

Fawaz Abdulaziz Al Hokair & Company

(A Saudi Joint Stock Company)

Condensed consolidated interim financial statements
(unaudited)

For the three and six-month periods ended 30 September 2021
together with the

Independent Auditor's Review Report

Fawaz Abdulaziz Al Hokair & Company (a Saudi Joint Stock company)
Condensed consolidated interim financial statements

For the three and six-month periods ended 30 September 2021

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KPMG Professional Services

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Riyadh 11663
Kingdom of Saudi Arabia
Headquarter

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 30 September 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 30 September 2021;
- the condensed consolidated statement of profit or loss for the three and six-month periods ended 30 September 2021;
- the condensed consolidated statement of comprehensive income for the three and six-month periods ended 30 September 2021;
- the condensed consolidated statement of changes in equity for the six-month period ended 30 September 2021;
- the condensed consolidated statement of cash flows for the six-month period ended 30 September 2021;
- the notes to the condensed consolidated interim financial statements for the six-month period ended 30 September 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 30 September 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.



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 267.8 million from a shareholder as at 30 September 2021.

KPMG Professional Services

Hani Hamzah A. Bedairi
License No: 460

Riyadh, on 6 Rabi'II 1443H
Corresponding to: 11 November 2021



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

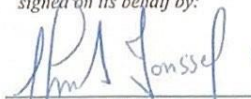
As at 30 September 2021

(All Amounts in Saudi Riyals unless otherwise Stated)


	Notes	30 September 2021 (Unaudited)	31 March 2021 (Audited)
Assets			
Property and equipment		1,300,124,471	1,327,471,618
Right-of-use assets		3,139,345,596	3,401,916,309
Goodwill and intangible assets		1,131,018,330	1,111,255,263
Investment property		1,632,000	1,632,000
Investment in an associate	7	2,699,577	2,699,577
Other investments	8	300,819,025	300,292,122
Non-current assets		5,875,638,999	6,145,266,889
Inventories		1,099,406,343	1,152,442,371
Advances, deposits and other receivables		650,836,939	470,570,204
Prepayments		37,955,445	47,855,658
Receivable from disposal of subsidiaries	16	--	75,000,000
Cash and cash equivalents		265,103,952	467,591,552
Current assets		2,053,302,679	2,213,459,785
Total assets		7,928,941,678	8,358,726,674
Equity			
Share capital		2,100,000,000	2,100,000,000
Statutory reserve		--	--
Foreign currency translation reserve		(496,840,369)	(510,642,899)
Accumulated losses		(969,202,372)	(1,037,812,790)
Equity attributable to the shareholders of the Company		633,957,259	551,544,311
Non-controlling interests		(101,772,851)	(99,970,100)
Total equity		532,184,408	451,574,211
Liabilities			
Loans and borrowings	9	--	2,304,450,432
Lease liabilities		2,772,760,610	2,837,596,213
Employee benefits		114,487,911	110,468,288
Non-Current liabilities		2,887,248,521	5,252,514,933
Loans and borrowings	9	2,936,000,656	819,584,379
Lease liabilities – current portion		618,521,785	802,856,040
Zakat and tax liabilities		17,147,964	15,848,276
Trade and other payables		937,838,344	1,016,348,835
Current liabilities		4,509,508,749	2,654,637,530
Total liabilities		7,396,757,270	7,907,152,463
Total equity and liabilities		7,928,941,678	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
 Chief Financial Officer


Marwan Moukartzel
 Chief Executive Officer


Fawaz Abdulaziz Al Hokair
 Chairman

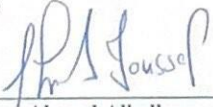
Fawaz Abdulaziz Al Hokair & Company (a Saudi Joint Stock Company)
Condensed consolidated statement of profit or loss

For the three and six-month periods ended 30 September 2021
(All Amounts in Saudi Riyals unless otherwise Stated)

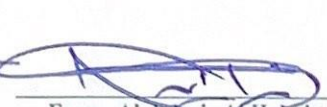
		Three month ended 30 September 2021 (Unaudited)	Three month ended 30 September 2020 (Unaudited)	Six month ended 30 September 2021 (Unaudited)	Six month ended 30 September 2020 (Unaudited)
	Notes				
Revenue	12	1,361,277,648	1,185,601,757	3,061,982,419	1,750,550,760
Cost of revenue	13	(1,128,938,622)	(1,133,738,388)	(2,497,041,672)	(1,941,412,535)
Gross profit / (loss)		232,339,026	51,863,369	564,940,747	(190,861,775)
Selling and distribution expenses		(45,934,413)	(44,898,500)	(90,205,904)	(80,804,576)
General and administrative expenses		(70,998,128)	(63,327,492)	(169,508,575)	(118,903,636)
Depreciation and amortization		(38,252,871)	(76,246,566)	(103,519,924)	(154,024,729)
Impairment loss on other receivables		--	--	--	(28,500,000)
Other operating expense	14	(5,724,015)	(4,989,252)	(20,511,016)	(41,351,909)
Other operating income	14	44,844,445	133,406,594	63,241,029	198,106,715
Operating profit / (loss)		116,274,044	(4,191,847)	244,436,357	(416,339,910)
Finance costs – Loans and borrowings		(32,263,915)	(36,173,293)	(62,276,472)	(72,470,417)
Finance costs – Lease liability		(38,379,874)	(48,388,314)	(80,498,433)	(119,446,613)
Profit / (loss) before zakat and income tax		45,630,255	(88,753,454)	101,661,452	(608,256,940)
Zakat and income tax expense		(24,744,623)	(9,422,531)	(35,042,328)	(25,531,234)
Profit / (loss) for the period		20,885,632	(98,175,985)	66,619,124	(633,788,174)
Profit / (loss) for the period attributable to:					
Shareholders of the Company		21,729,158	(98,790,275)	68,610,418	(624,222,503)
Non-controlling interest		(843,526)	614,290	(1,991,294)	(9,565,671)
		20,885,632	(98,175,985)	66,619,124	(633,788,174)
Earnings / (loss) per share					
Basic and diluted earnings/ (loss) per share (Saudi Riyal)	10 0.10		(0.47)	0.33	(2.97)

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
Chief Financial Officer


Marwan Moukartzel
Chief Executive Officer


Fawaz Abdulaziz Al Hokair
Chairman

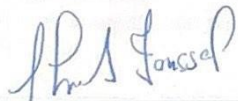
Fawaz Abdulaziz Al Hokair & Company (a Saudi Joint Stock Company)
Condensed consolidated statement of comprehensive income


For the three and six-month periods ended 30 September 2021
 (All Amounts in Saudi Riyals unless otherwise Stated)


	Three month ended 30 September 2021 (Unaudited)	Three month ended 30 September 2020 (Unaudited)	Six month ended 30 September 2021 (Unaudited)	Six month ended 30 September 2020 (Unaudited)
Profit / (loss) for the period	20,885,632	(98,175,985)	66,619,124	(633,788,174)
<i>Items that are or may be reclassified subsequently to profit or loss:</i>				
Foreign Operations – foreign currency translation differences	2,833,397	(24,461,133)	13,991,073	11,752,129
	2,833,397	(24,461,133)	13,991,073	11,752,129
Other comprehensive income / (loss) for the period	2,833,397	(24,461,133)	13,991,073	11,752,129
Total comprehensive income / (loss) for the period	23,719,029	(122,637,118)	80,610,197	(622,036,045)
Total comprehensive income / (loss) for the period attributable to:				
Shareholders of the Company	24,511,210	(123,168,039)	82,412,948	(611,936,199)
Non-controlling interest	(792,181)	530,921	(1,802,751)	(10,099,846)
	23,719,029	(122,637,118)	80,610,197	(622,036,045)

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
 Chief Financial Officer


 Marwan Moukartzel
 Chief Executive Officer


 Fawaz Abdulaziz Al Hokair
 Chairman

Condensed consolidated statement of changes in equity

For the six-month period ended 30 September 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	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
<i>Total comprehensive income / (loss) for the period</i>							
Loss for the period	--	--	--	(624,222,503)	(624,222,503)	(9,565,671)	(633,788,174)
Other comprehensive income / (loss)	--	--	12,286,304	--	12,286,304	(534,175)	11,752,129
Total comprehensive income / (loss) for the period	--	--	12,286,304	(624,222,503)	(611,936,199)	(10,099,846)	(622,036,045)
Balance at 30 September 2020 (Unaudited)	2,100,000,000	205,816,329	(566,715,727)	(736,472,316)	1,002,628,286	(94,970,247)	907,658,039
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
<i>Total comprehensive income / (loss) for the period</i>							
Profit / (loss) for the period	--	--	--	68,610,418	68,610,418	(1,991,294)	66,619,124
Other comprehensive income	--	--	13,802,530	--	13,802,530	188,543	13,991,073
Total comprehensive income / (loss) for the period	--	--	13,802,530	68,610,418	82,412,948	(1,802,751)	80,610,197
Balance at 30 September 2021 (Unaudited)	2,100,000,000	--	(496,840,369)	(969,202,372)	633,957,259	(101,772,851)	532,184,408

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:

These are
Ahmed Albelbesy
Chief Financial Officer

Marwan Moukartzel
Chief Executive Officer

Fawaz Abdulaziz Al Hokair
Chairman

Fawaz Abdulaziz Al Hokair & Company (a Saudi joint stock company)
Notes to the Condensed consolidated interim financial statements
Year ended 31 March 2021

	For the six month period ended 30 September 2021 Unaudited	For the six month period ended 30 September 2020 Unaudited
Cash flows from operating activities:		
Profit / (loss) for the period	66,619,124	(633,788,174)
<i>Adjustments for:</i>		
- Depreciation on right-of-use assets	285,450,794	301,769,173
- Depreciation on property and equipment	96,709,446	149,525,358
- Amortization of intangible assets	6,810,478	4,499,371
- Provision for employees' benefits	13,141,222	16,335,883
- Provision for inventory shrinkage and slow-moving inventory	74,275,740	280,132,948
- Gain on lease termination and modification	(13,785,719)	(10,907,834)
- Zakat expense & Income Tax	35,042,328	25,531,234
- Finance cost over loans and borrowings	62,276,472	72,470,417
- Finance cost over lease liabilities	80,498,433	119,446,613
- Loss on write-off of property and equipment	123,222	1,686,717
- Store closure losses	20,387,794	37,082,964
- Rental concession for leases	(38,793,705)	(174,358,276)
- Impairment loss on other receivables	--	28,500,000
	688,755,629	217,926,394
<i>Changes in:</i>		
- Inventories	(21,239,713)	112,780,754
- Advances, deposits and other receivables	(105,266,735)	(18,923,668)
- Prepayments, rentals and insurance	9,900,213	36,801,988
- Trade and other payables	(92,765,819)	26,915,825
Cash generated from operating activities	479,383,575	375,501,293
Zakat and income tax paid	(33,742,640)	(7,275,934)
Employee benefits paid	(9,121,599)	(19,220,335)
Net cash from operating activities	436,519,336	349,005,024
Cash flows from investing activities:		
Purchase of property and equipment	(89,873,323)	(62,135,271)
Purchase of intangible assets	(26,607,042)	(2,013,982)
Proceeds from disposal of intangible assets	33,496	17,840
Net cash used in investing activities	(116,446,869)	(64,131,413)

Fawaz Abdulaziz Al Hokair & Company (a Saudi joint stock company)

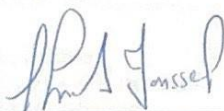
Notes to the Condensed consolidated interim financial statements

Year ended 31 March 2021

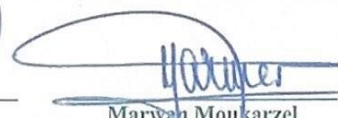
	For the six month period ended 30 September 2021 Unaudited	For the six month period ended 30 September 2020 Unaudited
Cash flows from financing activities:		
Long term borrowings repaid during the period	(60,937,813)	--
Short-term borrowings repaid during the period, net	(128,308,992)	(67,660,904)
Payments of finance costs over loans and borrowings	(46,808,494)	(56,314,114)
Repayments of lease liabilities	(221,725,235)	(74,652,583)
Payments of finance costs over lease liabilities	(80,498,433)	(119,446,613)
Net cash used in financing activities	(538,278,967)	(318,074,214)
Net decrease in cash and cash equivalents	(218,206,500)	(33,200,603)
Foreign currency exchange translation differences	15,718,900	11,752,129
Cash and cash equivalents at the beginning of period	467,591,552	686,455,380
Cash and cash equivalents at end of period	265,103,952	665,006,906

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

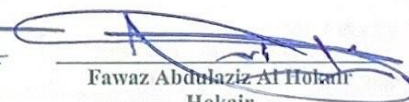
These condensed consolidated interim financial statements were authorized for issue by the Board of Directors, and signed on its behalf by:



Ahmed Albelbesy
Chief Financial Officer



Marwan Moukarzel
Chief Executive Officer



Fawaz Abdulaziz Al Hokair
Hokair
Chairman

Fawaz Abdulaziz Al Hokair & Company (a Saudi Joint Stock Company)

Notes to the condensed consolidated interim financial statements

For the six-month period ended 30 September 2021

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.

Fawaz Abdulaziz Al Hokair & Company (a Saudi Joint Stock Company)

Notes to the condensed consolidated interim financial statements

For the six-month period ended 30 September 2021

2. GROUP STRUCTURE

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

No	Subsidiaries	Country of incorporation	Business Activity	Ownership interest held by the Group as at:	
				30 September 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.

Fawaz Abdulaziz Al Hokair & Company (a Saudi Joint Stock Company)
Notes to the condensed consolidated interim financial statements

For the six-month period ended 30 September 2021

2. GROUP STRUCTURE (CONTINUED)

No	Subsidiaries	Country of incorporation	Business Activity	Ownership interest held by the Group as at:	
				30 September 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 year ended 31 March 2021, the Group has 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. As at 30 September 2021, the necessary legal formalities for transfer of ownership including the regulatory approvals are not completed. The investment in Vogacloset will be accounted for as subsidiary once the legal formalities and necessary approvals are obtained (refer note 20).

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 Rabi II 1443H (corresponding to 11 November 2021).

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 30 September 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 its settlement 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 2,456 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 requires 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 whole accumulated losses balance as at 30 September 2021 and then raising capital amounting to SR 1 billion 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)

<i>Category</i>	<i>Years</i>
Furniture & Fixture	15
Leasehold Improvement	15
Tools & Equipments	15
Vehicle	6
Deferred charges and key money – Intangible assets	15

The effect of these changes is decrease in depreciation and amortization for the six-month period by SR 17.5 million. This will also have the effect on the consolidated financial statements for the year ending 31 March 2022.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in these condensed consolidated interim financial statements are the same as those applied in the Group's annual consolidated financial statements as at and for the year ended 31 March 2021.

4. 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.

5. 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 six-month periods ended 30 September 2021, may not provide an accurate indication of the actual results for the full year.

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6. INVESTMENT IN AN ASSOCIATE

Associate

FG 4 Limited

Balance as at 1 April 2020	2,022,462
Share of profit for the year	677,115
Balance as at 31 March 2021	2,699,577
Balance as at 1 April 2021	2,699,577
Share of loss for period	--
Balance as at 30 September 2021	2,699,577

The share of loss for the six month period ended 30 September 2021 is not material and has not been recorded in the condensed consolidated interim financial statements.

7. OTHER INVESTMENTS

	Equity securities at FVTPL (i)	Equity securities at FVOCI (ii)	Total
Cost			
Balance at 1 April 2021	200,000,000	84,432,122	284,432,122
Additions	--	--	--
Balance at 30 September 2021	200,000,000	84,432,122	284,432,122
Revaluation adjustments			
Balance at 1 April 2021	15,860,000	--	15,860,000
Change in fair value during the period	--	--	--
Exchange translation gain	--	526,903	526,903
Balance at 30 September 2021	15,860,000	526,903	16,386,903
Net book value at 30 September 2021	215,860,000	84,959,025	300,819,025

Cost			
Balance at 1 April 2020	200,000,000	--	200,000,000
Additions	--	84,432,122	84,432,122
Balance at 31 March 2021	200,000,000	84,432,122	284,432,122
Revaluation adjustments			
Balance at 1 April 2020	--	--	--
Change in fair value during the year	15,860,000	--	15,860,000
Balance at 31 March 2021	15,860,000	--	15,860,000
Net Book Value at 31 March 2021	215,860,000	84,432,122	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 close end real estate investment fund and the Group acquired its units on 16 December 2019. For the period ended 30 September 2021, the change in fair value of the fund is not material and will be reflected in the year-end financial statements as of 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 30 September 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.

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8. LOANS AND BORROWINGS

	<i>Notes</i>	30 September 2021	31 March 2021
Islamic facility with banks (Murabaha)	(i)	2,925,782,351	2,985,507,515
Banking facilities of GCC subsidiaries	(ii)	10,218,305	18,292,283
Short term Islamic banking facilities	(iii)	--	3,541,520
Financing against inventory	(iv)	--	116,693,493
		2,936,000,656	3,124,034,811
Short term borrowings		10,218,305	138,527,296
Current portion of long term borrowings**		2,925,782,351	681,057,083
Loans and Borrowings - Current liabilities		2,936,000,656	819,584,379
Loans and Borrowings - Non Current liabilities		--	2,304,450,432
		2,936,000,656	3,124,034,811
Islamic facility with banks (Murabaha) – Gross		2,939,062,187	3,000,000,000
Less : Unamortized transaction costs		(13,279,836)	(14,492,485)
		2,925,782,351	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 30 September 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 six-month period ended 30 September 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 30 September 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 year along with the related finance cost on the borrowing.

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9. 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 30 September 2021	Three month period ended 30 September 2020	Six month period ended 30 September 2021	Six month period ended 30 September 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	21,729,158	(98,790,275)	68,610,418	(624,222,503)
Basic and diluted earnings/ (loss) per ordinary share	0.10	(0.47)	0.33	(2.97)

10. 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.

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11. OPERATING SEGMENTS (CONTINUED)

Information about reportable segments and geographical information

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

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 six-month period ended 30 September 2021									
Revenue	2,801,785	22,828	237,369	--	3,061,982	2,583,023	478,959	--	3,061,982
Depreciation and amortization	(79,574)	(7,913)	(16,033)	--	(103,520)	(84,131)	(19,389)	--	(103,520)
Finance costs	(133,807)	(1,589)	(7,379)	--	(142,775)	(127,343)	(15,432)	--	(142,775)
Net profit / (loss)	67,383	(11,890)	11,126	--	66,619	42,457	24,162	--	66,619
Statement of financial position As at 30 September 2021									
Non-current assets	5,317,727	136,176	421,736	--	5,875,639	7,607,385	627,071	(2,358,817)	5,875,639
Current assets	2,041,229	(1,281)	13,355	--	2,053,303	2,117,516	(64,213)	--	2,053,303
Total liabilities	6,868,196	114,188	414,373	--	7,396,757	6,757,873	638,884	--	7,396,757
Profit or loss for six-month period ended 30 September 2020									
Revenue	1,624,708	820	125,023	--	1,750,551	1,516,963	233,588	--	1,750,551
Depreciation and amortization	(127,445)	(8,698)	(17,882)	--	(154,025)	(125,065)	(28,960)	--	(154,025)
Finance costs	(181,407)	(2,280)	(8,230)	--	(191,917)	(174,378)	(17,539)	--	(191,917)
Net loss	(559,193)	(36,546)	(38,049)	--	(633,788)	(566,007)	(67,781)	--	(633,788)
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

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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:

Six-month period ended 30 September 2021 (Unaudited)				
	Kingdom of Saudi Arabia	CIS Countries	International Countries	Total
Apparels	1,841,081,644	243,173,782	113,558,822	2,197,814,248
Footwear & accessories	144,036,178	5,525,911	86,252,286	235,814,375
Others	360,536,879	7,459,659	161,019	368,157,557
Fashion retail	2,345,654,701	256,159,352	199,972,127	2,801,786,180
Food & beverages	237,368,654	--	--	237,368,654
Indoor entertainment	--	--	22,827,585	22,827,585
Total revenue	2,583,023,355	256,159,352	222,799,712	3,061,982,419

Six-month period ended 30 September 2020 (Unaudited)				
	Kingdom of Saudi Arabia	CIS Countries	International Countries	Total
Apparels	1,182,584,128	102,356,454	86,362,895	1,371,303,477
Footwear & accessories	120,149,688	9,853,826	30,362,624	160,366,138
Others	89,206,328	3,368,850	462,979	93,038,157
Fashion retail	1,391,940,144	115,579,130	117,188,498	1,624,707,772
Food & beverages	125,022,500	--	--	125,022,500
Indoor entertainment	--	--	820,488	820,488
Total revenue	1,516,962,644	115,579,130	118,008,986	1,750,550,760

13. COST OF REVENUE

	Six-month period ended 30 September 2021 (Unaudited)	Six-month period ended 30 September 2020 (Unaudited)
Cost of goods sold	1,749,379,028	1,316,516,741
Employees' salaries and benefits	352,309,262	256,205,838
Depreciation on right-of-use assets	285,450,794	301,246,388
Utilities and maintenance	45,225,729	24,782,935
Rent expense	16,504,936	12,308,052
Travelling	3,424,564	481,178
Others	44,747,359	29,871,403
	2,497,041,672	1,941,412,535

14. OTHER OPERATING EXPENSES & INCOME

a) Other operating Expenses

	Note	Six-month period ended 30 September 2021 (Unaudited)	Six-month period ended 30 September 2020 (Unaudited)
Store closure losses	i	20,387,794	37,082,964
Loss on write-off of property and equipment		123,222	1,686,717
Foreign exchange loss		--	2,582,228
		20,511,016	41,351,909

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

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14. OTHER OPERATING EXPENSES & INCOME (CONTINUED)

b) Other operating income

	Six-month period ended 30 September 2021 (Unaudited)	Six-month period ended 30 September 2020 (Unaudited)
Rental concession for leases	38,793,705	174,358,276
Gain on lease termination and modification	13,785,719	10,907,834
Investment gain – Armenia	--	4,520,872
Foreign exchange income	528,568	--
Others	10,133,037	8,319,733
	63,241,029	198,106,715

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:

	30 September 2021	30 September 2020
Salaries and short-term benefits	4,487,941	2,628,150
Post-employment benefits	968,757	836,906
Board of Directors and board committees' remuneration	2,000,000	2,468,000
Total key management compensation	7,456,698	5,933,056

15.2 Related party transactions

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

<u>Name of related party</u>	<u>Nature of relationship with related party</u>	<u>Relationship</u>	30 September 2021 (Unaudited)	30 September 2020 (Unaudited)
Arabian Centers Company	Lease payments / lease expense	Affiliate	138,392,369	93,986,739
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		8,975,645	343,580
Egyptian Centers for Real Estate Development	Rentals / Lease liability paid	Affiliate	--	2,470,180
Al Farida Trading Agencies	Services and payments	Equity accounted investee	3,780,481	3,291,557
Hajen Company Limited	Printing and advertisement	Affiliate	2,644,439	755,951
Wonderful Meals Company	Purchase of goods	Affiliate	29,026,939	2,271,205

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.

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16. RECEIVABLE FROM DISPOSAL OF SUBSIDIARIES

Current Portion:

	30 September 2021 (Unaudited)	31 March 2021 (Audited)
Receivable in respect of sale of Global Levia and its subsidiaries	--	75,000,000
	<u>--</u>	<u>75,000,000</u>

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 value of the Group's financial assets and liabilities are not materially different from their carrying values.

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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.

	30 September 2021				
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
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	84,959,025	--	--	84,959,025	84,959,025

	31 March 2021				
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
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	<p>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.</p> <p>Significant unobservable inputs include expected cash flows and risk adjusted discount rate. The estimated fair value would increase (decrease) if:</p> <ul style="list-style-type: none"> - the expected cash flows were higher (lower); or - the risk-adjusted discount rate was lower (higher).

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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 September 2021	31 March 2021
Cash at bank	234,708,914	451,840,180
Advances, deposits and other receivables	373,921,237	212,715,685
Receivable from disposal of a subsidiary and brands	--	75,000,000
	608,630,151	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.

Fawaz Abdulaziz Al Hokair & Company (a Saudi Joint Stock Company)

Notes to the Condensed consolidated interim financial statements

For the Six-month period ended 30 September 2021

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	September 2021	March 2021
Letter of credits	Purchase of retail trading inventory	492,475,409	468,253,215
Letter of guarantees	Bid bonds, contracts advance payments and performance bonds	404,301,190	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

- a) The Group established FAS Lab Holding Company “FAS Lab”, a Limited Liability Company in Saudi Arabia’s for the purpose of leading joint digital initiatives for Fawaz Abdulaziz Al Hokair & Co. (“Alhokair”) and Arabian Centres Company. The Group will exercise control over the entity and will be accounted for as a subsidiary starting from the three month period ending 31 December 2021.

On 18 October 2021 (date of acquisition), the Company announced the successful completion of transferring the shares of the E-Commerce Platform "Vogacloset" to the Group with a value of SR 68.9 million representing 25.5% of Vogacloset’s share capital. The Group is in progress of transferring the acquired shares to FAS Lab.

- b) The Company has announced the signing of a non-binding Letter of Intent ("LOI") with “Newco Corporation” (“the Buyer”) regarding the potential sale of 66.67% of the share capital of “Billy Beez USA LLC”, which is 100% owned by “Retail Group of America LLC”, a wholly owned subsidiary of the Group. There is no immediate impact by signing the non-binding LOI and the sale is currently under a due diligence process.

All amounts in Saudi Riyals unless otherwise stated.