Fawaz Abdulaziz Al Hokair & Company

(A Saudi Joint Stock Company)

Condensed consolidated interim financial statements
(unaudited)
For the three-month and nine-month periods ended 31 December 2021
together with the
Independent Auditor's Review Report

Contents

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Commercial Registration No 1010425494

كي بي إم جي للاستشارات المهنية
واجهة الرياض، طريق المطار
صندوق بريد ٩٢٨٧٦
الرياض ١١٦٦٣
المملكة العربية السعودية
المركز الرئيسي

سجل تجاري رقم ١٠١٠٤٢٥٤٩٤

Independent auditor's report on review of condensed consolidated interim financial statements

To the Shareholders of Fawaz Abdulaziz AlHokair & Co.

Report on the Review of the Condensed Consolidated Interim Financial Statements

Introduction

We have reviewed the accompanying 31 December 2021 condensed consolidated interim financial statements of **Fawaz Abdulaziz AlHokair & Co.** ("the Company") and its subsidiaries (collectively referred to as "the Group"), which comprises:

- the condensed consolidated statement of financial position as at 31 December 2021;
- the condensed consolidated statement of profit or loss for the three-month and nine-month periods ended 31 December 2021;
- the condensed consolidated statement of comprehensive income for the three-month and nine-month periods ended 31 December 2021;
- the condensed consolidated statement of changes in equity for the nine-month period ended 31 December 2021;
- the condensed consolidated statement of cash flows for the nine-month period ended 31 December 2021;
- the notes to the condensed consolidated interim financial statements for the nine-month period ended 31 December 2021.

Management is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

Scope of review

We conducted our review in accordance with 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 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 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 31 December 2021 condensed consolidated interim financial statements of **Fawaz Abdulaziz AlHokair & Co.** and its subsidiaries are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia.

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Independent auditor's report on review of condensed consolidated interim financial statements

To the Shareholders of Fawaz Abdulaziz AlHokair & Co. (continued)

Report on Other Legal and Regulatory Requirements

The Company has not complied with the requirements prescribed by the applicable requirements of the Regulations for Companies, as the Company has an outstanding receivable balance of SR 267.7 million from a shareholder as at 31 December 2021.

KPMG Professional Services

Hani Hamzah A. Bedairi
License No: 460

Riyadh, on 7 Rajab 1443H
Corresponding to: 8 February 2022

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KPMG Professional Services

Fawaz Abdulaziz Al Hokair & Company (a Saudi Joint Stock Company)
Condensed consolidated statement of financial position
As at 31 December 2021
(All amounts in Saudi Riyals unless otherwise stated)

	Notes	31 December 2021 (Unaudited)	31 March 2021 (Audited)
Assets			
Property and equipment		1,338,132,126	1,327,471,618
Right-of-use assets		3,182,011,433	3,401,916,309
Goodwill and intangible assets		1,139,898,359	1,111,255,263
Investment property		1,632,000	1,632,000
Investment in equity accounted investees	7	73,734,715	2,699,577
Other investments	8	300,912,151	300,292,122
Non-current assets		6,036,320,784	6,145,266,889
Inventories		1,167,753,775	1,152,442,371
Advances, deposits and other receivables		803,394,110	470,570,204
Prepayments		34,939,764	47,855,658
Receivable from disposal of subsidiaries	16	--	75,000,000
Cash and cash equivalents		219,023,931	467,591,552
Current assets		2,225,111,580	2,213,459,785
Total assets		8,261,432,364	8,358,726,674
Equity			
Share capital		2,100,000,000	2,100,000,000
Statutory reserve		--	--
Foreign currency translation reserve		(494,955,750)	(510,642,899)
Accumulated losses		(952,335,520)	(1,037,812,790)
Equity attributable to the shareholders of the Company		652,708,730	551,544,311
Non-controlling interests		(102,573,894)	(99,970,100)
Total equity		550,134,836	451,574,211
Liabilities			
Loans and borrowings	9	--	2,304,450,432
Lease liabilities		2,819,356,935	2,837,596,213
Employee benefits		115,476,198	110,468,288
Non-Current liabilities		2,934,833,133	5,252,514,933
Loans and borrowings	9	2,937,584,828	819,584,379
Lease liabilities – current portion		579,864,778	802,856,040
Zakat and tax liabilities		28,666,121	15,848,276
Trade and other payables		1,230,348,668	1,016,348,835
Current liabilities		4,776,464,395	2,654,637,530
Total liabilities		7,711,297,528	7,907,152,463
Total equity and liabilities		8,261,432,364	8,358,726,674

The attached notes from 1 to 20 are an integral part of these condensed consolidated interim financial statements.

These condensed consolidated interim financial statements were authorized for issue by the Board of Directors, and signed on its behalf by:

Ahmed Albelbesy	**Marwan Moukarzel**	**Fawaz Abdulaziz Al Hokair**
Chief Financial Officer	*Chief Executive Officer*	*Chairman*

Fawaz Abdulaziz Al Hokair & Company (a Saudi Joint Stock Company)
Condensed consolidated statement of profit or loss
For the three-month and nine-month periods ended 31 December 2021
(All amounts in Saudi Riyals unless otherwise stated)

	Notes	Three month period ended 31 December 2021 (Unaudited)	Three month period ended 31 December 2020 (Unaudited)	Nine month period ended 31 December 2021 (Unaudited)	Nine month period ended 31 December 2020 (Unaudited)
Revenue	12	1,466,386,742	1,349,705,074	4,528,369,161	3,100,255,835
Cost of revenue	13	(1,221,853,898)	(1,192,260,285)	(3,718,895,570)	(3,133,672,820)
Gross profit / (loss)		244,532,844	157,444,789	809,473,591	(33,416,985)
Selling and distribution expenses		(52,270,488)	(28,385,906)	(142,476,392)	(109,190,482)
General and administrative expenses		(94,300,748)	(87,737,194)	(263,809,323)	(206,640,830)
Depreciation and amortization		(37,796,221)	(73,693,688)	(141,316,145)	(227,718,417)
Impairment loss on other receivables		--	10,000,000	--	(18,500,000)
Other operating expense	14	(11,447,802)	(19,401,406)	(31,958,818)	(71,043,864)
Other operating income	14	47,175,673	23,822,555	110,416,702	232,219,819
Operating profit / (loss)		95,893,258	(17,950,850)	340,329,615	(434,290,759)
Finance costs – Loans and borrowings		(25,432,329)	(37,041,782)	(87,708,801)	(109,512,199)
Finance costs – Lease liability		(31,985,614)	(45,936,780)	(112,484,047)	(165,383,393)
Share of loss of equity-accounted investees	7	(4,077,649)	(1,136,105)	(4,077,649)	(1,136,105)
Profit / (loss) before zakat and income tax		34,397,666	(102,065,517)	136,059,118	(710,322,456)
Zakat and income tax expense		(18,371,756)	(26,053,855)	(53,414,084)	(51,585,089)
Profit / (loss) for the period		16,025,910	(128,119,372)	82,645,034	(761,907,545)
Profit / (loss) for the period attributable to:					
Shareholders of the Company		16,866,855	(128,561,936)	85,477,270	(752,880,020)
Non-controlling interest		(840,945)	442,564	(2,832,236)	(9,027,525)
		16,025,910	(128,119,372)	82,645,034	(761,907,545)
Earnings / (loss) per share					
Basic and diluted earnings/ (loss) per share (Saudi Riyal)	10	0.08	(0.61)	0.41	(3.59)

The attached notes from 1 to 20 are an integral part of these condensed consolidated interim financial statements.

These condensed consolidated interim financial statements were authorized for issue by the Board of Directors, and signed on its behalf by:

Ahmed Albelbesy	**Marwan Moukarzel**	**Fawaz Abdulaziz Al Hokair**
Chief Financial Officer	*Chief Executive Officer*	*Chairman*

Fawaz Abdulaziz Al Hokair & Company (a Saudi Joint Stock Company)
Condensed consolidated statement of comprehensive income
For the three-month and nine-month periods ended 31 December 2021
(All amounts in Saudi Riyals unless otherwise stated)

	Three month period ended 31 December 2021 (Unaudited)	Three month period ended 31 December 2020 (Unaudited)	Nine month period ended 31 December 2021 (Unaudited)	Nine month period ended 31 December 2020 (Unaudited)
Profit / (loss) for the period	**16,025,910**	**(128,119,372)**	**82,645,034**	**(761,907,545)**
Items that are or may be reclassified subsequently to profit or loss:				
Foreign Operations – foreign currency translation differences	1,924,518	2,848,811	15,915,591	14,600,940
Other comprehensive income for the period	1,924,518	2,848,811	15,915,591	14,600,940
Total comprehensive income / (loss) for the period	17,950,428	(125,270,561)	98,560,625	(747,306,605)
Total comprehensive income / (loss) for the period attributable to:				
Shareholders of the Company	**18,751,471**	**(126,365,246)**	**101,164,419**	**(738,301,444)**
Non-controlling interest	**(801,043)**	**1,094,685**	**(2,603,794)**	**(9,005,161)**
	17,950,428	(125,270,561)	98,560,625	(747,306,605)

The attached notes from 1 to 20 are an integral part of these condensed consolidated interim financial statements.

These condensed consolidated interim financial statements were authorized for issue by the Board of Directors, and signed on its behalf by:

Ahmed Abdelbesy	**Marwan Moukarzel**	**Fawaz Abdulaziz Al Hokair**
Chief Financial Officer	***Chief Executive Officer***	***Chairman***

Fawaz Abdulaziz Al Hokair & Company (a Saudi Joint Stock Company)
Condensed consolidated statement of changes in equity
For the nine-month period ended 31 December 2021
(All amounts in Saudi Riyals unless otherwise stated)

	Attributable to the Shareholders of the Company							
	Share capital	Statutory reserve	Foreign currency translation reserve	Accumulated losses	Other Reserve	Total shareholders' equity	Non-Controlling interests	Total equity
Balance at 1 April 2020 (Audited)	2,100,000,000	205,816,329	(579,002,031)	(112,249,813)	–	1,614,564,485	(84,870,401)	1,529,694,084
Total comprehensive income / (loss) for the period								
Acquisition of non-controlling interest					(920,879)	(920,879)	(663,061)	(1,583,940)
Loss for the period	–	–	–	(752,880,020)		(752,880,020)	(9,027,525)	(761,907,545)
Other comprehensive income	–	–	14,578,576	–		14,578,576	22,364	14,600,940
Total comprehensive income / (loss) for the period	–	–	14,578,576	(752,880,020)		(738,301,444)	(9,005,161)	(747,306,605)
Balance at 31 December 2020 (Unaudited)	2,100,000,000	205,816,329	(564,423,455)	(865,129,833)	(920,879)	875,342,162	(94,538,623)	780,803,539
Balance at 1 April 2021 (Audited)	2,100,000,000	–	(510,642,899)	(1,037,812,790)	–	551,544,311	(99,970,100)	451,574,211
Total comprehensive income / (loss) for the period								
Profit / (loss) for the period	–	–	–	85,477,270	–	85,477,270	(2,832,236)	82,645,034
Other comprehensive income	–	–	15,687,149	–	–	15,687,149	228,442	15,915,591
Total comprehensive income / (loss) for the period	–	–	15,687,149	85,477,270	–	101,164,419	(2,603,794)	98,560,625
Balance at 31 December 2021 (Unaudited)	2,100,000,000	–	(494,955,750)	(952,335,520)	–	652,708,730	(102,573,894)	550,134,836

The attached notes from 1 to 20 are an integral part of these condensed consolidated interim financial statements.

These condensed consolidated interim financial statements were authorized for issue by the Board of Directors, and signed on its behalf by:

Ahmed Albelbesy	**Marwan Moukarzel**	**Fawaz Abdulaziz Al Hokair**
Chief Financial Officer	*Chief Executive Officer*	*Chairman*

Fawaz Abdulaziz Al Hokair & Company (a Saudi Joint Stock Company)
Condensed consolidated statement of cash flows

For the nine-month period ended 31 December 2021
(All amounts in Saudi Riyals unless otherwise stated)

	For the Nine month period ended 31 December 2021 (Unaudited)	For the Nine month period ended 31 December 2020 (Unaudited)
Cash flows from operating activities:		
Profit / (loss) for the period	82,645,034	(761,907,545)
Adjustments for:		
- Depreciation on right-of-use assets	422,195,733	450,692,222
- Depreciation on property and equipment	131,959,371	219,417,201
- Amortization of intangible assets	9,356,774	8,301,216
- Share of profit from equity-accounted investees	4,077,649	4,630,428
- Provision for employees' benefits	20,945,569	13,364,775
- Provision for inventory shrinkage and slow-moving inventory	62,078,650	(183,419,605)
- Gain on lease termination and modification	(52,578,968)	(26,911,971)
- Impairment of advances, deposits and other receivables	--	18,500,000
- Zakat expense & Income Tax	53,414,084	51,585,089
- Finance cost - loans and borrowings	87,708,801	109,512,199
- Finance cost - lease liabilities	112,484,047	165,383,393
- Loss on write-off of property and equipment and store closure losses	31,958,818	55,628,226
- Rental concession for leases	(40,178,853)	(191,358,065)
	926,066,709	(66,582,437)
Changes in:		
- Inventories	(77,390,054)	730,577,691
- Advances, deposits and other receivables	(257,823,906)	58,561,589
- Prepayments	12,915,894	44,785,188
- Trade and other payables	266,893,589	(233,023,649)
Cash generated from operating activities	870,662,232	534,318,382
Zakat and income tax paid	(40,596,239)	(16,276,249)
Employee benefits paid	(15,937,659)	(17,982,666)
Net cash from operating activities	814,128,334	500,059,467
Cash flows from investing activities:		
Purchase of property and equipment	(227,472,448)	(140,309,952)
Acquisition of investment in joint venture	(75,112,787)	--
Purchase of intangible assets	(38,685,945)	(9,106,319)
Acquisition of NCI in a subsidiary	--	(1,583,902)
Proceeds from disposal of intangible assets	686,076	17,840
Net cash used in investing activities	(340,585,104)	(150,982,333)

Fawaz Abdulaziz Al Hokair & Company (a Saudi Joint Stock Company)
Condensed consolidated statement of cash flows (continued)

For the nine-month period ended 31 December 2021
(All amounts in Saudi Riyals unless otherwise stated)

	For the Nine month period ended 31 December 2021 (Unaudited)	For the Nine month period ended 31 December 2020 (Unaudited)
Cash flows from financing activities:		
Long term borrowings repaid during the period	--	--
Short-term borrowings repaid during the period, net	(186,449,983)	(65,267,786)
Payments of finance costs - loans and borrowings	(87,708,804)	(60,482,972)
Repayments of lease liabilities	(362,413,924)	(172,902,989)
Payments of finance costs - lease liabilities	(112,484,047)	(165,383,393)
Net cash used in financing activities	(749,056,758)	(464,037,140)
Net decrease in cash and cash equivalents	(275,513,528)	(114,960,006)
Foreign currency exchange translation differences	26,945,907	13,937,880
Cash and cash equivalents at the beginning of period	467,591,552	686,455,380
Cash and cash equivalents at end of period	219,023,931	585,433,254

The attached notes from 1 to 20 are an integral part of these condensed consolidated interim financial statements.

These condensed consolidated interim financial statements were authorized for issue by the Board of Directors, and signed on its behalf by:

Ahmed Albelbesy	Marwan Moukarzel	Fawaz Abdulaziz Al Hokair
Chief Financial Officer	*Chief Executive Officer*	*Chairman*

1. REPORTING ENTITY

Fawaz Abdulaziz Al Hokair & Co. (the "Company") is a listed Saudi Joint Stock Company registered in Riyadh, Kingdom of Saudi Arabia under commercial registration No. 1010076209 dated 20 Sha'ban 1410H (corresponding to 18 March 1990).

The objective of the Company and its subsidiaries (collectively known as the "Group") is to engage in the following activities:

- Wholesale and retail trading in ready-made cloth for men, women and children, shoes, textiles, house and office furniture, perfumes, natural cosmetics, ornaments and beauty materials and their compounds and traditional jewelry.
- Wholesale and retail trading in sportswear and shoes and related items.
- Management and operation of optics centers and wholesale and retail trading in eyeglasses, sunglasses, contact lenses, optical equipment and accessories.
- Trading agencies.
- Purchase of land and construction of buildings thereon for running the Group's activities and business.
- Manufacture, wholesale and retail in Abayas, robes, scarfs and other women embroidered gowns.
- Wholesale and retail trading in gold, silver, jewelry, precious stones, diamonds, gold ornaments and precious metals.
- Wholesale and retail trading in communication equipment and related accessories and spare parts, maintenance and operation through trading agencies.
- Retail trading in consumer food products.
- Own and operate restaurants, coffee shops, import food products and acquire related equipment.
- Own and operate entertainment centers and acquire related equipment.

2. GROUP STRUCTURE

These condensed consolidated interim financial statements include the assets, liabilities and results of operations of the Company and the following subsidiaries:

No	Subsidiaries	Country of incorporation	Business Activity	Ownership interest held by the Group as at: 31 December 2021	31 March 2021
1	Al Waheedah Equipment Co. Ltd.	Kingdom of Saudi Arabia	Retail	100	100
2	Haifa B. Al Kalam & Partners Co. for trading	Kingdom of Saudi Arabia	Retail	100	100
3	Saudi Retail Co. Ltd	Kingdom of Saudi Arabia	Retail	100	100
4	Wahba Trading Company Limited	Kingdom of Saudi Arabia	Retail	100	100
5	Unique Technology Trading Company	Kingdom of Saudi Arabia	Retail	100	100
6	Nesk Trading Projects Company	Kingdom of Saudi Arabia	Retail	100	100
7	Innovative Union Company (IUC)	Kingdom of Saudi Arabia	Food and Beverage	100	100
8	Food Gate company	Kingdom of Saudi Arabia	Food and Beverage	70	70
9	Azal Restaurants Company	Kingdom of Saudi Arabia	Food and Beverage	65	65
10	First Pizza Company	Kingdom of Saudi Arabia	Food and Beverage	51	51
11	Logistics Fashion Trading DWC-LLC	United Arab Emirates	Retail	100	100
12	Advanced Fashion Concepts LLC	United Arab Emirates	Retail	100	100
13	International Fashion Franchising Limited	United Arab Emirates	Retail	100	100
14	Fashion Retail Kazakhstan LLP	Republic of Kazakhstan	Retail	100	100
15	Global Apparel Kazakhstan LLP	Republic of Kazakhstan	Retail	100	100
16	Retail Group Georgia LLC	Georgia	Retail	100	100
17	Master Retail Georgia LLC	Georgia	Retail	100	100
18	Spanish Retail Georgia LLC	Georgia	Retail	100	100
19	Pro Retail Georgia LLC	Georgia	Retail	100	100
20	Best Retail Georgia LLC	Georgia	Retail	100	100
21	Mega Store Georgia LLC	Georgia	Retail	100	100
22	Fashion Retail Georgia LLC	Georgia	Retail	100	100
23	Global Apparel Georgia LLC	Georgia	Retail	100	100
24	Retail Group Holding LLC	Georgia	Retail	100	100
25	Pro Retail Georgia LLC	Georgia	Retail	100	100
26	Modern Fashion Trading Line	Georgia	Retail	100	100
27	International Retail of Morocco	Morocco	Retail	100	100
28	Multi Trends Co.	Morocco	Retail	100	100
29	Retail Group of America LLC	United States of America	Entertainment	100	100
30	Monsoon Accessories USA INC	United States of America	Retail	100	100
31	Retail Group Jennyfer	United States of America	Retail	100	100
32	Retail Group France LLC	United States of America	Retail	100	100
33	Retail Group Spain LLC	United States of America	Retail	100	100
34	Retail Group Germany	United States of America	Retail	100	100
35	Retail Group Lipsy LLC	United States of America	Retail	100	100
36	Retail Group Zippy LLC	United States of America	Retail	100	100
37	Retail Group Cortefiel	United States of America	Retail	100	100
38	Retail Group Flormar	United States of America	Retail	100	100

All amounts in Saudi Riyals unless otherwise stated.

2. GROUP STRUCTURE (CONTINUED)

				Ownership interest held by the Group as at:	
No	Subsidiaries	Country of incorporation	Business Activity	31 December 2021	31 March 2021
39	Retail Group Balkans doo Beograd	Republic of Serbia	Retail	100	100
40	Retail Group Balkans doo Podgorica	Balkan Peninsula	Retail	100	100
41	Retail Group Balkans doo Skopje	Balkan Peninsula	Retail	100	100
42	RIGE Co.	Arab Republic of Egypt	Retail	99	99
43	Retail Group Egypt Co. S.A.E	Arab Republic of Egypt	Retail	98	98
44	Retail Group Armenia CJSC	Armenia	Retail	96	96
45	Spanish Retail CJSC	Armenia	Retail	100	100
46	ZR Fashion Retail CJSC	Armenia	Retail	100	100
47	Global Apparel CJSC	Armenia	Retail	100	100
48	BR Fashion Retail CJSC	Armenia	Retail	100	100
49	Master Retail CJSC	Armenia	Retail	100	100
50	Best Retail CJSC	Armenia	Retail	100	100
51	Retail Group CJSC	Armenia	Retail	100	100
52	Pro Retail CJSC	Armenia	Retail	100	100
53	Retail Group Jordan Co. LDT	Hashemite Kingdom of Jordan	Retail	100	100
54	Nesk Trading Projects LLC	Hashemite Kingdom of Jordan	Retail	100	100
55	Retail General Trading Co. Ltd.	Iraq	Retail	95	95
56	United Group Retail Trading Company LLC	Iraq	Retail	70	70
57	Models Own Holding Limited	United Kingdom	Retail	51	51
58	Models Own Limited	United Kingdom	Retail	51	51
59	Models Own International Ltd.	United Kingdom	Retail	51	51
60	Retail Group Azerbaijan LLC	Azerbaijan	Retail	85	85
61	Fashion Retail Azerbaijan LLC	Azerbaijan	Retail	85	85
62	Spanish Retail Azerbaijan LLC	Azerbaijan	Retail	85	85
63	Global Apparel Azerbaijan LLC	Azerbaijan	Retail	85	85
64	Mega Store Azerbaijan LLC	Azerbaijan	Retail	85	85
65	Master Retail Azerbaijan LLC	Azerbaijan	Retail	85	85
66	Pro Retail Azerbaijan LLC	Azerbaijan	Retail	85	85
67	Retail Group Holding LLC	Azerbaijan	Retail	85	85
68	Best Retail Azerbaijan LLC	Azerbaijan	Retail	85	85

During the financial year ended 31 March 2021, the Group signed a Sale Purchase Agreement to acquire 39,253 (25.5%) ordinary shares of Vogacloset Limited, UK (an e-commerce Company) for a total consideration of SR 68,856,933. During the period ended 31 December 2021, the necessary legal formalities for transfer of ownership including the regulatory approvals have been completed and the investment in Vogacloset is accounted for as an investment in a joint venture. (refer to note 7).

All amounts in Saudi Riyals unless otherwise stated.

3. BASIS OF ACCOUNTING

3.1 Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting that is endorsed in Kingdom of Saudi Arabia and other standards and pronouncements that are issued by Saudi Organization for Chartered and Professional Accountants ("SOCPA") and should be read in conjunction with the Group's last annual Consolidated Financial Statements as at and for the year ended 31 March 2021 ("last annual consolidated financial statements"). These condensed consolidated interim financial statements do not include all of the information required for a complete set of IFRS Financial Statements however; selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual consolidated financial statements.

The condensed consolidated interim financial statements were approved by the Board of Directors for issuance on 6 Rajab 1443H (corresponding to 7 February 2022).

3.2 Preparation of financial statements

These condensed consolidated interim financial statements have been prepared on the historical cost convention basis except for the following material items in the condensed consolidated statement of financial position:

- Other investments at fair value
- The defined benefit obligation is recognized at the present value of future obligations using the Projected Unit Credit Method.

As at 31 December 2021, the Group was in breach of certain financial covenants in relation to its long-term borrowings. Accordingly, the Company did not have an unconditional right to defer the settlement of the loan for at least 12 months after the reporting date. As a result, the Group has classified long term borrowings to current liability, refer note 9. This loan classification has resulted in current liabilities exceeding the Company's current assets by SR 2,551 million. Currently, the Group is discussing the revised set of covenants with the lenders and the Company has not received any default notice or intimation from the lenders that requires repayment of the loan before its original contractual maturity. The terms of the loan agreement require certain actions consequent to breach of covenants which includes among other items the injection of equity in the Group. The Board of Directors in their meeting dated 10 November 2021 has resolved that the Company will proceed with the rights issue of SR 1,000 million and the subscription is expected to close by March 2022. This will result in capital reduction to absorb the entire balance of accumulated losses as at 30 September 2021 and subsequently capital amounting to SR 1 billion will be raised in the form of rights issue.

Management expects that this action will remediate the situation with the lenders and will resolve the position of the Company with respect to the covenants and accordingly, these financial statements are prepared on a going concern basis.

3.3 Use of judgements and estimates

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

The significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements except as described below.

a) *Useful lives of property and equipment and intangible assets*
The management determines the estimated useful lives of property and equipment and intangible assets for calculating depreciation. This estimate is determined after considering expected usage of the assets or physical wear and tear. During the current period, management has conducted a historic review of actual historic use of property and equipment and intangible assets coupled with future business plan assessment and revised the useful life as follows:

3. BASIS OF ACCOUNTING (CONTINUED)

3.3 Use of judgements and estimates (Continued)

a) Useful lives of property and equipment and intangible assets (continued)

Category	*Years*
Furniture & Fixture	15
Leasehold Improvement	15
Tools & Equipment's	15
Vehicle	6
Deferred charges and key money – Intangible assets	15

The effect of these changes is decrease in depreciation and amortization for the nine-month period by SR 35 million. This will also have an impact on the consolidated financial statements for the year ending 31 March 2022.

4. SIGNIFICANT ACCOUNTING POLICIES

Except as described below, the accounting policies applied in these condensed consolidated interim financial statements are the same as those applied in the latest annual consolidated financial statements as at and for the year ended 31 March 2021. As the Group invested in a joint venture the following policy has been added to the significant accounting policies described in the latest annual consolidated financial statements which will also be included in the Group's consolidated financial statements as at and for the year ending 31 March 2022. Hence, the below policy is an addition to the significant accounting policies due to investment in joint venture and is not a change in accounting policies that were previously applied.

Interests in equity-accounted investee

The Group's interests in equity accounted investee also comprise an interest in a joint venture. A Joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities. Interests in joint venture are accounted for using the equity method. They are initially recognized at costs, which includes transaction costs. Subsequent to the initial recognition, the consolidated financial statements include the Group's share of the profit or loss and OCI of equity accounted investee, until the date on which joint control ceases.

5. AMENDMENTS TO STANDARDS AND STANDARDS ISSUED BUT NOT YET EFFECTIVE

Amendments to Standards

There are no new standards issued, however, the adoption of the amendments to the existing standards had no significant financial impact on the condensed consolidated interim financial statements of the Group on the current period or prior periods and is expected to have no significant effect in future periods.

Standards issued but not yet effective

A number of new pronouncements are effective for annual years beginning on or after 1 January 2022 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these condensed consolidated interim financial statements:

- COVID-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16)
- Deferred tax related to assets and liabilities arising from a single transaction (Amendments to IAS 12)
- Onerous contracts – Cost of fulfilling a contract (Amendments to IAS 37)
- Annual Improvements to IFRS Standards 2018–2020
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)
- Reference to the Conceptual Framework (Amendments to IFRS 3)
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1)
- IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts
- Definition of accounting estimate (Amendments to IAS 8)
- Disclosure of Accounting policies (Amendments to IAS 1)

These amended standards and interpretations are not expected to have a significant impact on the condensed consolidated interim financial statements.

All amounts in Saudi Riyals unless otherwise stated.

6. INTERIM RESULTS

The operations and revenues of the Group are affected by seasonal changes during the year. Therefore, the results of operations for the three and Nine-month periods ended 31 December 2021, may not provide an accurate indication of the actual results for the full year.

7. INVESTMENT IN EQUITY ACCOUNTED INVESTEES

	FG 4 Limited (Associate)	*FAS Lab Holding Company (Joint venture) (i)*	*Total*
Balance as at 1 April 2020 (audited)	2,022,462	--	2,022,462
Share of profit for the year	677,115	--	677,115
Balance as at 31 March 2021 (unaudited)	2,699,577	--	2,699,577
Balance as at 1 April 2021 (audited)	2,699,577	--	2,699,577
Additions during the period	--	75,112,787	75,112,787
Share of loss for period	(77,649)	(4,000,000)	(4,077,649)
Balance as at 31 December 2021 (unaudited)	2,621,928	71,112,787	73,734,715

i. This represents investment in 50% of the share capital of FAS Lab Holding Company, a limited liability company incorporated in the Kingdom of Saudi Arabia, which is engaged primarily in the leading digital initiatives for the Group including but not limited to providing the malls' visitors and shoppers with a specialized and advanced loyalty program, simplified and innovative consumer financing solutions and e-commerce platform. Based on the investment agreement, the investment has been classified as an investment in a Joint venture.

8. OTHER INVESTMENTS

	31 December 2021 (unaudited)			
	Equity securities at FVTPL *(i)*	**Equity securities at FVOCI** *(ii)*	**Total**	**31 March 2021 (audited)**
Cost				
Balance at beginning of the year / period	200,000,000	84,432,122	284,432,122	200,000,000
Balance at end of the year / period	200,000,000	84,432,122	284,432,122	284,432,122
Revaluation adjustments				
Balance at beginning of the year / period	15,860,000	--	15,860,000	--
Change in fair value	--	--	--	15,860,000
Exchange translation gain	--	620,029	620,029	--
Balance at end of the year / period	15,860,000	620,029	16,480,029	15,860,000
Net book value	215,860,000	85,052,151	300,912,151	300,292,122

i. This represents investment in 20,000,000 units of Al Mubarak Real Estate Income Fund –II (the "fund") with a nominal value of SR 10 each. The fund is a private closed end real estate investment fund and the Group acquired its units on 16 December 2019. For the period ended 31 December 2021, the change in fair value of the fund is not material and will be reflected in the year-end financial statements as at 31 March 2022.

ii. On 31 March 2021, the Group has acquired 8.9% shares in Egyptian Centers for Real Estate Development in consideration for the settlement of a receivable from Egyptian Centers. The Group has designated the investment at FVOCI at initial recognition. For the period ended 31 December 2021, the change in fair value of the investment is not material and will be reflected in the year-end financial statements.

Information about the fair value of investments is included in Note 17.

All amounts in Saudi Riyals unless otherwise stated.

9. LOANS AND BORROWINGS

	Notes	31 December 2021 (unaudited)	31 March 2021 (audited)
Islamic facility with banks (Murabaha)	(i)	**2,926,394,710**	2,985,507,515
Banking facilities of GCC subsidiaries	(ii)	**11,190,118**	18,292,283
Short term Islamic banking facilities	(iii)	--	3,541,520
Financing against inventory	(iv)	--	116,693,493
		2,937,584,828	3,124,034,811
Short term borrowings		**11,190,118**	138,527,296
Current portion of long term borrowings**		**2,926,394,710**	681,057,083
Loans and Borrowings - Current liabilities		**2,937,584,828**	819,584,379
Loans and Borrowings - Non Current liabilities		--	2,304,450,432
		2,937,584,828	3,124,034,811
Islamic facility with banks (Murabaha) – Gross		**2,950,252,305**	3,000,000,000
Less : Unamortized transaction costs		**(12,667,477)**	(14,492,485)
		2,937,584,828	2,985,507,515

i. The Group signed a long-term Murabaha financing agreement with a National Commercial Bank as the Murabaha Investment Agent and Murabaha Participants, amounting to facilities of SR 2,400 million and USD 166,000 on 1 March 2020. As per the terms of the agreement, the term of the Murabaha facility is for a period of seven years. The Murabaha facility is secured by promissory notes issued by the Company. The facility is repayable in six half yearly installments commencing after 12 months from the date of signing the agreement. As at 31 December 2021, the Group has fully utilized this facility. The interest rate on this facility is SIBOR + 2.4% on loan tranche taken in SR and LIBOR + 2.7% on loan tranche taken in USD.

The loans contain certain financial covenants. A breach of covenants may lead to renegotiation including increase in profit rates, withdrawal of facility or repayment on demand. During the nine-month period ended 31 December 2021, there has been non-compliance of certain covenants on the outstanding facility.

**The Murabaha commercial terms agreement between the Company and the lending banks mandates that the existing breach of the financial covenants considered as an event of default which in turns allows the banks to declare the whole loan outstanding balance to be immediately due and accordingly the long-term loan balance of SR 2,253 million has been reclassified to be part of the current liabilities on the statement of financial position. However, as explained in note 3.2, the Company did not receive any default notice from any of the lending banks. The management is currently under discussion with the lenders regarding the revised covenants and rectification of breach thereof. The management expects that the proposed right issue will rectify the position with the lenders and the Company does not expect the loan to be repaid on immediate basis.

ii. The borrowings under GCC subsidiaries are secured by corporate guarantee given by the Parent Company. The facility is for short-term period on prevailing market terms. As at 31 December 2021, the Group had no unutilized facility.

iii. The Group has short-term Murabaha facilities with local and foreign commercial banks amounting to SR 50 million (2020: SR 100 million). The facilities are secured by promissory notes by the Group and utilized for working capital management.

iv. During 2020, the Group entered into an arrangement with an unrelated counterparty whereby the Group sold certain inventory items for SR 137.3 million and repurchased the same for SR 150 million with a settlement term of 1 year. The full amount due under the arrangement has been repaid during the period ended 31 December 2021 along with the related finance cost on the borrowing.

All amounts in Saudi Riyals unless otherwise stated.

10. EARNINGS/ (LOSS) PER SHARE

The calculation of basic and diluted earnings / (loss) per share has been based on the following profit /(loss) attributable to ordinary shareholders and weighted average number of ordinary shares outstanding.

	Three month period ended 31 December 2021	Three month period ended 31 December 2020	**Nine month period ended 31 December 2021**	Nine month period ended 31 December 2020
Weighted average number of ordinary shares for the purpose basic and diluted earnings per share	**210,000,000**	210,000,000	**210,000,000**	210,000,000
Profit/ (loss) attributable to ordinary shareholders	**16,866,855**	(128,561,936)	**85,477,270**	(752,880,020)
Basic and diluted earnings/ (loss) per ordinary share	**0.08**	(0.61)	**0.41**	(3.59)

11. OPERATING SEGMENTS

A. Basis for segmentation

The Group has the following three strategic divisions, which are its reportable segments. These divisions offer different products and services and are managed separately because they require different marketing strategies.

The Group's Chief Executive Officer (Chief Operating Decision Maker) reviews internal management reports on at least a quarterly basis.

Reportable segments

The following table describes the operations of each reportable segment:

Reportable segments	Operations
Fashion retail	Primarily include sales of apparels, footwear's & accessories through retail outlets
Indoor entertainment	Kids Play Centers
Food & Beverages	Cafes and restaurants

Geographical information

The Group operates through their various retail outlets, indoor entertainment for kids in the Kingdom of Saudi Arabia (Domestic) and International geography which primarily includes Jordan, Egypt, Republic of Kazakhstan, United States of America, Republic of Azerbaijan, Georgia, Armenia and Morocco.

All amounts in Saudi Riyals unless otherwise stated.

11. OPERATING SEGMENTS (CONTINUED)

Information about reportable segments and geographical information

The segment information from operations of these segments is provided below:

	Business segments					Geographical segments			
	Fashion retail	Indoor entertainment	Food and Beverages	Inter-segment elimination	Total	Domestic	International	Inter-segment elimination	Total
	Amount in SR'000					Amount in SR'000			
Profit or loss for nine-month period ended 31 December 2021									
Revenue	4,124,718	35,412	368,239	--	4,528,369	3,750,503	777,866	--	4,528,369
Depreciation and amortization	(104,175)	(12,727)	(24,414)	--	(141,316)	(115,176)	(26,140)	--	(141,316)
Finance costs	(186,483)	(2,309)	(11,401)	--	(200,193)	(181,727)	(18,466)	--	(200,193)
Net profit / (loss)	73,902	(10,503)	19,246	--	82,645	14,877	67,768	--	82,645
Statement of financial position As at 31 December 2021									
Non-current assets	5,473,834	126,582	435,905	--	6,036,321	7,731,947	663,192	(2,358,818)	6,036,321
Current assets	2,216,710	(4,810)	13,212	--	2,225,112	2,284,642	(59,530)	--	2,225,112
Total liabilities	7,173,155	99,678	438,465	--	7,711,298	7,077,140	634,158	--	7,711,298
Profit or loss for nine-month period ended 31 December 2020									
Revenue	2,853,027	2,842	244,387	--	3,100,256	2,702,791	401,057	(3,592)	3,100,256
Depreciation and amortization	(187,103)	(12,967)	(27,648)	--	(227,718)	(185,201)	(42,517)	--	(227,718
Finance costs	(259,538)	(3,303)	(12,055)	--	(274,896)	(245,335)	(29,561)	--	(274,896)
Net loss	(671,639)	(51,134)	(39,135)	--	(761,908)	(680,658)	(81,145)	(105)	(761,908)
Statement of financial position As at 31 March 2021									
Non-current assets	5,585,904	151,827	407,536	--	6,145,267	7,890,787	669,422	(2,414,942)	6,145,267
Current assets	2,223,881	2,083	(12,504)	--	2,213,460	2,224,259	(133,359)	122,560	2,213,460
Total liabilities	7,426,166	121,313	359,673	--	7,907,152	7,209,746	650,176	47,230	7,907,152

All amounts in Saudi Riyals unless otherwise stated.

12. REVENUE

The Group generates revenue primarily from the sale of goods. Revenue is recognized when a customer obtains controls of the goods at a point in time i.e. on delivery and acknowledgement of goods. In the following table, revenue from contracts with customers is disaggregated by primary geographical market and major revenue streams:

	Nine-month period ended 31 December 2021 (Unaudited)			
	Kingdom of Saudi Arabia	**CIS Countries**	**International Countries**	**Total**
Apparels	2,604,471,526	389,532,346	187,377,912	3,181,381,784
Footwear & accessories	207,900,338	16,136,121	55,322,222	279,358,681
Others	569,891,710	37,497,204	56,588,201	663,977,115
Fashion retail	3,382,263,574	443,165,671	299,288,335	4,124,717,580
Food & beverages	368,239,148	--	--	368,239,148
Indoor entertainment	--	--	35,412,433	35,412,433
Total revenue	3,750,502,722	443,165,671	334,700,768	4,528,369,161

	Nine-month period ended 31 December 2020 (Unaudited)			
	Kingdom of Saudi Arabia	**CIS Countries**	**International Countries**	**Total**
Apparels	2,101,404,773	187,018,769	135,531,264	2,423,954,806
Footwear & accessories	199,595,642	12,707,396	48,053,175	260,356,213
Others	157,403,827	7,292,679	4,019,212	168,715,718
Fashion retail	**2,458,404,242**	**207,018,844**	**187,603,651**	**2,853,026,737**
Food & beverages	244,386,788	--	--	244,386,788
Indoor entertainment	--	--	2,842,310	2,842,310
Total revenue	**2,702,791,030**	**207,018,844**	**190,445,961**	**3,100,255,835**

13. COST OF REVENUE

	Nine-month period ended 31 December 2021 (Unaudited)	Nine-month period ended 31 December 2020 (Unaudited)
Cost of goods sold	2,601,546,631	2,135,058,183
Employees' salaries and benefits	521,014,313	439,545,458
Depreciation on right-of-use assets	422,195,733	450,692,222
Utilities and maintenance	68,323,780	48,346,975
Rent expense	33,182,155	10,825,055
Travelling	5,056,208	1,159,514
Others	67,576,750	48,045,413
	3,718,895,570	**3,133,672,820**

14. OTHER OPERATING EXPENSES & INCOME

a) Other operating Expenses

	Note	Nine-month period ended 31 December 2021 (Unaudited)	Nine-month period ended 31 December 2020 (Unaudited)
Store closure losses	*i*	31,808,316	52,133,903
Loss on write-off of property and equipment		150,502	3,494,323
Foreign exchange loss		--	13,721,034
Others		--	1,694,604
		31,958,818	71,043,864

i. Represents write off related to assets for closed stores which are not usable.

All amounts in Saudi Riyals unless otherwise stated.

14. OTHER OPERATING EXPENSES & INCOME (CONTINUED)

b) Other operating income

	Nine-month period ended 31 December 2021 (Unaudited)	Nine-month period ended 31 December 2020 (Unaudited)
Rental concession for leases	40,178,853	191,358,065
Gain on lease termination and modification	29,459,051	26,911,971
Foreign exchange income	9,728,605	--
Dividend income from real estate fund	8,000,000	--
Others	23,050,193	13,949,783
	110,416,702	232,219,819

15. RELATED PARTIES

Related parties comprise shareholders, key management personnel, directors and businesses, which are controlled directly or indirectly or influenced by the shareholders, directors or key management personnel. In the normal course of business, the Group has various transactions with its related parties. Transactions are entered into with the related parties on terms and conditions approved by either the Group's management or its Board of Directors.

15.1 Key management personnel compensation

Key management personnel compensation is comprised as follows:

	31 December 2021 (Unaudited)	31 December 2020 (Unaudited)
Salaries and short-term benefits	9,068,077	5,488,876
Post-employment benefits	1,143,851	983,003
Board of Directors and board committees' remuneration	1,851,000	2,693,000
Total key management compensation	12,062,928	9,164,879

15.2 Related party transactions

Transactions with related parties carried out during the period, in the normal course of business, are summarized below:

Name of related party	Nature of relationship with related party	Relationship	31 December 2021 (Unaudited)	31 December 2020 (Unaudited)
Arabian Centers Company	Lease payments / lease expense	Affiliate	285,940,674	267,730,850
Saudi FAS Holding Company	Transfer of balance due from disposal subsidiary (note 16)	Shareholder	75,000,000	75,000,000
	Expenses paid on behalf of related party		8,825,524	(577,812)
Egyptian Centers for Real Estate Development	Rentals / Lease liability paid	Affiliate	5,290,253	4,000,376
Al Farida Trading Agencies	Services and payments	Affiliate	2,950,953	2,636,972
Hajen Company Limited	Printing and advertisement	Affiliate	4,010,837	1,431,957

All outstanding balances with these related parties are to be settled in cash within agreed credit period from the date of transaction. There were no past due or impaired receivables from related party hence no expense has been recognized in the current or prior period for bad or doubtful debts in respect of amounts owed by related parties.

All amounts in Saudi Riyals unless otherwise stated.

16. RECEIVABLE FROM DISPOSAL OF SUBSIDIARIES

Current Portion:

	31 December 2021 (Unaudited)	31 March 2021 (Audited)
Receivable in respect of sale of Global Levia and its subsidiaries	--	75,000,000
	--	75,000,000

During the period ended 31 March 2017, pursuant to the decision of the Board of Directors in their meeting held on 29 September 2016, the Group has disposed of Global Levia and its subsidiaries ("the Disposed Entities") as per the terms of the sale purchase agreement dated 29 September 2016 for a total consideration of SR 375 million receivable in 5 annual equal installments starting from 29 September 2017 onwards. Management rights have been transferred by the Group and accordingly, the Group has lost its power to direct the relevant activities of the Disposed Entities.

The sale was made at the net book value of the Disposed Entities of SR 350 million and included a mark-up of SR 25 million for deferred payments, accordingly no gain or loss is recognized on the sale transaction. The sale consideration is secured by a personal guarantee from the Chairman of the Company who was the Chairman of the board of the company on the date of transaction and has 15% stake in the buying entity.

During the period, final installment of SR 75 million (31 March 2021: SR 75 million) has been transferred as receivable from Saudi FAS Holding Company (Company jointly owned by the Chairman who had secured the consideration on his personal guarantee) based on mutual agreement. Please refer to Note 15.2.

17. FINANCIAL INSTRUMENTS -FAIR VALUES AND RISK MANAGEMENT

A. Accounting classification and fair values

As the Group's financial instruments are compiled under the historical cost convention, except for FVOCI and FVTPL equity investments which are carried at fair values, differences can arise between the book values and fair value estimates.

When measuring fair values the Group uses market observable data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed at the measurement date.

Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

Management believes that the fair values of the Group's financial assets and liabilities are not materially different from their carrying values.

All amounts in Saudi Riyals unless otherwise stated.

17. FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT (CONTINUED)

A. Accounting classification and fair values (Continued)

The following table shows carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value hierarchy information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	31 December 2021 (Unaudited)				
	Carrying amount	Fair value Level 1	Level 2	Level 3	Total
Financial assets					
FVTPL					
Al Mubarak Real Estate Income Fund –II	215,860,000	--	215,860,000	--	215,860,000
FVOCI – equity instruments					
Egyptian Centres for Real Estate Development	85,052,151	--	--	85,052,151	85,052,151

	31 March 2021 (Audited)				
	Carrying amount	Fair value Level 1	Level 2	Level 3	Total
Financial assets					
FVTPL					
Al Mubarak Real Estate Income Fund –II	215,860,000	--	215,860,000	--	215,860,000
FVOCI – equity instruments					
Egyptian Centres for Real Estate Development	84,432,122	--	--	84,432,122	84,432,122

Financial Liabilities
All financial liabilities are measured at amortized cost using the effective interest rate method and as a result the carrying amounts are reasonable approximation of its fair values.

B. Valuation techniques and significant unobservable inputs

The following tables show the valuation techniques and significant unobservable inputs used in measuring the above investments

Type	Valuation technique and significant unobservable inputs
Equity securities	The valuation model is based on discounted cash flows and considers the present value of the expected future income receivable under lease agreements and forecast take-up of vacant units, discounted using a risk-adjusted discount rate. The estimate is adjusted for the net debt of the investee. Significant unobservable inputs include expected cash flows and risk adjusted discount rate. The estimated fair value would increase (decrease) if: - the expected cash flows were higher (lower); or - the risk-adjusted discount rate was lower (higher).

All amounts in Saudi Riyals unless otherwise stated.

17. FINANCIAL INSTRUMENTS –FAIR VALUES AND RISK MANAGEMENT (CONTINUED)

C. Financial risk management

The Group has exposure to the following risks arising from financial instruments:

- Credit risk
- Liquidity risk
- Market risk

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board of Directors has established the risk management committee, which is responsible for developing and monitoring the Group's risk management policies. The committee reports regularly to the board of directors on its activities.

The Group's risk management policies are established to identify and analyse the risk faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company's Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risk faced by the Group. The Audit Committee is assisted in its role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

C-1. Credit risk

Credit risk is the risk that other party will fail to discharge an obligation and will cause the Group to incur a financial loss. The Group has no significant concentration of credit risks. The Group's exposure to credit risk is as follows:

	31 December 2021 (Unaudited)	31 March 2021 (audited)
Cash at bank	192,965,916	451,840,180
Advances, deposits and other receivables	523,942,629	212,715,685
Receivable from disposal of a subsidiary and brands	--	75,000,000
	716,908,545	739,555,865

Credit risk on receivables and bank balances is limited as:

- Cash balances are held with banks with sound credit ratings ranging from BBB+ to A+.
- Advances, deposits and other receivables are shown net of allowance for impairment on these balances. The Group calculates impairment losses on the basis of its estimate of losses incurred in respect of other receivables.
- Financial position of related parties is stable. There were no past due or impaired receivables from related parties.

C-2 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from the inability to sell a financial asset quickly at an amount close to its fair value.

Management monitors the liquidity risk on a regular basis and ensures that sufficient funds are available to meet the Group's future commitments. Based on the factors mentioned in note 3.2, management does not foresee any persistent liquidity risk.

All amounts in Saudi Riyals unless otherwise stated.

17. FINANCIAL INSTRUMENTS -FAIR VALUES AND RISK MANAGEMENT (CONTINUED)

C. Financial risk management (continued)

C-3 Market risk

Market risk is the risk that changes in the market prices – such as foreign exchange rates and commission rates– will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

18. COMMITMENTS AND CONTINGENCIES

As at the reporting date, the Group is committed to capital expenditures of SR 201 million (31 March 2021: SR 255 million) to purchase property and equipment.

As at the reporting date, the Group has outstanding contingencies:

Type	Nature	December 2021 (Unaudited)	March 2021 (Audited)
Letter of credits	Purchase of retail trading inventory	404,420,646	468,253,215
Letter of guarantees	Bid bonds, contracts advance payments and performance bonds	507,743,002	476,054,026

19. IMPACT OF COVID-19

The COVID-19 pandemic, which commenced at the beginning of 2020, has caused significant disruption in the economic and commercial sectors in general at both the global and local levels. The government of the Kingdom of Saudi Arabia has taken stimulus measures and launched initiatives to support the economy to reduce the adverse effects of this pandemic.

As the situation stabilizes, the Company believes that sales will move to normal levels and the profitability will improve in the future.

20. SUBSEQUENT EVENTS

During January 2022, the Company has submitted the application for approval from Capital Market Authority to reduce the Company's share capital by SR 969.2 million and then increasing the share capital by through rights issue of SR 1 billion. The process of reduction and increase in share capital is subject to the approval of the extraordinary general assembly.

All amounts in Saudi Riyals unless otherwise stated.