken each reporting period by examining the financial position of the related party and the market in which the related party operates.

12.3 Related Party Balances

The following are the details of major related party balances recorded under trade receivables and trade payables as of September 30, 2022, and 31 December 2021:

	September 30, 2022	**December 31, 2021**
i) Amounts due from related parties	**SR '000**	**SR '000**
Al Khaleejiya for Entertainment Company Limited (a joint venture)	**6,236**	5,926
Ultimate parent (note 15)	**39,283**	1,895
Tarfeeh Company for Tourism Projects Limited (a joint venture)	**1,567**	1,559
Asateer Gulf Sports Company Limited (a joint venture)	**2,019**	-
Mena company for education and development (Under common control)	**202**	39
Naqaha Healthcare Company Limited (Under common control)	**109**	109
Riyadh Plastic Factory (Under common control)	**27**	-
Asateer Company for Entertainment Projects Limited (a joint venture)	**305**	-
Luxury Entertainment LLC (a joint venture)	**5**	5
Others	**1,623**	1,335
	51,376	10,868
Less: provision for impairment of related party receivables	**(6,286)**	(5,926)
	45,090	4,942

	September 30, 2022	**December 31, 2021**
ii) Amounts due to related parties	**SR '000**	**SR '000**
Al Qaseem Trading Company Limited (a joint venture)	**692**	494
Asateer Company for Entertainment Projects Limited (a joint venture)	**-**	425
Riyadh Plastic Factory (Under common control)	**-**	23
	692	942

12 Related party transactions and balances (continued)

12.3 Related Party Balances

iii) Movement in provision for impairment of related party receivables:

	For the nine- month period ended September 30, 2022	For the year ended December 31, 2021
	SR '000	SR '000
At the beginning of the period/year	**5,926**	2,289
Charge for the period/year	**360**	3,637
At the end of the period/year	**6,286**	5,926

12.4 Loan to related parties

Terms and conditions related to loan financing arrangements have been disclosed and they carry interest charges at market rates. All other transactions were made on normal commercial terms and conditions based on prevailing market rates.

	For the nine- month period ended September 30, 2022	For the year ended December 31, 2021
	SR '000	SR '000
At the beginning of the period/year	**15,366**	14,431
Additions for the period/year	**12,072**	969
Payment for the period/ year	**-**	(34)
At the end of the period/year	**27,438**	15,366

The above movement represent multiple loans provided to one of the joint ventures with a maturity date of more than 1 year, and it is fixed interest-bearing rate. The management has assessed that the fair value of the loans approximates their carrying value.

13 Basic and diluted profit / (loss) per share

Basic profit / (loss) per share is calculated by dividing the net profit / (loss) for the period attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the period.

Diluted profit / (loss) per share is calculated by dividing the net profit / (loss) for the period attributable to ordinary equity holders of the parent (after adjusting for interest on the convertible preference shares) by the weighted average number of ordinary shares outstanding during the period plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

The following table reflects the profit / (loss) per share calculations:

	For the three months ended September 30,		For the nine months ended September 30,	
	2022	2021	2022	2021
	SR '000	SR '000	SR '000	SR '000
Profit/(loss) for the period	**12,115**	6,182	**(54,225)**	(123,872)
Weighted average number of ordinary shares outstanding during the period (Note 11) *	**Thousands** **31,500**	**Thousands** **28,203**	**Thousands** **31,500**	**Thousands** **23,743**
	SR	**SR**	**SR**	**SR**
Basic and diluted profit /(loss) per share	**0.38**	0.22	**(1.72)**	(5.22)

* The weighted average number of ordinary shares outstanding during the period has been retrospectively adjusted on all presented periods to reflect the impact of the subsequent reduction in share capital that was approved on October 6, 2022 as disclosed in note 11 and note 22.

14 Direct Cost

	For the nine- month period ended September 30,	
	2022	**2021**
	SR '000	**SR '000**
Salaries and related benefits	**111,945**	102,034
Depreciation of property and equipment	**92,110**	107,329
Depreciation of right of use assets	**67,242**	79,194
Rent	**35,152**	44,421
Utilities	**31,970**	34,801
Food and beverage costs	**21,062**	19,634
Management and franchise fees	**16,307**	15,228
Maintenance	**10,899**	12,154
Others	**34,946**	29,388
	421,633	444,183

15 Gain from lease termination

During the third quarter of 2022, the municipality of Jeddah notified the Group's Parent company, to evacuate two hotels which the Parent Company owns and leases to the Group. The hotels are on a land which the municipality of Jeddah intends to develop. As a result, the Group assessed the financial impact of expropriation. The Group and its parent Company has entered into a lease termination agreements dated September 6, 2022 whereby it was agreed that the Parent company will compensate the Group with a total amount of SR 32.8 million as a result of the lease termination and the expropriation of both hotels by the municipality of Jeddah.

16 Commitments and contingencies

16.1 Legal contingencies

The Group is involved in litigation in the ordinary course of business, which are being defended. While the ultimate results of these matters cannot be determined with certainty, based on the advice of its legal counsel, the Group's management does not expect that these will have a material adverse effect on its condensed consolidated interim financial position or results of operations as adequate provision was made in the condensed consolidated interim financial statements.

16.2 Capital commitments

As at September 30, 2022, the Group has capital commitments of SR 86 million (December 31, 2021: SR 28 million) related to projects under constructions.

16.3 Letters of credit and guarantee

As at September 30, 2022, the Group had outstanding letters of credit and guarantee amounting to SR 15.6 million (December 31, 2021: SR 7.1 million).

17 Segmental information

The Executive Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated and measured consistently.

17.1 The Group's reportable segments under IFRS 8:

Hotels: engaged in hotel, tourism, health resorts, furnished apartments, restaurants and cafes.
Entertainment: engaged in establishment, management, operation and maintenance of fun cities, entertainment centers, parks and gardens.
Others: includes the operations of head office, commercial center and other segments.

17 Segmental information (continued)

17.1 The Group's reportable segments under IFRS 8: (continued)

The Group's primary business is conducted in Saudi Arabia with three subsidiaries, Sparky's UAE, Asateer Company for Entertainment and Tourism – Egypt and Osool Al Mazaya Hospitality Company. However, the total assets, liabilities, commitments and results of operations of those subsidiaries are not material to the Group's overall consolidated financial statements. Transactions between the operating segments are on terms as approved by the management. There are no material items of income or expense between the operating segments. Majority of the segment assets and liabilities comprise operating assets and liabilities.

Following is a summary of key financial information for the nine-month period ended September 30, 2022 and 2021 and December 31, 2021:

September 30, 2022

SR '000	Hotels	Entertainment	Others	Total
Revenue	**262,242**	**231,071**	**27,626**	**520,939**
Depreciation of property and equipment – direct cost	**(43,613)**	**(41,288)**	**(7,209)**	**(92,110)**
Depreciation of right of use assets	**(15,207)**	**(43,802)**	**(8,233)**	**(67,242)**
Other direct costs	**(164,405)**	**(82,041)**	**(15,835)**	**(262,281)**
Gross profit/ (loss)	**39,017**	**63,940**	**(3,651)**	**99,306**
Expenses	**(66,545)**	**(38,021)**	**(29,979)**	**(134,545)**
Finance cost charges	**(11,136)**	**(25,734)**	**(4,809)**	**(41,679)**
(Loss) gain on disposal of property and equipment and write off	**(23,509)**	**2,936**	**2,397**	**(18,176)**
Share of results of investment in joint ventures	**-**	**-**	**2,515**	**2,515**
Gain from lease termination	**32,678**	**6,266**	**313**	**39,257**
Other income	**5**	**-**	**1,098**	**1,103**
Impairment of financial assets	**(498)**	**(729)**	**(779)**	**(2,006)**
Net (loss)/ income	**(29,988)**	**8,658**	**(32,895)**	**(54,225)**
Property, equipment and project under construction	**354,135**	**318,730**	**121,435**	**794,300**
Right of use assets	**198,375**	**357,007**	**105,177**	**660,559**
Investments in joint ventures	**-**	**-**	**104,096**	**104,096**
Total assets	**753,878**	**784,305**	**403,322**	**1,941,505**
Total liabilities	**548,978**	**862,174**	**206,913**	**1,618,065**

September 30, 2021

SR '000	Hotels	Entertainment	Others	Total
Revenue	273,918	213,073	27,662	514,653
Depreciation of property and equipment – direct cost	(52,086)	(49,755)	(5,488)	(107,329)
Depreciation of right of use assets	(11,732)	(60,592)	(6,870)	(79,194)
Other direct costs	(179,596)	(62,798)	(15,266)	(257,660)
Gross profit	30,504	39,928	38	70,470
Expenses	(76,568)	(42,430)	(24,636)	(143,634)
Finance cost charges	(4,036)	(23,845)	(21,793)	(49,674)
Loss on disposal of property and equipment and write off	(6,177)	(19,665)	(8,325)	(34,167)
Share of results of investment in joint ventures	-	-	(7,814)	(7,814)
Gain from lease termination	36,364	5,306	-	41,670
Other income	3	-	163	166
Impairment of financial assets	(1,315)	(307)	(1,563)	(3,185)
Zakat reversal	-	-	2,296	2,296
Net loss	(21,225)	(41,013)	(61,634)	(123,872)

17 Segmental information (continued)

17.1 The Group's reportable segments under IFRS 8: (continued)

December 31, 2021 SR '000	Hotels	Entertainment	Others	Total
Property and equipment	406,281	397,582	88,911	892,774
Right of use assets	213,582	416,994	114,882	745,458
Investments in joint ventures	-	-	101,233	101,233
Total assets	842,526	877,626	361,242	2,081,394
Total liabilities	603,227	557,327	542,960	1,703,514

In addition to the above segment reporting, the Company's revenue is generated from the following subsidiaries and locations:

September 30, 2022	Kingdom of Saudi Arabia SR '000	United Arab Emirates SR '000	Arab Republic of Egypt SR '000	Total SR '000
The Company	**498,526**	**-**	**-**	**498,526**
Osool Al Mazaya Hospitality Company	**688**	**-**	**-**	**688**
Sparky's Land Amusement Toys Company	**-**	**19,881**	**-**	**19,881**
Asateer Company for Entertainment and Tourism	**-**	**-**	**1,844**	**1,844**
Total revenue	**499,214**	**19,881**	**1,844**	**520,939**

September 30, 2021	Kingdom of Saudi Arabia *SR '000*	United Arab Emirates *SR '000*	Arab Republic of Egypt *SR '000*	Total *SR '000*
The Company	495,855	-	-	495,855
Osool Al Mazaya Hospitality Company	1,327	-	-	1,327
Sparky's Land Amusement Toys Company	-	15,462	-	15,462
Asateer Company for Entertainment and Tourism	-	-	2,009	2,009
Total revenue	497,182	15,462	2,009	514,653

17 Segmental information (continued)

17.2 Credit exposure by operating segments is as follows:

September 30, 2022 -SR '000	Hotels	Entertainment	Others	Total
Assets	**173,263**	**20,171**	**96,623**	**290,057**
Commitments and contingencies	**21,753**	**78,457**	**1,476**	**101,686**

December 31, 2021 - SR '000	Hotels	Entertainment	Others	Total
Assets	199,910	32,422	54,015	286,347
Commitments and contingencies	15,668	15,679	3,796	35,143

Group's credit exposure is comprised of bank balances, trade receivables, contract assets and amounts due from related parties.

18 Fair values of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Financial instruments comprise of financial assets and financial liabilities. The Group's financial assets mainly consist of bank balances, trade receivables, contract assets and amounts due from related parties. Its financial liabilities mainly consist of term loans, payables, accruals and amounts due to related parties.

The management has assessed that fair value of bank balances, trade receivables, contract assets and amounts due from related parties, short term loans, amounts due to related parties, accruals and other payables approximate their carrying amounts largely due to the short-term maturities of these instruments.

19 FINANCIAL INSTRUMENTS

Financial assets at amortized cost

	September 30, 2022 SR '000	December 31, 2021 SR '000
Bank balances	**125,599**	168,899
Trade receivables	**79,305**	88,195
Contract assets	**12,625**	8,945
Amounts due from related parties	**45,090**	4,942
Loan to Joint venture	**27,438**	15,366
	290,057	286,347

Financial liabilities at amortized cost

	September 30, 2022 SR '000	December 31, 2021 SR '000
Trade payable and other current liabilities	**295,777**	239,933
Borrowings	**496,330**	554,247
Lease liabilities	**767,966**	852,154
	1,560,073	1,646,334

20 FINANCIAL RISK MANAGEMENT

The Group's principal financial liabilities comprise lease liabilities, loans and borrowings and trade payables and other current liabilities. The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets include trade receivables and cash and bank balances that derive directly from its operations.

The Group is exposed to market risk, credit risk and liquidity risk. The Group's senior management oversees the management of these risks. The Group's senior management regularly review the policies and procedures to ensure that all the financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives. The Group does not engage into any hedging activities. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarized below.

a) Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: commission rate risk, currency risk and other price risk, such as equity price risk. Financial instruments affected by market risk include loans and borrowings. The sensitivity analyses in the following sections relate to the position as at September 30, 2022.

Commission risk

Commission rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market commission rates. The Group's exposure to the risk of changes in market commission rates relates primarily to the Group's long-term and short term loans with floating commission rates. The Group manages its exposure to commission rate risk by continuously monitoring movements in commission rates.

The following table demonstrates the sensitivity to a reasonably possible change in commission rates on that portion of loans and borrowings affected. With all other variables held constant, the Group's profit before zakat is affected through the impact on floating rate borrowings, as follows:

	September 30, 2022 SR '000	**September 30, 2021 SR '000**
Loss before Zakat	**(54,225)**	(126,168)
Increase by 100 points	**(764)**	(39)
Decrease by 100 points	**764**	39

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group is not subject to fluctuations in foreign exchange rates in the normal course of its business. The Group did not undertake significant transactions in currencies other than Saudi Riyals, during the year and, accordingly, the Group has no significant exposure to other foreign currencies for the period ended September 30, 2022. the Group is not exposed to significant foreign currency risk.

20 FINANCIAL RISK MANAGEMENT (continued)

b) Credit Risk

Credit risk is the risk that one party to financial instruments will fail to discharge an obligation and cause the other party to incur a financial loss. The Group is exposed to credit risk on its bank balances, trade receivables and receivables from related parties and certain other current assets as follows:

	September 30, 2022 SR '000	December 31, 2021 SR '000
Bank balances	**125,599**	168,899
Trade receivables	**79,305**	88,195
Contract assets	**12,625**	8,945
Amounts due from related parties	**45,090**	4,942
Loan to joint venture	**27,438**	15,366
	290,057	286,347

The carrying amount of financial assets represents the maximum credit exposure.

Credit risk on receivable and bank balances is limited as:

Bank balances

Credit risk from balances with banks and financial institutions is managed by the Group's treasury department in accordance with the Group's policy. The Group seeks to manage its credit risk with respect to banks by only dealing with reputable banks that have a sound credit rating ranging from BAA1 and above. At the reporting date, no significant concentration of credit risk was identified by the management.

Trade receivables

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Trade receivables of the Group are spread across large number of credit customers. The Group seeks to manage its credit risk with respect to customers by setting credit limits for individual customers, monitoring outstanding receivables and ensuring close follow ups. An impairment analysis is performed at each reporting date on an individual basis for certain customers. In addition, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively.

Other current assets

Other current assets include advances to employees, employee loans are secured against end of service balances.

20 FINANCIAL RISK MANAGEMENT (continued)

b) Credit Risk (continued)

On that basis, the loss allowance as at September 30, 2022 and December 31, 2021 was determined as follows:

September 30,2022	**0-90 days**	**91-180 days**	**181-270 days**	**271-360 days**	**361-450 days**	**451-540 days**	**541-630 days**	**631-720 days**	**721-810 days**	**811-900 days**	**More than 900 days**	**Total**
Expected loss rate	**0.2%**	**0.6%**	**1.1%**	**4.4%**	**5.5%**	**10.2%**	**16.5%**	**21.4%**	**27.9%**	**64.5%**	**86.7%**	
Trade receivable												
Hotel	**19,620**	**9,511**	**3,929**	**3,658**	**3,817**	**7,393**	**9,314**	**810**	**440**	**475**	**7,266**	**66,233**
Entertainment	**6,116**	**554**	**222**	**147**	**24**	**23**	**109**	**127**	**278**	**1,511**	**973**	**10,084**
Others	**3,493**	**3,934**	**2,158**	**2,242**	**519**	**935**	**160**	**969**	**22**	**452**	**4,419**	**19,303**
Total	**29,229**	**13,999**	**6,309**	**6,047**	**4,360**	**8,351**	**9,583**	**1,906**	**740**	**2,438**	**12,658**	**95,620**
Allowance												
Hotel	**35**	**59**	**41**	**160**	**210**	**757**	**1,541**	**173**	**123**	**307**	**6,301**	**9,707**
Entertainment	**11**	**3**	**2**	**6**	**1**	**2**	**18**	**27**	**78**	**975**	**845**	**1,968**
Others	**6**	**25**	**23**	**99**	**29**	**96**	**26**	**208**	**6**	**291**	**3,831**	**4,640**
Total	**52**	**87**	**66**	**265**	**240**	**855**	**1,585**	**408**	**207**	**1,573**	**10,977**	**16,315**
Trade Receivable, net	**29,177**	**13,912**	**6,243**	**5,782**	**4,120**	**7,496**	**7,998**	**1,498**	**533**	**865**	**1,681**	**79,305**

December 31,2021	**0-90 days**	**91-180 days**	**181-270 days**	**271-360 days**	**361-450 days**	**451-540 days**	**541-630 days**	**631-720 days**	**721-810 days**	**811-900 days**	**More than 900 days**	**Total**
Expected loss rate	**0.4%**	**1.4%**	**2.0%**	**7.5%**	**9.2%**	**17.0%**	**24.1%**	**29.1%**	**36.1%**	**74.3%**	**90.3%**	
Trade receivable												
Hotel	26,750	17,973	15,965	3,120	936	651	318	5,183	997	961	6,222	79,076
Entertainment	3,596	121	119	114	138	311	1,511	54	116	116	716	6,912
Others	4,688	2,739	2,016	1,032	1,361	157	498	59	242	1,215	3,102	17,109
Total	35,034	20,833	18,100	4,266	2,435	1,119	2,327	5,296	1,355	2,292	10,040	103,097
Allowance												
Hotel	125	245	325	234	84	110	74	1,505	359	700	5,684	9,445
Entertainment	13	2	2	9	12	53	366	16	42	87	634	1,236
Others	18	40	42	77	128	27	121	19	88	917	2,744	4,221
Total	156	287	369	320	224	190	561	1,540	489	1,704	9,062	14,902
Trade Receivable, net	34,878	20,546	17,731	3,946	2,211	929	1,766	3,756	866	588	978	88,195

20 FINANCIAL RISK MANAGEMENT (continued)

c) Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to realize financial assets quickly at an amount close to its fair value. The Group manages its liquidity risk by monitoring working capital and cash flow requirements on regular basis. The Group manages its liquidity risk by ensuring that bank facilities are available. The Group's term of revenue and services require amounts to be paid within 30 to 120 days of the date of submitting the invoice. Trade payables are normally settled within 30 to 120 days of the date of purchase.

The following is contractual undiscounted maturity analysis of the financial liabilities of the Group as at September 30, 2022 and December 31, 2021.

	1 to 3 months	3 months to one year	1 to 3 years	3 to 5 years	Above 5 years	Total
September 30, 2022						
Trade payable and other current liabilities	**44,773**	**251,004**	**-**	**-**	**-**	**295,777**
Lease liabilities	**49,960**	**85,265**	**216,190**	**181,885**	**424,009**	**957,309**
Borrowings	**28,886**	**142,230**	**259,962**	**92,249**	**-**	**523,327**
	123,619	**478,499**	**476,152**	**274,134**	**424,009**	**1,776,413**
December 31, 2021						
Trade payable and other current liabilities	52,374	187,559	-	-	-	239,933
Lease liabilities	48,185	85,864	231,043	203,634	509,864	1,078,590
Borrowings	63,104	135,805	282,071	74,575	25,096	580,651
	163,663	409,228	513,114	278,209	534,960	1,899,174

21 Significant event

During March 2020, the World Health Organisation ("WHO") declared the Coronavirus ("COVID-19") outbreak as a pandemic in recognition of its rapid spread across the globe. This outbreak has also affected the GCC region including the Kingdom of Saudi Arabia. The Coronavirus ("COVID-19") pandemic continues to disrupt global markets as many geographies are beginning to experience a second, third and fourth wave of infections despite having previously controlled the outbreak through aggressive precautionary measures such as imposing restrictions on travel, lockdowns and strict social distancing rules. The Government of Kingdom of Saudi Arabia (the "Government") however has managed to successfully control the outbreak to date, owing primarily to the effective measures taken by the Government. The Government has approved number of vaccines for mass immunization. The drive is in full swing and majority of the population has been vaccinated.

The extent and duration of such impacts remain uncertain and dependent on future developments that cannot be accurately predicted at this time, such as the transmission rate of the coronavirus and the extent and effectiveness of containment actions taken. Given the ongoing economic uncertainty, a reliable estimate of the impact cannot be made at the date of authorization of these condensed consolidated interim financial statements. These developments could impact our future financial results, cash flows and financial condition.

22 Subsequent events

On October 6, 2022, the extraordinary general assembly agreed to reduce the Company's capital from SR 650 million to SR 315 million, with a decrease of 51.54%, thus reducing the number of the Company's shares from 65 million shares to 31.5 million shares by canceling 33.5 million shares of the issued Company's shares to offset 98.9% of the accumulated losses amounting to SR 338.6 million as of June 30, 2022, and this approval was announced on the website of the Capital Market Authority and the Saudi Exchange website.

Other than the above mentioned, the Group is not aware of any significant subsequent events that would have material impact on the condensed consolidated interim financial statements other than what is mentioned above.

23 Restatement

During the year, the Group reassessed presentations of certain items in the primary condensed consolidated interim financial statements. This was to ensure that the proposed disclosures were consistent with the requirements of IAS 1 “Presentation of financial statements” as endorsed in the Kingdom of Saudi Arabia. As a result certain comparatives were adjusted to conform with changes in the presentation in the current year. Details of these are set out below.

23.1 Restatement (1)

During the period, the management assessed the classification of certain depreciation expenses within the statement of comprehensive income to determine if the classification in direct cost was appropriate. It was noted that the depreciation expenses did not relate to revenue generating activities. This restatement represents the correction of the classification of management offices depreciation from direct cost in cost of sales to general and administrative expenses based on the requirements of IAS 1 - Presentation of Financial Statements.

23.2 Restatement (2)

Management reconsidered the classification of the loss from disposal of certain entertainment centers and a hotel which was exited from during the period. Management assessed that disclosure as a separate line item of SR 11.4 million for the nine-month and three-month periods ended September 30, 2022, provides more reliable and more relevant information. This is based on the fact that the Group did not generate any future revenues from these CGUs after existing from the location.

In the current period, the loss on the disposal has been recognised as a separate line item within operating expenses. This was incorrectly presented below the operating profit/loss in the previous quarters but was corrected in this quarter.

The changes in the condensed consolidated interim statement of comprehensive income as of September 30, 2021 had no effect on the Group’s financial position, financial performance and cash flows. It is presented in these condensed consolidated interim financial statements as a result of the above described changes in presentation.

23.3 Restatement (3)

This represents the reclassification of other income from below operating losses line to above the line in the expenses section. The other income relates to lease termination gains for properties which were exited in 2021 and write offs in relation to certain assets. The reclass also comprises of SAR 23.1m expenses being reclassified from other income to “loss on disposal of property plant and equipment and projects under constructions and write offs”. The remaining amount relates to other income and has been presented as a separate line item “Lease termination gains”, within operating expenses.

23.4 Restatement (4)

This represent the reclassification of impairment of financial assets which were previously included in general and administrative expenses, to a separate line item on the face of the condensed consolidated interim statement of comprehensive income.

23.5 Restatement (5)

During the review of the condensed consolidated interim financial statements, it was noted that loans to a joint venture were incorrectly included under prepayments and other current assets albeit the nature of the loans was different to the other items. Furthermore, the loans to the joint venture are of a long-term nature and should not be included under current assets. As such, the balance of the loans was reclassified from prepayments and other current assets (current assets) to loans to joint ventures (non-current assets).

The restatement has no material impact on the opening balances of the condensed consolidated interim statement of financial position as of January 1, 2021 and therefore a third column balance sheet was not presented. Furthermore, the restatement has no material impact on the condensed consolidated interim statement of comprehensive income for the prior year.

23 Restatement (continued)

For the nine month period ended September 30, 2021	**As originally presented SR'000**	**Restatement (1) SR'000**	**Restatement (2) SR'000**	**Restatement (3) SR'000**	**Restatement (4) SR'000**	**As restated at September 30, 2021 SR'000**
Hotels	(244,933)	273	1,246	-	-	(243,414)
Entertainment	(188,617)	5,734	9,738	-	-	(173,145)
Others	(29,643)	2,019	-	-	-	(27,624)
Direct cost	**(463,193)**	**8,026**	**10,984**	**-**	**-**	**(444,183)**
Gross Profit	**51,460**	**8,026**	**10,984**	**-**	**-**	**70,470**
General and administrative expenses	(112,869)	(8,026)	-	-	3,185	(117,710)
Loss on disposal of property and Equipment and write off	-	-	(10,984)	(23,183)	-	(34,167)
Gain from lease termination	-	-	-	41,670	-	41,670
Other income	-	-	-	166	-	166
Impairment on financial assets	-	-	-	-	(3,185)	(3,185)
Net expenses	**(138,793)**	**(8,026)**	**(10,984)**	**18,653**	**-**	**(139,150)**
Operating (loss) /income	**(87,333)**	**-**	**-**	**18,653**	**-**	**(68,680)**
Other income	18,653	-	-	(18,653)	-	-
Net loss for the period	**(123,872)**	**-**	**-**	**-**	**-**	**(123,872)**

For the three months period ended September 30, 2021	**As originally presented SR'000**	**Restatement (1) SR'000**	**Restatement (2) SR'000**	**Restatement (3) SR'000**	**Restatement (4) SR'000**	**As restated at September 30, 2021 SR'000**
Hotels	(81,068)	91	-	-	-	(80,977)
Entertainment	(60,991)	1,850	(491)	-	-	(59,632)
Others	(10,481)	672	-	-	-	(9,809)
Direct cost	**(152,540)**	**2,613**	**(491)**	**-**	**-**	**(150,418)**
Gross Profit	**38,471**	**2,613**	**(491)**	**-**	**-**	**40,593**
General and administrative expenses	(44,047)	(2,613)	-	-	1,219	(45,441)
Loss on disposal of property and Equipment	-	-	491	(4,441)	-	(3,950)
Lease termination gains	-	-	-	42,135	-	42,135
Other income	-	-	-	164	-	164
Impairment on financial assets	-	-	-	-	(1,219)	(1,219)
Net expenses	**(52,471)**	**(2,613)**	**491**	**37,858**	**-**	**(16,735)**
Operating (loss)/income	**(14,000)**	**-**	**-**	**37,858**	**-**	**23,858**
Other income	37,858	-	-	(37,858)	-	-
Net income for the period	**6,182**	**-**	**-**	**-**	**-**	**6,182**

23 Restatement (continued)

Impact on condensed consolidated interim financial position as of 31 December 2021

As of 31 Dec 2021,	As originally presented SR'000	Restatement (5) SR'000	As restated at 31 Dec 2021
Prepayment and other current assets	**63,787**	**(15,366)**	**48,421**
Long term loans to a joint venture	**-**	**15,366**	**15,366**

As of 1 Jan 2021,	As originally presented SR'000	Restatement (5) SR'000	As restated at 31 Dec 2021
Prepayment and other current assets	**98,641**	**(14,431)**	**84,210**
Long term loans to a joint venture	**-**	**14,431**	**14,431**

Impact on Cash flows for the period ended 30 September 2021.

The condensed consolidated interim statement of cash flows was amended to appropriately include the movement in the loan in investing cash flows from operating cash flows.

As of 30 Sep 2021,	As originally presented SR'000	Restatement (5) SR'000	As restated at 30 Sep 2021
Prepayment and other current assets	**16,185**	**129**	**16,314**
Finance income from joint venture	**-**	**(129)**	**(129)**

24 Approval of the condensed consolidated interim financial statements

These condensed consolidated interim financial statements were approved by the board of directors on November 7, 2022.