

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

**Condensed interim consolidated financial
statements and independent auditor review report
(unaudited)**

For the three-month period ended 31 March 2024

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

Index of the condensed interim consolidated financial statements

For the three-month period ended 31 March 2024 (Unaudited)

(All amounts in thousands Saudi Riyals unless otherwise stated)

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INDEPENDENT AUDITOR'S REVIEW REPORT ON THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

To the shareholders of
Abdulmohsen Al-Hokair Group for Tourism and Development Company "A Saudi Joint Stock Company"
Riyadh – Kingdom of Saudi Arabia

Introduction

We have reviewed the accompanying condensed interim consolidated statement of financial position of Abdulmohsen Al-Hokair Group for Tourism and Development Company ("the Company") and its subsidiaries (together "the Group") as at 31 March 2024 and the related condensed interim consolidated statement of profit or loss and other comprehensive income, the condensed interim consolidated statement of changes in equity, the condensed interim consolidated statement of cash flows for the three-month period then ended, and other explanatory notes. Management is responsible for the preparation and presentation of those condensed interim consolidated financial statements in accordance with International Accounting Standard ("IAS 34") "*Interim Financial Reporting*" that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these condensed interim consolidated financial statements based on our review.

Scope of Review

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

Conclusion

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

Emphasis of Matter

We draw attention to Note 2 to the accompanying condensed interim consolidated financial statements, which indicates that the Group's accumulated losses amounted Saudi Riyals 109.9 million as at 31 March 2024. In addition, the Group's current liabilities exceeded its current assets by Saudi Riyals 329.5 million as at that date. The Group is mainly dependent on the successful execution of its business plans to generate sufficient cash flows so as to enable it to both meet its obligations as they fall due and maintain the continuity of its operations without significant curtailment. These conditions indicate the existence of a material uncertainty that may cast doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Matter

The condensed interim consolidated financial statements for the Group for three-month period ended at 31 March 2023, were reviewed by another auditor, and an unmodified conclusion was issued on 10 Dhū al-Qa'dah, 1444H Corresponding 30 May 2023.

For Dr. Mohamed Al-Amri & Co.

Maher Al-Khatieb
Certified Public Accountant
Registration No. 514



Riyadh on 15 Dhul Qaida 1445(H)
Corresponding 23 May 2024 (G)

Abdulmohsen Al-Hokair Group for Tourism and Development Company
(A Saudi Joint Stock Company)
Condensed interim consolidated statement of financial position
As at 31 March 2024
(All amounts in thousands Saudi Riyals unless otherwise stated)

	Notes	As at 31 March 2024 (Unaudited)	As at 31 December 2023 (Audited)
Assets			
Non-current assets			
Investments in joint ventures		82,374	79,682
Property, equipment and projects under construction	5	842,355	794,893
Intangible assets		9,243	9,219
Right of use assets		877,394	903,831
Total non-current assets		1,811,366	1,787,625
Current assets			
Inventories		16,649	18,026
Trade receivables		99,603	79,671
Prepayments and other current assets		142,913	124,078
Cash and cash equivalents		38,665	37,692
Total current assets		297,830	259,467
Total assets		2,109,196	2,047,092
Shareholders' equity and liabilities			
Shareholders' equity			
Share capital	7	315,000	315,000
Other reserves		2,243	2,598
Accumulated losses		(109,941)	(114,165)
Total shareholders' equity		207,302	203,433
Non-current liabilities			
Non-current portion of long-term loans	6	334,825	304,804
Non-current portion of lease liabilities		891,885	920,525
Employees' terminal benefits liabilities		47,759	49,334
Total non-current liabilities		1,274,469	1,274,663
Current liabilities			
Trade payables and other current liabilities		340,243	278,944
Short term loans and current portion of long-term loans	6	180,270	178,541
Current portion of lease liabilities		100,052	104,651
Provision for zakat		6,860	6,860
Total current liabilities		627,425	568,996
Total liabilities		1,901,894	1,843,659
Total shareholders' equity and liabilities		2,109,196	2,047,092


Chairman of the Board of Directors


Chief Executive Officer



Chief Financial Officer

The accompanying notes 1 to 15 form an integral part of these condensed interim consolidated financial statements

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

Condensed interim consolidated statement of profit or loss and other comprehensive income
For the three-month period ended 31 March 2024
 (All amounts in thousands Saudi Riyals unless otherwise stated)

	Notes	For the three-month period ended 31 March 2024 (Unaudited)	For the three-month period ended 31 March 2023 (Unaudited)
Revenue from contracts with customers			
- Hotels		91,591	96,702
- Entertainment		58,606	59,327
- Others		7,917	7,809
Total revenues		158,114	163,838
Direct costs			
- Hotels		(61,350)	(74,732)
- Entertainment		(46,267)	(53,699)
- Others		(5,907)	(10,192)
Total direct costs		(113,524)	(138,623)
Gross profit		44,590	25,215
Selling and marketing expenses		(6,039)	(6,863)
General and administrative expenses		(31,850)	(33,260)
Gain from disposal of property and equipment		-	24
Gain from lease termination		180	-
Other income		1	158
Provision impairment loss on trade receivables		(985)	(2,469)
Net expenses		(38,693)	(42,410)
Operating Profit / (loss)		5,897	(17,195)
Financial charges on loans	6	(9,855)	(9,215)
Financial charges on lease liabilities		(10,590)	(11,139)
Income from short term investments		-	102
Other non-operating income, net	8	19,130	-
Share in net results of joint ventures		(358)	3,104
Profit / (Loss) before zakat		4,224	(34,343)
Zakat		-	-
Net profit / (loss) for the period		4,224	(34,343)
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Remeasurement of post-employment benefit obligations, net of zakat		490	103
Items that will be reclassified to profit or loss:			
Exchange differences on translation of foreign operations		(845)	(543)
Other comprehensive loss for the period		(355)	(440)
Total comprehensive Income / (loss) for the period		3,869	(34,783)
Profit / (Loss) per share:			
Basic and diluted Profit / (Loss) per share (SR)	10	0.01	(0.11)


 Chairman of the Board of Directors


 Chief Executive Officer


 Chief Financial Officer

The accompanying notes 1 to 15 form an integral part of these condensed interim consolidated financial statements

Abdulmohsen Al-Hokair Group for Tourism and Development Company
(A Saudi Joint Stock Company)
Condensed interim consolidated statement of changes in equity
For the three-month period ended 31 March 2024
 (All amounts in thousands Saudi Riyals unless otherwise stated)

	Share capital	Other reserves	Accumulated losses	Total shareholders' equity
For the three-month period ended				
31 March 2023 (Unaudited)				
At the beginning of the period	315,000	(219)	(24,615)	290,166
Net loss for the period	-	-	(34,343)	(34,343)
Other comprehensive loss for the period	-	(440)	-	(440)
Total comprehensive loss for the period	-	(440)	(34,343)	(34,783)
Balance as at 31 March 2023 (Unaudited)	315,000	(659)	(58,958)	255,383
For the three-month period ended				
31 March 2024 (Unaudited)				
At the beginning of the period	315,000	2,598	(114,165)	203,433
Net profit for the period	-	-	4,224	4,224
Other comprehensive loss for the period	-	(355)	-	(355)
Total comprehensive income / (loss) for the period	-	(355)	4,224	3,869
Balance as at 31 March 2024 (Unaudited)	315,000	2,243	(109,941)	207,302



Chairman of the Board of Directors



Chief Executive Officer



Chief Financial Officer

The accompanying notes 1 to 15 form an integral part of these condensed interim consolidated financial statements

Abdulmohsen Al-Hokair Group for Tourism and Development Company
(A Saudi Joint Stock Company)
Condensed interim consolidated statement of cash flows (Continued)
For the three-month period ended 31 March 2024
(All amounts in thousands Saudi Riyals unless otherwise stated)

	Notes	For the three-month period ended 31 March	
		2024 (Unaudited)	2023 (Unaudited)
Operating activities			
Profit / (Loss) before zakat		4,224	(34,343)
Adjustments for:			
Depreciation of property and equipment	5.1	16,258	31,222
Amortization of intangible assets		235	387
Depreciation of right of use assets		23,114	24,279
Rent concession		(1,069)	-
Gain from lease termination		(180)	-
Provision impairment loss on trade receivables		985	2,469
Provision for slow moving inventories		-	24
Share of net results of joint ventures		358	(3,104)
Gain on disposal of property and equipment		-	(24)
Financial charges on loans		9,855	9,215
Financial charges on lease liabilities		10,590	11,139
Finance income from joint venture		-	(113)
Income from short term investments		-	(102)
Employees' terminal benefits liabilities		2,538	2,597
		<u>66,908</u>	<u>43,646</u>
Changes in working capital:			
Trade receivables		(20,816)	(3,775)
Prepayments and other current assets		(16,676)	(17,808)
Inventories		1,377	(3,252)
Trade payables and other current liabilities		57,789	39,985
Net cash from operating activities		<u>88,582</u>	<u>58,796</u>
Employees' terminal benefits paid		(3,623)	(2,482)
Net cash generated from operating activities		<u>84,959</u>	<u>56,314</u>
Investing activities			
Additions to property, equipment and projects under construction	5	(67,101)	(26,330)
Additions to intangible assets		(297)	(162)
Proceeds from disposal of property and equipment		260	30
Addition to investments in joint ventures		(50)	-
Net cash used in investing activities		<u>(67,188)</u>	<u>(26,462)</u>
Financing activities			
Proceeds from loans	6	73,859	63,775
Repayment of loans	6	(40,726)	(60,168)
Payment of lease liabilities		(38,747)	(27,155)
Finance cost paid	6	(11,238)	(9,875)
Net cash used in financing activities		<u>(16,852)</u>	<u>(33,423)</u>
Net change in cash and cash equivalents		<u>919</u>	<u>(3,571)</u>
Exchange differences on translation of foreign operations		54	38
Cash and cash equivalents at the beginning of the period		37,692	45,206
Cash and cash equivalents at the end of the period		<u>38,665</u>	<u>41,673</u>


Chairman of the Board of Directors


Chief Executive Officer


Chief Financial Officer

The accompanying notes 1 to 15 form an integral part of these condensed interim consolidated financial statements

Abdulmohsen Al-Hokair Group for Tourism and Development Company
(A Saudi Joint Stock Company)
Notes to the condensed interim consolidated financial statements
For the three-month period ended 31 March 2024
(All amounts in thousands Saudi Riyals unless otherwise stated)

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

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

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

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

Subsidiary	Direct and indirect Ownership %		Principal activity	Country of incorporation
	31 March 2024	31 December 2023		
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 Company, the non-controlling interest is insignificant and therefore not disclosed. All of the above-mentioned subsidiaries have been consolidated.

2. GOING CONCERN

The condensed interim consolidated financial statements as at 31 March 2024 indicate that the Group realized a net profit of Saudi Riyals 4.2 million for the three-month period ended 31 March 2024 (net loss of Saudi Riyals 34.3 million for the three-month period ended 31 March 2023) resulting in accumulated losses of Saudi Riyals 109.9 million as at 31 March 2024 (Saudi Riyals 114.2 million as at 31 December 2023). Further, the current liabilities of the Group exceeded its current assets by Saudi Riyals 329.5 million as at 31 March 2024 (Saudi Riyals 309.5 million as at 31 December 2023). 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.

Management assessed the Group's ability to successfully meet its business plan and to generate sufficient cash flows to meet its obligations for the next 12 months. In preparing the forecast, management has considered all reasonably probable cash flows with such timing and amount as supported by the circumstances and facts available as of the date of the approval of these condensed interim consolidated financial statements. In preparing the business plan the management considered the following factors:

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2. GOING CONCERN (Continued)

- 1- The Group was able to settle all its maturing loans with original due dates in the first quarter of 2024 which amounted to Saudi Riyals 40.7 million and the same level of commitment is included in the plans for the next 12 months for loans amounting to Saudi Riyals 180.3 million.
- 2- The Group was able to renew all bank facilities historically and despite the fact that the Group did not achieve the targets of certain loan covenants, it was not in breach of the covenants as the Group has obtained waivers from the relevant banks prior to year-end, which shall support the Group ability to utilize the available facilities and its revolving credit lines during the next 12 months.
- 3- The Group continued to generate positive cash flows from its operating activities and generated Saudi Riyals 84.9 million during the first quarter of 2024 and management believes that the Group will be able to generate positive cash flows in its plan for the next 12 months.

Based on the above plan, the Group's cash flow forecast for the 12-month period from the reporting date shows a net positive cash flow position and the Group's management believe that it would be able to generate sufficient cash flows to enable it to meet its obligations as they fall due for the next 12 months from the date of these consolidated interim financial statements considering the above-mentioned factors. However, there is a continued dependence on the successful outcome of the following:

- The Group's ability to successfully meet its business plan and to generate sufficient cash flows to meet its obligations for the next 12 months from the date of approval of these consolidated interim financial statements.
- Ability to continue renewing the existing bank facility arrangements once they expire or if there is a debt covenant breach.
- Ability to continue to use the unutilized facilities as of 31 March 2024, which the Group has eligibility to withdraw.
- Ability to roll-over the revolving facilities as they mature.

Accordingly, management continues to believe that it remains appropriate to prepare the consolidated interim financial statements on a going concern basis. Therefore, the consolidated interim financial statements have been prepared on a going concern basis.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of preparation

These condensed interim consolidated 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 interim consolidated financial statements should be read in conjunction with the Group's annual audited consolidated financial statements as at and for the year ended 31 December 2023 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 interim consolidated financial position and performance since the last annual audited consolidated financial statements.

The results for the three-month period ending on March 31, 2024, may not necessarily be indicative of the results that can be expected for the year ending on December 31, 2024.

3.2 Historical cost convention

These condensed interim consolidated 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.

3.3 Functional and presentation currency

These condensed interim consolidated financial statements are presented in Saudi Riyal (SR) which is also the group functional currency and all values are rounded to the nearest thousands, except when otherwise indicated.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.4 Consistent application of accounting policies

These accounting policies adopted in the preparation of the condensed interim consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2023.

New Standards, Amendment to Standards and Interpretations adopted by the Group:

There are no new standards issued, however, there are number of amendments to standards which are effective from 1 January 2024 and has been explained in Group annual Consolidated Financial Statements, but they do not have a material effect on the Group's Condensed Interim Consolidated Financial Statements as at 31 March 2024.

The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these amended standards.

3.5 Basis of consolidation

These condensed interim consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 March 2024. 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 recognised in the consolidated statement of profit or loss and other 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 interim consolidated financial statements require management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, 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 recognized 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, 2023.

Going concern

The consolidated 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 in, 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.

Abdulmohsen Al-Hokair Group for Tourism and Development Company
(A Saudi Joint Stock Company)
Notes to the condensed interim consolidated financial statements
For the three-month period ended 31 March 2024
(All amounts in thousands Saudi Riyals unless otherwise stated)

5. PROPERTY, EQUIPMENT, AND PROJECTS UNDER CONSTRUCTION

	Land	Buildings and improvements	Entertainment equipment	Furniture and fixtures	Motor Vehicles	Air conditioners	Computers	Tools	Projects Under construction	Total
31 March 2024 (Unaudited)										
Cost:										
At 1 January 2024	-	1,065,898	667,993	236,527	23,416	87,523	59,003	136,658	60,021	2,337,039
Additions	18,674	29,764	7,591	43	-	329	239	797	9,664	67,101
Disposals	-	(1,817)	(3,847)	(775)	(286)	(2,093)	(297)	-	-	(9,115)
Transfer from projects under construction	-	289	-	9	-	-	5	1,088	(1,391)	-
Exchange difference	-	(380)	(761)	(7)	(13)	-	(38)	-	(87)	(1,286)
At 31 March 2024	18,674	1,093,754	670,976	235,797	23,117	85,759	58,912	138,543	68,207	2,393,739
Accumulated Depreciation:										
At 1 January 2024	-	527,758	544,938	209,871	22,797	68,001	55,472	109,670	3,639	1,542,146
Charge for the period	-	7,869	5,310	1,237	55	506	383	898	-	16,258
Disposals	-	(717)	(2,654)	(716)	(167)	(2,093)	(287)	-	-	(6,634)
Exchange difference	-	(89)	(261)	(2)	(13)	-	(21)	-	-	(386)
At 31 March 2024	-	534,821	547,333	210,390	22,672	66,414	55,547	110,568	3,639	1,551,384
Net book values:										
At 31 March 2024(Unaudited)	18,674	558,933	123,643	25,407	445	19,345	3,365	27,975	64,568	842,355

Abdulmohsen Al-Hokair Group for Tourism and Development Company
(A Saudi Joint Stock Company)
Notes to the condensed interim consolidated financial statements
For the three-month period ended 31 March 2024
(All amounts in thousands Saudi Riyals unless otherwise stated)

5. PROPERTY, EQUIPMENT, AND PROJECTS UNDER CONSTRUCTION (Continued)

	Buildings and improvements	Entertainment equipment	Furniture and fixtures	Motor Vehicles	Air conditioners	Computers	Tools	Projects Under construction	Total
31 December 2023 (Audited)									
Cost:									
At 1 January 2023	1,059,107	634,416	257,831	24,956	84,582	60,948	148,179	27,815	2,297,834
Additions	9,542	42,011	3,066	370	3,319	1,617	689	57,345	117,959
Disposals	(12,991)	(9,388)	(9,029)	(1,498)	(346)	(691)	(3,844)	-	(37,787)
Reclassifications	(4,574)	-	(17,616)	(402)	(1,028)	(3,395)	(13,169)	-	(40,184)
Transfer from projects under construction	14,991	1,488	2,277	-	996	553	4,803	(25,108)	-
Exchange difference	(177)	(534)	(2)	(10)	-	(29)	-	(31)	(783)
At 31 December 2023(Audited)	1,065,898	667,993	236,527	23,416	87,523	59,003	136,658	60,021	2,337,039
Accumulated Depreciation:									
At 1 January 2023	505,206	522,567	224,527	24,472	64,727	57,772	118,127	624	1,518,022
Charge for the year	42,414	30,678	10,551	233	4,204	1,560	5,005	-	94,645
Impairment (reversal)/loss provision	(641)	777	-	-	-	-	-	3,015	3,151
Disposals	(8,948)	(8,947)	(9,012)	(1,498)	(346)	(691)	(3,844)	-	(33,286)
Reclassifications	(10,228)	-	(16,193)	(402)	(584)	(3,159)	(9,618)	-	(40,184)
Exchange difference	(45)	(137)	(2)	(8)	-	(10)	-	-	(202)
At 31 December 2023(Audited)	527,758	544,938	209,871	22,797	68,001	55,472	109,670	3,639	1,542,146
Net book values:									
As at 31 December 2023 (Audited)	538,140	123,055	26,656	619	19,522	3,531	26,988	56,382	794,893

- Effective from 1 July 2023, the Group reassessed the useful lives of its property and equipment based on operational and technical reviews that resulted in changes in its expected useful lives.
- The above assets are situated on land and buildings that are leased from a principal shareholder of the Group, Under common control and third parties.

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5. PROPERTY, EQUIPMENT, AND PROJECTS UNDER CONSTRUCTION (Continued)

5.1 The depreciation charge has been allocated within the condensed interim consolidated statement of profit or loss and other comprehensive income as follows:

	31 March 2024 (Unaudited)	31 December 2023 (Audited)
Direct costs	15,592	91,491
General and administration expenses	666	3,154
	16,258	94,645

6. LOANS

Loans represent Murabaha financing obtained from local banks with a commission linked to SIBOR plus the agreed margin. The commission varies between the loans and depends on the contractual provisions of each agreement.

The following is a summary of the loans:

	31 March 2024 (Unaudited)	31 December 2023 (Audited)
Current portion of long-term loans	158,841	157,940
Short term loans	21,429	20,601
	180,270	178,541
Non-current portion of long-term loans	334,825	304,804
	515,095	483,345

The movement in the loans is as follows:

	31 March 2024 (Unaudited)	31 December 2023 (Audited)
At the beginning of the period / year	483,345	508,971
Proceeds during the period / year	73,859	226,360
Financial charges for the period / year	9,855	39,745
Repayments during the period / year	(40,726)	(254,379)
Finance cost paid during the period / year	(11,238)	(37,352)
	515,095	483,345

(i) The loan agreements contain covenants, 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 unless the testing of covenant is waived. As at 31 March 2024, the Group did not achieve the targets for certain loan covenants but has obtained waivers from the relevant banks at prior year end and testing date which exempted the group from the requirement to test the covenants in that period. Accordingly, the group was not in breach of the covenants requirements and retained the legal right to make the loan repayments in accordance with the schedule as described in the loan agreements.

(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.

7. SHARE CAPITAL

The authorized, issued and fully paid share capital of the Company consists of 315 million share of Saudi Riyal 1 each (31 December 2023: 315 million share of Saudi Riyal 1 each).

On 3 Thul-Qi'dah 1444H (corresponding to: 21 June 2023), the extraordinary general assembly agreed to split the company shares to become 315 million shares of Saudi Riyal 1 each instead of 31.5 million share Saudi Riyals 10 each. There is no change in the company's capital before and after the share split.

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8. OTHER NON-OPERATING INCOME, NET

During the year 2023, some of the group's property and equipment were damaged as a result of fire in one of the group's hotels. During the period ending on March 31, 2024, the Group agreed with the insurance company that the company would be compensated with an amount of Saudi Riyals 22 million as a final settlement regarding this fire, which was recognized as other non-operating income in the condensed interim consolidated statement of profit or loss and other comprehensive income. The group received an amount of Saudi Riyals one million from the value of compensation, and an amount of Saudi Riyals 21 million was recognized as due from the insurance company under the heading of Prepayments and Other Current Assets in the interim condensed consolidated statement of financial position as of March 31, 2024.

9. RELATED PARTY TRANSACTIONS AND BALANCES

9.1 Related party transactions

The following are the details of significant related party transactions:

Related Party	Nature of transaction	Transactions for the three-month period ended 31 March	
		2024 (Unaudited)	2023 (Unaudited)
Abdulmohsen Abdulaziz Al Hokair Group (Ultimate parent)	Rent expense/ Lease payments (a)	14,917	16,589
	Revenue	539	498
	Management fees income (c)	(183)	-
	Transfer of property and equipment	2,259	-
Key management executives	Salaries and related benefits (b)	1,347	1,129
	Post-employment benefits	302	83
Joint ventures	Management fees income (c)	79	86
	Revenue	1,256	1,214
	Loan	-	113
Under common control	Rent expense/ Lease payments (a)	929	1,911
	Revenue	373	417
	Plastic materials supplies	6	17
	Design and printing supplies	8	2
Key management compensation Non executive	Remuneration for meetings	600	600

(a) This amount represents lease/rent payments for 24 properties (31 March 2023: 30 properties) that are leased by the Group from the principal shareholder (Abdulmohsen Abdul Aziz Al Hokair Holding Group Company) and parties Under common control.

(b) 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) and the board of members of the company. Salaries and related benefits of Saudi Riyals 1.3 million (31 March 2023: Saudi Riyals 1.1 million) were paid to five key management executives of the Group.

(c) This amount represents management fees of five entertainment centers (31 March 2023: five entertainment centers) and two hotels (31 March 2023: two hotels) owned by a joint venture and ultimate parent

During 2023, the Group agreed with its Ultimate parent company to terminate long-term lease contacts of two hotels amounted to approximately Saudi Riyals 6 million per annum. Simultaneously, the Group entered into two agreements with its Ultimate parent company for a period of 8-10 years to operate such two hotels against fixed and variable monthly management fees. The term of the agreements includes rights of using the Group's privileges exist at the hotel's locations including the property and equipment. During the quarter ended 31 March 2024, the Group waived the two hotels revenue of Saudi Riyals 8.53 million, and recharged the two hotels' expenses of Saudi Riyals 7.9 million to the Ultimate parent company.

The Group's management fees from these two hotels amounted to Saudi Riyals 0.44 million for the quarter ended 31 March 2024.

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9. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

9.2 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 at each reporting period end by examining the financial position of the related party and the market in which the related party operates.

9.3 Related party balances

The following are the details of major related party balances recorded under trade receivables and trade payables as at 31 March 2024, and 31 December 2023:

	31 March 2024 (Unaudited)	31 December 2023 (Audited)
<i>(i) Amounts due from related parties</i>		
Ultimate parent	31,798	38,967
Asateer Gulf Sports Company Limited (a joint venture)	10,191	8,747
Tarfeeh Company for Tourism Projects Limited (a joint venture)	1,722	1,721
Mena company for education and development (Under common control)	1,175	1,002
Asateer Company for Entertainment Projects Limited (a joint venture)	239	131
Naqaha Healthcare Company Limited (Under common control)	109	109
Newrest Catering Services Company Limited (a joint venture)	-	1,308
Others	1,754	1,728
	46,988	53,713
	31 March 2024 (Unaudited)	31 December 2023 (Audited)
<i>(ii) Amounts due to related parties</i>		
Newrest Catering Services Company Limited (a joint venture)	13,557	-
Tanami Arabia Co. Ltd. (Under common control)	5,220	5,903
Riyadh Plastic Factory (Under common control)	62	283
	18,839	6,186

10. BASIC AND DILUTED PROFIT/ (LOSS) PER SHARE

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

	For the three-month ended	
	31 March 2024 (Unaudited)	31 March 2023 (Unaudited)
Profit / (Loss) for the period	4,224	(34,343)
Weighted average number of ordinary shares outstanding during the period (note 7)	315,000	315,000
Basic and diluted Profit / (loss) per share	0.01	(0.11)

The weighted average number of ordinary shares outstanding during the period has been retrospectively adjusted on all presented periods to reflect the impact of the split of share capital that was approved on 21 June 2023 as disclosed in note 7.

11. COMMITMENTS AND CONTINGENCIES

11.1 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 the Group's legal counsel, management does not expect these will have a material adverse effect on the Group's consolidated financial position or results of operations because sufficient provision is available.

11.2 Capital commitments

As at 31 March 2024, the Group has capital commitments of Saudi Riyals 38.7 million (31 December 2023: Saudi Riyals 34.9 million) related to projects under constructions.

11.3 Letters of credit and guarantee

As at 31 March 2024, the Group had outstanding letters of credit and guarantee amounting to Saudi Riyals 0.6 million (31 December 2023: Saudi Riyals 0.6 million).

12. 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.

12.1 The Group's reportable segments under IFRS 8 are as follows:

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, 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 condensed interim 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.

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12. SEGMENTAL INFORMATION (Continued)

12.1 The Group's reportable segments under IFRS 8 are as follows (Continued):

Following is a summary of key financial information for the three-month period ended 31 March 2024, 31 March 2023 and year ended 31 December 2023:

For the period ended as at 31 March 2024 (Unaudited)

	<u>Hotels</u>	<u>Entertainment</u>	<u>Others</u>	<u>Total</u>
Revenue	91,591	58,606	7,917	158,114
Depreciation of property and equipment - direct costs	(5,169)	(9,057)	(1,366)	(15,592)
Depreciation of right of use assets	(3,441)	(17,151)	(2,223)	(22,815)
Other direct costs	(52,740)	(20,059)	(2,318)	(75,117)
Gross profit	30,241	12,339	2,010	44,590
Expenses	(18,489)	(11,820)	(7,580)	(37,889)
Gain from lease termination	-	-	180	180
Other income	1	-	-	1
Provision impairment loss on trade receivables	(25)	(599)	(361)	(985)
Finance cost charges	(4,661)	(11,435)	(4,349)	(20,445)
Other non-operating income	19,130	-	-	19,130
Share in net results of joint ventures	-	-	(358)	(358)
Zakat	-	-	-	-
Net profit / (loss)	26,197	(11,515)	(10,458)	4,224
Investments in joint ventures	-	-	82,374	82,374
Property and equipment	351,320	374,557	116,478	842,355
Right of use assets	131,544	549,333	196,517	877,394
Total assets	647,875	1,017,510	443,811	2,109,196
Total liabilities	395,629	1,196,470	309,795	1,901,894

For the period ended as at 31 March 2023 (Unaudited)

	<u>Hotels</u>	<u>Entertainment</u>	<u>Others</u>	<u>Total</u>
Revenue	96,702	59,327	7,809	163,838
Depreciation of property and equipment - direct costs	(13,766)	(13,746)	(2,651)	(30,163)
Depreciation of right of use assets	(3,727)	(16,265)	(3,898)	(23,890)
Other direct costs	(57,239)	(23,688)	(3,643)	(84,570)
Gross profit / (Loss)	21,970	5,628	(2,383)	25,215
Expenses	(21,761)	(10,660)	(7,702)	(40,123)
Gain on disposal of property and equipment	7	17	-	24
Other income	2	43	113	158
Provision impairment loss on trade receivables	(830)	(523)	(1,116)	(2,469)
Finance cost charges	(4,379)	(11,322)	(4,653)	(20,354)
Income from short term investments	-	-	102	102
Share in net results of joint ventures	-	-	3,104	3,104
Zakat	-	-	-	-
Net loss	(4,991)	(16,817)	(12,535)	(34,343)

For the year ended as at 31 December 2023 (Audited)

Investments in joint ventures	-	-	79,682	79,682
Property and equipment	311,843	361,344	121,706	794,893
Right of use assets	133,765	559,510	210,556	903,831
Total assets	594,107	990,371	462,614	2,047,092
Total liabilities	366,198	1,152,617	324,844	1,843,659

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12. SEGMENTAL INFORMATION (Continued)

12.1 The Group's reportable segments under IFRS 8 are as follows (Continued):

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

For the period ended as at 31 March 2024 (Unaudited)

	<u>Kingdom of Saudi Arabia</u>	<u>United Arab Emirates</u>	<u>Arab Republic of Egypt</u>	<u>Total</u>
The Company	151,520	-	-	151,520
Osool Al Mazaya Hospitality Company	332	-	-	332
Sparky's Land Amusement Toys Company	-	6,080	-	6,080
Asateer Company for Entertainment and Tourism	-	-	182	182
Total revenue	151,852	6,080	182	158,114

For the period ended as at 31 March 2023 (Unaudited)

	<u>Kingdom of Saudi Arabia</u>	<u>United Arab Emirates</u>	<u>Arab Republic of Egypt</u>	<u>Total</u>
The Company	157,075	-	-	157,075
Osool Al Mazaya Hospitality Company	643	-	-	643
Sparky's Land Amusement Toys Company	-	5,777	-	5,777
Asateer Company for Entertainment and Tourism	-	-	343	343
Total revenue	157,718	5,777	343	163,838

12.2 Credit exposure by operating segments is as follows:

For the period ended as at 31 March 2024 (Unaudited)

	<u>Hotels</u>	<u>Entertainment</u>	<u>Others</u>	<u>Total</u>
Assets	116,293	35,096	40,366	191,755
Commitments and contingencies	12,045	27,279	-	39,324

For the year ended as at 31 December 2023 (Audited)

	<u>Hotels</u>	<u>Entertainment</u>	<u>Others</u>	<u>Total</u>
Assets	123,650	10,153	42,412	176,215
Commitments and contingencies	11,552	23,928	-	35,480

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

13. FAIR VALUES OF FINANCIAL INSTRUMENTS

The fair value of financial instruments is not significantly different from their carrying value at the date of preparing the financial statements due to the short-term maturities of these instruments.

14. EVENTS SUBSEQUENT

The management believe that there are no subsequent significant events since the period ending 31 March 2024 that could have a material impact on the financial position of the Group as shown in these interim condensed consolidated financial statements.

15. APPROVAL OF THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

These condensed interim consolidated financial statements were approved by the Board of Directors on Dhul Qaidah 8, 1445 (corresponding to May 16, 2024)