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

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

31 March 2021

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

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)
For the three-month period ended 31 March 2021

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Building a better working world

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Independent auditor's review report on the interim condensed consolidated 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 interim condensed consolidated statement of financial position of Abdulmohsen Al Hokair Group for Tourism and Development Company (the "Company") and its subsidiaries (collectively referred to as the "Group") as at 31 March 2021, and the related interim condensed consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the three month period 31 March 2021, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated 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 interim condensed consolidated financial statements based on our review.

Scope of Review:

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

Conclusion:

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

Material Uncertainty Related to Going Concern

We draw attention to note 2 to the interim condensed consolidated financial statements, which indicates that the accumulated losses recached SR 362.4 million as of 31 March 2021, exceeding half of the Company's capital, and the current liabilities of the Group exceeded its current assets, resulting in a negative working capital of SR 643.10 million as of 31 March 2021. These conditions indicate that a material uncertainty exists that may cast a doubt on the Group's ability to continue as a going concern. As stated in note 2, the management has made an assessment of the Group's ability to continue as a going concern, and as result, these interim condensed consolidated financial statements have been prepared on a going concern basis. Our opinion is not modified in respect of this matter.

for Ernst & Young

Fahad M. Al-Toaimi
Certified Public Accountant
License No. 354

Riyadh: 6 Shawwal 1442H
(18 May 2021)

ERNST & YOUNG & Co. (CERTIFIED PUBLIC ACCOUNTANTS)
PROFESSIONAL LICENSE No. 45

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2021

	Notes	31 March 2021 SR '000 (Unaudited)	31 December 2020 SR '000 (Audited)
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		**47,877**	67,774
Trade receivables		**57,428**	51,865
Prepayments and other current assets		**101,721**	98,641
Inventories		**21,785**	22,979
TOTAL CURRENT ASSETS		**228,811**	241,259
NON-CURRENT ASSETS			
Investments in joint ventures	5	**106,679**	107,183
Property, equipment and projects under construction	6	**1,047,416**	1,078,295
Right of use assets	7	**830,547**	774,837
TOTAL NON-CURRENT ASSETS		**1,984,642**	1,960,315
TOTAL ASSETS		**2,213,453**	2,201,574
LIABILITIES AND SHAREHOLDERS' EQUITY			
LIABILITIES			
CURRENT LIABILITIES			
Payables and other current liabilities		**267,689**	223,005
Short term loans and current portion of long-term loans	8	**367,529**	354,912
Current portion of lease liabilities	9	**231,036**	227,624
Provision for zakat	10	**5,665**	13,542
TOTAL CURRENT LIABILITIES		**871,919**	819,083
NON-CURRENT LIABILITIES			
Non-current portion of long-term loans	8	**312,359**	347,906
Non-current portion of lease liabilities	9	**793,205**	737,826
Employees' terminal benefits liabilities		**48,649**	49,335
TOTAL NON-CURRENT LIABILITIES		**1,154,213**	1,135,067
TOTAL LIABILITIES		**2,026,132**	1,954,150
SHAREHOLDERS' EQUITY			
Share capital	11	**550,000**	550,000
Other reserves		**(242)**	(242)
Accumulated losses	2	**(362,437)**	(302,334)
TOTAL SHAREHOLDERS' EQUITY		**187,321**	247,424
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**2,213,453**	2,201,574

The attached notes 1 to 19 form an integral part of these interim condensed consolidated financial statements.

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the three-months period ended 31 March 2021

	Notes	*For the three-month period ended* 31 March 2021 SR '000	31 March 2020 SR '000
REVENUE			
- Hotels		**81,979**	134,540
- Entertainment		**50,305**	83,013
- Others		**8,706**	13,501
TOTAL REVENUE		**140,990**	231,054
DIRECT COSTS			
- Hotels		**(77,908)**	(75,414)
- Entertainment		**(54,898)**	(63,514)
- Others		**(8,832)**	(10,837)
TOTAL DIRECT COSTS		**(141,638)**	(149,765)
GROSS (LOSS) PROFIT		**(648)**	81,289
EXPENSES			
Selling and marketing		**(8,615)**	(12,944)
General and administration		**(32,678)**	(39,806)
TOTAL EXPENSES		**(41,293)**	(52,750)
OPERATING (LOSS) INCOME		**(41,941)**	28,539
Financial charges on loans		**(6,000)**	(8,100)
Financial charges on lease liabilities		**(10,764)**	(20,249)
Share in net results of joint ventures	5.1	**(1,485)**	1,243
Other income, net		**87**	673
(LOSS) NET INCOME FOR THE PERIOD		**(60,103)**	2,106
OTHER COMPREHENSIVE INCOME (LOSS)			
Items to be reclassified to interim condensed consolidated statement of income in subsequent periods:			
Exchange differences on translation of foreign operations		**-**	(141)
OTHER COMPREHENSIVE LOSS FOR THE PERIOD		**-**	(141)
TOTAL COMPREHENSIVE (LOSS) INCOME FOR THE PERIOD		**(60,103)**	1,965
(LOSS) EARNINGS PER SHARE:			
Basic and diluted (loss) earnings per share (SR)	13	**(1.09)**	0.04

The attached notes 1 to 19 form an integral part of these interim condensed consolidated financial statements.

Abdulmohsen Al-Hokair Group for Tourism and Development Company
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INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
For the three-month period ended 31 March 2021

	Share capital SR '000	*Other reserves SR '000*	*Accumulated losses SR '000*	*Total shareholders' equity SR '000*
For the three- month period ended 31 March 2021				
At the beginning of the period (audited)	550,000	(242)	(302,334)	247,424
Net loss for the period	-	-	(60,103)	(60,103)
Other comprehensive loss for the period	-	-	-	-
Total comprehensive Loss for the period	-	-	(60,103)	(60,103)
At the end of the period (unaudited)	**550,000**	**(242)**	**(362,437)**	**187,321**
For the three- month period ended 31 March 2020				
At the beginning of the period (audited)	550,000	(8,009)	(102,178)	439,813
Net income for the period	-	-	2,106	2,106
Other comprehensive income for the period	-	(141)	-	(141)
Total comprehensive loss for the period	-	(141)	2,106	1,965
At the end of the period (unaudited)	550,000	(8,150)	(100,072)	441,778

The attached notes 1 to 19 form an integral part of these interim condensed consolidated financial statements.

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

For the three- month period ended 31 March 2021

	Notes	*For the three- month period ended* 31 March 2021 SR'000	31 March 2020 SR'000
OPERATING ACTIVITIES			
(Loss) net income for the period		**(60,103)**	2,106
Adjustments for:			
Depreciation of property and equipment	6.1	**39,219**	38,872
Depreciation of right of use assets	7	**30,631**	44,431
Rent concession	12	**-**	(23,639)
Gain from disposal of right of use assets		**465**	-
Provision for impairment of trade receivable		**1,564**	1,434
Provision for slow moving inventory		**48**	-
Share in net results of joint ventures	5.1	**1,485**	(1,243)
Gain on sale of property and equipment		**(551)**	(486)
Financial charges on loans		**6,000**	8,100
Financial charges on lease liabilities		**10,764**	20,249
Employees' terminal benefits liabilities, net		**(686)**	(957)
		28,836	88,867
Changes in operating assets and liabilities:			
Receivables and other current assets		**(14,990)**	(43,359)
Inventories		**1,146**	861
Payables and other current liabilities		**47,720**	(287)
Cash from operating activities		**62,712**	46,082
Zakat paid	10.1	**(7,877)**	-
Financial charges paid		**(5,597)**	(5,891)
Net cash from operating activities		**49,238**	40,191
INVESTING ACTIVITIES			
Additions to property and equipment	6.1	**(7,431)**	(3,013)
Additions to projects under construction	6.4	**(1,057)**	(7,142)
Proceeds from sale of property and equipment		**699**	883
Net cash used in investing activities		**(7,789)**	(9,272)
FINANCING ACTIVITIES			
Proceeds from loans and borrowings		**94,670**	68,332
Repayment of loans and borrowings		**(117,600)**	(46,084)
Payment of lease liabilities		**(38,416)**	(35,256)
Net cash used in financing activities		**(61,346)**	(13,008)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		**(19,897)**	17,911
Exchange differences on translation of foreign operations		**-**	(141)
Cash and cash equivalents at the beginning of the period		**67,774**	33,828
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		**47,877**	51,598

The attached notes 1 to 19 form an integral part of these interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED) (CONTINUED)

For the three- month period ended 31 March 2021

		For the three- month period ended	
		31 March 2021	*31 March 2020*
	Notes	***SR'000***	*SR'000*
Non-cash transactions:			
Transfer from projects under construction to property and equipment	6.4	**256**	1,376
Absorption of losses of a joint venture	5.1	**981**	837

The attached notes 1 to 19 form an integral part of these interim condensed consolidated financial statements.

1 CORPORATE INFORMATION

Abdulmohsen 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 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 interim condensed consolidated financial statements:

	Direct and indirect Ownership %			
Subsidiary	*31 March 2021*	*31 December 2020*	*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

2 GOING CONCERN

In 2020, fears of the spread of Corona virus (Covid-19) caused a significant impact on the Group's business, as regulators took precautionary measures from March 2020, by closing of entertainment centers and also the current circumstances have 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 results, cash flows and the financial position of the Group for 2020 and 2021.

The statement of financial position as of 31 March 2021 shows that the accumulated losses of the Group of SR 362.44 million (31 December 2020: 302.33) exceeded half of its capital, which is subject to certain regulatory procedures according to "Companies Law". In addition, as of 31 March 2021, the current liabilities of the Group exceeded its current assets, resulting in a negative working capital of SR 643.11 million (31 December 2020: 577.82 million). These conditions indicate the existence of an uncertainty that may cast a doubt on the Group's ability to continue as a going concern.

The management has made an assessment of the Group's ability to continue as a going concern; as follows:

Accumulated losses exceeding half of capital

According to the requirements of Article 150 of the Companies Law, the Group is required to follow certain steps and procedures, if its accumulated losses exceed half of the Capital.

Accordingly, the Group's board of directors, on 11 Rabi Awal 1442H (corresponding to 28 October 2020), provided its recommendation to the general assembly to absorb accumulated losses of SR 207 M through a reduction in capital and also to increase the capital of the Company by offering rights issue of SR 307 M. As a result, the Company's capital will be SR 650 M. The Company has completed the respective filing to the Capital Market Authority and is awaiting for the necessary approvals.

2 GOING CONCERN (continued)

Negative working capital

The management has made an assessment of its negative working capital, including preparation of a business plan and forecasted cash flows for the next period, and is satisfied that the Company has the required resources to continue in 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 data of these financial statements.

The following were the key measures that were considered by management in addressing negative working capital:

- Obtain approvals from certain banks to defer settlements of short-term loans;
- Initiate discussions with lessors to reschedule payments of lease liabilities that are due in one year;
- Use the unutilized facilities as of end of 31 March 2021, which the Group has eligibility to withdraw; and
- Use the cash proceeds that's expected from the increase in capital of SR 307 M (as referred to it above)

Furthermore, the management is not aware of any other material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on a going concern basis.

3 SIGNIFICANT ACCOUNTING POLICIES

3.1 *Basis of preparation*

These interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard, "Interim Financial Reporting" ("IAS 34") as endorsed in KSA.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2020.

The interim condensed consolidated financial statements have been prepared on a historical cost basis. The interim condensed consolidated financial statements are presented in Saudi riyal (SR) and all values are rounded to the nearest thousand (SR 000), except when otherwise indicated.

3.2 *Basis of consolidation*

The interim condensed consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 March 2021. The financial statements of the subsidiaries are prepared for the same reporting period as that of the Company, using consistent accounting policies.

The Group controls an investee when it is exposed to, or has rights to, variable returns from its involvement with the investee and has ability to affect those returns through its power over the investee. Subsidiaries are consolidated from the date on which control is transferred to the Company and cease to be consolidated from the date on which the control is transferred from the Company. The results of subsidiaries acquired or disposed of during the period, if any, are included in the interim condensed consolidated statement of comprehensive income from the effective date of the acquisition or up to the effective date of disposal, as appropriate.

Non-controlling interests represent the portion of net income and net assets attributable to interests which are not owned, directly or indirectly, by the Company or its subsidiaries and are presented separately in the interim condensed consolidated statement of comprehensive income and within shareholders' equity in the interim condensed consolidated statement of financial position, separately from equity attributable to the equity holders of the parent.

Balances between the Company and its subsidiaries, and any unrealized income and expenses arising from intra-group transactions, are eliminated in preparing the interim condensed consolidated financial statements. Unrealized losses are eliminated in the same manner as unrealized gains, but only to the extent that there is no evidence of impairment.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3 *Changes in accounting policies due to adoption of new standards*

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2020. Certain other amendments and interpretations were issued for the first time in 2021, but have no impact on the Group's interim condensed consolidated financial statements.

3.4 *New standards, interpretations and amendments adopted by the Group*

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's interim condensed consolidated financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

Interest Rate Benchmark Reform – Phase : Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR).
The amendments include the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest;
- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued;
- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

These amendments had no impact on the interim condensed consolidated financial statements of the Group.

4 SIGNIFICANT JUDGMENTS, ASSUMPTIONS AND ESTIMATES

In preparing these interim condensed consolidated financial statements, management has made judgments, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the interim condensed consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, 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.

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.

4 SIGNIFICANT JUDGMENTS, ASSUMPTIONS AND ESTIMATES (continued)

Employees' terminal benefits liabilities

The present value of the employees' terminal benefits liabilities are determined using actuarial valuations. An actuarial valuation involves making various assumptions which may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

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 companies below are registered in the Kingdom of Saudi Arabia. The Group's investments in joint ventures is accounted for using the equity method in the interim condensed consolidated financial statements.

	Ownership			
	31 March 2021 %	*31 December 2020 %*	*31 March 2021 SR '000*	*31 December 2020 SR '000*
Joint Ventures				
Tourism and Real Estate Development Company	**48.5**	48.5	**68,146**	67,927
Asateer Company for Entertainment Projects Limited	**50.0**	50.0	**18,683**	18,725
Luxury Entertainment Company	**31.0**	31.0	**12,872**	14,043
Al Qaseem Trading Company Limited	**50.0**	50.0	**5,597**	4,847
Tarfeeh Company for Tourism and Projects Limited	**50.0**	50.0	**1,331**	1,591
Al Khaleejiya Company for Entertainment Limited	**50.0**	50.0	**50**	50
			106,679	107,183

5.1 *Movement in the investments in joint ventures:*

	For the three- month period ended 31 March 2021 SR '000	*For the year ended 31 December 2020 SR '000*
At the beginning of the period/year	**107,183**	114,795
Share in net results	**(1,485)**	(3,735)
Share in other comprehensive income items	**-**	34
Absorption of losses	**981**	3,589
Dividends	**-**	(7,500)
At the end of the period/year	**106,679**	107,183

6 PROPERTY, EQUIPMENT AND PROJECTS UNDER CONSTRUCTION

	Notes	*31 March 2021 SR '000*	*31 December 2020 SR '000*
Property and equipment	6.1 & 6.2	**1,028,096**	1,059,776
Projects under construction	6.3 & 6.4	**19,320**	18,519
		1,047,416	1,078,295

6 PROPERTY, EQUIPMENT AND PROJECTS UNDER CONSTRUCTION (continued)

6.1 *Property and equipment*

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

Buildings and improvements	Shorter of useful lives 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		

	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*	***Total SR'000***
Cost:								
At the beginning of the period	1,166,363	662,582	281,975	27,469	89,677	88,636	170,820	**2,487,522**
Additions	4,772	777	1,313	-	181	150	238	**7,431**
Disposals	(2,401)	(4,514)	(173)	-	(180)	(22)	-	**(7,290)**
Transfer from projects under construction (note 6.5)	212	-	30	-	-	10	4	**256**
At the end of the period	1,168,946	658,845	283,145	27,469	89,678	88,774	171,062	**2,487,919**
Depreciation:								
At the beginning of the period	450,085	482,224	215,231	27,284	60,286	74,735	117,901	**1,427,746**
Charge for the period	17,010	10,631	4,933	97	2,046	1,523	2,979	**39,219**
Disposals	(2,401)	(4,486)	(149)	-	(84)	(22)	-	**(7,142)**
At the end of the period	464,694	488,369	220,015	27,381	62,248	76,236	120,880	**1,459,823**
Net book values:								
As at 31 March 2021	704,252	170,476	63,130	88	27,430	12,538	50,182	**1,028,096**

6 PROPERTY, EQUIPMENT AND PROJECTS UNDER CONSTRUCTION (continued)

6.1 Property and equipment (continued)

	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*	*Total SR'000*
Cost:								
At the beginning of the year	1,150,717	658,074	275,027	27,762	86,925	85,596	167,118	2,451,219
Additions	14,712	15,165	7,160	82	1,476	3,232	820	42,647
Disposals	(13,516)	(10,706)	(1,631)	(379)	(202)	(937)	-	(27,371)
Transfer from projects under construction (note 6.5)	13,914	-	1,261	-	1,416	735	2,661	19,987
Others	536	49	158	4	62	10	221	1,040
At the end of the year	1,166,363	662,582	281,975	27,469	89,677	88,636	170,820	2,487,522
Depreciation:								
At the beginning of the year	364,480	445,060	197,189	26,650	52,205	68,329	105,916	1,259,829
Charge for the year	65,640	45,278	19,335	1,005	8,210	7,256	11,764	158,488
Impairment loss (note 6.3)	28,307	-	-	-	-	-	-	28,307
Disposals	(8,878)	(8,127)	(1,451)	(372)	(191)	(860)	-	(19,879)
Others	536	13	158	1	62	10	221	1,001
At the end of the year	450,085	482,224	215,231	27,284	60,286	74,735	117,901	1,427,746
Net book values:								
As at 31 December 2020	716,278	180,358	66,744	185	29,391	13,901	52,919	1,059,776

(*) All the depreciation charged for the year is allocated to the direct cost.

6 PROPERTY, EQUIPMENT AND PROJECTS UNDER CONSTRUCTION (continued)

6.2 The above assets are situated on land and buildings that are leased from the principal shareholder of the Group, affiliates and third parties.

6.3 Impairment of property and equipment

During 2020, The Group has performed an impairment assessment of property and equipment, 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 sector and entertainment sector for the year ended 31 December 2020 has been determined based on a value in use calculation, using cash flow projections from business plans covering a five-year period that were prepared by senior management and approved by the board of directors. 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 has recorded an impairment loss of SR 13.91 million for certain hotels and SR 14.40 million for certain entertainment sectors during 2020.

6.4 Projects under construction

Projects under construction represent the costs of two new entertainment centers (31 December 2020: two new entertainment centers), one commercial center (31 December 2020: one commercial center) in Kingdom of Saudi Arabia that are currently under construction, in addition to renovation costs of existing hotels and entertainment centers.

6.5 Movement in the projects under construction:

	For the three- month period ended 31 March 2021 SR '000	*For the year ended 31 December 2020 SR '000*
At the beginning of the period/year	**18,519**	24,276
Additions	**1,057**	14,230
Transfer to property and equipment (note 6.1)	**(256)**	(19,987)
At the end of the period/year	**19,320**	18,519

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:

31 March 2021	*Land* *SR'000*	*Buildings and offices* *SR'000*	*Spaces in malls* *SR'000*	*Residential units* *SR'000*	*Total* *SR'000*
Cost:					
At the beginning of the period	156,156	203,411	645,668	10,416	**1,015,651**
Additions	-	73,356	14,771	926	**89,053**
Disposals	-	(507)	(6,523)	-	**(7,030)**
At the end of the period	156,156	276,260	653,916	11,342	**1,097,674**
Depreciation:					
At the beginning of the period	27,103	65,249	141,324	7,138	**240,814**
Charged during the period	3,281	8,026	18,691	633	**30,631**
Disposals	-	(507)	(3,811)	-	**(4,318)**
At the end of the period	30,384	72,768	156,204	7,771	**267,127**
Net book values:					
As at 31 March 2021	**125,772**	**203,492**	**497,712**	**3,571**	**830,547**

31 December 2020	*Land* *SR'000*	*Buildings and offices* *SR'000*	*Spaces in malls* *SR'000*	*Residential units* *SR'000*	*Total* *SR'000*
Cost:					
At the beginning of the year	159,703	937,605	569,861	10,118	1,677,287
Additions	26,807	12,013	93,143	837	132,800
Disposals resulted from amendments of lease agreements (*)	-	(744,156)	-	-	(744,156)
Disposals	(30,354)	(2,051)	(17,336)	(539)	(50,280)
At the end of the year	156,156	203,411	645,668	10,416	1,015,651
Depreciation:					
At the beginning of the year	15,136	81,816	75,988	3,862	176,802
Charge for the year	14,519	46,349	69,513	3,815	134,196
Disposals resulted from amendments of lease agreements (*)	-	(62,032)	-	-	(62,032)
Disposals	(2,552)	(884)	(4,177)	(539)	(8,152)
At the end of the year	27,103	65,249	141,324	7,138	240,814
Net book values:					
As at 31 December 2020	129,053	138,162	504,344	3,278	774,837

There were no leases with residual value guarantees or leases not yet commenced to which the Group is committed.

(*) During the second quarter of 2020, the Company has agreed with the principal shareholder "Abdulmohsen Abdulaziz Al Hokair Holding Group Company" to revise the terms of leases for certain hotels, from fixed consideration (annual fixed payment) to variable consideration (variable lease payment, based on % of revenue). As per IFRS 16, "Leases" rent consideration that are based on variable payments, no Right of Use assets or lease liability shall be recognized. As a result of the change of lease arrangements, the Company has de-recognized amounts of SR 682 million and 759 million of right of use assets and lease liability balances, respectively.

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:

	31 March 2021 SR '000	*31 December 2020 SR '000*
Current portion of long-term loans	**269,229**	245,612
Short term loans	**98,300**	109,300
	367,529	354,912
Non-current portion of long-term loans	**312,359**	347,906
	679,888	702,818

(i) The loan agreements contain covenants, mainly relating to certain leverage ratio, total debt to equity ratio, and others, where the Group has to comply with on an annual basis. Under the terms of these agreements, the banks have the right to demand immediate repayment of the loans if any of the covenants are not met.

(ii) The management has 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.

(iii) The fair values of the Group's commission -bearing long term loans amounting to SR 320.4 million (31 December 2020: SR 347.5 million) and are determined by using discounted cash flows method using discount rate that reflects the issuer's borrowing rate as at the end of the reporting period.

(iv) Fair value of long term loans falls under level 3 of the fair value measurement hierarchy. The Group does not hold other financial liabilities where fair value is determined using significant unobservable inputs.

9 LEASE LIABILITIES

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

	31 March 2021 SR '000	*31 December 2020 SR '000*
Maturity analysis - contractual undiscounted cash flows		
Within one year	**271,539**	266,420
After one year but not more than five years	**453,873**	430,948
More than five years	**567,025**	510,880
Total undiscounted lease liabilities	**1,292,437**	1,208,248

9 LEASE LIABILITIES (continued)

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

	31 March 2021 SR '000	*31 December 2020 SR '000*
Lease liabilities included in the interim condensed consolidated statement of financial position		
Current portion of lease liabilities	**231,036**	227,624
Non-current portion of lease liabilities	**793,205**	737,826
	1,024,241	965,450

	***For the three-month period ended* 31 March 2021 SR '000**	*For the year ended 31 December 2020 SR '000*
Amounts recognised in the interim condensed consolidated statement of comprehensive income:		
Financial charges on lease liabilities	**10,764**	59,105
Variable lease payments not included in the measurement of lease liabilities	**11,539**	42,300
Expenses relating to short term leases	**1,461**	15,583

10 ZAKAT

Zakat expense is provided for and charged to the consolidated statement of comprehensive income on estimation basis. Differences resulting from the final Zakat calculation, if any, are adjusted at year end.

The Company has filed its zakat declaration with the General Authority of Zakat and Tax ("GAZT") for all the years up to 2020 and obtained the Zakat assessments for the years up to 2017.

During 2020, the Zakat and Tax Dispute Committee in GAZT has issued its final ruling regarding the zakat assessment of 2012 and requested the Company to pay a zakat amounting to SR 1.97 million. Accordingly, the Company has reversed the zakat provision of SR 1.6 million that was created in excess of the final zakat settlement for 2012. The reversal of zakat provision was credited to the consolidated statement of comprehensive income during the second quarter of 2020.

Further, the principal shareholder has committed to pay on behalf of the Company any additional Zakat in respect of any amounts that exceed the Zakat provision reported by the Company in the consolidated financial statements for all years up to 31 December 2013.

10 ZAKAT (continued)

10.1 Movement in provision for zakat

	For the three- month period ended 31 March 2021 SR '000	*For the year ended 31 December 2020 SR '000*
At the beginning of the period/year	**13,542**	16,878
Adjustment related to prior years provision	**-**	380
Reversal during the period/year	**-**	(1,623)
Paid during the period/year	**(7,877)**	(2,093)
At the end of the period/year	**5,665**	13,542

11 SHARE CAPITAL

The authorised, issued and fully paid share capital of the Company consists of 55 million share of SR 10 each (31 December 2020: 55 million share of SR 10 each).

12 RELATED PARTY TRANSACTIONS AND BALANCES

12.1 Related party transactions

The following are the details of major related party transactions

		Amount of transaction for the three- month period ended	
Related Party	*Nature of transaction*	*31 March 2021 SR '000*	*31 March 2020 SR '000*
Principal shareholder	Lease payments (a)	**12,866**	-
	Rent concession (a)	**-**	21,158
Board of directors' members	Salaries and related benefits (b)	**446**	696
Affiliates	Lease payments (a)	**2,192**	2,674
Key management executives	Salaries and related benefits (b)	**465**	606

a) For 2021, this amount represents lease payments for 26 properties (31 March 2020: 25 properties) that are leased by the Group from the principal shareholder (Abdulmohsen Abdul Aziz Al Hokair Holding Group Company) and affiliates.

12 RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

12.1 Related party transactions (continued)

During 2020, and as a response to COVID 19 outbreak and its impact on hotels' and entertainments sectors, the Company has received a rent concession from the Principal Shareholder of SR 21.2 million, for the period from 1 January 2020 to 31 March 2020. In addition, the Company has also received a rent concession of SR 2.4 million from third parties, during the same period. This rent concession has been reported as a reduction of direct costs in the interim condensed consolidated statement of comprehensive income

b) Salaries and related benefits of SR 446 thousand (31 March 2020: SR 696 thousand) were paid to one member (2020: two members) of the board of directors who are involved in the management of the Group. In addition to salaries mentioned in note (b) above, salaries and related benefits of SR 465 thousand (31 March 2020: SR 606 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.

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 statement of consolidated 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.

13 BASIC AND DILUTED LOSS PER SHARE

Basic and diluted loss per share for the period are calculated by dividing net loss income for the period by the weighted average number of issued and outstanding shares of 55 million during the period.

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

14.2 Capital commitments

As at 31 March 2021, the Group has capital commitments of SR 37.6 million (31 December 2020: SR 36.1 million) related to projects under constructions.

14.3 Letters of credit and guarantee

As at 31 March 2021, the Group had outstanding letters of credit and guarantee amounting to SR 11.6 million (31 December 2020: SR 10.3 million).

15 SEGMENTAL INFORMATION

The Executive Management committee 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 is measured consistently with profit or loss in the interim condensed consolidated financial statements.

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.

The Group's primary business is conducted in Saudi Arabia with three subsidiaries operating outside Saudi Arabia. However, the total assets, liabilities, commitments and results of operations of these subsidiaries are not material to the Group's overall interim condensed 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 certain financial information for the three-month period ended 31 March 2021 and 2019 and as at 31 December 2020:

31 March 2021 *SR '000*	*Hotels*	*Entertainment*	*Others*	*Eliminations*	***Total***
Revenue from external customers	**81,979**	**50,305**	**8,706**	**-**	**140,990**
Inter-segment revenue	**105**	**15**	**3**	**(123)**	**-**
Gross profit (loss)	**4,071**	**(4,593)**	**(126)**	**-**	**(648)**
Expenses	**23,151**	**10,739**	**7,403**	**-**	**41,293**
Financial charges	**1,486**	**8,519**	**6,759**	**-**	**16,764**
Other income, net	**1**	**86**	**-**	**-**	**87**
Shares in net results of joint ventures	**-**	**-**	**(1,485)**	**-**	**(1,485)**
Net loss	**(20,565)**	**(23,765)**	**(15,773)**	**-**	**(60,103)**
Property, equipment and projects under construction	**471,193**	**474,410**	**101,813**	**-**	**1,047,416**
Right of use assets	**182,513**	**521,333**	**126,701**	**-**	**830,547**
Total assets	**776,351**	**1,062,970**	**374,132**	**-**	**2,213,453**
Investments in joint ventures	**-**	**-**	**106,679**	**-**	**106,679**
Total liabilities	**423,338**	**729,184**	**873,610**	**-**	**2,026,132**
Capital expenditures	**1,580**	**6,893**	**15**	**-**	**8,488**

31 March 2020 *SR '000*	*Hotels*	*Entertainment*	*Others*	*Eliminations*	*Total*
Revenue from external customers	134,540	83,013	13,501	-	231,054
Inter-segment revenue	237	190	717	(1,144)	-
Gross profit	59,127	19,498	2,664	-	81,289
Expenses	30,826	15,212	6,712	-	52,750
Financial charges	11,773	7,927	8,649	-	28,349
Other income, net	146	527	-	-	673
Shares in net results of joint ventures	-	-	1,243	-	1,243
Net (loss) income	16,674	(3,114)	(11,454)	-	2,106

15 SEGMENTAL INFORMATION (continued)

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

31 December 2020 *SR '000*	*Hotels*	*Entertainment*	*Others*	*Eliminations*	*Total*
Property, equipment and projects under construction	487,424	509,466	81,405	-	1,078,295
Right of use assets	115,947	541,579	117,311	-	774,837
Total assets	723,555	1,120,074	357,945	-	2,201,574
Investments in joint ventures	-	-	107,183	-	107,183
Total liabilities	336,032	719,264	898,854	-	1,954,150
Capital expenditures	15,745	32,835	8,297	-	56,877

15.2 Credit exposure by operating segments is as follows:

31 March 2021 ***SR '000***	*Hotels*	*Entertainment*	*Others*	***Total***
Assets	**87,848**	**37,084**	**39,938**	**164,870**
Commitments and contingencies	**4,040**	**4,526**	**3,009**	**11,575**

31 December 2020 *SR '000*	*Hotels*	*Entertainment*	*Others*	*Total*
Assets	86,628	39,023	52,909	178,560
Commitments and contingencies	3,649	3,436	3,009	10,094

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

16 INTERIM RESULTS

Interim results may not necessary be indicative of the annual results of the Group.

17 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 consist of bank balances, receivables and amounts due from related parties. Its financial liabilities consist of banks' short term and long-term loans, payables, accruals and amounts due to related parties.

The management assessed that fair value of bank balances, trade and other receivables, 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.

The fair values of the Group's interest-bearing long-term loans amounting to SR 320.4 million (31 December 2020: SR 347.5 million) and are determined by using discounted cash flows method using discount rate that reflects the issuer's borrowing rate as at the end of the reporting period. The own non-performance risk as at 31 March 2021 and 31 December 2020 was assessed to be insignificant.

Fair value of long-term loans falls under level 3 of the fair value measurement hierarchy. The Group does not hold other financial liabilities where fair value is determined using significant unobservable inputs.

18 SIGNIFICANT EVENT

During March 2020, the World Health Organization ("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 KSA. Governments around the world took steps to contain the spread of virus. Saudi Arabia in particular has implemented closure of borders, released social distancing guidelines and enforced country wide lockdown and curfews.

As of the date of the interim condensed consolidated financial statements for the period ended 31 March 2021, the management has not identified any significant impact on Group's operations and financial results from the COVID-19 outbreak. These developments could impact our future financial results, cashflows and financial condition and the management will continue to assess the nature and extent of the impact on its business and financial results.

19 SUBSEQUENT EVENTS

The Group is not aware of any significant subsequent events that would have material impact on the consolidated financial statements.

20 APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

These interim condensed consolidated financial statements were approved by the board of directors on 28 Ramadan 1442H (corresponding to 10 May 2021).