ENTERTAINMENTS
DREAMS WITHOUT BOUNDARIES

DXB Entertainments PJSC and its Subsidiaries

Condensed consolidated interim financial statements

For the period ended 30 September 2020

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Review report on condensed consolidated interim financial statements to the board of directors and shareholders of DXB Entertainments PJSC

Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of DXB Entertainments PJSC ("the Company") and its subsidiaries (together, "the Group") as at 30 September 2020 and the related condensed consolidated interim statement of profit or loss and other comprehensive income for the three-month and nine-month periods then ended and condensed consolidated interim statements of changes in equity and cash flows for the nine-month period then ended and other explanatory notes. Management is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with International Accounting Standard 34, 'Interim Financial Reporting' ('IAS 34'). Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, 'Review of interim financial information performed by the independent auditor of the entity'. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

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

Emphases of matter

We draw attention to note 2 to the condensed consolidated interim financial statements, which indicates that the Group incurred a loss of AED 1,061 million and had negative operating cash flows of AED 155 million for the nine-month period ended 30 September 2020 with accumulated losses of AED 6,218 million as at 30 September 2020. Further, the moratorium on principal repayments and covenant testing provided by the syndicated term loan financiers ("financiers") to the Group on the outstanding bank facilities of AED 4,158 million is due to expire in March 2021 in addition to certain interest payments which have been deferred and are payable in June 2021. Upon expiry of the moratorium and interest deferral period, the Group will need to make principal and interest repayments which will result in a projected negative net cash flow position. As a result, the Group is dependent on the successful execution of management's plans, which include obtaining support from the Parent Company, that is also the guarantor of the syndicated loan facility, with the ongoing negotiations with the financiers. These conditions along with other matters as set out in note 2, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern.

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Review report on condensed consolidated interim financial statements to the board of directors and shareholders of DXB Entertainments PJSC (continued)

Emphases of matter (continued)

Further, we draw attention to note 5 to the condensed consolidated interim financial statements which sets out the key assumptions and critical judgements used by management in determining the impairment loss of AED 393 million on its property and equipment of AED 7,645 million as at 30 September 2020. There is inherent estimation uncertainty in the impairment assessment which is further impacted by the effect of the COVID-19 pandemic on the operations and financial performance of the Group. The sensitivity analysis disclosed in note 5 to the condensed consolidated interim financial statements highlights the impact on the impairment assessment that may arise from potential material changes in management's key assumptions and estimates.

Our conclusion is not modified in respect of these matters.

PricewaterhouseCoopers
4 November 2020

Douglas O'Mahony
Registered Auditor Number 834
Dubai, United Arab Emirates

Condensed consolidated interim statement of financial position as at 30 September 2020

	Notes	30 September 2020 AED'000 (Reviewed)	31 December 2019 AED'000 (Audited)
ASSETS			
Non-current assets			
Property and equipment	5	**7,645,053**	8,239,942
Equity accounted investee		**46,178**	52,926
		7,691,231	8,292,868
Current assets			
Due from related parties	6	**19,064**	20,047
Trade and other receivables		**96,795**	100,979
Inventories		**22,586**	22,088
Derivative financial instruments	8	**-**	6,799
Other financial assets		**321,349**	266,130
Cash and cash equivalents		**528,352**	933,997
		988,146	1,350,040
Total assets		**8,679,377**	9,642,908
EQUITY AND LIABILITIES			
EQUITY			
Share capital		**7,999,913**	7,999,913
Convertible bond - equity component		**65,717**	65,717
Cash flow hedging reserve		**(36,065)**	937
Accumulated losses		**(6,217,953)**	(5,157,398)
Net equity		**1,811,612**	2,909,169
LIABILITIES			
Non-current liabilities			
Convertible bond - liability component		**1,383,892**	1,297,124
Bank facilities	7	**3,817,563**	3,969,717
Trade and other payables		**95,734**	91,990
Lease liabilities	12(b)	**423,669**	406,394
Provisions		**45,744**	45,527
		5,766,602	5,810,752
Current liabilities			
Bank facilities	7	**159,936**	-
Trade and other payables		**829,798**	833,315
Lease liabilities	12(b)	**26,678**	26,284
Due to related parties	6	**58,893**	57,526
Derivative financial instruments	8	**25,858**	5,862
		1,101,163	922,987
Total liabilities		**6,867,765**	6,733,739
Total equity and liabilities		**8,679,377**	9,642,908

To the best of our knowledge, the condensed consolidated interim financial statements are prepared, in all material respects, in accordance with IAS 34.

Abdulwahab Al Halabi
Chairman

Mohamed Almulla
Chief Executive Officer and
Managing Director

DXB Entertainments PJSC and its Subsidiaries

Condensed consolidated interim statement of profit or loss and other comprehensive income for the nine month period ended 30 September 2020

	Notes	Three month period ended 30 September 2020 AED'000 (Reviewed)	2019 AED'000 (Reviewed)	Nine month period ended 30 September 2020 AED'000 (Reviewed)	2019 AED'000 (Reviewed)
Revenue	9	**2,357**	77,722	**108,744**	329,671
Salaries, depreciation and other expenses		**(138,762)**	(225,270)	**(458,261)**	(698,908)
Other direct costs		**(556)**	(7,903)	**(10,684)**	(31,849)
Marketing and selling expenses		**(1,686)**	(11,131)	**(8,748)**	(43,416)
Impairment losses on property and equipment		**-**	-	**(392,993)**	-
Finance costs		**(101,143)**	(107,987)	**(315,838)**	(310,521)
Finance income		**2,055**	4,962	**10,553**	36,989
Other income - net		**62**	1,725	**13,420**	2,180
Share of loss of equity accounted investee		**(362)**	(329)	**(6,748)**	(661)
Loss for the period		**(238,035)**	(268,211)	**(1,060,555)**	(716,515)
Other comprehensive loss					
Item that may be reclassified subsequently to profit or loss					
Cash flow hedge - loss on fair value		**-**	(8,910)	**(51,428)**	(73,215)
Cash flow hedging losses on fair value reclassified to profit or loss	8	**7,213**	-	**14,426**	-
Total comprehensive loss for the period		**(230,822)**	(277,121)	**(1,097,557)**	(789,730)
Loss per share:					
Basic and diluted loss per share (AED)	10	**(0.030)**	(0.034)	**(0.133)**	(0.090)

Adjusted earnings before interest, tax, depreciation and amortisation (adjusted EBITDA)	11	**(53,977)**	(70,094)	**(113,787)**	(151,155)

DXB Entertainments PJSC and its Subsidiaries

Condensed consolidated interim statement of changes in equity for the nine month period ended 30 September 2020

	Share Capital AED'000	Convertible bond - equity component AED'000	Cash flow hedging reserve AED'000	Accumulated losses AED'000	Total AED'000
As at 1 January 2019 (Audited)	**7,999,913**	**65,717**	**71,165**	**(4,312,151)**	**3,824,644**
Loss for the period	-	-	-	*(716,515)*	*(716,515)*
Other comprehensive loss for the period	-	-	*(73,215)*	-	*(73,215)*
Total comprehensive loss for the period	-	-	*(73,215)*	*(716,515)*	(789,730)
Transaction with a shareholder	-	-	-	9,307	9,307
As at 30 September 2019 (Reviewed)	**7,999,913**	**65,717**	**(2,050)**	**(5,019,359)**	**3,044,221**
As at 1 January 2020 (Audited)	**7,999,913**	**65,717**	**937**	**(5,157,398)**	**2,909,169**
Loss for the period	-	-	-	(1,060,555)	(1,060,555)
Cash flow hedge - loss on fair value			*(51,428)*		
Cash flow hedging losses on fair value reclassified to profit or loss	-	-	*14,426*	-	*14,426*
Total comprehensive loss for the period	-	-	(37,002)	(1,060,555)	(1,097,557)
As at 30 September 2020 (Reviewed)	**7,999,913**	**65,717**	**(36,065)**	**(6,217,953)**	**1,811,612**

Condensed consolidated interim statement of cash flows for the nine month period ended 30 September 2020

	Nine month period ended 30 September	
	2020 AED'000 (Reviewed)	2019 AED'000 (Reviewed)
Cash flows from operating activities		
Loss for the period	**(1,060,555)**	(716,515)
Adjustments for:		
Depreciation of property and equipment	**261,910**	293,689
Impairment losses on property and equipment	**392,993**	-
Finance costs	**315,838**	310,521
Impairment of trade receivables	**1,269**	14,807
Gain on bank facilities terms modification	**(14,961)**	-
Finance income	**(10,553)**	(36,989)
Provision for employees' end-of-service indemnity	**1,966**	2,946
Share of loss of investment accounted for using the equity method	**6,748**	661
Reversal of provision for slow-moving inventory	**-**	(867)
Operating cash flows before changes in working capital	**(105,345)**	(131,747)
(Increase) / decrease in trade and other receivables (excluding advances to contractors)	**(2,746)**	32,407
(Increase) / decrease in inventories	**(498)**	175
Decrease in trade and other payables (excluding project accruals and retentions payable)	**(46,976)**	(38,963)
Movement in balances due from / to related parties	**2,350**	(3,880)
Cash used in operating activities	**(153,215)**	(142,008)
Employees' end-of-service indemnity paid	**(1,713)**	(2,683)
Net cash used in operations	**(154,928)**	(144,691)
Cash flows from investing activities		
Property and equipment (net of project accruals, retentions payable and advances to contractors)	**(99,675)**	(199,214)
Interest received	**10,744**	20,294
Provision utilisation	**(36)**	(31,874)
Increase in other financial assets	**(55,219)**	(100,000)
Net cash used in investing activities	**(144,186)**	(310,794)
Cash flows from financing activities		
Payment for finance costs	**(74,560)**	(169,081)
Interest rate swap settlements	**(22,967)**	-
Payment for leases	**(9,004)**	(3,180)
Decrease in restricted cash	**-**	236
Net cash used in financing activities	**(106,531)**	(172,025)
Net decrease in cash and cash equivalents	**(405,645)**	(627,510)
Cash and cash equivalents at the beginning of the period	**933,997**	1,613,001
Cash and cash equivalents at the end of the period	**528,352**	985,491

1. General information

DXB Entertainments PJSC (the "Company") was originally formed as a limited liability company with commercial license number - 673692 and was incorporated on 11 July 2012. On 9 December 2014, approval from the Ministry of Economy was obtained and the Company was converted to a Public Joint Stock Company (PJSC) in accordance with UAE Federal Commercial Companies Law No. 8 of 1984, as replaced by UAE Federal Law No. 2 of 2015 ("Companies Law"). The Company is a subsidiary of Meraas Leisure and Entertainment LLC (the "Parent Company") and ultimately owned by Dubai Holding LLC (the "Ultimate Parent Company").

The registered address of the Company is P.O. Box 33772, Dubai, United Arab Emirates ("UAE"). The licensed activities of the Company and its subsidiaries (collectively the "Group") are investment in commercial enterprises and management, real estate development, amusement parks, investment in and management of tourist enterprises and sport and recreational events, tickets e-trading, marketing management, facilities management services and event management.

The results for the period ended 30 September 2020, were impacted by the outbreak of COVID-19. The existence of COVID-19 was determined in early 2020 and was subsequently declared a pandemic by the World Health Organisation. This necessitated global travel restrictions and lockdown measures in most countries of the world including the United Arab Emirates. Due to the unprecedented adverse effect of the lockdown on the global economy and success in the efforts to flatten the infection curve, many countries started to gradually ease the lock down restrictions. The Group has partially commenced operations effective 23 September 2020 following temporary closure of the destination during March 2020 as mandated by the UAE Government amid the COVID-19 pandemic. Due to the seasonality of the business and the COVID-19 impact, the results for the period ended 30 September 2020 are not indicative of the results that may be expected for the financial year ending 31 December 2020.

2. Summary of significant accounting policies

Statement of compliance

These condensed consolidated interim financial statements of the Group are prepared in accordance with International accounting standard ("IAS") 34 *Interim Financial Reporting* issued by the International accounting standards board ("IASB") and comply with the applicable requirements of U.A.E. Companies law. The condensed consolidated interim financial statements do not include all of the information required for audited annual consolidated financial statements.

Basis of preparation

The accounting policies used in the preparation of these condensed consolidated interim financial statements are consistent with those used in the audited annual consolidated financial statements for the year ended 31 December 2019 except as mentioned below:

Definition of Material – Amendments to IAS 1 and IAS 8 : The IASB has made amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors which use a consistent definition of materiality throughout International Financial Reporting Standards and the Conceptual Framework for Financial Reporting, clarify when information is material and incorporate some of the guidance in IAS 1 about immaterial information. In particular, the amendments clarify:

- that the reference to obscuring information addresses situations in which the effect is similar to omitting or misstating that information, and that an entity assesses materiality in the context of the financial statements as a whole, and
- the meaning of 'primary users of general-purpose financial statements' to whom those financial statements are directed, by defining them as 'existing and potential investors, lenders and other creditors' that must rely on general purpose financial statements for much of the financial information they need.

Definition of a Business – Amendments to IFRS 3 : The amended definition of a business requires an acquisition to include an input and a substantive process that together significantly contribute to the ability to create outputs. The definition of the term 'outputs' is amended to focus on goods and services provided to customers, generating investment income and other income, and it excludes returns in the form of lower costs and other economic benefits.

2. Summary of significant accounting policies (continued)

Basis of preparation (continued)

Revised Conceptual Framework for Financial Reporting: The IASB has issued a revised Conceptual Framework which will be used in standard-setting decisions with immediate effect. Key changes include:

- increasing the prominence of stewardship in the objective of financial reporting;
- reinstating prudence as a component of neutrality;
- defining a reporting entity, which may be a legal entity, or a portion of an entity;
- revising the definitions of an asset and a liability;
- removing the probability threshold for recognition and adding guidance on derecognition;
- adding guidance on different measurement basis, and
- stating that profit or loss is the primary performance indicator and that, in principle, income and expenses in other comprehensive income should be recycled where this enhances the relevance or faithful representation of the financial statements.

Amendments to IFRS 9, IAS 39 and IFRS 7 – Interest rate benchmark reform - These amendments provide certain reliefs in connection with interest rate benchmark reform. The reliefs relate to hedge accounting and have the effect that IBOR reform should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness should continue to be recorded in the income statement. Given the pervasive nature of hedges involving IBOR based contracts, the reliefs will affect companies in all industries.

Annual Improvements to IFRS Standards 2015-2017 Cycle: The following improvements were finalised in December 2017:

- IFRS 11 Joint Arrangements – clarified that the party obtaining joint control of a business that is a joint operation should not remeasure its previously held interest in the joint operation.
- IAS 23 Borrowing Costs – clarified that, if a specific borrowing remains outstanding after the related qualifying asset is ready for its intended use or sale, it becomes part of general borrowings.

The above amendments and interpretations do not have significant impact on the condensed consolidated interim financial statements.

Going concern

The Group incurred a loss of AED 1,061 million, had negative operating cash flows of AED 155 million for the nine-month period ended 30 September 2020 and had outstanding bank borrowings of AED 4,158 million as at that date. The Group is currently in a moratorium period for principal repayments and covenant testing in relation to its phase 1 syndicated financing facility. The principal repayments and covenant testing thereon will re-commence in March 2021 with AED 213 million of principal due in 2021. Further, during the period, the syndicated term loan financiers ("financiers") agreed for the Group to settle their interest payments at 1% for the 15 month period ending 30 June 2021, with the remaining interest for the aforementioned period, to continue to be accrued on a non-compounding basis and due on 30 June 2021.

The Group and the Parent Company, being the guarantor of the syndicated loan facility, and the syndicated term loan financiers, are currently in on-going discussions to improve the Group's liquidity position in the form of deferred debt service and principal repayments that are due within 12 months of the reporting period of these condensed consolidated interim financial statements, a reduction in the amount to be held within the debt service reserve account and a further deferment on the covenant testing. Based on these discussions, management believe that such support will be received. Should discussions with the syndicated term loan financiers not be successful, the Group would have a projected negative net cash flow at the end of the 12 month assessment period.

Further, as at the date of approving these condensed consolidated interim financial statements, the impact of COVID-19 is subject to change and the Group's trading is continually being assessed. The Group has taken action to preserve cash and enhance liquidity during this period by implementing a contingency plan to mitigate the impact on the business. Cost savings have included the impact of employee furlough, which were applied from April and these, together with supplier cost reductions, have offset the impact of the significant fall in revenue. Due to the uncertainty created by COVID-19 and the impact on travel restrictions and/or demand, there could be a more severe downside scenario in which case the Group would be dependent on the extension of further financing support.

2. Summary of significant accounting policies (continued)

Going concern (continued)

On the basis that the ongoing restructuring discussions with the syndicated term loan financiers would be successful and the Group would receive the necessary support, management have prepared cash flow forecasts for a period of 12 months from the date of approval of these condensed consolidated interim financial statements, with sufficient liquidity and which considers the following:

- Full year impact of savings from cost optimisation measures introduced by the Group as part of an efficiency plan mandated by the Board of Directors during 2019, implementation of additional temporary cost reduction and effective working capital management;
- Utilisation of residual cash from the development stage of Dubai Parks and Resorts and negotiation of long-term payment plans for outstanding development commitments; and
- Utilisation of residual cash following shareholder approval for the reutilisation of remaining proceeds from the rights issue.

In view of the above, whilst there is a material uncertainty surrounding the timing and conclusion of the discussions with the financiers together with the uncertainty of the COVID-19 impact, management continue to believe that the support of the Parent Company in relation to the on-going negotiations with the financiers, the Group has sufficient liquidity for the foreseeable future and accordingly has adopted the going concern basis in preparing the condensed consolidated interim financial statements which assumes the Group will be able to meet its liabilities due for a period of atleast 12 months from the date of approval of the condensed consolidated financial statements.

Hedge effectiveness

Hedge effectiveness is determined at the inception of the hedge relationship and through periodic effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument. The Group entered into interest rate swaps that had similar critical terms as the hedged item, including reference rate, reset dates, payment dates, maturities and notional amount. The Group performs a qualitative assessment of the effectiveness and uses the hypothetical derivative method to ensure that an economic relationship exists between the hedged item and hedging instrument.

Hedge ineffectiveness may occur due to: the credit value/debit value adjustment on the interest rate swaps which is not matched by the loan or due to differences in critical terms between the interest rate swaps and loans. Subsequent to an assessed ineffectiveness, hedge accounting is discontinued and the accumulated hedging reserve is recycled to the condensed consolidated interim statement of profit or loss and other comprehensive income over the original term of the hedging relationship. Refer Note 8 on the related impact of Group's cash flow hedges becoming ineffective during the period on the condensed consolidated interim financial statements.

3. Critical accounting judgment and key sources of estimation uncertainty

In the application of the Group's accounting policies, management of the Group are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

In preparing these condensed consolidated interim financial statements, the significant judgements made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the consolidated financial statements for the year ended 31 December 2019.

Impairment of assets

Asset recoverability is an area involving management judgement, requiring assessment as to whether the carrying value of assets can be supported by the higher of, the value-in-use i.e. the net present value of future cash flows derived from such assets using cash flow projections which have been discounted at an appropriate rate, and the assets' fair value less costs to sell. Management has assessed that the lowest cash generating unit for the purposes of impairment testing is the majority of assets within property and equipment, as these comprise one destination, Dubai Parks and Resorts, i.e. one cash generating unit ("CGU") that includes the four theme parks, a hotel and retail properties, excluding the undeveloped portions of land and certain rides / assets under construction ("the destination").

3. Critical accounting judgment and key sources of estimation uncertainty (continued)

Impairment of assets (continued)

Management had previously identified, in earlier accounting periods, two cash generating units being "Theme Parks" and "Retail and Hospitality" (the hotel and retail properties), however with the benefit of the knowledge of a longer history of trading data, covering two full years of operation of the theme parks, hotel and retail properties, management consider all assets within the newly identified cash generating unit to be inter-dependent in generating revenues, which are derived primarily from visitation. Had the Group calculated the recoverable amount as one CGU this would not have resulted in an additional impairment in the prior year.

For the purposes of determining whether an impairment has occurred, management used a value in use calculation to carry out the impairment assessment based on the business plan prepared by management covering a long term discrete period, which was then extrapolated to estimate the terminal value. As with all assumptions, management's judgement is required based on historical experience and other factors, including expectations of future performance that are believed to be reasonable under the circumstances.

In preparing the long term business plan management make estimates and assumptions concerning future performance, which by definition are subject to variability and therefore actual performance may differ from forecast performance. Refer to Note 5 for further details of the Group's impairment assessment.

4. Segment information

An operating segment is a component of the Group that engages in business activities from which it earns revenue and incurs expenses. The Group currently determines and presents financial information as a single operating segment based on the information that is provided internally to the Chief Executive Officer for decision making, who is also the Chief Operating Decision Maker.

5. Property and equipment

	Land AED'000	Building and infrastructure AED'000	IT and other equipment AED'000	Rides and attractions AED'000	Furniture and fixtures AED'000	Vehicles AED'000	Right-of-use asset AED'000	Capital work-in-progress AED'000	Total AED'000
Cost									
As at 1 January 2019 Restated (a)	1,266,824	6,407,148	1,200,162	1,059,610	121,779	4,861	252,496	717,326	11,030,206
Additions during the year	-	5,647	3,329	4,676	2,697	-	-	70,636	86,985
Disposals	-	-	-	-	-	(844)	-	-	(844)
Reclassification	-	-	(395,106)	-	-	-	395,106	-	-
Lease amendment	-	-	-	-	-	-	(62,765)	-	(62,765)
As at 31 December 2019	**1,266,824**	**6,412,795**	**808,385**	**1,064,286**	**124,476**	**4,017**	**584,837**	**787,962**	**11,053,582**
Additions during the period	-	1,255	3,629	1,196	635	-	-	57,891	64,606
Write-offs	-	-	-	-	-	-	-	(4,592)	(4,592)
Transfers	-	97,214	-	-	-	-	-	(97,214)	-
As at 30 September 2020	**1,266,824**	**6,511,264**	**812,014**	**1,065,482**	**125,111**	**4,017**	**584,837**	**744,047**	**11,113,596**
Accumulated depreciation and impairment									
As at 1 January 2019 Restated (a)	75,799	1,183,915	432,006	203,853	47,953	3,186	41,651	442,578	2,430,941
Charge for the year	-	184,570	84,370	51,495	12,105	920	50,029	-	383,489
Disposals	-	-	-	-	-	(790)	-	-	(790)
Reclassification	-	-	(148,579)	-	-	-	148,579	-	-
As at 31 December 2019	**75,799**	**1,368,485**	**367,797**	**255,348**	**60,058**	**3,316**	**240,259**	**442,578**	**2,813,640**
Charge for the period	-	134,898	71,670	38,083	8,008	575	8,676	-	261,910
Impairment losses (d)	31,107	267,884	28,335	42,661	3,317	27	12,449	7,213	392,993
As at 30 September 2020	**106,906**	**1,771,267**	**467,802**	**336,092**	**71,383**	**3,918**	**261,384**	**449,791**	**3,468,543**
Carrying amount									
At 30 September 2020	**1,159,918**	**4,739,997**	**344,212**	**729,390**	**53,728**	**99**	**323,453**	**294,256**	**7,645,053**
At 31 December 2019	**1,191,025**	**5,044,310**	**440,588**	**808,938**	**64,418**	**701**	**344,578**	**345,384**	**8,239,942**

(a) Certain comparative information has been restated to conform with the current year presentation, which in managements opinion, provides information that is reliable and is more relevant to the users of the financial statements as it more appropriately reflects the nature of the transactions and balances.

5. Property and equipment (continued)

(b) Capital work-in-progress includes work carried out for new rides and related facility costs.

(c) Property and equipment assets with a carrying amount of AED 6.9 billion (31 December 2019: AED 7.5 billion) are pledged as security for the Group's bank facilities.

(d) Whilst management believe it is early to assess the overall valuation of a theme park destination which has had only two full years of operation and is considered a long-term commercial proposition, given the carrying amount of the net assets is greater than the Group's market capitalisation and the accumulated losses incurred to date due to the destination being in its early stage of full operations and the uncertainty of the impact on future operations due to COVID-19, management has carried out the impairment assessment on the recoverability of the assets within property and equipment of the destination.

The key assumptions used within the impairment assessment are broadly in-line with the impairment assessment carried out as at 31 December 2019. The duration of the projections in the revised impairment assessment has been incrementally extended from the 10-year discrete period to reflect the increased risks arising from COVID-19, which incorporates decreased activity in the business plan.

The key assumptions underlying the cash flow projections and forming the basis for the value in use calculation include visitation and admission revenue per visit. As with all assumptions, management's judgement is required based on historical experience and other factors, including expectations of future performance that are believed to be reasonable under the circumstances.

Management believe forecasting over a long term period is justified on the basis that theme parks are intrinsically long-term assets, the destination is in its early stage of full operations, having opened in staggered manner from late 2016, with on-going expansion, coupled with the fact that the Group have recently undergone an efficiency and optimisation exercise and with the circumstances of COVID-19. Based on the impairment assessment performed after incorporating the impact of the COVID-19 pandemic by assuming a delayed ramp up of visitation, an impairment loss of AED 393 million (2019: Nil) has been recognised as at 30 September 2020.

Management make estimates and assumptions concerning future performance, which by definition are subject to variability and therefore actual performance may differ from forecast performance. The estimates and assumptions that may have a risk of causing a material adjustment to the carrying amounts of property and equipment within the next financial year are disclosed below:

<u>Sensitivity analysis</u>

The present value of future cash flows is sensitive to changes in the estimates and assumptions and may increase or decrease depending on changes in these estimates and assumptions. This assessment is even more subjective given the uncertainty caused by COVID-19 and the lack of operational data as the Group's theme parks remain partially closed. Sensitivity analysis has therefore been performed on the calculation of value-in-use to highlight the impact of material changes in the key assumptions and estimates. This is as follows:

Theme park visitation and admission revenue per visitor – The projections for the number of visits and admission revenue per visit are based on market analysis, including the total addressable market, penetration rates, the impact of the launch of new assets (currently under development) and sales and marketing activities, keeping in view the competitive landscape.

Management has assumed a compounded annual growth rate ("CAGR") of 8.93% and 5.19% in visitation and admission revenue per visitor, respectively from the period, when the visitation levels are expected to return to pre COVID-19 levels of 2.6 million. Should visitation and admission revenue per visitor decrease by 2.5% every year (including the terminal year) with all other variables remaining constant this would result in an additional impairment of AED 387 million. Should the visitation number decrease by 2.5% every year (including the terminal year) with all other variables remaining constant this would result in an additional impairment of AED 177 million. Should admission revenue decrease by 2.5% every year (including the terminal year) with all other variables remaining constant this would result in an additional impairment of AED 130 million.

5. Property and equipment (continued)

Sensitivity analysis (continued)

Discount rate - A discount rate of 8.5% was determined based on the estimated weighted average cost of capital of a 'market participant' within the main geographical region where the Group operates and drawn from market data in similar sectors and adjusted for asset specific risks. The key assumptions used when calculating the discount rate include the ratio of debt to equity financing and risk-free rates. Net present values are calculated using pre-tax discount rates derived from the Group's pre-tax weighted average cost of capital. Should the discount rate increase by 10 basis points with all other variables remaining constant, this would result in an additional impairment of AED 65 million.

Long term growth rate - A growth rate of 2.5% was determined based on management's long-term expectations, taking into account future expected trends in both market development and market share growth. Should the long-term growth rate decrease by 50 basis points with all other variables remaining constant this would result in an additional impairment of AED 317 million.

6. Related party balances and transactions

The following balances are outstanding as at the reporting date:

	30 September 2020 AED'000 (Reviewed)	31 December 2019 AED'000 (Audited)
Due from related parties		
Due from the Parent company	13,400	14,826
Due from a joint venture	757	530
Due from subsidiaries of the Parent Company	4,408	3,730
Due from joint ventures of the Parent Company	499	961
	19,064	20,047
Due to related parties		
Due to a subsidiary of the Parent Company	58,495	57,128
Due to joint ventures of the Parent Company	398	398
	58,893	57,526

Key management remuneration

	Nine month period ended 30 September	
	2020 AED'000 (Reviewed)	2019 AED'000 (Reviewed)
Short term benefits	7,102	9,237
Long term benefits	189	176
	7,291	9,413

7. Bank facilities

	30 September 2020 AED'000 (Reviewed)	31 December 2019 AED'000 (Audited)
Balance at the beginning of the period / year	4,158,026	4,158,026
Gain on bank facilities terms modification (a)	(14,961)	-
Amortisation of gain using the effective interest method	1,197	-
Term loans	4,144,262	4,158,026
Gross borrowing costs	306,701	306,466
Less: cumulative amortisation	(139,938)	(118,157)
Un-amortised borrowing costs	166,763	188,309
Carrying amount	3,977,499	3,969,717

7. Bank facilities (continued)

	30 September 2020 AED'000 (Reviewed)	31 December 2019 AED'000 (Audited)
Within 1 year	**159,936**	-
Later than 1 year and not longer than 2 years	**242,107**	213,248
Later than 2 years and not longer than 5 years	**1,376,114**	1,093,587
Later than 5 years	**2,366,105**	2,851,191
	4,144,262	4,158,026

a) During the period ended 30 September 2020, as part of the on-going debt amendment discussions, the Group reached an agreement with the term loan facility syndicate as follows:

1) The USD denominated debt portion was converted to AED;
2) Certain IRS contracts were terminated (Note 8); and
3) Cash settled interest for the 15 month period ending 30 June 2021 was reduced to 1%. The remaining interest for the aforementioned period will continue to be accrued on a non-compounding basis and will be settled on 30 June 2021.

A resultant gain on modification of bank facilities terms was recorded as other income in the condensed consolidated interim statement of profit or loss and other comprehensive income.

b) The Phase 1 syndicated facilities are secured by a range of mortgages over property owned by the Group (Note 5), assignments of certain contracts, pledges over certain bank accounts and deposits, amounting to AED 509 million (31 December 2019: AED 769 million) and guarantees from the Parent Company.

Letters of credit

As at 30 September 2020, the Group has facilities in relation to letters of credit amounting to AED 200 million (31 December 2019: AED 200 million) and outstanding letters of credit amounting to AED 3.3 million (31 December 2019: AED 10 million). The letters of credit are secured by way of 100% cash margin.

8. Derivative financial instruments

	30 September 2020 (Reviewed)		
	Positive fair value AED'000	**Negative fair value AED'000**	**Notional amount AED'000**
Interest rate swaps	**-**	**25,858**	**1,574,389**

	31 December 2019 (Audited)		
	Positive fair value AED'000	Negative fair value AED'000	Notional amount AED'000
Interest rate swaps	6,799	5,862	2,730,789

During the period ended 30 September 2020, the Group terminated certain interest rate swaps ("IRS") in relation to its USD denominated term loans which were converted to AED denominated term loans (Note 7). Subsequent to an assessed ineffectiveness, hedge accounting is discontinued and the remaining IRS are no longer designated as hedging instruments and are categorised as level 2 IRS as one or more of the significant inputs are not based on observable market data (Note 14). The accumulated hedging reserve is recycled to the condensed consolidated interim statement of profit or loss and other comprehensive income over the original term of the hedging relationship and accordingly, an amount of AED 14.4 million has been recorded within 'Finance costs' in the condensed consolidated interim statement of profit or loss and other comprehensive income. All the Group's IRS mature in 2021.

9. Revenue

	Three month period ended 30 September		Nine month period ended 30 September	
	2020	2019	**2020**	2019
	AED'000	AED'000	**AED'000**	AED'000
	(Reviewed)	(Reviewed)	**(Reviewed)**	(Reviewed)
Revenue from contracts with customers – *Point in time*				
Admission revenue (excluding annual passes)	**255**	30,518	**40,505**	111,754
Sales of food and beverage	**496**	11,218	**17,533**	50,450
Sale of merchandise	**78**	5,157	**7,521**	24,071
Other	**161**	2,296	**5,792**	12,318
	990	49,189	**71,351**	198,593
Revenue from contracts with customers – *Over time*				
Accommodation revenue	**1,311**	10,831	**19,072**	42,512
Sponsorship revenue	**-**	13,288	**9,363**	47,701
Admission revenue (annual passes)	**56**	-	**4,824**	25,871
Management fees	**-**	1,197	**-**	3,849
	1,367	25,316	**33,259**	119,933
Lease revenues	**-**	3,217	**4,134**	11,145
	2,357	77,722	**108,744**	329,671

10. Basic and diluted loss per share

Basic loss per share is calculated by dividing the loss attributable to equity holders of the Company by the number of ordinary shares in issue during the period.

	Three month period ended 30 September		Nine month period ended 30 September	
	2020	2019	**2020**	2019
	(Reviewed)	(Reviewed)	**(Reviewed)**	(Reviewed)
Loss attributable to equity holders of the Company (in AED '000)	**(238,035)**	(268,211)	**(1,060,555)**	(716,515)
Weighted average number of shares (in '000)				
Outstanding at the beginning and ending of the period	7,999,913	7,999,913	7,999,913	7,999,913
Basic and dilutive loss per share (in AED)	**(0.030)**	(0.034)	**(0.133)**	(0.090)

The Company does not have any instruments which have a dilutive impact on loss per share when exercised.

11. Adjusted earnings before interest, tax, depreciation and amortisation (adjusted EBITDA)

Management presents adjusted EBITDA as a key performance measure and believes it to be relevant to the understanding of the Group's financial performance. Adjusted EBITDA for the Group is calculated by adjusting loss for the period to exclude the impact of finance costs, finance income, depreciation and non-recurring expenses. Adjusted EBITDA is not a defined performance measure in IFRS. The Group's definition of adjusted EBITDA may not be comparable with similarly captioned performance measures and disclosures by other entities. The reconciliation of loss for the period to adjusted EBITDA is included below:

	Three month period ended 30 September		Nine month period ended 30 September	
	2020	2019	**2020**	2019
	AED'000	AED'000	**AED'000**	AED'000
	(Reviewed)	(Reviewed)	**(Reviewed)**	(Reviewed)
Loss for the period	**(238,035)**	(268,211)	**(1,060,555)**	(716,515)
Adjusted for:				
Depreciation	**85,032**	96,817	**261,910**	293,689
Impairment losses on property and equipment	**-**	-	**392,993**	-
Finance costs	**101,143**	107,987	**315,838**	310,521
Finance income	**(2,055)**	(4,962)	**(10,553)**	(36,989)
EBITDA	**(53,915)**	(68,369)	**(100,367)**	(149,294)
Other income - net	**(62)**	(1,725)	**(13,420)**	(1,861)
Adjusted EBITDA	**(53,977)**	(70,094)	**(113,787)**	(151,155)

12. Commitments and contingent liabilities

(a) Commitments

Commitments for services received in relation to development and construction of assets classified under property and equipment amounted to AED 93 million as at 30 September 2020 (31 December 2019: AED 96 million).

(b) Lease payments - Group as a Lessee

	Future minimum lease payments		Interest		Present value of minimum lease payments	
	30 September 2020	31 December 2019	**30 September 2020**	31 December 2019	**30 September 2020**	31 December 2019
	AED'000	AED'000	**AED'000**	AED'000	**AED'000**	AED'000
	(Reviewed)	(Audited)	**(Reviewed)**	(Audited)	**(Reviewed)**	(Audited)
Not later than 1 year	**58,366**	57,673	**31,688**	31,389	**26,678**	26,284
Later than 1 year and no longer than 5 years	**305,826**	255,418	**147,456**	196,470	**158,370**	58,948
Later than 5 years	**862,352**	993,689	**597,053**	646,243	**265,299**	347,446
	1,226,544	1,306,780	**776,197**	874,102	**450,347**	432,678

(c) Contingent liabilities

Contingent liabilities may arise during the normal course of business. Based on information presently available any such contingent liabilities either cannot be quantified at this stage or in the opinion of management are without merit and therefore are deemed not likely to result in a cash outflow to the Group at the present time.

Legal claim

An operating subsidiary of the Group is party to a litigation whereby the claimant to those proceedings is seeking an award against purported consultancy services provided in respect of certain sponsorship contracts. The litigation is currently under court proceedings with the parties submitting their respective legal positions. Therefore, the Group continues to believe that the amounts under the potential claim are not substantiated and will therefore be ultimately dismissed by the courts. Management has assessed the potential financial impact on the Group as low and believes that the amounts recognised to date and due as at 30 September 2020 are reflective of the amounts due in the ordinary course of business.

13. Financial risk management

The Group's risk management objectives and policies are consistent with those disclosed in the consolidated financial statements for the year ended 31 December 2019.

14. Fair value 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.

Fair value of financial instruments measured at amortised cost

Management considers that the carrying amounts of financial assets and financial liabilities that are due within a 12 month period from the balance sheet date approximate their fair values.

Valuation techniques and assumptions applied for the purposes of measuring fair value

Valuation of financial instruments recorded at fair value is based on quoted market prices and other valuation techniques. The fair values of financial assets and financial liabilities are determined as follows:

- the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets is determined with reference to quoted market prices; and
- the fair value of other financial assets and financial liabilities is determined in accordance with generally accepted pricing models based on the present value calculation of the expected future cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments.

The financial instruments are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

15. Financial instruments

The following table details the Group's maturity profile for its non-derivative financial assets and liabilities.

Financial liabilities (undiscounted)

	Within 1 year AED'000	Between 1 and 5 years AED'000	Over 5 years AED'000	Total AED'000
30 September 2020 (Reviewed)				
Convertible bond *	-	-	**2,224,297**	**2,224,297**
Bank facilities	**323,234**	**1,621,513**	**3,652,211**	**5,596,958**
Due to related parties	**4,498**	**12,300**	**83,500**	**100,298**
Trade and other payables (excluding deferred revenue and advances)	**798,019**	**46,199**	**32,383**	**876,601**
Lease liabilities	**58,366**	**305,826**	**862,352**	**1,226,544**
	1,184,117	**1,985,838**	**6,854,743**	**10,024,698**
31 December 2019 (Audited)				
Convertible bond *	-	-	2,224,297	2,224,297
Bank facilities	228,400	2,109,235	3,051,991	5,389,626
Due to related parties	4,498	12,300	83,500	100,298
Trade and other payables (excluding deferred revenue and advances)	806,861	50,171	28,411	885,443
Lease liabilities	57,673	255,418	993,689	1,306,780
	1,097,432	2,427,124	6,381,888	9,906,444

* The interest payable is calculated on the assumption that the bond is not converted to equity.

15. Financial instruments (continued)

Financial assets (undiscounted)

	Within 1 year AED'000	Between 1 and 5 years AED'000	Over 5 years AED'000	Total AED'000
30 September 2020 (Reviewed)				
Trade and other receivables (excluding prepayments and advances to contractors)	**44,312**	-	-	**44,312**
Due from related parties	**19,064**	-	-	**19,064**
Other financial assets	**321,349**	-	-	**321,349**
Cash and cash equivalents	**528,352**	-	-	**528,352**
	913,077	-	-	**913,077**
31 December 2019 (Audited)				
Trade and other receivables (excluding prepayments and advances to contractors)	71,770	-	-	71,770
Due from related parties	20,047	-	-	20,047
Other financial assets	266,130	-	-	266,130
Cash and cash equivalents	933,997	-	-	933,997
	1,291,944	-	-	1,291,944

16. Change in presentation

During the year ended 31 December 2019, management amended the presentation of the condensed consolidated interim statement of financial position using the current / non-current distinction by including the separate classifications between current and non-current assets and current and non-current liabilities, where previously all assets and liabilities had been presented in order of liquidity. Further management has amended the presentation of the condensed consolidated interim statement of profit or loss and other comprehensive income by presenting the analysis of expenses using a classification based on nature, where previously the analysis of expenses had been presented using a classification based on function. The method of presentation has been amended to enhance the users understanding of the Group's performance.

17. Approval of condensed consolidated interim financial statements

The condensed consolidated interim financial statements were approved by the Board of Directors and signed for issuance on 4 November 2020.