

**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 SIX-  
MONTH PERIODS ENDED JUNE 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 six-month periods ended June 30, 2022

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## *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 of June 30, 2022 and the related condensed consolidated interim statement of comprehensive income for the three-month and six-month periods then ended and the related condensed consolidated interim statements of changes in shareholders’ equity and cash flows for the six-month period then ended and other explanatory notes. 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**

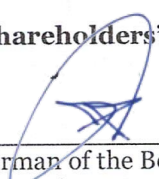
We draw attention to Note 2 to the accompanying condensed consolidated interim financial statements, which indicates that the Group incurred a net loss of Saudi Riyals 34.97 million for the three-month period ended June 30, 2022, and Saudi Riyals 66.34 million for the six-month period ended June 30, 2022. In addition, the Group’s current liabilities exceeded its current assets by Saudi Riyals 196.96 million and the Group had accumulated losses of Saudi Riyals 338.63 million as at June 30, 2022 which exceeded one half of the share capital as of that date. 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. As further described in Note 2, the Board of Directors is in the process of calling for an extraordinary general assembly meeting to take appropriate measures to reduce the accumulated losses to less than one half of the share capital which is subject to regulatory and shareholders’ approvals. 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**

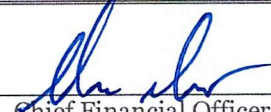
Khalid A. Mahdhar  
License No. 368  
August 30, 2022.

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

	Note	June 30, 2022 SR '000 (Unaudited)	December 31, 2021 SR '000 (Audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investments in joint ventures	5	103,054	101,233
Property, equipment and projects under construction	6	840,202	892,774
Right of use assets	7	707,921	745,458
<b>Total non-current assets</b>		<b>1,651,177</b>	<b>1,739,465</b>
<b>Current assets</b>			
Inventories		18,230	18,486
Trade receivables		84,245	88,195
Prepayments and other current assets		99,847	63,787
Cash and bank balances		119,305	171,461
<b>Total current assets</b>		<b>321,627</b>	<b>341,929</b>
<b>Total assets</b>		<b>1,972,804</b>	<b>2,081,394</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
<b>Shareholders' equity</b>			
Share capital	11	650,000	650,000
Other reserves		(967)	171
Accumulated losses	2	(338,631)	(272,291)
<b>Net shareholders' equity</b>		<b>310,402</b>	<b>377,880</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Non-current portion of long term loans	8	372,477	366,721
Non-current portion of lease liabilities	9	719,157	754,020
Employees' terminal benefits liabilities		52,175	50,320
<b>Total non-current liabilities</b>		<b>1,143,809</b>	<b>1,171,061</b>
<b>Current liabilities</b>			
Trade payables and other current liabilities		266,461	239,933
Short term loans and current portion of long term loans	8	144,741	187,526
Current portion of lease liabilities	9	100,531	98,134
Provision for zakat	10	6,860	6,860
<b>Total current liabilities</b>		<b>518,593</b>	<b>532,453</b>
<b>Total liabilities</b>		<b>1,662,402</b>	<b>1,703,514</b>
<b>Total shareholders' equity and liabilities</b>		<b>1,972,804</b>	<b>2,081,394</b>

  
Chairman of the Board of  
Directors

  
Chief Executive Officer

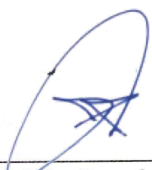
  
Chief Financial Officer

The accompanying notes 1 to 20 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 six-month periods ended June 30, 2022**

	Notes	For the three-month period ended June 30,		For the six-month period ended June 30,	
		2022 SR '000	2021* SR '000	2022 SR '000	2021* SR '000
<b>Revenue</b>					
- Hotels		85,321	92,434	182,516	174,413
- Entertainment		77,128	80,619	143,023	130,924
- Others		9,616	9,599	18,903	18,305
<b>Total revenue</b>		<b>172,065</b>	<b>182,652</b>	<b>344,442</b>	<b>323,642</b>
<b>Direct costs</b>					
- Hotels	19	(78,808)	(84,620)	(159,449)	(162,437)
- Entertainment	19	(58,291)	(60,555)	(111,415)	(113,513)
- Others	19	(10,787)	(9,639)	(21,304)	(17,815)
<b>Total direct costs</b>	19	<b>(147,886)</b>	<b>(154,814)</b>	<b>(292,168)</b>	<b>(293,765)</b>
<b>Gross profit</b>		<b>24,179</b>	<b>27,838</b>	<b>52,274</b>	<b>29,877</b>
<b>Expenses</b>					
Selling and marketing		(7,572)	(8,885)	(15,355)	(17,500)
General and administration	19	(38,864)	(38,870)	(77,140)	(74,235)
<b>Total expenses</b>		<b>(46,436)</b>	<b>(47,755)</b>	<b>(92,495)</b>	<b>(91,735)</b>
<b>Operating loss</b>		<b>(22,257)</b>	<b>(19,917)</b>	<b>(40,221)</b>	<b>(61,858)</b>
Finance cost on loans		(5,573)	(6,800)	(10,348)	(12,800)
Finance cost on lease liabilities		(8,548)	(10,092)	(17,715)	(20,856)
Share of results of investment in joint ventures	5.1	1,019	(2,375)	1,473	(3,860)
Other income/ (loss)	19	2	1	4	(463)
Gain/ (loss) on disposal of property and equipment and write offs		383	(30,768)	467	(30,217)
<b>Loss before zakat</b>		<b>(34,974)</b>	<b>(69,951)</b>	<b>(66,340)</b>	<b>(130,054)</b>
Zakat	10.1	-	-	-	-
<b>Net loss for the period</b>		<b>(34,974)</b>	<b>(69,951)</b>	<b>(66,340)</b>	<b>(130,054)</b>
<b>Other comprehensive loss</b>					
<b>Items that will not be reclassified to profit or loss:</b>					
Remeasurement of post-employment benefit obligations, net of zakat		(330)	(771)	(537)	(771)
<b>Items that will be reclassified to profit or loss:</b>					
Exchange differences on translation of foreign operations		33	(1)	(601)	(1)
<b>Other comprehensive loss for the period</b>		<b>(297)</b>	<b>(772)</b>	<b>(1,138)</b>	<b>(772)</b>
<b>Total comprehensive loss for the period</b>		<b>(35,271)</b>	<b>(70,723)</b>	<b>(67,478)</b>	<b>(130,826)</b>
<b>Loss per share:</b>					
Basic and diluted loss per share (SR)	13	(0.54)	(1.27)	(1.02)	(2.36)

\* Refer to note 19 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 20 form an integral part of these condensed consolidated interim financial statements.

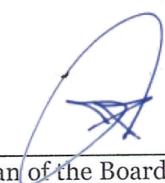


**Abdulmohsen Al-Hokair Group for Tourism and Development Company**  
**(A Saudi Joint Stock Company)**  
**Condensed consolidated interim statement of changes in shareholders' equity**  
**For the six-month period ended June 30, 2022**

	Share capital SR '000	Other reserves SR '000	Accumulated losses SR '000	Total shareholders' equity SR '000
<b>For the six-month period ended June 30, 2021</b>				
<b>Balance as at January 1, 2021 (audited)</b>	550,000	(242)	(302,334)	247,424
Loss for the period	-	-	(130,054)	(130,054)
Other comprehensive loss for the period	-	(772)	-	(772)
Total comprehensive loss for the period	-	(772)	(130,054)	(130,826)
<b>Balance as at June 30, 2021 (unaudited)</b>	550,000	(1,014)	(432,388)	116,598

**For the six-month period ended June 30, 2022**

<b>Balance as at January 1, 2022 (audited)</b>	650,000	171	(272,291)	377,880
Loss for the period	-	-	(66,340)	(66,340)
Other comprehensive loss for the period	-	(1,138)	-	(1,138)
Total comprehensive loss for the period	-	(1,138)	(66,340)	(67,478)
<b>Balance as at June 30, 2022 (unaudited)</b>	650,000	(967)	(338,631)	310,402



Chairman of the Board of Directors



Chief Executive Officer



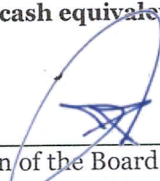
Chief Financial Officer

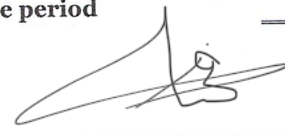


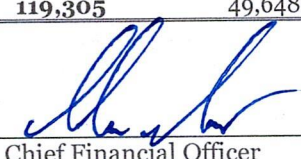
The accompanying notes 1 to 20 form an integral part of these condensed consolidated interim financial statements.

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

	Notes	For the six- month period ended June 30,	
		2022	2021
		SR'ooo	SR'ooo
<b>Cash flows from operating activities</b>			
Loss for the period before zakat		(66,340)	(130,054)
<i>Adjustments for:</i>			
Depreciation of property and equipment	6.1	67,923	77,634
(Gain)/Loss on disposal and write-off of property and equipment	6.2	(467)	30,217
Depreciation of right of use assets	7	46,299	59,155
Rent concession		(790)	-
Loss on disposal of right of use assets		-	465
(Reversal of) Provision for impairment of trade receivables and related party receivables		(984)	1,965
Provision for slow moving inventories		211	276
Share of results of investment in joint ventures	5.1	(1,473)	3,860
Finance cost on loans		10,348	12,800
Finance cost on lease liabilities		17,715	20,856
Employees' terminal benefits liabilities, net		1,318	564
<i>Operating cash flows before changes in working capital, and zakat paid:</i>		73,760	77,738
Changes in working capital:			
Trade receivables, prepayment and other current assets		(31,126)	(25,118)
Inventories		45	1,354
Trade payables and other current liabilities		25,599	93,922
Cash from operating activities		68,278	147,896
Zakat paid	10.1	-	(7,877)
<b>Net cash generated from operating activities</b>		68,278	140,019
<b>Investing activities</b>			
Additions to property, equipment and projects under construction	6	(15,954)	(11,251)
Proceeds from sale of property and equipment and projects under construction		507	698
Additions to investments in joint ventures	5.1	(150)	-
<b>Net cash used in investing activities</b>		(15,597)	(10,553)
<b>Financing activities</b>			
Proceeds from loans and borrowings		78,828	384,483
Repayment of loans and borrowings		(115,857)	(438,953)
Payment of lease liabilities		(58,153)	(81,473)
Finance cost paid		(9,617)	(11,648)
<b>Net cash used in financing activities</b>		(104,799)	(147,591)
<b>Net decrease in cash and cash equivalents</b>		(52,118)	(18,125)
Exchange differences on translation of foreign operations		(38)	(1)
Cash and cash equivalents at the beginning of the period		171,461	67,774
<b>Cash and cash equivalents at the end of the period</b>		119,305	49,648

  
Chairman of the Board of Directors

  
Chief Executive Officer

  
Chief Financial Officer

The accompanying notes 1 to 20 form an integral part of these condensed consolidated interim financial statements.

**Abdalmohsen Al-Hokair Group for Tourism and Development Company  
(A Saudi Joint Stock Company)  
Notes to the condensed consolidated interim financial statements (Unaudited)  
For the three-month and six-month periods ended June 30, 2022**

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**1 General information**

Abdalmohsen Al-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 22 July 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 Hilton Double Room 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:

<b>Subsidiary</b>	<b>Direct and indirect Ownership %</b>		<b>Principal activity</b>	<b>Country of incorporation</b>
	<b>June 30, 2022</b>	<b>December 31, 2021</b>		
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 six-months period ended June 30, 2022.

The condensed consolidated interim financial statements as at June 30, 2022 indicate that the Group incurred a net loss of Saudi Riyals 34.97 million for the three-month period ended June 30, 2022 and Saudi Riyals 66.34 million for the six-month period ended June 30, 2022. In addition, the accumulated losses of the Group amounting to Saudi Riyals 338.63 million (December 31, 2021: Saudi Riyals 272.29 million) as at June 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 June 30, 2022, resulting in a negative working capital of Saudi Riyals 196.96 million (December 31, 2021: Saudi Riyals 190.52 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 the following mitigating factors:

- Ability to continue to use the unutilized facilities, which the Group has eligibility to withdraw and the successful renewal of the bank facility arrangements once they expire 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 the Group's accumulated losses exceed one half of the share capital, as per the requirements of the Regulations for Companies and the exceptions allowed by the Ministry of Commerce under the Royal Decree issued on 10 Rabial-Thani 1442H (corresponding to November 25, 2020) (collectively, the "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. The Board of Directors is in the process of calling for an EOGM within the period specified in the Regulations and take appropriate measures so as to reduce the accumulated losses to less than one half of the share capital. The reduction of the share capital is conditional on the approval of the relevant regulatory authorities and the extraordinary general assembly of the Group.

## **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 by SOCPA. 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.

**Abdalmohsen Al-Hokair Group for Tourism and Development Company  
(A Saudi Joint Stock Company)  
Notes to the condensed consolidated interim financial statements (Unaudited)  
For the three-month and six-month periods ended June 30, 2022**

**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 31 December 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 1 January 2022:

<b>Title</b>	<b>Key requirements</b>	<b>Effective date *</b>
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

**Abdulmohsen Al-Hokair Group for Tourism and Development Company  
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Notes to the condensed consolidated interim financial statements (Unaudited)  
For the three-month and six-month periods ended June 30, 2022**

**3 Significant accounting policies** (continued)

**3.2 Consistent application of accounting policies** (continued)

Title	Key requirements	Effective date *
	<p>reported by the parent. This amendment will also apply to associates and joint ventures that have taken the same IFRS 1 exemption.</p> <ul style="list-style-type: none"> <li>• 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.</li> </ul>	
<b>New standards, interpretations and amendments issued but not yet effective</b>		
<p>IFRS 17 Insurance Contracts</p>	<p>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:</p> <ul style="list-style-type: none"> <li>• discounted probability-weighted cash flows</li> <li>• an explicit risk adjustment, and</li> <li>• a contractual service margin (CSM) representing the unearned profit of the contract which is recognised as revenue over the coverage period.</li> </ul> <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p>	<p>January 1, 2023 (deferred from January 1, 2021) *</p>

**Abdulmohsen Al-Hokair Group for Tourism and Development Company  
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**3 Significant accounting policies** (continued)

**3.2 Consistent application of accounting policies** (continued)

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

<b>Title</b>	<b>Key requirements</b>	<b>Effective date *</b>
Classification of Liabilities as Current or Non-current – Amendments to IAS 1	<p>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 waiver or a breach of covenant). The amendments also clarify what IAS 1 means when it refers to the 'settlement' of a liability.</p> <p>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.</p> <p>** 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.</p>	January 1, 2023 (deferred from January 1, 2021) *
Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2	<p>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.</p> <p>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.</p>	January 1, 2023
Definition of Accounting Estimates – Amendments to IAS 8	<p>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.</p>	January 1, 2023



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**3 Significant accounting policies** (continued)

**3.2 Consistent application of accounting policies** (continued)

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

<b>Title</b>	<b>Key requirements</b>	<b>Effective date *</b>
Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12	<p>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.</p> <p>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:</p> <ul style="list-style-type: none"> <li>• right-of-use assets and lease liabilities, and</li> <li>• decommissioning, restoration and similar liabilities, and the corresponding amounts recognised as part of the cost of the related assets.</li> </ul> <p>The cumulative effect of recognising these adjustments is recognised in retained earnings, or another component of equity, as appropriate.</p> <p>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.</p>	January 1, 2023
Sale or contribution of assets between an investor and its associate or joint venture – Amendments to IFRS 10 and IAS 2	<p>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.</p> <p>*** 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.</p>	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**

#### **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 June 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.

##### ***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.

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.

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**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.

	<b>Ownership</b>		<b>June 30, 2022</b>	<b>December 31, 2021</b>
	<b>June 30, 2022</b>	<b>December 31, 2021</b>	<b>SR '000</b>	<b>SR '000</b>
	<b>%</b>	<b>%</b>		
<b><u>Joint Ventures</u></b>				
Tourism and Real Estate Development Company	<b>48.5</b>	48.5	<b>72,495</b>	70,917
Asateer Company for Entertainment Projects Limited	<b>50.0</b>	50.0	<b>22,705</b>	20,794
Luxury Entertainment Company	<b>31.0</b>	31.0	<b>4,584</b>	7,560
Al Qaseem Trading Company Limited	<b>50.0</b>	50.0	<b>1,614</b>	-
Tarfeeh Company for Tourism and Projects Limited	<b>50.0</b>	50.0	<b>1,456</b>	1,912
Asateer Gulf Sports Company Limited	<b>33.3</b>	-	<b>150</b>	-
Al Khaleejiya Company for Entertainment Limited	<b>50.0</b>	50.0	<b>50</b>	50
			<b>103,054</b>	101,233

**5.1 Movement in the investments in joint ventures:**

	<b>For the six-month period ended June 30, 2022</b>	<b>For the year ended December 31, 2021</b>
	<b>SR '000</b>	<b>SR '000</b>
At the beginning of the period/year	<b>101,233</b>	107,183
Additions during the period	<b>150</b>	-
Share of results	<b>1,473</b>	(6,444)
Absorption of losses	<b>198</b>	494
At the end of the period/year	<b>103,054</b>	101,233



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**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	Air conditioners	4 to 10 years
Entertainment equipment	4 to 10 years	Computers	4 years
Furniture and fixtures	4 to 8 years	Tools	3 to 10 years
Motor vehicles	4 to 5 years		

	<b>Buildings and improvements</b>	<b>Entertainment equipment</b>	<b>Furniture and fixtures</b>	<b>Motor vehicles</b>	<b>Air conditioners</b>	<b>Computers</b>	<b>Tools</b>	<b>Projects under construction</b>	<b>Total</b>
<b>June 30, 2022</b>	<b>SR'000</b>	<b>SR'000</b>	<b>SR'000</b>	<b>SR'000</b>	<b>SR'000</b>	<b>SR'000</b>	<b>SR'000</b>	<b>SR'000</b>	<b>SR'000</b>
<b>Cost:</b>									
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	3,998	2,363	165	36	100	437	93	8,762	15,954
Disposals (*)	(24,373)	(1,767)	(7,005)	(663)	(2,752)	(1,993)	(6,920)	-	(45,473)
Transfer from projects under construction	2,213	102	288	204	338	387	156	(3,688)	-
Exchange difference	(236)	(449)	(3)	(14)	-	(17)	-	(29)	(748)
At the end of the period	1,094,598	654,173	272,309	26,835	92,598	88,888	163,518	15,423	2,408,342
<b>Depreciation:</b>									
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	29,210	19,058	8,872	111	3,581	2,523	4,568	-	67,923
Disposals	(24,373)	(1,733)	(7,005)	(663)	(2,752)	(1,987)	(6,920)	-	(45,433)
Exchange difference	(36)	(131)	(2)	(8)	-	(8)	-	-	(185)
At the end of the period	502,371	529,516	231,406	26,451	68,962	79,577	127,166	2,691	1,568,140
<b>Net book values:</b>									
<b>As at June 30, 2022</b>	<b>592,227</b>	<b>124,657</b>	<b>40,903</b>	<b>384</b>	<b>23,636</b>	<b>9,311</b>	<b>36,352</b>	<b>12,732</b>	<b>840,202</b>

(\*) During the current period, the Group has disposed of assets of a certain hotel, due to the termination of lease agreement.

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**6 Property, equipment and projects under construction (continued)**

	<b>Buildings and improvements</b>	<b>Entertainment \equipment</b>	<b>Furniture and fixtures</b>	<b>Motor Vehicles</b>	<b>Air conditioners</b>	<b>Computers</b>	<b>Tools</b>	<b>Projects under construction (**)</b>	<b>Total</b>
	<b>SR'000</b>	<b>SR'000</b>	<b>SR'000</b>	<b>SR'000</b>	<b>SR'000</b>	<b>SR'000</b>	<b>SR'000</b>	<b>SR'000</b>	<b>SR'000</b>
<b>December 31, 2021</b>									
<b>Cost:</b>									
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
<b>Depreciation:</b>									
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
<b>Net book values:</b>									
<b>As at 31 December 2021</b>	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.

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**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:

	<b>June 30, 2021 SR '000</b>	<b>December 31, 2021 SR '000</b>
Direct costs	<b>62,184</b>	141,730
General and administration expenses	<b>5,739</b>	10,840
	<b>67,923</b>	<b>152,570</b>

**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.

The recoverable amount for each Cash Generating Unit (CGU) of the hotel and entertainment sectors as at June 30, 2022 is determined based on a value in use calculation, terminal cash flows, using cash flow projections from business plans covering a five-year period. It was concluded that the recoverable amount was lower than the carrying value for certain CGUs in both sectors and as a result, the Group recorded a write off of Nil for certain hotel during the period (31 December 2021: SR 17.87 million for certain hotels and SR 12.84 million for certain entertainment centers).

**6.3 Projects under construction**

Projects under construction represent the costs of one new entertainment center (31 December 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:

<b>June 30, 2022</b>	<b>Land</b>	<b>Buildings and offices</b>	<b>Spaces in malls</b>	<b>Residential units</b>	<b>Total</b>
	<b>SR'000</b>	<b>SR'000</b>	<b>SR'000</b>	<b>SR'000</b>	<b>SR'000</b>
<b>Cost:</b>					
At the beginning of the period	<b>156,156</b>	<b>303,140</b>	<b>578,197</b>	<b>11,951</b>	<b>1,049,444</b>
Additions	-	-	<b>8,762</b>	-	<b>8,762</b>
At the end of the period	<b>156,156</b>	<b>303,140</b>	<b>586,959</b>	<b>11,951</b>	<b>1,058,206</b>
<b>Depreciation:</b>					
At the beginning of the period	<b>40,411</b>	<b>75,093</b>	<b>179,578</b>	<b>8,904</b>	<b>303,986</b>
Charge during the period	<b>6,541</b>	<b>12,423</b>	<b>26,552</b>	<b>783</b>	<b>46,299</b>
At the end of the period	<b>46,952</b>	<b>87,516</b>	<b>206,130</b>	<b>9,687</b>	<b>350,285</b>
<b>Net book values:</b>					
<b>As at June 30, 2022</b>	<b>109,204</b>	<b>215,624</b>	<b>380,829</b>	<b>2,264</b>	<b>707,921</b>

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**7 Right-of-use assets (Continued)**

<b><u>December 31, 2021</u></b>	<b>Land</b>	<b>Buildings and offices</b>	<b>Spaces in malls</b>	<b>Residential units</b>	<b>Total</b>
	<b>SR'000</b>	<b>SR'000</b>	<b>SR'000</b>	<b>SR'000</b>	<b>SR'000</b>
<b>Cost:</b>					
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
<b>Depreciation:</b>					
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
Termination	-	(11,930)	(28,514)	(359)	(40,803)
At the end of the year	40,411	75,093	179,578	8,904	303,986
<b>Net book values:</b>					
<b>As at December 31, 2021</b>	<b>115,745</b>	<b>228,047</b>	<b>398,619</b>	<b>3,047</b>	<b>745,458</b>

**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:

	<b>June 30, 2022</b>	<b>December 31, 2021</b>
	<b>SR '000</b>	<b>SR '000</b>
Current portion of long-term loans	<b>124,741</b>	167,526
Short term loans	<b>20,000</b>	20,000
	<b>144,741</b>	187,526
Non-current portion of long-term loans	<b>372,477</b>	366,721
	<b>517,218</b>	554,247

**The movement in the loans is as follows:**

	<b>June 30, 2022</b>	<b>December 31, 2021</b>
	<b>SR '000</b>	<b>SR '000</b>
At the beginning of the period/year	<b>554,247</b>	702,818
Proceeds during the period/year	<b>78,828</b>	484,282
Repayments during the period/year	<b>(115,857)</b>	(632,853)
	<b>517,218</b>	554,247



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**8 Loans (Continued)**

(i) The loan agreements contain covenants, mainly relating to certain leverage ratio, total debt to equity ratio, and others. 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 June 30, 2022, the Group was not in compliance with certain loan covenants, but has obtained waiver from banks.

(ii) The management assessed that fair value of short-term loans and current portion of long-term loans approximate their carrying amounts due to the short-term maturities of these instruments.

**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:

	<b>June 30, 2022</b>	<b>December 31, 2021</b>
	<b>SR '000</b>	<b>SR '000</b>
<i>Maturity analysis - contractual undiscounted cash flows</i>		
Within one year	<b>135,346</b>	134,049
After one year but not more than five years	<b>425,516</b>	434,677
More than five years	<b>467,879</b>	509,864
Total undiscounted lease liabilities	<b>1,028,741</b>	1,078,590

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

	<b>June 30, 2022</b>	<b>December 31, 2021</b>
	<b>SR '000</b>	<b>SR '000</b>
<i>Lease liabilities included in the condensed consolidated interim statement of financial position</i>		
Current portion of lease liabilities	<b>100,531</b>	98,134
Non-current portion of lease liabilities	<b>719,157</b>	754,020
	<b>819,688</b>	852,154

	<b>For the six- month period ended June 30, 2022</b>	<b>2021</b>
	<b>SR '000</b>	<b>SR '000</b>
<i>Amounts recognised in the condensed consolidated interim statement of comprehensive income:</i>		
Financial charges on lease liabilities	<b>17,715</b>	20,856
Variable lease payments not included in the measurement of lease liabilities	<b>28,172</b>	25,564
Expenses relating to short term leases	<b>4,848</b>	5,018

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.

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**9 Lease liabilities (Continued)**

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

	<b>June 30, 2022</b>	<b>December 31, 2021</b>
	<b>SR '000</b>	<b>SR '000</b>
At the beginning of the period/year	<b>852,154</b>	965,450
Additions during the period/year	<b>8,762</b>	130,162
Financial charges for the period / year	<b>17,715</b>	40,219
Repayments during the period / year	<b>(58,153)</b>	(147,859)
Rent concession during the period/year	<b>(790)</b>	(18,862)
Modifications during the year	-	(25,264)
Reclassification to accrued expenses	-	(18,017)
Terminations during the year	-	(73,675)
At the end of the period/year	<b>819,688</b>	852,154
Current portion	<b>100,531</b>	98,134
Non-current portion	<b>719,157</b>	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**

	<b>June 30, 2022</b>	<b>December 31, 2021</b>
	<b>SR '000</b>	<b>SR '000</b>
At the beginning of the period/year	<b>6,860</b>	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	<b>6,860</b>	6,860

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**11 Share capital**

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

On 14 Thul-Qi'dah 1443H (corresponding to 13 June 2022), the board of directors in their meeting recommended a share capital reduction from SR 650 million to SR 350 million by reducing the number of shares from 65 million shares to 35 million shares, to offset SR 300 million of the Group's accumulated losses. Furthermore, the Board of Directors is in the process of calling for an EOGM within the period specified in the Regulations and take appropriate measures to the extent to reduce the accumulated losses to less than one half of the share capital. The reduction of the Group's capital is conditional on the approval of the relevant official authorities and the extraordinary general assembly of the Group. For more details (Note 2)

On 28 Thul-Qi'dah 1442H (corresponding to 8 July 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.

**12 Related party transactions and balances**

**12.1 Related party transactions**

The following are the details of major related party transactions:

Related Party	Nature of transaction	Amount of transactions for the six- month period ended June 30,	
		2022 SR '000	2021 SR '000
Principal shareholder	Rent expense (a)	28,841	27,716
	Revenue	1,085	553
Members of board of directors	Salaries and related benefits (b)	891	891
Joint ventures	Management fees income	196	95
Affiliates	Rent expense/ Lease payments (a)	2,491	4,526
	Revenue	107	160
	Management fees income	-	117
Key management executives	Salaries and related benefits (b)	1,339	931

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 891 thousand (2021: SR 891 thousand) 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 1.3 million (2021: SR 931 thousand) 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.

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**12 Related party transactions and balances (Continued)**

**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 June 30, 2022, and 31 December 2021:

	<b>June 30, 2022</b>	<b>December 31, 2021</b>
	<b>SR '000</b>	<b>SR '000</b>
<i>i) Amounts due from related parties</i>		
Luxury Entertainment LLC (a joint venture)	<b>25,011</b>	15,371
Al Khaleejiya for Entertainment Company Limited (a joint venture)	<b>6,200</b>	5,926
Principal shareholder	<b>5,193</b>	1,895
Tarfeeh Company for Tourism Projects Limited (a joint venture)	<b>1,567</b>	1,559
Asateer Gulf Sports Company Limited (a joint venture)	<b>1,469</b>	-
Mena company for education and development (affiliate)	<b>146</b>	39
Naqaha Healthcare Company Limited (an affiliate)	<b>109</b>	109
Riyadh Plastic Factory (an affiliate)	<b>104</b>	-
Asateer Company for Entertainment Projects Limited (a joint venture)	<b>81</b>	-
Others	<b>1,502</b>	1,335
	<b>41,382</b>	26,234
Less: provision for impairment of related party receivables	<b>(6,250)</b>	(5,926)
	<b>35,132</b>	20,308
	<b>June 30, 2022</b>	<b>December 31, 2021</b>
	<b>SR '000</b>	<b>SR '000</b>
<i>ii) Amounts due to related parties</i>		
Al Qaseem Trading Company Limited (a joint venture)	<b>692</b>	494
Asateer Company for Entertainment Projects Limited (a joint venture)	-	425
Riyadh Plastic Factory (an affiliate)	-	23
	<b>692</b>	942
<i>iii) Movement in provision for impairment of related party receivables:</i>		
	<b>For the six-month period ended June 30, 2022</b>	<b>For the year ended December 31, 2021</b>
	<b>SR '000</b>	<b>SR '000</b>
At the beginning of the period/year	5,926	2,289
Charge for the period/year	324	3,637
At the end of the period/year	<b>6,250</b>	<b>5,926</b>



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**13 Basic and diluted loss per share**

Basic loss per share is calculated by dividing the net 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 loss per share is calculated by dividing the net 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 loss per share calculations:

	<b>For the three months ended June 30,</b>		<b>For the six months ended June 30,</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>SR '000</b>	<b>SR '000</b>	<b>SR '000</b>	<b>SR '000</b>
Loss for the period	<b>(34,974)</b>	(69,951)	<b>(66,340)</b>	(130,054)
Weighted average number of ordinary shares outstanding during the period (Note 11)	<b>Thousands 65,000</b>	<b>Thousands 55,000</b>	<b>Thousands 65,000</b>	<b>Thousands 55,000</b>
	<b>SR</b>	<b>SR</b>	<b>SR</b>	<b>SR</b>
Basic and diluted loss per share	<b>(0.54)</b>	(1.27)	<b>(1.02)</b>	(2.36)

**14 Commitments and contingencies**

**14.1 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 consolidated financial position or results of operations as adequate provision was made in the condensed consolidated interim financial statements.

**14.2 Capital commitments**

As at June 30, 2022, the Group has capital commitments of SR 58 million (December 31, 2021: SR 35 million) related to projects under constructions.

**14.3 Letters of credit and guarantee**

As at June 30, 2022, the Group had outstanding letters of credit and guarantee amounting to SR 23.3 million (December 31, 2021: SR 7.1 million).

**15 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.

**15.1 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.

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**15 Segmental information (Continued)**

**15.1 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 six-month period ended June 30, 2022 and 2021 and December 31, 2021:

<b>June 30, 2022</b> <b>SR 'ooo</b>	<b>Hotels</b>	<b>Entertainment</b>	<b>Others</b>	<b>Total</b>
Revenue	<b>182,516</b>	<b>143,023</b>	<b>18,903</b>	<b>344,442</b>
Depreciation of property and equipment	<b>(29,867)</b>	<b>(27,630)</b>	<b>(4,687)</b>	<b>(62,184)</b>
Depreciation of right of use assets	<b>(10,080)</b>	<b>(30,772)</b>	<b>(5,447)</b>	<b>(46,299)</b>
Other direct costs	<b>(119,502)</b>	<b>(53,013)</b>	<b>(11,170)</b>	<b>(183,685)</b>
Gross profit (loss)	<b>23,067</b>	<b>31,608</b>	<b>(2,401)</b>	<b>52,274</b>
Expenses	<b>(44,576)</b>	<b>(27,436)</b>	<b>(20,483)</b>	<b>(92,495)</b>
Finance cost charges	<b>(7,208)</b>	<b>(17,328)</b>	<b>(3,527)</b>	<b>(28,063)</b>
Loss on disposal of property and Equipment and write off	<b>65</b>	<b>402</b>	<b>-</b>	<b>467</b>
Share of results of investment in joint ventures	<b>-</b>	<b>-</b>	<b>1,473</b>	<b>1,473</b>
Other income	<b>4</b>	<b>-</b>	<b>-</b>	<b>4</b>
Net loss	<b>(28,648)</b>	<b>(12,754)</b>	<b>(24,938)</b>	<b>(66,340)</b>
Property, equipment and project under construction	<b>385,431</b>	<b>340,440</b>	<b>114,331</b>	<b>840,202</b>
Right of use assets	<b>203,502</b>	<b>397,265</b>	<b>107,154</b>	<b>707,921</b>
Investments in joint ventures	<b>-</b>	<b>-</b>	<b>103,054</b>	<b>103,054</b>
Total assets	<b>746,307</b>	<b>800,152</b>	<b>426,345</b>	<b>1,972,804</b>
Total liabilities	<b>576,990</b>	<b>868,895</b>	<b>216,517</b>	<b>1,662,402</b>
<b>June 30, 2021</b> <b>SR 'ooo</b>	<b>Hotels</b>	<b>Entertainment</b>	<b>Others</b>	<b>Total</b>
Revenue	174,413	130,924	18,305	323,642
Depreciation of property and equipment	(35,011)	(33,636)	(3,573)	(72,220)
Depreciation of right of use assets	(13,638)	(40,980)	(4,537)	(59,155)
Other direct costs	(113,788)	(38,897)	(9,705)	(162,390)
Gross profit	11,976	17,411	490	29,877
Expenses	(47,885)	(27,012)	(16,838)	(91,735)
Finance cost charges	(3,007)	(16,257)	(14,392)	(33,656)
Loss on disposal of property and Equipment and write off	(1,245)	(21,110)	(7,862)	(30,217)
Share of results of investment in joint ventures	-	-	(3,860)	(3,860)
Other loss	-	-	(463)	(463)
Net loss	(40,161)	(46,968)	(42,925)	(130,054)

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**15 Segmental information (Continued)**

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

**December 31, 2021  
SR '000**

	<b>Hotels</b>	<b>Entertainment</b>	<b>Others</b>	<b>Total</b>
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:

<b><u>June 30, 2022</u></b>	<b><i>Kingdom of Saudi Arabia SR '000</i></b>	<b><i>United Arab Emirates SR '000</i></b>	<b><i>Arab Republic of Egypt SR '000</i></b>	<b><i>Total SR '000</i></b>
The Company	<b>331,069</b>	-	-	<b>331,069</b>
Osool Al Mazaya Hospitality Company	<b>671</b>	-	-	<b>671</b>
Sparky's Land Amusement Toys Company	-	<b>11,509</b>	-	<b>11,509</b>
Asateer Company for Entertainment and Tourism	-	-	<b>1,193</b>	<b>1,193</b>
Total revenue	<b>331,740</b>	<b>11,509</b>	<b>1,193</b>	<b>344,442</b>

<b><u>June 30, 2021</u></b>	<b><i>Kingdom of Saudi Arabia SR '000</i></b>	<b><i>United Arab Emirates SR '000</i></b>	<b><i>Arab Republic of Egypt SR '000</i></b>	<b><i>Total SR '000</i></b>
The Company	312,438	-	-	312,438
Osool Al Mazaya Hospitality Company	797	-	-	797
Sparky's Land Amusement Toys Company	-	9,238	-	9,238
Asateer Company for Entertainment and Tourism	-	-	1,169	1,169
Total revenue	313,235	9,238	1,169	323,642

**15.2 Credit exposure by operating segments is as follows:**

	<b>Hotels</b>	<b>Entertainment</b>	<b>Others</b>	<b>Total</b>
<b>June 30, 2022 -SR '000</b>				
Assets	<b>130,276</b>	<b>45,097</b>	<b>72,015</b>	<b>247,388</b>
Commitments and contingencies	<b>25,997</b>	<b>28,450</b>	<b>4,019</b>	<b>58,466</b>
<b>December 31, 2021 - SR '000</b>	<b>Hotels</b>	<b>Entertainmen</b>	<b>Others</b>	<b>Total</b>
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.

## **16 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, 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.

## **17 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.

## **18 Subsequent events**

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. The Hotel carrying value of SR 23.53 million is recorded as a property and equipment and project under construction in its condensed consolidated interim statement of financial position as of June 30, 2022. As a result the Group is assessing the financial impact of expropriation of the hotel and is expecting to record a write off loss with the carrying value of the expropriated hotel's property and equipment and project under construction as of July 19, 2022.

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.

## **19 Restatement**

During the period, the management assessed the classification of certain depreciation expenses and write-off losses within the statement of comprehensive income to determine if the classification in direct cost was appropriate. It was noted that the expenses did not relate to revenue generating activities. In accordance with IAS 8 "Accounting policies, change in accounting estimates and errors" as endorsed in the kingdom of Saudi Arabia, the change has been made retrospectively and comparatives have been restated accordingly.

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**19 Restatement (continued)**

The effect of restatement on the relevant line items for the three- month and six-month periods ended June 30, 2021 is as follows:

<b>For the six months period ended June 30, 2021</b>	<b>As originally presented SR'000</b>	<b>Restatement (1) SR'000</b>	<b>Restatement (2) SR'000</b>	<b>As restated at June 30, 2021 SR'000</b>
Hotels	163,865	(182)	(1,246)	162,437
Entertainment	127,626	(3,884)	(10,229)	113,513
Others	19,162	(1,347)	-	17,815
<b>Direct cost</b>	<b>310,653</b>	<b>(5,413)</b>	<b>(11,475)</b>	<b>293,765</b>
General and administrative expenses	68,822	5,413	-	74,235
Loss on disposal of property and Equipment	18,742	-	11,475	30,217
<b>For the three months period ended June 30, 2021</b>	<b>As originally presented SR'000</b>	<b>Restatement (1) SR'000</b>	<b>Restatement (2) SR'000</b>	<b>As restated at June 30, 2021 SR'000</b>
Hotels	85,957	(91)	(1,246)	84,620
Entertainment	72,728	(1,944)	(10,229)	60,555
Others	10,330	(691)	-	9,639
<b>Direct cost</b>	<b>169,015</b>	<b>(2,726)</b>	<b>(11,475)</b>	<b>154,814</b>
General and administrative expenses	36,144	2,726	-	38,870
Loss on disposal of property and Equipment	19,293	-	11,475	30,768

**19.1 Restatement (1)**

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.

**19.2 Restatement (2)**

Represent the reclassification of loss from disposal of certain entertainment centers and a hotel which was exited from during the period to Loss on disposal of property and equipment and write offs. Management assessed that disclosure as a separate line item of SR 11.4 million for the six-month and three-month periods ended June 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.

**20 Approval of the condensed consolidated interim financial statements**

These condensed consolidated interim financial statements were approved by the board of directors on August 25, 2022.