Arabian Centres Company
(A Saudi Joint Stock Company)
Condensed Consolidated Interim Financial Statements
(Unaudited)
For the three-month period ended 30 June 2020
together with
Independent Auditor's Review Report

Arabian Centres Company
(A Saudi Joint Stock Company)
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the three-month period ended 30 June 2020

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

To the Shareholders of Arabian Centres Company

Introduction

We have reviewed the accompanying 30 June 2020 condensed consolidated interim financial statements of Arabian Centres Company ("the Company") and its subsidiaries ("the Group") which comprise:

- the condensed consolidated statement of financial position as at 30 June 2020;
- the condensed consolidated statement of profit or loss for the three-month period ended 30 June 2020;
- the condensed consolidated statement of comprehensive income for the three-month period ended 30 June 2020;
- the condensed consolidated statement of changes in equity for the three-month period ended 30 June 2020;
- the condensed consolidated statement of cash flows for the three-month period ended 30 June 2020; and
- the notes to the condensed consolidated interim financial statements.

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 June 2020 condensed consolidated interim financial statements of Arabian Centres Company 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.

For KPMG Al Fozan & Partners
Certified Public Accountants

Hani Hamzah A. Bedairi
License No: 460

Al Riyadh, 28 Dhul Hijjah 1441H
Corresponding to: 18 August 2020

C.R. 46
KPMG
Certified Public Accountants
KPMG Al Fozan & Partners

Arabian Centres Company
(A Saudi Joint Stock Company)
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2020

	Note	**30 June 2020 Unaudited SR**	31 March 2020 Audited SR
Assets			
Current assets			
Cash and cash equivalents		**920,980,784**	1,045,680,193
Accounts receivable		**260,512,993**	234,254,125
Amounts due from related parties	*6*	**582,787,286**	591,222,957
Prepayments and other current assets		**143,930,134**	138,790,964
Accrued revenue (rentals)		**142,201,418**	69,362,957
Total current assets		**2,050,412,615**	2,079,311,196
Non-current assets			
Advances to a contractor, related party	*6*	**642,013,617**	614,438,352
Accrued revenue (rentals) – non-current portion		**284,402,836**	99,835,361
Investment in an equity-accounted investee	*7*	**54,732,371**	53,079,928
Other investments	*8*	**128,664,375**	104,463,375
Investment properties	*9*	**11,358,036,071**	11,356,912,845
Property and equipment		**84,698,915**	91,474,811
Right-of-use assets		**3,505,261,511**	3,561,974,788
Total non-current assets		**16,057,809,696**	15,882,179,460
Total assets		**18,108,222,311**	17,961,490,656
Liabilities and equity			
Liabilities			
Current liabilities			
Current portion of long-term loans	*10*	**90,000,000**	45,000,000
Lease liabilities – current portion		**343,584,436**	338,065,081
Accounts payable		**180,413,209**	149,442,700
Amounts due to related parties	*6*	**6,486,583**	3,899,682
Unearned revenue		**163,057,508**	177,225,232
Accruals and other current liabilities		**175,135,919**	232,071,497
Zakat payable		**83,441,136**	78,524,952
Total current liabilities		**1,042,118,791**	1,024,229,144
Non-current liabilities			
Lease liabilities – non-current portion		**3,906,104,863**	3,899,162,750
Long-term borrowings	*10*	**6,922,581,447**	6,970,743,077
Employees' end-of-service benefits		**23,119,807**	30,370,714
Other non-current liabilities		**53,854,295**	52,729,339
Total non-current liabilities		**10,905,660,412**	10,953,005,880
Total liabilities		**11,947,779,203**	11,977,235,024
Equity			
Share capital	*12*	**4,750,000,000**	4,750,000,000
Share premium	*12*	**411,725,703**	411,725,703
Statutory reserve	*13*	**513,092,734**	513,092,734
Other reserves	*13*	**4,987,710**	(18,103,542)
Retained earnings		**479,040,953**	326,282,581
Equity attributable to the Shareholders of the Company		**6,158,847,100**	5,982,997,476
Non-controlling interests		**1,596,008**	1,258,156
Total equity		**6,160,443,108**	5,984,255,632
Total liabilities and equity		**18,108,222,311**	17,961,490,656

The accompanying notes from 1 to 22 form an integral part of these condensed consolidated interim financial statements.

Jabri Maali	**Faisal Abdullah Al Jedaie**	**Fawaz Alhokair**
Chief Financial Officer	Chief Executive Officer	Chairman

Arabian Centres Company
(A Saudi Joint Stock Company)
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the three-month period ended 30 June 2020

	Note	**Three-month period ended 30 June 2020 Unaudited SR**	Three-month period ended 30 June 2019 Unaudited SR
Revenue	14	**475,853,115**	572,503,719
Cost of revenue			
- Direct costs		**(60,432,272)**	(77,075,424)
- Depreciation of right-of-use assets		**(42,572,574)**	(37,879,343)
- Depreciation of investment properties	9	**(74,196,671)**	(64,769,328)
Gross profit		**298,651,598**	392,779,624
Other income, net	15	**35,276,467**	232,569
Advertisement and promotion expenses		**(3,691,120)**	(1,090,024)
Impairment loss on accounts receivable		**(25,242,293)**	(16,195,695)
General and administration expenses		**(38,953,373)**	(48,380,980)
Operating profit		**266,041,279**	327,345,494
Share of profit of equity-accounted investee	7	**1,652,443**	6,256,114
Interest expense on lease liabilities		**(35,929,185)**	(25,032,751)
Finance cost		**(73,752,129)**	(73,885,902)
Profit before zakat		**158,012,408**	234,682,955
Zakat		**(4,916,184)**	(7,719,496)
Profit for the period		**153,096,224**	226,963,459
Profit for the period attributable to:			
Shareholders of the Company		**152,758,372**	223,009,201
Non-controlling interests		**337,852**	3,954,258
		153,096,224	226,963,459
Earnings per share:			
Basic and diluted earnings per share attributable to the Shareholders of the Company	16	**0.32**	0.49

The accompanying notes from 1 to 22 form an integral part of these condensed consolidated interim financial statements.

Jabri Maali	**Faisal Abdullah Al Jedaie**	**Fawaz Alhokair**
Chief Financial Officer	Chief Executive Officer	Chairman

Arabian Centres Company
(A Saudi Joint Stock Company)
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the three-month period ended 30 June 2020

	Three-month period ended 30 June 2020 Unaudited SR	Three-month period ended 30 June 2019 Unaudited SR
Profit for the period	**153,096,224**	226,963,459
Other comprehensive (loss) / income		
Item that will be reclassified to profit or loss		
Cash flow hedges – effective portion of changes in fair value	**(1,109,748)**	--
Item that will not be subsequently reclassified to profit or loss		
Other investment at FVOCI – net change in fair value	**24,201,000**	(1,597,000)
Total comprehensive income for the period	**176,187,476**	225,366,459
Total comprehensive income for the period attributable to:		
Shareholders of the Company	**175,849,624**	221,412,201
Non-controlling interests	**337,852**	3,954,258
	176,187,476	225,366,459

The accompanying notes from 1 to 22 form an integral part of these condensed consolidated interim financial statements.

Jabri Maali
Chief Financial Officer

Faisal Abdullah Al Jedaie
Chief Executive Officer

Fawaz Alhokair
Chairman

Arabian Centres Company
(A Saudi Joint Stock Company)
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the three-month period ended 30 June 2020

	Attributable to Shareholders of the Company							
	Share capital SR	Share premium SR	Statutory reserve SR	Other reserves SR	Retained earnings SR	Total SR	Non-controlling interests SR	Total equity SR
Balance at 1 April 2019	4,450,000,000	--	449,699,309	(18,272,000)	183,241,759	5,064,669,068	91,052	5,064,760,120
Profit for the period	--	--	--	--	223,009,201	223,009,201	3,954,258	226,963,459
Other comprehensive loss for the period	--	--	--	(1,597,000)	--	(1,597,000)	--	(1,597,000)
Total comprehensive income for the period	--	--	--	(1,597,000)	223,009,201	221,412,201	3,954,258	225,366,459
Increase in share capital (Note 12)	300,000,000	--	--	--	--	300,000,000	--	300,000,000
Share premium (Note 12)	--	411,725,703	--	--	--	411,725,703	--	411,725,703
Balance at 30 June 2019 (unaudited)	4,750,000,000	411,725,703	449,699,309	(19,869,000)	406,250,960	5,997,806,972	4,045,310	6,001,852,282
Balance at 1 April 2020	**4,750,000,000**	**411,725,703**	**513,092,734**	**(18,103,542)**	**326,282,581**	**5,982,997,476**	**1,258,156**	**5,984,255,632**
Profit for the period	--	--	--	--	**152,758,372**	**152,758,372**	**337,852**	**153,096,224**
Other comprehensive income for the period	--	--	--	**23,091,252**	--	**23,091,252**	--	**23,091,252**
Total comprehensive income for the period	--	--	--	**23,091,252**	**152,758,372**	**175,849,624**	**337,852**	**176,187,476**
Balance at 30 June 2020 (unaudited)	**4,750,000,000**	**411,725,703**	**513,092,734**	**4,987,710**	**479,040,953**	**6,158,847,100**	**1,596,008**	**6,160,443,108**

The accompanying notes from 1 to 22 form an integral part of these condensed consolidated interim financial statements.

Jabri Maali Chief Financial Officer	**Faisal Abdullah Al Jedaie** Chief Executive Officer	**Fawaz Alhokair** Chairman

Arabian Centres Company
(A Saudi Joint Stock Company)
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the three-month period ended 30 June 2020

	Note	**Three-month period ended 30 June 2020 Unaudited SR**	Three-month period ended 30 June 2019 Unaudited SR
Cash flows from operating activities			
Profit before Zakat		**158,012,408**	234,682,955
Adjustments for:			
Depreciation of investment properties	*9*	**74,196,671**	64,769,328
Depreciation of property and equipment		**6,926,304**	8,319,856
Depreciation of right-of-use assets		**43,514,335**	38,843,343
Discount on lease rentals		**(35,300,030)**	--
Share of profit of equity accounted investee	*7*	**(1,652,443)**	(6,256,114)
Finance cost		**73,752,129**	73,885,902
Interest expense on lease liabilities		**35,929,185**	25,032,751
Provision for employees' end-of-services benefits		**1,172,475**	1,199,578
Impairment loss on accounts receivable	*19*	**25,242,293**	16,195,695
		381,793,327	456,673,294
Changes in:			
Accounts receivable		**(51,501,161)**	(23,130,436)
Amounts due from related parties, net		**11,022,571**	(173,846,644)
Prepayments and other current assets		**(2,833,062)**	(95,645,837)
Accrued revenue		**(257,405,931)**	4,914,106
Accounts payable		**30,970,509**	(71,704,787)
Unearned revenue		**(14,167,724)**	9,567,817
Accruals and other current liabilities		**15,409,721**	(22,321,760)
Cash generated from operating activities		**113,288,250**	84,505,753
Employees' end-of-service benefits paid		**(8,423,382)**	(182,000)
Zakat paid		**--**	(710,844)
Net cash from operating activities		**104,864,868**	83,612,909
Cash flows from investing activities			
Additions to investment properties		**(31,236,974)**	(49,408,136)
Purchase of property and equipment		**(150,408)**	(4,274,198)
Advances to a contractor, related party		**(27,575,265)**	(42,153,908)
Net cash used in investing activities		**(58,962,647)**	(95,836,242)
Cash flows from financing activities			
Payment of financial charges		**(151,665,580)**	(183,352,497)
Payment of lease liabilities		**(11,061,050)**	(12,426,220)
Proceeds from long-term loans		**--**	68,790,840
Payment of transaction costs		**(7,875,000)**	--
Repayment of long-term loans		**--**	(721,721,769)
Proceeds from Initial Public Offering		**--**	780,000,000
Net cash used in financing activities		**(170,601,630)**	(68,709,646)
Net decrease in cash and cash equivalents		**(124,699,409)**	(80,932,979)
Cash and cash equivalents at the beginning of the period		**1,045,680,193**	457,670,983
Cash and cash equivalents at end of the period		**920,980,784**	376,738,004

Arabian Centres Company
(A Saudi Joint Stock Company)
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
For the three-month period ended 30 June 2020

	Three-month period ended 30 June 2020 Unaudited SR	Three-month period ended 30 June 2019 Unaudited SR
Non-cash transactions:		
Capitalized interest and arrangemnt fees for project under construction	**10,296,928**	20,739,489
Right-of-use assets	--	3,685,554,416
Lease liability on right of use assets	--	4,105,047,274
Prepaid rent reclassified to right of use assets	--	108,239,237
Capitalized depreciation of right-of-use assets for project under construction	**13,198,942**	10,981,038
Capitalized interest expense on lease liabilities for project under construction	**20,587,253**	12,252,343
Accruals and other current liabilities reclassified to right of use assets	--	808,475

The accompanying notes from 1 to 22 form an integral part of these condensed consolidated interim financial statements.

Jabri Maali
Chief Financial Officer

Faisal Abdullah Al Jedaie
Chief Executive Officer

Fawaz Alhokair
Chairman

1. CORPORATE INFORMATION AND ACTIVITIES

Arabian Centres Company ("the Company") (previously incorporated in the Kingdom of Saudi Arabian as a Closed Joint Stock Company), is Saudi Joint Stock Company and listed on the Saudi Stock Exchange with effect from 22 May 2019. The Company is registered in Riyadh, Kingdom of Saudi Arabia ("KSA") under commercial registration number 1010209177 and dated 7 Rabi Thani 1426H (corresponding to 15 May 2005). The registered office is located at Nakheel District, P.O. Box 341904, Riyadh 11333, KSA.

The principal business objectives of the Company and its subsidiaries mentioned below (collectively referred to as "the Group") are to purchase lands, build, develop and invest in buildings, selling or leasing of buildings and construction of commercial buildings including demolition, repair, excavation and maintenance works. It also includes maintenance and operation of commercial centres, tourist resorts, hotels and restaurants, managing and operating temporary and permanent exhibitions, compounds and hospitals.

Following is the list of subsidiaries included in these condensed consolidated interim financial statements as of 30 June 2020, 31 March 2020 and 30 June 2019:

	Ownership %	
Name of subsidiary (i)	**Direct**	**Indirect (ii)**
Riyadh Centres Company Limited	95%	5%
Al Bawarij International for Development & Real Estate Investment Company	95%	5%
Al Makarem International for Real Estate Development Company	95%	5%
Oyoun Al Raed Mall Trading	95%	5%
Oyoun Al Basateen Company for Trading	95%	5%
Al-Qasseem Company for Entertainment and Commercial Projects Owned by Abdulmohsin AlHokair and Company	50%	--
Yarmouk Mall Company Limited	95%	5%
Al Erth Al Matin Trading Company	95%	5%
Arkan Salam for Real Estate and Contracting Company Limited (ii)	95%	5%
Mall of Arabia Company Limited	95%	5%
Aziz Mall Trading Company Limited	95%	5%
Dhahran Mall Trading Company Limited	95%	5%
Al Noor Mall Trading Company Limited	95%	5%
Al Yasmeen Mall Trading Company	95%	5%
Al Dammam Mall Trading Company	95%	5%
Al Malaz Mall Trading Company	95%	5%
Al Hamra Mall Trading Company	95%	5%
Al Erth Al Rasekh Trading Company	95%	5%

(i) All subsidiaries are limited liability companies incorporated in KSA.
(ii) Indirect ownership is held through other subsidiaries within the Group.

These condensed consolidated interim financial statements were approved by the Company's board of directors on 27 Dhul Hijjah 1441H (corresponding to 17 August 2020).

2. BASIS OF PREPARATION AND PRESENTATION

Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting that is endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by Saudi Organization for Certified Public Accountants ("SOCPA") and should be read in conjunction with the Group's latest annual consolidated financial statements as at and for the year ended 31 March 2020 ("latest annual Consolidated Financial Statements"). They do not include all of the information required for a complete set of financial statements prepared in accordance with International Financial Reporting Standards ("IFRSs") that are endorsed in the Kingdom of Saudi Arabia. However, selected accounting policies and explanatory notes are included to explain events and transactions that are significant to understand the changes in the Group's financial position and performance since the last annual Consolidated Financial Statements.

Basis of measurement, functional and presentation currency

These condensed consolidated interim financial statements are prepared under the historical cost convention except for measurement of other investments at fair value and employees end of service benefits using projected unit credit method. These condensed consolidated interim financial statements are presented in Saudi Arabian Riyal (SR), which is the functional currency of the Group.

3. SIGNIFICANT ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

The preparation of these condensed consolidated interim financial statements in conformity with IFRS that are endorsed in the Kingdom of Saudi Arabia, requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. 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 Consolidated Financial Statements.

4. 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 2020, except for the update in accounting policy as described below which were not described in the latest audited financial statements as the Group had no derivatives and hedging arrangements last year.

The updates in accounting policies are also expected to be reflected in the Group's annual consolidated financial statements as at and for the year then ending 31 March 2021.

Financial instruments

Derivative financial instruments and hedge accounting

The Group holds derivative financial instruments to hedge its commission rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met. Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in condensed consolidated statement of profit or loss. The Group designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in interest rates.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

At inception of designated hedging relationships, the Group documents the risk management objective and strategy for undertaking the hedge. The Group also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

Cash flow hedges

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in condensed consolidated statement of comprehensive income and accumulated in the hedging reserve under other reserves. The effective portion of changes in the fair value of the derivative that is recognised in condensed consolidated statement of comprehensive income is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in condensed consolidated statement of profit or loss.

When the hedged forecast transaction subsequently results in the recognition of a non-financial item, the amount accumulated in the hedging reserve and the cost of hedging reserve is included directly in the initial cost of the non-financial item when it is recognised. For all other hedged forecast transactions, the amount accumulated in the hedging reserve and the cost of hedging reserve is reclassified to profit or loss in the same period or periods during which the hedged expected future cash flows affect condensed consolidated statement of profit or loss.

If the hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the hedging reserve remains in equity until, for a hedge of a transaction resulting in the recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to condensed consolidated statement of profit or loss in the same period or periods as the hedged expected future cash flows affect condensed consolidated statement of profit or loss.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the hedging reserve and the cost of hedging reserve are immediately reclassified to condensed consolidated statement of profit or loss.

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

Amendments to Standards

i) The Group has adopted the following amendments to the existing standards effective for annual period beginning on or after 1 January 2020:

- *Interest rate benchmark reform (Amendments to IFRS 9, IAS 39 and IFRS 7)*

In July 2017, the United Kingdom Financial Conduct Authority, which regulates the London Interbank Offered Rate ("LIBOR"), announced that the interest benchmark would cease after 2021. LIBOR is one of the most common series of benchmark interest rates. In September 2019, the IASB amended IAS 39, Financial Instruments: Recognition and Measurement, IFRS 7, Financial Instruments: Disclosures, and IFRS 9, Financial Instruments, which modify some specific hedge accounting requirements to provide relief from potential effects of the uncertainty caused by the Interbank Offered Rate ("IBOR") reform. In addition, the amendments require companies to provide additional information about their hedging relationships which are directly affected by these uncertainties. The amendments are effective beginning on 1 January 2020.

5. AMENDMENTS TO STANDARDS AND STANDARDS ISSUED BUT NOT YET EFFECTIVE (CONTINUED)

Amendments to Standards (continued)

Additionally, the IASB is considering the potential consequences on financial reporting of replacing an existing benchmark with an alternative. IBOR reforms and expectation of cessation of LIBOR will impact Group's current risk management strategy and possibly accounting for certain financial instruments used for hedging. The Group has cash flow hedge (Note 11) which is exposed to the impact of LIBOR.

The Group uses financial instruments as part of its risk management strategy to manage exposures arising from variation of commission rates that could affect net income or other comprehensive income and applies hedge accounting to these instruments. The Group has certain borrowings where the reference rate is linked to the LIBOR. The Group is assessing the impact to ensure a smooth transition from LIBOR to new benchmark rates.

ii) There are no new standards issued, however, the adoption of the following 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:

- Amendments to References to Conceptual Framework in IFRS Standards.
- Definition of a Business (Amendment to IFRS 3)
- Definition of Material (Amendment to IAS 1 and IAS 8)

Pronouncements issued and not yet effective

A number of new pronouncements are effective for annual periods beginning on or after 1 January 2021 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.

- IFRS 17 Insurance Contracts.
- Classification of liabilities as Current or Non-current (Amendments to IAS 1)

6. RELATED PARTY TRANSACTIONS AND BALANCES

For the purpose of these condensed consolidated interim financial statements, parties are considered to be related to the Group, if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, and vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or entities. Balances and transactions between the Company and its subsidiaries, which are related parties within the Group, have been eliminated on consolidation.

6.1 Related party transactions

During the period, the Group transacted with its related parties. The terms of those transactions are approved by management/Board of Directors in the ordinary course of business. The significant transactions and the related amounts are as follows:

Transactions with Fellow subsidiaries and other related parties *

	30 June 2020 Unaudited SR	30 June 2019 Unaudited SR
Rental revenue, net	**126,090,576**	158,077,099
Construction work included in projects under construction	**8,978,139**	38,863,910
Service expenses	**15,175,169**	29,410,658
Board of Directors remuneration and compensation	**962,500**	--

***** Name of the parties with significant values of transactions are disclosed in note 6.3

Transactions with Saudi FAS Holding Company (Ultimate Parent Company) *

	30 June 2020 Unaudited SR	30 June 2019 Unaudited SR
Payment to suppliers on behalf of the Ultimate Parent Company	**1,457,547**	--
Initial public offering expenses charged to Ultimate Parent Company	**--**	16,192,603

* Shareholders of the immediate parent company (FAS Real Estate Company Limited) assigned their shares held in the Company to Saudi FAS Holding Company. Hence, Saudi FAS Holding Company is considered as the Ultimate Parent Company.

6.2 Key management personnel compensation

The remuneration of directors and other key management personnel are as follows:

	30 June 2020 Unaudited SR	30 June 2019 Unaudited SR
End-of-service benefits	**1,152,021**	280,740
Salaries and short-term benefits	**4,571,254**	4,678,821
Total key management compensation	**5,723,275**	4,959,561

6.3 Related parties balances

The following table summarizes related parties balances:

i) Amounts due from related parties:	**Nature of Transactions**	**Relationship**	**Amount of Transactions 30 June 2020 Unaudited SR**	Amount of Transactions 30 June 2019 Unaudited SR	**30 June 2020 Unaudited SR**	31 March 2020 Audited SR
Fawaz Abdulaziz Al Hokair & Co. (a)	Rental Revenue	Affiliates	**63,580,816**	103,762,930	**69,831,780**	32,282,559
FAS Holding Company for Hotels (c)		Affiliates	**--**	--	**350,322,579**	350,322,579
Nesk Trading Project Company Limited (a)	Rental Revenue	Affiliates	**19,437,907**	24,395,727	**18,976,025**	49,966,141
Tadaris Najd Security Company	Service expense	Affiliates	**15,158,567**	14,155,374	**19,846,655**	18,868,656
Abdul Mohsin Al Hokair Group for Tourism and Development (a)	Rental Revenue	Affiliates	**6,872,655**	10,640,074	**29,283,971**	28,211,447
Next Generation Co (a)	Rental Revenue	Affiliates	**7,627,985**	(622,646)	**--**	22,631,374
Food and Entertainment Trading Company Limited (a)	Rental Revenue	Affiliates	**520,485**	7,396,342	**3,721,098**	3,828,663
Via Media Co. (a)	Rental Revenue	Affiliates	**3,960,248**	--	**18,002,365**	15,393,827
Fashion district Co (a)	Rental Revenue	Affiliates	**3,481,497**	2,850,859	**14,877,286**	12,050,255
Food Gate Co(a)	Rental Revenue	Affiliates	**4,042,930**	3,559,949	**24,926,824**	21,647,155
Billy Games Company Limited (a)	Rental Revenue	Affiliates	**3,987,740**	3,588,703	**7,616,312**	8,469,448
Innovative Union Co. Ltd(a)	Rental Revenue	Affiliates	**4,722,213**	--	**12,102,290**	8,672,483
Saudi FAS Holding Company	Various Transactions	Ultimate Parent Company	**1,457,547**	2,162,772	**1,921,325**	5,402,530
Azal Restaurant Co(a)	Rental Revenue	Affiliates	**1,317,181**	1,135,797	**1,431,512**	751,962
Ezdihar Sports Co.(a)	Rental Revenue	Affiliates	**1,482,500**	--	**2,913,432**	3,359,412
Skill Innovative Games Co. (a)	Rental Revenue	Affiliates	**1,838,726**	477,490	**491,065**	2,703,953
Nail Place Trading Est.(a)	Rental Revenue	Affiliates	**708,067**	--	**2,251,830**	2,317,325
Kids Space Company Limited (a)	Rental Revenue	Affiliates	**562,673**	613,745	**1,933,966**	1,796,225
Majd Business Co. Ltd.(a)	Rental Revenue	Affiliates	**1,915,213**	--	**731,597**	1,032,501
FAS Technologist Trading Co	Expenses	Affiliates	**89,393**	946,067	**268,641**	179,248
Others			**31,740**	278,129	**1,336,733**	1,335,214
					582,787,286	591,222,957

6. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

6.3 Related party balances (continued)

The above outstanding balances are unsecured, interest free and settlement occurs in cash. The Group did not record any impairment of receivables relating to amounts owed by related parties in either period

ii) Amounts due to related parties:

	Amount of Transactions 30 June 2020 Unaudited SR	Amount of Transactions 30 June 2019 Unaudited SR	**30 June 2020 Unaudited SR**	30 March 2020 Audited SR
	Rental Revenues	*Rental Revenues*		
Next Generation Co (b) (Affiliate)	**--**	--	**2,631,149**	--
	Services	*Services*		
Etqan Facilities Management (Affiliate)	16,602	15,255,284	**3,855,434**	3,899,682
			6,486,583	3,899,682

(a) These mainly represent rental receivables from the related parties.
(b) This represents advance rentals received.
(c) Guaranteed by Ultimate Parent Company

iii) Advances to a contractor:

Advances to a contractor represents advance paid to Fawaz Abdulaziz Al Hokair & Partners Real Estate Company for the construction of shopping malls, which are under various stages of completion.

	30 June 2020 Unaudited SR	31 March 2020 Audited SR
Fawaz Abdulaziz Al Hokair & Partners Real Estate Company	**642,013,617**	614,438,352

With the consent of the shareholders of the Company, the Company has signed framework agreement for the construction of all projects are awarded to other related party Fawaz Abdulaziz Al Hokair & Partners Real Estate Company.

7. INVESTMENT IN AN EQUITY-ACCOUNTED INVESTEE

Equity accounted investee represents an investment in the share capital of Aswaq Al Mustaqbal for Trading Company; a real estate company incorporated in the Kingdom of Saudi Arabia which is engaged primarily in the general contracting for buildings, building maintenance, electrical and mechanical works and acquisition of lands to construct buildings for sale or lease out.

The movement of the investment during the period / year is as follows:

	Percentage of ownership	Opening balance SR	Share in earnings SR	Dividend SR	Ending balance SR
As at 30 June 2020 - Unaudited	**25%**	**53,079,928**	**1,652,443**	**--**	**54,732,371**
As at 31 March 2020 - Audited	25%	42,238,721	15,841,207	(5,000,000)	53,079,928
As at 30 June 2019 - Unaudited	25%	42,238,721	6,256,114	--	48,494,835

8. OTHER INVESTMENTS

	30 June 2020 Unaudited SR	31 March 2020 Audited SR
Unqouted:		
Investments in real estate companies at FVOCI (i)	**122,400,000**	98,199,000
Investment in a real estate fund at FVTPL (ii)	**6,264,375**	6,264,375
	128,664,375	104,463,375

(i) Investments in real estate companies:

	30 June 2020 Unaudited SR	31 March 2020 Audited SR
Amlak International for Real Estate Finance Company	**122,400,000**	98,199,000

As at 30 June 2020, the Group owns a total of 8.44% in Amlak International’s capital through its subsidiaries, Al Makarem International for Real Estate Development Company and Al Bawarij International for Development & Real Estate Investment Company. During the period ended 30 June 2020, Amlak International for Real Estate Finance Company announced its IPO.

Subsequent to the period end, 2.3 million shares (i.e. 30% of the Group’s share) has been sold to the public at an offer price of SR 16 per share.

(ii) Investment in a real estate fund:

This represents 0.25% equity investment in Al Jawhara Real Estate Fund (formerly known as Digital City Fund) (68 units each for SR 100,000) purchased for SR 7 million. Net asset value (NAV) of the investment amounted to SR 6.3 million (31 March 2019: SR 6.7 million). The realized loss amounting to SR 0.4 million has been recognized in the condensed consolidated interim statement of profit or loss (31 March 2019: SR 0.3 million).

8. OTHER INVESTMENTS (CONTINUED)

The movement in investments in real estate fund was as follows:

	30 June 2020 Unaudited SR	31 March 2020 Audited SR
Opening balance	**6,264,375**	6,708,763
Cost:		
At the beginning and end of the period / year	**7,000,000**	7,000,000
Revaluation adjustments:		
At the beginning of the period / year	**(735,625)**	(291,237)
Unrealized loss during the period / year	**--**	(444,388)
At the end of the period / year	**(735,625)**	(735,625)
Net carrying amount	**6,264,375**	6,264,375

9. INVESTMENT PROPERTIES

	30 June 2020 Unaudited SR	31 March 2020 Audited SR
Cost		
Balance at the beginning of the period / year	**13,575,076,965**	12,915,594,409
Additions during the period / year	**75,319,897**	659,482,556
Balance at the end of the period / year	**13,650,396,862**	13,575,076,965
Accumulated depreciation		
Balance at the beginning of the period / year	**2,218,164,120**	(1,931,745,944)
Charge for the period / year	**74,196,671**	(286,418,176)
Balance at the end of the period / year	**2,292,360,791**	(2,218,164,120)
Net book value	**11,358,036,071**	11,356,912,845

Some of the lease agreements for leasehold lands on which the Group's investment properties (buildings) are constructed on, are in the name of related entities of the Group who have assigned these lease agreements to the Group's benefit.

Fair value of investment properties

Management estimates that the fair value of the investment properties as at 30 June 2020 is SR 22,098,077,426. The management has carried out external valuation as at 31 March 2020. The valuers had appropriate qualifications and experience in the valuation of properties at the relevant locations. The effective date of the valuation was 31 March 2020 and prepared in accordance with Royal Institution of Chartered Surveyors ("RICS") Global Standards 2017 which comply with the international valuation standards.

The fair value hierarchy for the investment properties for disclosure purposes is grouped in level 3, with significant unobservable inputs adopted by the Valuer which are transparency of retail rental payment terms; discount rates; and capitalization rate (yields).

10. LOANS AND BORROWINGS

	Notes	**30 June 2020 Unaudited SR**	31 March 2020 Audited SR
Non-current liabilities			
Long-term loans	10.1	**5,092,780,489**	5,143,502,555
Sukuk	10.2	**1,829,800,958**	1,827,240,522
		6,922,581,447	6,970,743,077
Current liabilities			
Current portion of long-term loan	10.1	**90,000,000**	45,000,000

10.1 Long-term loans

a) Movement in the long-term loans follows:

	30 June 2020 Unaudited SR	31 March 2020 Audited SR
Balance at the beginning of the period / year	**5,249,993,272**	6,814,144,763
Drawdowns / addition of a new facility	**--**	5,368,675,202
Repayments during the period / year	**--**	(6,932,826,693)
	5,249,993,272	5,249,993,272
Less: un-amortized transaction costs	**(67,212,783)**	(61,490,717)
Balance at the end of the period / year	**5,182,780,489**	5,188,502,555
Less: current portion of long-term loans	**(90,000,000)**	(45,000,000)
Non-current portion of long-term loans	**5,092,780,489**	5,143,502,555

b) Un-amortized transaction costs movement is as follows:

	30 June 2020 Unaudited SR	31 March 2020 Audited SR
Balance at the beginning of the period / year	**61,490,717**	73,110,079
Additions during the period / year	**7,875,000**	63,462,460
Write off during the period / year	**--**	(59,930,701)
Capitalized transaction costs	**(86,304)**	(5,443,876)
Amortized transaction costs during the period / year	**(2,066,630)**	(9,707,245)
Balance at the end of the period / year	**67,212,783**	61,490,717

c) Below is the repayment schedule of the outstanding long-term loans:

	30 June 2020 Unaudited SR	31 March 2020 Audited SR
Within one year	**90,000,000**	45,000,000
Between two to five years	**2,018,751,272**	2,063,751,272
More than five years	**3,141,242,000**	3,141,242,000
	5,249,993,272	5,249,993,272

10. LONG TERM BORROWINGS (CONTINUED)

The Group entered into a long-term Islamic facility arrangement amounting to SR 5,250 million (equivalent USD 1,400 million), with local and international banks. This facility is divided into Murabaha facility up to SR 500 million (maturing in 12 years), Ijara facilities up to SR 4,000 million (maturing in 8 and 12 years), and Revolving Murabaha up to SR 750 million (maturing in 3 years). These facilities are fully utilized as of reporting date.

The long-term loan is repayable in unequal semi-annual instalments and are subject to commission rates based on SIBOR/LIBOR plus an agreed commission rate. During the current period in order to reduce its exposure to commission rate risks the Group has entered into an Islamic profit rate swap for portion of its long-term loan. For details refer note 11.

The facilities are secured by insurance policies, proceeds of rental income, and land and buildings of several malls. However, formalities relating to registration of security documents are under process.

The above facility agreements contain covenants, which among other things, require certain financial ratios to be maintained. The Group is in compliant with the loan covenants as at the reporting date.

10.2 Sukuk

	30 June 2020 Unaudited SR	31 March 2020 Audited SR
Sukuk	**1,874,950,000**	1,874,950,000
Less: Unamortized transaction cost	**(45,149,042)**	(47,709,478)
Balance at the end of the period / year	**1,829,800,958**	1,827,240,522

Arabian Centres Sukuk Limited (a special purpose company established for the purpose of issuing Sukuk) completed issuance of International USD denominated Shari'ah compliant Sukuk “Sukuk Certificates” amounting to USD 500 million (equivalent SR 1,875 million), at a par value of USD 0.2 million each, annual yield of 5.375% per annum payable semi-annually and a maturity in five years. Sukuk Certificates may be subject to early redemption at the option of the Company as per the certain specified conditions mentioned in the Sukuk Certificate.

Un-amortized transaction costs movement is as follows:

	30 June 2020 Unaudited SR	31 March 2020 Audited SR
Balance at the beginning of the period / year	**47,709,478**	--
Additions during the period / year	**--**	51,208,742
Capitalized transaction costs	**(95,032)**	(127,116)
Amortized transaction costs during the period / year	**(2,465,404)**	(3,372,148)
Balance at the end of the period / year	**45,149,042**	47,709,478

11. DERIVATIVE FINANCIAL INSTRUMENTS

Derivatives designated as hedging instruments

As at 30 June 2020, the Group held Islamic Profit Rate Swaps ("IRS") of a notional value of USD 80 million (equivalent to SR 300 million) in order to reduce its exposure to commission rate risks against long term financing. The table below shows the fair values of derivatives financial instruments, recorded as negative fair value. The notional amounts indicate the volume of transactions outstanding at the period end and are neither indicative of the market risk nor the credit risk.

Description of the hedged items:	**Hedging instrument**	**30 June 2020 Negative fair value**
Commission payments on floating rate loan	IRS	**1,109,748**

Derivatives often involve at their inception only a mutual exchange of promises with little or no transfer of consideration. However, these instruments frequently involve a high degree of leverage and are very volatile. A relatively small movement in the value of the rate underlying a derivative contract may have a significant impact on the income or equity component of the Group.

Fair values of cash flow hedge represent the mark to market values of the Islamic Profit rate swaps as at 30 June 2020. The cash flow hedge reserve included under other reserve represents the effective portion of cash flow hedge.

12. SHARE CAPITAL

On 14 Rajab 1440H (corresponding to 21 March 2019), the general assembly of shareholders has approved an increase in the share capital of the Company from SR 4,450 million to SR 4,750 million through the proceeds received from the initial public offering of the Company. All legal formalities required to enforce the increase in the share capital were completed during the year ended 31 March 2020. The movement in share capital and share premium is as follows:

	Number of shares	**Share capital (SR)**	**Share premium (SR)**
Balance at 1 April 2019	445,000,000	4,450,000,000	--
Issuance of new shares at SR 26 per share	30,000,000	300,000,000	480,000,000
Transaction costs on new share issue	--	--	(68,274,297)
Balance at 31 March 2020	475,000,000	4,750,000,000	411,725,703
Balance at 30 June 2020	**475,000,000**	**4,750,000,000**	**411,725,703**

13. RESERVES

Statutory reserve

In accordance with Company's by-laws, the Company must transfer 10% of its net income for the year to the statutory reserve. In accordance with Company's by-laws, the Company may resolve to discontinue such transfers when the reserve totals 30% of the capital. The reserve is not available for distribution. The reserve would be set aside based on the annual consolidated financial statements.

13. RESERVES (CONTINUED)

Other reserves

Other reserves include fair value reserve, hedging reserve and reserve for actuarial gain/loss of employees' end of service benefits.

14. REVENUE

	Three-month period ended 30 June 2020 Unaudited SR	Three-month period ended 30 June 2019 Unaudited SR
Rental income (*)	**449,913,621**	537,808,615
Service and management charges income	**21,632,293**	24,491,187
Commission income on provisions for utilities for heavy users, net	**429,237**	769,982
Turnover rent	**3,877,964**	9,433,935
	475,853,115	572,503,719

(*) Rental income includes related maintenance and insurance costs of malls' premises included as a part of rent for each of the tenants.

Group as a lessor

The Group has entered into operating leases on its investment properties portfolio consisting of various buildings. These leases have terms of between 1 to 5 years. Leases include a clause to enable upward revision of the rental charge depending on the lease agreements. Future minimum rentals receivable under non-cancellable operating leases as at the end of the reporting periods are, as follows:

	Three-month period ended 30 June 2020 Unaudited SR	Three-month period ended 30 June 2019 Unaudited SR
Within one year	**1,556,516,740**	1,393,565,147
After one year but not more than five years	**2,134,936,819**	1,644,468,996
More than five years	**576,559,025**	286,036,986
	4,268,012,584	3,324,071,129

15. OTHER INCOME, NET

	Three-month period ended 30 June 2020 Unaudited SR	Three-month period ended 30 June 2019 Unaudited SR
Rental concession on leases	**35,300,030**	--
Other (expenses) / income	**(23,563)**	232,569
	35,276,467	232,569

16. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net profit attributable to the ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the financial period as all the Company's shares are ordinary shares. Diluted earnings per share is calculated by adjusting the basic earnings per share for the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

	Three-month period ended 30 June 2020 Unaudited SR	Three-month period ended 31 June 2019 Unaudited SR
Profit for the period attributable to the Shareholders of the Company	**152,758,372**	223,009,201
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted earnings per share	**475,000,000**	457,857,143
Basic and diluted earnings per share attributable to the Shareholders of the Company	**0.32**	0.49

There has been no item of dilution affecting the weighted average number of ordinary shares.

17. SEGMENT REPORTING

These are attributable to the Group's activities and business lines approved by the management to be used as a basis for the financial reporting and are consistent with the internal reporting process. Management considers the operations of the Group as a whole as one operating segment as all subsidiaries engage in similar business activities.

The Group's revenue, gross profit, investment properties, total assets and total liabilities pertaining to the Group's operations as a whole are presented in the condensed consolidated interim statement of financial position and in the condensed consolidated interim statement of profit or loss.

All of the Group's operations are conducted in KSA. Hence, geographical information is not applicable in this case.

18. FINANCIAL INSTRUMENTS

Financial instruments by category

Financial instruments have been categorized as follows:

	30 June 2020 Unaudited SR	31 March 2020 Audited SR
Financial assets		
Cash and cash equivalents	**920,980,784**	1,045,680,193
Accounts receivable	**260,512,993**	234,254,125
Amounts due from related parties	**582,787,286**	591,222,957
Other investments	**128,664,375**	104,463,375
Total financial assets	**1,892,945,438**	1,975,620,650

	30 June 2020 Unaudited SR	31 March 2020 Audited SR
Financial liabilities		
Accounts payable	**180,413,209**	149,442,700
Amounts due to related parties	**6,486,583**	3,899,682
Lease liability on right-of-use assets	**4,249,689,299**	4,237,227,831
Long-term borrowings	**7,012,581,447**	7,015,743,077
Tenants' security deposits (other liabilities)	**120,365,092**	119,133,947
Derivative liability (Profit rate swaps)	**1,109,748**	--
Total financial liabilities	**11,570,645,378**	11,525,447,237

Fair value estimation of financial instrument

The following table presents the Group's financial instruments measured at fair value at 30 June 2020 and 31 March 2020:

	Level 1 SR	**Level 2 SR**	**Level 3 SR**	**Total SR**
30 June 2020 (Unaudited)				
Investments real estate fund	**--**	**--**	**6,264,375**	**6,264,375**
Amlak International for Real Estate Finance Company	**--**	**--**	**122,400,000**	**122,400,000**
31 March 2020 (Audited)				
Investments real estate fund	--	--	6,264,375	6,264,375
Amlak International for Real Estate Finance Company	--	--	98,199,000	98,199,000

19. FINANCIAL RISK MANAGEMENT

The Group's principal financial liabilities are loans and borrowings. The main purpose of the Group's loans and borrowings is to finance the acquisition and development of the Group's investment properties portfolio. The Group has accounts receivable, amounts due to and from related parties, accounts payable and cash and cash equivalents that arise directly from its operations.

The Group is exposed to market risk (including commission rate risk, real estate risk and currency risk), credit risk, liquidity risk and equity price risk.

Market risk

Market risk is the risk that changes in market prices, such as currency rates and commission rates that will affect the Group's profit 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.

Commission rate risk

Commission rate risk is the risk that the value of financial instruments will fluctuate due to changes in the market commission rates. The Group has no significant commission bearing long-term assets, but has commission bearing liabilities at 30 June 2020 and 31 March 2020. The Group manages its exposure to commission rate risk by continuously monitoring movements in commission rates.

The following table demonstrates the sensitivity of the Group to a reasonably possible change, with all other variables held constant, of the Groups profit before zakat (through the impact on floating rate borrowings):

	Three-month period ended 30 June 2020 Unaudited SR	**Three-month period ended 30 June 2019** Unaudited SR
Gain / (loss) through the condensed consolidated statement of profit or loss		
Floating rate debt:		
SIBOR +100bps	**(71,249,433)**	(47,109,870)
SIBOR -100bps	**71,249,433**	47,109,870

Real estate risk

The Group has identified the following risks associated with the real estate portfolio:

- The cost of the development projects may increase if there are delays in the planning process. The Group uses advisors who are experts in the specific planning requirements in the project's location in order to reduce the risks that may arise in the planning process.
- A major tenant may become insolvent causing a significant loss of rental income and a reduction in the value of the associated property. To reduce this risk, the Group reviews the financial status of all prospective tenants and decides on the appropriate level of security required via rental deposits or guarantees.

Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises from recognised assets and liabilities which are denominated in currency that is not Group's functional currency. The Group has certain US Dollar denominated financial liabilities which are not exposed to significant currency risk as Group's functional currency is pegged to US Dollar.

19. FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risks from its leasing activities, including deposits with banks and financial institutions.

Credit risk is managed by requiring tenants to pay rentals in advance. The credit quality of the tenant is assessed based on an extensive credit rating scorecard at the time of entering into a lease agreement. Outstanding tenants' receivables are regularly monitored. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial asset.

Banks balances, deposits and derivatives are with local banks and international financial institutions with sound credit ratings.

Accounts receivable

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and sector in which customers operate.

Each entity within the group has established a credit policy under which each new customer is analyzed individually for creditworthiness before the entity's standard payment and delivery terms and conditions are offered. The review includes financial statements, industry information and in some cases bank references. Credits to each customer are reviewed periodically. The Group limits its exposure to credit risk by offering credit terms which are typically not longer than three months on average.

In monitoring customer credit risk, customers are grouped according to their credit characteristics trading history with the Group and existence of previous financial difficulties.

Loss rates are based on actual historic credit loss experience. These rates are multiplied by scalar factors to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables. Scalar factors are based on actual and forecast gross domestic product growth and unemployment rates.

19. FINANCIAL RISK MANAGEMENT (CONTINUED)

The following table provides information about the exposure to credit risk and ECLs for accounts receivable from customers as at 30 June 2020 and 31 March 2020:

	Gross carrying amount		Weighted-average loss		Loss Allowance % as at 30 June 2020
Days past due	**30 June 2020**	**31 March 2020**	**30 June 2020**	**31 March 2020**	
0–90	**29,294,210**	52,519,176	**5,320,498**	9,374,641	**18.2%**
91–180	**76,665,546**	75,367,682	**17,612,545**	17,586,102	**23.0%**
181–270	**88,673,141**	80,928,309	**23,396,930**	21,596,393	**26.4%**
271–360	**71,939,648**	54,363,357	**25,613,105**	19,862,620	**35.6%**
361 –450	**52,827,987**	30,818,459	**22,963,218**	14,031,668	**43.5%**
451 -540	**32,110,652**	27,843,323	**17,595,526**	16,365,208	**54.8%**
541 –630	**30,295,954**	25,176,762	**18,564,500**	16,632,095	**61.3%**
631 -720	**28,103,114**	21,365,230	**18,330,937**	18,679,446	**65.2%**
> 720 days	**41,392,334**	31,419,126	**41,392,334**	31,419,126	**100.0%**
	451,302,586	399,801,424	**190,789,593**	165,547,299	

Due from related parties

An impairment analysis is performed at each reporting date on an individual basis for the major related parties. The maximum exposure to credit risk at the reporting date is the carrying value of the amounts due from related parties. The Group does not hold collateral as a security. This assessment is undertaken each financial year through examining the financial position of the related parties and the market in which the related parties operates. The Group considers the risk with respect to due from related parties as low, as majority of the related parties are owned by the same shareholders.

Credit risk related to financial instruments and cash deposit

Credit risk from balances with banks and financial institutions is managed by Ultimate Parent Company's treasury in accordance with the Group's policy. Cash is substantially placed with national banks with sound credit ratings. The Group does not consider itself exposed to a concentration of credit risk with respect to banks due to their strong financial background.

19. FINANCIAL RISK MANAGEMENT (CONTINUED)

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The management believes that the Group is not exposed to significant risks in relation to liquidity and maintains different lines of credit. Upon careful comparison of the financial liabilities included within the current liabilities (excluding amounts due to related parties as these could be deferred during liquidity crunch situation) with the financial assets forming part of the current assets, there seems to be a reasonably hedging position between the two categories.

The table below summarizes the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

Contractual maturities of financial liabilities	**Less than 6 months SR**	**Between 6 and 12 months SR**	**Between 1 and 2 years SR**	**Between 2 and 5 years SR**	**Over 5 years SR**	**Total SR**
30 June 2020 (Unaudited)						
Accounts payable	**180,413,209**	**--**	**--**	**--**	**--**	**180,413,209**
Amounts due to related parties	**6,486,583**	**--**	**--**	**--**	**--**	**6,486,583**
Tenants' security deposits	**48,189,182**	**18,321,615**	**24,874,549**	**26,779,893**	**2,199,853**	**120,365,092**
Lease liability on right-of-use assets	**392,047,699**	**170,202,913**	**346,167,199**	**1,110,847,586**	**5,070,578,728**	**7,089,844,125**
Long-term borrowings	**205,618,831**	**204,616,425**	**464,324,680**	**4,258,437,495**	**3,891,102,581**	**9,024,100,012**
Derivative liability	**1,109,748**	**--**	**--**	**--**	**--**	**1,109,748**
	833,865,252	**393,140,953**	**835,366,428**	**5,396,064,974**	**8,963,881,162**	**16,422,318,769**

Contractual maturities of financial liabilities	Less than 6 months SR	Between 6 and 12 months SR	Between 1 and 2 years SR	Between 2 and 5 years SR	Over 5 years SR	Total SR
31 March 2020 (Audited)						
Accounts payable	149,442,700	--	--	--	--	149,442,700
Amounts due to related parties	3,899,682	--	--	--	--	3,899,682
Tenants' security deposits	46,994,940	19,409,668	23,373,195	27,093,771	2,262,373	119,133,947
Lease liability on right-of-use assets	394,592,601	176,568,679	346,767,199	1,074,013,012	5,170,031,208	7,161,972,699
Long-term borrowings	154,330,489	204,805,482	435,978,748	4,231,880,901	4,146,554,789	9,173,550,409
Total	749,260,412	400,783,829	806,119,142	5,332,987,684	9,318,848,370	16,607,999,437

19. FINANCIAL RISK MANAGEMENT (CONTINUED)

Capital management

Capital is equity attributable to the shareholders of the Group. The Group's objectives when managing capital are to:

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital.

The management policy is to maintain a strong capital base to maintain investor, creditor and market confidence and to sustain future development of the business. The Group manages its capital structure and makes adjustments to it, in light of change in economic conditions. The management monitors the return on capital, which the Group defines as result from operating activities divided by total shareholders' equity.

The management also monitors the level of dividends to the shareholders. There were no changes in the Group's approach to capital management during the period. Neither the Group nor any of its subsidiaries are subject to externally imposed capital requirements. The Group's debt to adjusted capital ratio at the end of the reporting period was as follows:

	30 June 2020 Unaudited SR	31 March 2020 Audited SR
Total liabilities	**11,947,779,203**	11,977,235,024
Less: cash and cash equivalents	**(920,980,784)**	(1,045,680,193)
Net debt	**11,026,798,419**	10,931,554,831
Equity attributable to the Shareholders of the Company	**6,158,847,100**	5,982,997,476
Debt to adjusted capital ratio	**179%**	183%

20. COMMITMENTS

	30 June 2020 Unaudited SR	31 March 2020 Audited SR
Commitments for projects under construction*	**3,608,103,969**	3,567,294,491

*These commitments pertain to construction of shopping malls across the Kingdom of Saudi Arabia.

21. SUBSEQUENT EVENTS

Subsequent to the period end, the Board of Directors resolved to distribute final dividends amounting to SR 0.50 per share aggregating to SR 237,500,000 as per resolution dated 22 Dhul Qadah 1441H (corresponding to 13 July 2020).

22. IMPACT OF COVID-19 ON THE GROUP'S OPERATIONS AND THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

During March 2020, the World Health Organisation ("WHO") declared the Coronavirus ("COVID 19") outbreak as a pandemic in recognition of its rapid spread across the globe. This outbreak has also affected the GCC region including the Kingdom of Saudi Arabia. Governments all over the world took steps to contain the spread of the virus. Saudi Arabia in particular has implemented closure of borders, released social distancing guidelines and enforced country wide lockdowns and curfews.

The Group has evaluated the current situation through conducting stress testing scenarios on expected macro-economic indicators and its impact on key credit, liquidity, operational, solvency and performance indicators in addition to other risk management practices to manage the potential business disruption due to COVID-19 outbreak that may have on its operations and financial performance. These also take into consideration the impacts of government and SAMA support relief programs.

These current events and the prevailing economic condition require the Group to revise certain inputs and assumptions used for the determination of expected credit losses ("ECL"). These would primarily revolve around revisions to the scenario probabilities currently being used by the Group in ECL estimation. The impact of such uncertain economic environment is judgemental, and the Group will continue to reassess its position and the related impact on a regular basis.

On May 21, 2020, the Group announced rent relief and support packages, offered waiver of contractual base rent and service charge for all tenants of its properties from 16 March 2020 for a period of six weeks (45 days). Tenants whose stores were mandatorily closed by the government's decision will also benefit from the rent relief program starting from the date of government closure until the earlier of (i) date of closure is lifted or (ii) 30 June 2020. Further, the Group decided that all increases in tanent contracts will be halted for two years 2020 and 2021.