

Arabian Centres Company

(A Saudi Joint Stock Company)

Condensed consolidated interim financial statements

(Unaudited)

For the three-month and six-month periods ended 30 June 2023
together with the

Independent Auditor's Review Report

Arabian Centres Company (A Saudi Joint Stock Company)
Condensed consolidated interim financial statements

For the three-month and six-month periods ended 30 June 2023

Contents	Pages
Independent auditor's review report	1 – 2
Condensed consolidated interim financial statements	
- Condensed consolidated statement of financial position	3
- Condensed consolidated statement of profit or loss	4
- Condensed consolidated statement of comprehensive income	5
- Condensed consolidated statement of changes in equity	6
- Condensed consolidated statement of cash flows	7 – 8
- Notes to the condensed consolidated interim financial statements	9 – 31

Arabian Centres Company (A Saudi Joint Stock Company)
Condensed consolidated interim financial statements

For the three-month and six-month periods ended 30 June 2023

Notes to the Condensed consolidated interim financial statements index

Contents	Pages
<u>Basis of preparation</u>	
1. Reporting entity	9
2. Statement of compliance	11
3. Basis of measurement	11
4. Functional and presentation currency	11
5. Significant accounting estimates, assumptions and judgements	11
6. Significant accounting policies	11
7. Standards issued but not yet effective	12
<u>Assets</u>	
8. Investment properties	12
9. Investment in equity accounted investee and others	15
10. Cash and cash equivalents	17
11. Related party transactions and balances	17
<u>Equity and liabilities</u>	
12. Dividends distribution	19
13. Loans and borrowings	19
<u>Performance for the period</u>	
14. Revenue	22
15. Other operating income	22
16. Earnings per share	22
17. Operating segments	23
<u>Financial instruments</u>	
18. Financial instruments - fair values and risk management	23
<u>Other information</u>	
19. Commitments and contingencies	29
20. Summarized financial information of material subsidiaries	30
21. Effect of change in accounting policy	31
22. Subsequent events	31
23. Comparative financial Information	31
24. Approval of the condensed consolidated interim financial statements	31



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كي بي إم جي للاستشارات المهنية

واجهة الرياض، طريق المطار
صندوق بريد ٩٢٨٧٦
الرياض ١١٦٦٣
المملكة العربية السعودية
سجل تجاري رقم ١٠١٠٤٢٥٤٩٤

المركز الرئيسي في الرياض

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 2023 condensed consolidated interim financial statements of **Arabian Centres Company** ("the Company") and its subsidiaries ("the Group") which comprises:

- the condensed consolidated statement of financial position as at 30 June 2023;
- the condensed consolidated statement of profit or loss for the three-month and six-month periods ended 30 June 2023;
- the condensed consolidated statement of comprehensive income for the three-month and six-month periods ended 30 June 2023;
- the condensed consolidated statement of changes in equity for the six-month period ended 30 June 2023;
- the condensed consolidated statement of cash flows for the six-month period ended 30 June 2023; 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 condensed consolidated interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



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

To the Shareholders of Arabian Centres Company (continued)

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 30 June 2023 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.

KPMG Professional Services

Hani Hamzah A. Bedairi
License No: 460



Riyadh, on 27 Muharram 1445H
Corresponding to: 14 August 2023

Arabian Centres Company (A Saudi Joint Stock Company)
Condensed consolidated statement of financial position


As at 30 June 2023

	Notes	30 June 2023 Unaudited	31 December 2022 Audited
Assets			
Investment properties	8	24,541,853,855	23,075,741,378
Property and equipment		60,919,184	63,412,471
Accrued revenue – non-current portion		175,335,191	182,392,826
Investment in equity accounted investee and others	9	77,089,292	64,874,137
Other non-current assets		23,999,988	24,818,172
Non-current assets		24,879,197,510	23,411,238,984
Development properties		350,912,142	345,683,721
Accrued revenue		84,755,648	91,196,413
Accounts receivable		339,256,736	388,214,220
Amounts due from related parties	11	306,123,796	417,815,065
Prepayments and other assets		228,519,606	206,384,728
Cash and cash equivalents	10	620,576,435	610,445,796
		1,930,144,363	2,059,739,943
Assets held for sale	8	–	405,880,057
Current assets		1,930,144,363	2,465,620,000
Total assets		26,809,341,873	25,876,858,984
Equity			
Share capital		4,750,000,000	4,750,000,000
Share premium		411,725,703	411,725,703
Statutory reserve		722,492,544	722,492,544
Other reserves		6,624,925	16,511,299
Retained earnings		8,009,136,847	8,118,388,376
Equity attributable to the shareholders of the Company		13,899,980,019	14,019,117,922
Non-controlling interest		52,572,034	49,482,783
Total equity		13,952,552,053	14,068,600,705
Liabilities			
Loans and borrowings	13	7,596,106,570	7,433,674,604
Lease liabilities		2,796,302,565	2,383,687,028
Employee benefits		33,770,970	28,486,108
Other non-current liabilities		56,214,387	47,571,467
Non-current liabilities		10,482,394,492	9,893,419,207
Loans and borrowings	13	1,137,145,833	903,315,625
Lease liabilities – current portion		324,282,572	255,589,354
Accounts payable and other liabilities		564,617,073	459,263,679
Amount due to related parties	11	2,985,595	6,339,458
Unearned revenue		277,962,075	239,109,599
Zakat liabilities		67,402,180	51,221,357
Current liabilities		2,374,395,328	1,914,839,072
Total liabilities		12,856,789,820	11,808,258,279
Total equity and liabilities		26,809,341,873	25,876,858,984

The attached notes from 1 to 24 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:


Frederik Foussat
 Chief Financial Officer


Alison Rehman Erguven
 Chief Executive Officer


 Board Member

All amounts are presented in Saudi Riyals unless otherwise stated.

Arabian Centres Company (A Saudi Joint Stock Company)

Condensed consolidated statement of profit or loss

For the three-month and six-month periods ended 30 June 2023

	Notes	Three-month period ended		Six-month period ended	
		30 June 2023 Unaudited	30 June 2022 Unaudited Restated-Note 21	30 June 2023 Unaudited	30 June 2022 Unaudited Restated-Note 21
Revenue	14	565,265,462	562,948,964	1,142,047,550	1,082,116,968
Cost of revenue - Direct costs		(107,229,706)	(104,627,437)	(192,865,348)	(179,862,152)
Gross profit		458,035,756	458,321,527	949,182,202	902,254,816
Other operating income	15	4,259,947	1,253,992	272,140,681	21,271,610
Net fair value gain / (loss) on investment properties	8	72,904,468	(99,982,564)	21,163,367	(174,108,223)
Advertisement and promotion expenses		(5,188,716)	(6,966,755)	(18,959,375)	(16,605,878)
General and administrative expenses		(81,013,230)	(57,540,621)	(169,829,890)	(129,947,038)
Impairment (loss) / reversal on accounts receivable and accrued revenue rentals		1,180,971	(14,959,067)	(113,435,500)	1,914,816
Other operating expenses		(18,113,705)	--	(18,113,705)	(29,065,684)
Operating profit		432,065,491	280,126,512	922,147,780	575,714,419
Finance income	18B	7,124,755	--	7,124,755	--
Finance costs over loans and borrowings		(59,632,890)	(44,484,482)	(119,964,012)	(85,275,927)
Finance costs over lease liabilities		(25,956,076)	(39,877,912)	(52,376,494)	(80,369,274)
Net finance costs		(78,464,211)	(84,362,394)	(165,215,751)	(165,645,201)
Share of loss of equity-accounted investee	9	(4,160,740)	(1,626,599)	(7,106,224)	(12,671,000)
Profit before zakat		349,440,540	194,137,519	749,825,805	397,398,218
Zakat charge		(12,370,512)	(9,284,483)	(24,738,083)	(40,688,184)
Profit for the period		337,070,028	184,853,036	725,087,722	356,710,034
Profit for the period is attributable to:					
- Shareholders of the Company		338,650,257	183,158,392	721,998,471	358,336,946
- Non-controlling interest		(1,580,229)	1,694,644	3,089,251	(1,626,912)
		337,070,028	184,853,036	725,087,722	356,710,034
Earnings per share					
Basic and diluted earnings per share	16	0.71	0.39	1.52	0.75

The attached notes from 1 to 24 are an integral part of these condensed consolidated interim financial statements


Frederik Foussat
Chief Financial Officer


Alison Rehill-Erguven
Chief Executive Officer


Board Member

All amounts are presented in Saudi Riyals unless otherwise stated.

Arabian Centres Company (A Saudi Joint Stock Company)
Condensed consolidated statement of comprehensive income

For the three-month and six-month periods ended 30 June 2023

	Three-month period ended		Six-month period ended	
	30 June 2023 Unaudited	30 June 2022 Unaudited <i>Restated-Note 21</i>	30 June 2023 Unaudited	30 June 2022 Unaudited <i>Restated-Note 21</i>
<i>Notes</i>				
Profit for the period	337,070,028	184,853,036	725,087,722	356,710,034
Other comprehensive income				
<i>Items that are or may be reclassified subsequently to profit or loss:</i>				
- Cash flow hedges – effective portion of change in fair value	–	2,179,815	80,794	6,294,757
- Cash flow hedges – reclassified to profit or loss	<i>18B</i> (7,124,755)	–	(7,124,755)	–
- Foreign currency translation difference of equity accounted investee	320,192	–	320,192	–
<i>Items that will not be reclassified to profit or loss:</i>				
- Remeasurement of end of service liability	(3,162,605)	–	(3,162,605)	1,804,659
Total other comprehensive income / (loss) for the period	(9,967,168)	2,179,815	(9,886,374)	8,099,416
Total comprehensive income for the period	327,102,860	187,032,851	715,201,348	364,809,450
Total comprehensive income for the period attributable to:				
- Shareholders of the Company	328,683,089	185,338,207	712,112,097	366,436,362
- Non-controlling interests	(1,580,229)	1,694,644	3,089,251	(1,626,912)
	327,102,860	187,032,851	715,201,348	364,809,450

The attached notes from 1 to 24 are an integral part of these condensed consolidated interim financial statements.


Frederik Foussat
 Chief Financial Officer


Alison Rehill-Engelen
 Chief Executive Officer


 Board Member

All amounts are presented in Saudi Riyals unless otherwise stated.

Arabian Centres Company (A Saudi Joint Stock Company)

Condensed consolidated statement of changes in equity

For the six-month period ended 30 June 2023

Notes	Attributable to shareholders of the Company						Non-Controlling interest	Total equity
	Share capital	Share premium	Statutory reserve	Other reserves	Retained earnings	Total		
Balance at 1 January 2022 – Unaudited	4,750,000,000	411,725,703	561,758,636	8,078,739	7,984,536,161	13,716,099,239	47,718,814	13,763,818,053
Total comprehensive income for the period								
Profit / (loss) for the period (note 21)	--	--	--	--	358,336,946	358,336,946	(1,626,912)	356,710,034
Other comprehensive income	--	--	--	8,099,416	--	8,099,416	--	8,099,416
Total comprehensive income for the period	--	--	--	8,099,416	358,336,946	366,436,362	(1,626,912)	364,809,450
Transfer to statutory reserve	--	--	77,543,151	--	(77,543,151)	--	--	--
Transactions with shareholders of the company								
Dividends	12	--	--	--	(356,250,000)	(356,250,000)	--	(356,250,000)
Balance at 30 June 2022 – Unaudited	4,750,000,000	411,725,703	639,301,787	16,178,155	7,909,079,956	13,726,285,601	46,091,902	13,772,377,503
Balance at 1 January 2023 – Audited	4,750,000,000	411,725,703	722,492,544	16,511,299	8,118,388,376	14,019,117,922	49,482,783	14,068,600,705
Total comprehensive income for the period								
Profit for the period	--	--	--	--	721,998,471	721,998,471	3,089,251	725,087,722
Other comprehensive loss	--	--	--	(9,886,374)	--	(9,886,374)	--	(9,886,374)
Total comprehensive income for the period	--	--	--	(9,886,374)	721,998,471	712,112,097	3,089,251	715,201,348
Transactions with shareholders of the company								
Dividends	12	--	--	--	(831,250,000)	(831,250,000)	--	(831,250,000)
Balance at 30 June 2023 – Unaudited	4,750,000,000	411,725,703	722,492,544	6,624,925	8,009,136,847	13,899,980,019	52,572,034	13,952,552,053

The attached notes from 1 to 24 are an integral part of these condensed consolidated interim financial statements.


Frederik Foussat
Chief Financial Officer


Alison Rehill-Erguven
Chief Executive Officer


Board Member

All amounts are presented in Saudi Riyals unless otherwise stated.

Arabian Centres Company (A Saudi Joint Stock Company)

Condensed consolidated statement of cash flows

For the six-month period ended 30 June 2023

		Six-month period ended 30 June 2023 Unaudited	Six-month period ended 30 June 2022 Unaudited <i>Restated—Note 21</i>
	<i>Notes</i>		
Cash flows from operating activities:			
Profit before Zakat		749,825,805	397,398,218
Adjustments for:			
- Depreciation on property and equipment		8,947,456	11,095,667
- Depreciation on right-of-use assets		—	8,334,661
- Reclassification gain on cash flow hedge settlement		(7,124,755)	—
- Impairment loss on accounts receivable and accrued revenue rentals		113,435,500	(1,914,816)
- Provision for employee benefits		4,340,210	4,805,834
- Finance cost over loans and borrowings		119,964,012	85,275,927
- Finance cost over lease liabilities		52,376,494	80,369,274
- Share of loss of equity-accounted investee	9	7,106,224	12,671,000
- Gain on disposal of investment property	15	(238,668,127)	—
- Gain on lease termination	15	(16,439,630)	—
- Fair value gain of other investments	9	7,880	(281,348)
- Lease rental concession		(1,875,000)	(937,500)
- Impairment on advances to suppliers		—	8,263
- Net fair value (gain) / loss on investment properties	8	(21,163,367)	174,108,223
		770,732,702	770,933,403
Changes in:			
- Accounts receivable		(36,904,954)	(5,905,212)
- Amounts due from related parties, net		(26,407,712)	(111,336,653)
- Prepayments and other assets		(28,360,660)	(46,934,481)
- Accounts payable and other liabilities		104,168,886	(9,617,890)
- Accrued revenue		(14,074,662)	(13,960,062)
- Unearned revenue		38,852,476	9,665,586
Cash generated from operating activities		808,006,076	592,844,691
Employee benefits paid		(1,472,835)	(541,806)
Zakat paid		(8,557,260)	(8,510,034)
Net cash from operating activities		797,975,981	583,792,851
Cash flows from investing activities:			
Additions to development properties		(5,228,421)	(29,801,881)
Additions to investment properties, net		(722,336,692)	(557,761,693)
Additions to equity-accounted investee and others	9	(19,778,849)	(9,225,731)
Acquisition of property and equipment		(6,454,169)	737,843
Proceeds from disposal of investment property	8	644,548,184	—
Proceeds from disposal of derivatives		7,124,755	—
Proceeds from disposal of other investments		769,782	6,000,000
Net cash used in investing activities		(101,355,410)	(590,051,462)

All amounts are presented in Saudi Riyals unless otherwise stated.

Arabian Centres Company (A Saudi Joint Stock Company)
Condensed consolidated statement of cash flows (continued)

For the six-month period ended 30 June 2023

		Six-month period ended 30 June 2023 Unaudited	Six-month period ended 30 June 2022 Unaudited <i>Restated–Note 21</i>
	<i>Notes</i>		
Cash flows from financing activities:			
Proceeds from loans and borrowings	13	533,936,624	429,629,583
Repayments of loans and borrowings	13	(137,399,807)	(42,827,979)
Transaction costs paid during the period	13	(10,500,000)	889,312
Proceeds from Sukuk II Payable Deferred Premium		–	40,078,125
Payment of finance costs over loans and borrowings		(267,544,570)	(167,675,638)
Payment of dividend to shareholders		(697,250,000)	(356,250,000)
Payments of lease liabilities		(107,732,179)	(94,698,640)
Net cash used in financing activities		(686,489,932)	(190,855,237)
Net increase / (decrease) in cash and cash equivalents		10,130,639	(197,113,848)
Cash and cash equivalents at the beginning of period		610,445,796	662,128,423
Cash and cash equivalents at end of the period		620,576,435	465,014,575
Significant non-cash transactions:			
- Capitalized finance costs for projects under construction		155,033,359	106,133,940
- Capitalized arrangement fees for projects under construction		3,978,901	2,249,273
- Capitalized finance cost over lease liabilities for projects under construction		20,770,868	18,058,333
- Addition of leased property		534,208,202	--
- Dividend settled against due from related party balances		134,000,000	--

The attached notes from 1 to 24 are an integral part of these condensed consolidated interim financial statements.



Frederik Foussat
Chief Financial Officer



Alison Rehill Erguven
Chief Executive Officer



Board Member

All amounts are presented in Saudi Riyals unless otherwise stated.

Arabian Centres Company (A Saudi Joint Stock Company)
Notes to the condensed consolidated interim financial statements

For the six-month period ended 30 June 2023

1. Reporting entity

Arabian Centres Company ("the Company") is a Saudi Joint Stock Company registered in Riyadh, Kingdom of Saudi Arabia ("KSA") under commercial registration numbered 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 Company was formed on 7 Rabi Thani 1426H (corresponding to 15 May 2005) as Limited Liability Company. On 8 Muhurram 1439H (corresponding to 28 September 2017) legal status of the Company had changed from a Limited Liability Company to a Saudi Closed Joint Stock Company.

On 22 May 2019, the Company completed its Initial Public Offering ("IPO") and its ordinary shares were listed on the Saudi Stock Exchange ("Tadawul"). In connection with IPO, the Company has issued 95 million of its ordinary shares for a cash payment and the legal status of the Company changed from Saudi Closed Joint Stock Company to Saudi Joint Stock Company.

The Company and its subsidiaries' (collectively referred to as "the Group") principal business objectives are to purchase lands, build, develop and invest in buildings, sell or lease of buildings and the 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.

On 29 December 2022, the shareholders approved the change of the fiscal year of the Company to 31 December from 31 March.

The new Companies Law issued through Royal Decree M/132 on 01/12/1443H (corresponding to June 30, 2022) (hereinafter referred as "the New Law") came into force on 26/06/1444 H (corresponding to January 19, 2023) as well as the amended implementing regulations issued by the Capital Market Authority (CMA) based on the New Law. For certain provisions of the New Law and the amended CMA implementing regulations, full compliance is expected not later than two years from 26/6/1444H (corresponding to January 19, 2023). The management is in process of assessing the impact of the New Law and will amend its By-laws with the amendments in the provisions required to align with the provisions of the New Law and the amended CMA implementing regulations, and with any other amendments that may take advantage of the New Law and the amended CMA implementing regulations. Consequently, the Company shall present the amended By-laws to the shareholders in its Extraordinary General Assembly meeting for their ratification.

Arabian Centres Company (A Saudi Joint Stock Company)

Notes to the condensed consolidated interim financial statements (continued)

For the six-month period ended 30 June 2023

1. Reporting entity (continued)

Following is the list of subsidiaries included in these condensed consolidated interim financial statements as at 30 June 2023 and 31 December 2022:

No	Subsidiaries	Country of incorporation	Direct ownership interest held by the Group as at:		Indirect ownership interest held by the Group as at:		Share Capital (SR)	Number of shares issued
			30 June 2023	31 December 2022	30 June 2023	31 December 2022		
1	Al Bawarij International for Development & Real Estate Investment Company	Kingdom of Saudi Arabia	95%	95%	--	5%	500,000	500
2	Al Makarem International for Real Estate Development Company	Kingdom of Saudi Arabia	95%	95%	--	5%	500,000	500
3	Oyoun Al Raed Mall Trading	Kingdom of Saudi Arabia	95%	95%	5%	5%	100,000	100
4	Oyoun Al Basateen Company for Trading	Kingdom of Saudi Arabia	95%	95%	--	5%	100,000	100
5	Al-Qasseem Company for Entertainment and Commercial Projects Owned by Abdulmohsin AlHokair and Company	Kingdom of Saudi Arabia	50%	50%	--	--	500,000	500
6	Yarmouk Mall Company Limited	Kingdom of Saudi Arabia	95%	95%	5%	5%	500,000	500
7	Mall of Arabia Company Limited	Kingdom of Saudi Arabia	95%	95%	--	5%	500,000	500
8	Dhahran Mall Trading Company Limited	Kingdom of Saudi Arabia	95%	95%	5%	5%	500,000	500
9	Al Noor Mall Trading Company Limited	Kingdom of Saudi Arabia	95%	95%	--	5%	500,000	500
10	Al Yasmeen Mall Trading Company Limited	Kingdom of Saudi Arabia	95%	95%	--	5%	100,000	100
11	Al Hamra Mall Trading Company Limited	Kingdom of Saudi Arabia	95%	95%	--	5%	100,000	100
12	Al Erth Al Rasekh Trading Company Limited	Kingdom of Saudi Arabia	95%	95%	5%	5%	100,000	100
13	Derayah Destination Arabia Diversified Fund	Kingdom of Saudi Arabia	100%	100%	--	--	--	--
14	Riyad Real Estate Development Fund – Jawharat AlRiyadh	Kingdom of Saudi Arabia	100%	100%	--	--	--	--
15	Riyad Real Estate Development Fund – Jawharat Jeddah	Kingdom of Saudi Arabia	100%	100%	--	--	--	--

Arabian Centres Company (A Saudi Joint Stock Company)
Notes to the condensed consolidated interim financial statements (continued)

For the six-month period ended 30 June 2023

2. 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 Chartered and Professional Accountants ("SOCPA") and should be read in conjunction with the Group's latest annual consolidated financial statements as at and for the period ended 31 December 2022 ("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 latest annual consolidated financial statements.

3. Basis of measurement

These condensed consolidated interim financial statements are prepared under the historical cost convention except for the following material items in the condensed consolidated statement of financial position:

- Other investments at fair value
- Derivative financial instruments at fair value
- Employee end of service benefits using projected unit credit method
- Investment properties at fair value

4. Functional and presentation currency

These condensed consolidated interim financial statements are presented in Saudi Riyals ("SR"), which is the functional currency of the Company.

5. 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 latest annual consolidated financial statements.

6. Significant accounting policies

The accounting policies applied in these condensed consolidated interim financial statements are the same as those applied in the latest annual consolidated financial statements as at and for the period ended 31 December 2022. A number of new accounting standards and amendments to accounting standards are effective for annual periods beginning on 1 January 2023, however, they did not have any impact on the condensed consolidated interim financial statements.

Arabian Centres Company (A Saudi Joint Stock Company)
Notes to the condensed consolidated interim financial statements (continued)

For the six-month period ended 30 June 2023

7. Standards issued but not yet effective

A number of new accounting standards and amendments to accounting standards are effective for annual periods beginning after 1 January 2023 and earlier application is permitted. The Group has not early adopted any of the forthcoming new or amended accounting standards in preparing these condensed consolidated interim financial statements.

- Classification of Liabilities as Current or Non-current (Amendments to IAS 1)
- Non-current Liabilities with Covenants (Amendments to IAS 1)
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)

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

8. Investment properties

		30 June 2023 Unaudited	31 December 2022 Audited
	Notes		
Investment properties	8A	23,563,672,371	22,345,814,321
Advance payment for projects under construction	8B	978,181,484	729,927,057
		24,541,853,855	23,075,741,378

A. Investment properties

		30 June 2023 Unaudited	31 December 2022 Audited
	Notes		
Balance at the beginning of the period		22,751,694,378	23,366,553,661
Additions during the period		1,196,694,682	620,277,916
Disposal during the period	(i)	(405,880,056)	(253,812,000)
Disposal on sale of subsidiary		--	(557,480,304)
Impact of reassessment of lease		--	(479,055,119)
Depreciation on right-of-use asset		--	(5,550,331)
Net fair value gain on investment properties	(ii)	21,163,367	60,760,555
Balance at the end of the period	(v)	23,563,672,371	22,751,694,378

Presented in condensed consolidated statement of financial position as:

Investment properties		23,563,672,371	22,345,814,321
Asset held for sale	(i)	--	405,880,057
		23,563,672,371	22,751,694,378

- i. During the six-month period ended 30 June 2023, the Group disposed off a portion of the Jawharat Riyadh land for a total consideration of **SR 644.5 million** resulting in a gain of **SR 238.6 million** which has been recorded under other operating income in the condensed consolidated statement of profit or loss.

During the nine-month period ended 31 December 2022, the Group disposed off the Olaya land for a total consideration of **SR 230 million** resulting in a loss on disposal of **SR 23.3 million** which is recorded under other operating expenses in the condensed consolidated statement of profit or loss

- ii. During the three-month period ended 30 June 2023, the Group terminated a project under development and related land operating lease agreement. Net fair value gain for the period includes a loss of **SR 142.6 million** relating to termination of the project under development.

Arabian Centres Company (A Saudi Joint Stock Company)
Notes to the condensed consolidated interim financial statements (continued)

For the six-month period ended 30 June 2023

8. Investment properties (continued)

A. Investment properties (continued)

- iii. On 15 May 2022, there was partial fire outbreak at the Mall of Dhahran in the Eastern Province of Saudi Arabia. The mall was closed for a short period and reopened its doors on 7 June 2022, with an exception to some damaged area that is currently under restoration. The impact of the fire outbreak has been factored in by the valuers in the fair value of the mall. Surveyors are in the process of assessing the extent of loss, following which the Group will file a claim for reimbursement with the insurers.
- iv. All leasehold interests meet the definition of an investment property and, accordingly, the Group has accounted for the right-of-use assets as part of investment property as allowed by IFRS 16. The lands are restricted to be used for commercial purposes in relation to the Group's businesses and the right to renew the lease is based on mutual agreements between the parties. If the respective leases are not renewed the land and buildings will be transferred to the lessors at the end of the lease term.
- v. The carrying amount at reporting date includes the fair value of the following:

	30 June 2023	31 December 2022
	Unaudited	Audited
Shopping malls at owned lands	11,277,210,666	11,001,779,497
Shopping malls at leasehold lands	6,728,744,798	6,496,382,519
Owned lands held as investment properties	291,193,460	290,359,220
Projects under construction -Fair value	5,266,523,447	4,963,173,142
	23,563,672,371	22,751,694,378

- vi. Fair value of investment properties

a) *Fair value hierarchy*

The fair value measurement for investment property of **SR 23,564 million** (31 December 2022: SR 22,752 million) has been categorized as a level 3 fair value based on the significant unobservable inputs adopted by the valuer in the valuation technique used which are future retail rental payment terms; discount rates; and capitalization rate (yields).

The fair value of investment properties as at the reporting dates for all properties, whether owned or leased, is determined by independent external valuers with appropriate qualifications and experience in the valuation of properties. The effective dates of the valuations are 30 June 2023, 31 December 2022 and are prepared in accordance with Royal Institution of Chartered Surveyors ("RICS") Global Standards 2020 which comply with the international valuation standards and the RICS Professional Standards.

b) *Inter-relationship between key unobservable inputs and fair value measurement*

30 June 2023

Property	Fair value SR million	Valuation technique	Significant unobservable input	Range
Shopping Malls	18,006	Discounted cash flows	Occupancy (%)	66% - 100%
			Future rent growth (%)	2%-5%
			Discount rate (%)	10% - 21%
Properties under construction	5,267	Discounted cash flows	Occupancy (%)	90%-95%
			Future rent growth (%)	2%
			Discount rate (%)	12% - 16%
Owned land	291	Comparable transaction	Average price (SR /sqm)	210 - 8,735

The estimated fair value would increase/(decrease) if the discount rates were lower/(higher) and/or the growth rates and occupancy% were higher/(lower).

Arabian Centres Company (A Saudi Joint Stock Company)
Notes to the condensed consolidated interim financial statements (continued)

For the six-month period ended 30 June 2023

8. Investment properties (continued)

A. Investment properties (continued)

vi. Fair value of investment properties (continued)

b) *Inter-relationship between key unobservable inputs and fair value measurement (continued)*

31 December 2022

Property	Fair value SR million	Valuation technique	Significant unobservable input	Range
Shopping Malls	17,498	Discounted cash flows	Occupancy (%) Future rent growth (%) Discount rate (%)	66% - 100% 2%-5% 10% - 21%
Properties under construction	4,964	Discounted cash flows	Occupancy (%) Future rent growth (%) Discount rate (%)	90%-95% 2% 12% - 16%
Owned land	290	Comparable transaction	Average price (SR /sqm)	210 - 8.834

c) *Reconciliation of fair value as per fair valuer to accounting fair value*

Accrued lease income at the reporting date, relating to the accounting for operating lease rentals on a straight-line basis as per IFRS 16 and lease liabilities have been adjusted from the fair valuation as per fair valuer, in order to avoid double counting of assets and liabilities, as mentioned below:

	30 June 2023 Unaudited	31 December 2022 Audited
Fair value of land and buildings as per fair valuer	20,836,993,460	20,456,023,688
Less: Adjustment for accrued operating lease income	(260,090,839)	(273,589,239)
Add: carrying amount of lease liabilities	2,986,769,750	2,569,259,929
Total carrying amount of investment properties	23,563,672,371	22,751,694,378

vii. Amounts recognized in profit or loss for investment property that generated income:

	Six-month period ended	
	30 June 2023 Unaudited	30 June 2022 Unaudited
Revenue from investment property	1,142,047,550	1,082,116,968
Direct operating expenses on properties that generated rental income	(192,865,348)	(179,862,152)

viii. The following table shows the valuation technique to measure fair value of investment property:

Discounted cash flows	The gross fair value (net costs to complete), as applicable, is derived using DCF and is benchmarked against net initial yield.
Comparable transaction	Properties held for future development are valued using comparable methodology which involves analyzing other relevant market transactions.

Arabian Centres Company (A Saudi Joint Stock Company)
Notes to the condensed consolidated interim financial statements (continued)

For the six-month period ended 30 June 2023

8. Investment properties (continued)

B. Advance payments for projects under construction

It represents advance payments to the contractor for the construction of shopping malls, which are under various stages of completion.

Name of related party	Business status	Relationship	Construction work services received		Balances	
			Six-month period ended 30 June 2023	Six-month period ended 30 June 2022	30 June 2023 Unaudited	31 December 2022 Audited
Lynx Contracting Company	Limited Liability	Affiliate	192,616,612	327,286,184	970,094,434	720,068,772
Other			—	--	8,087,050	9,858,285
					978,181,484	729,927,057

With the consent of the shareholders of the Company, the Company has signed a framework agreement for the construction of all projects with Lynx Contracting Company.

9. Investment in equity accounted investee and others

		30 June 2023 Unaudited	31 December 2022 Audited
	<i>Notes</i>		
Investment in Joint venture and associate	9A	76,707,540	63,714,723
Investment in real estate fund at FVTPL	9B	381,752	1,159,414
		77,089,292	64,874,137

A. Investment in Joint venture and associate

Name of an entity	Notes	30 June 2023 Unaudited	31 December 2022 Audited
FAS Lab Holding Company (Joint Venture)	(i)	76,457,540	63,714,723
Khozam Mall Real Estate Development Company (Associate)	(ii)	250,000	--
		76,707,540	63,714,723

- i. This represents a 50% equity investment in the share capital of FAS Lab Holding Company, a limited liability company incorporated in the Kingdom of Saudi Arabia, which is engaged primarily in leading the digital initiatives of the Group including but not limited to providing the malls visitors and shoppers with a specialized and advanced loyalty program, simplified and innovative consumer financing solutions and an e-commerce platform.
- ii. This represents a 50% equity investment in the share capital of Khozam Mall Real Estate Development Company, a closed joint stock Company incorporated in the Kingdom of Saudi Arabia, which is engaged primarily in the construction of real estate projects. The Company has been established during the period and is yet to commence commercial operations.

Arabian Centres Company (A Saudi Joint Stock Company)
Notes to the condensed consolidated interim financial statements (continued)

For the six-month period ended 30 June 2023

9. Investment in equity accounted investee and others (continued)

A. Investment in Joint venture and associate (continued)

iii. Reconciliation of carrying amount

FAS Lab Holding Company (Joint Venture)	Opening balance	Additions	Share in losses	Other comprehensive income / (loss)	Ending balance
30 June 2023-Unaudited	63,714,723	19,528,849	(7,106,224)	320,192	76,457,540
31 December 2022-Audited	63,783,826	8,013,722	(7,159,334)	(923,491)	63,714,723

Khozam Mall Real Estate Development Company (Associate)	Opening balance	Additions	Share in losses	Other comprehensive income / (loss)	Ending balance
30 June 2023-Unaudited	--	250,000	--	--	250,000

iv. Summarized financial statements – FAS Lab Holding Company

	30 June 2023	31 December 2022
	Unaudited	Audited
Assets	297,568,540	294,510,053
Liabilities	(116,743,939)	(136,527,133)
Net Assets	180,824,601	157,982,920
Revenue	224,880,375	389,720,819
Operating loss	(12,230,878)	(12,685,030)
Total comprehensive loss	(11,194,804)	(11,140,002)
Loss for the period attributable to shareholders of the company	(12,091,618)	(14,318,667)

B. Investment in a real estate fund at FVTPL

	30 June 2023	31 December 2022
Name of the real estate fund	Unaudited	Audited
Al Jawhara Real Estate Fund	381,752	1,159,414

This represents equity investment in Al Jawhara Real Estate Fund (formerly known as Digital City Fund) purchased for SR 6.8 million. During the nine-month period ended December 31, 2022, the Group sold units in the fund and realized a gain on disposal of investment of SR 180,000 in the consolidated statement of profit or loss. As at 30 June 2023, the net asset value (NAV) of the investment amounted to SR 0.38 million (31 December 2022: SR 1.2 million) and SR 7,880 of unrealized fair value loss is recognized in the condensed consolidated statement of profit or loss (31 December 2022: gain of SR 0.38 million). During the six-month period ended 30 June 2023, fund has divested its investment portfolio and SR 0.77 million has been recorded as cash and cash equivalents in the condensed consolidated statement of financial position.

Arabian Centres Company (A Saudi Joint Stock Company)
Notes to the condensed consolidated interim financial statements (continued)

For the six-month period ended 30 June 2023

10. Cash and cash equivalents

	30 June 2023 Unaudited	31 December 2022 Audited
Bank balances – current accounts	538,394,815	378,077,716
Cheques under collection	80,486,852	231,323,093
Mulika investments – Portfolio cash balance (i)	769,782	--
Cash in hand	924,986	1,044,987
	620,576,435	610,445,796

i) This represents restricted cash held by Mulika Investments (Fund manager) in the Company's portfolio account as of 30 June 2023.

11. 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

A. Key management personnel compensation

The remunerations of directors and other key management personnel ('KMP') during the six-month period ended 30 June are as follows:

	30 June 2023 Unaudited	30 June 2022 Unaudited
End of service benefits	4,111,060	3,029,773
Salaries and short-term benefits	5,988,410	6,026,094
Total key management compensation	10,099,470	9,055,867

B. Related party transactions and balances

1 - Related party balances are presented in the condensed consolidated statement of financial position as follows:

	30 June 2023 Unaudited	31 December 2022 Audited
Amount due from related parties	306,123,796	417,815,065
Amount due to related parties	(2,985,595)	(6,339,458)
	303,138,201	411,475,607

Arabian Centres Company (A Saudi Joint Stock Company)
Notes to the condensed consolidated interim financial statements (continued)

For the six-month period ended 30 June 2023

11. Related party transactions and balances (continued)

B. Related party transactions and balances (continued)

II - 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:

Name of related party	Business status	Rental income and other fees / services	Expenses	Others	Total	Balance as at 30 June 2023
30 June 2023-Unaudited		Transactions during the six-month period ended 30 June 2023				
Transactions with ultimate shareholder						
Saudi FAS Holding Company	Closed Joint Stock Company	1,665,784	--	1,279,417	2,945,201	2,076,343
Transactions with fellow subsidiaries (subsidiaries of shareholder)						
Fawaz Abdulaziz Al Hokair Company and its subsidiaries	Joint Stock Company	183,716,427	--	--	183,716,427	78,566,017
Abdul Mohsin Al Hokair Group for Tourism and Development and its subsidiaries	Joint Stock Company	12,358,831	--	--	12,358,831	21,825,837
Salman & Sons Holding Co and its associates	Limited Liability Company	28,192,622	--	--	28,192,622	73,840,136
Majd Al Amal Co. Limited and its associates	Limited Liability Company	11,886,442	--	--	11,886,442	11,869,513
Tadaris Alnajd Security Company	Limited Liability Company	--	(32,528,849)	--	(32,528,849)	13,480,683
Ezdihar Holding Co and its subsidiaries	Limited Liability Company	25,242,160	--	--	25,242,160	78,677,493
Others, net	Limited Liability Company	3,296,616	(4,559,703)	2,183,752	920,665	22,802,179
		266,358,882	(37,088,552)	3,463,169	232,733,499	303,138,201
31 December 2022-Audited		Transactions during the six-month period ended 30 June 2022				31 December 2022
Transactions with ultimate shareholder						
Saudi FAS Holding Company	Closed Joint Stock Company	989,323	--	15,307,960	16,297,283	--
Transactions with fellow subsidiaries (subsidiaries of shareholder)						
FAS Holding Company for Hotels and its subsidiaries		--		66,295,172	66,295,172	
Fawaz Abdulaziz Al Hokair Company and its subsidiaries	Joint Stock Company	184,998,779	--	--	184,998,779	158,196,905
Abdul Mohsin Al Hokair Group for Tourism and Development and its subsidiaries	Joint Stock Company	14,557,105	--	--	14,557,105	16,177,998
Salman & Sons Holding Co and its associates	Limited Liability Company	28,440,338	--	--	28,440,338	90,313,341
Majd Al Amal Co. Limited and its associates	Limited Liability Company	12,257,575	--	--	12,257,575	47,670,205
Tadaris Alnajd Security Company	Limited Liability Company	--	17,186,409	--	17,186,409	3,637,973
Ezdihar Holding Co and its subsidiaries	Limited Liability Company	25,845,848	--	--	25,845,848	88,138,532
Others, net	Limited Liability Company	2,821,536	--	(1,300,000)	1,521,536	7,340,653
		269,910,504	17,186,409	80,303,132	367,400,045	411,475,607

Arabian Centres Company (A Saudi Joint Stock Company)
Notes to the condensed consolidated interim financial statements (continued)

For the six-month period ended 30 June 2023

12. Dividends distribution

30 June 2023

- i. On 1 January 2023, the Board of Directors resolved to distribute an interim dividend for the first half of period ended 31 December 2022 amounting to SR 0.75 per share aggregating to SR 356,250,000. The dividend was paid on 12 February 2023.
- ii. On 2 April 2023, the Board of Directors resolved to distribute dividends for the second half of the period ended 31 December 2022 amounting to SR 1 per share aggregating to SR 475,000,000. The dividend was paid on 16 April 2023.

31 December 2022

- i. On 2 July 2022, the Board of Directors resolved to distribute an interim dividend for the second half of the year ended 31 March 2022 amounting to SR 0.75 per share aggregating to SR 356,250,000. The dividend was paid on 26 July 2022.

13. Loans and borrowings

	30 June 2023	31 December 2022
<i>Note</i>	Unaudited	Audited
Islamic facility with banks (i)	3,597,111,749	3,206,842,927
Sukuk (ii)	5,136,140,654	5,130,147,302
<i>13 B</i>	8,733,252,403	8,336,990,229
Loans and Borrowings – Current liabilities	1,137,145,833	903,315,625
Loans and Borrowings – Non-Current liabilities	7,596,106,570	7,433,674,604
	8,733,252,403	8,336,990,229

Information about the Group's exposure to interest rate, foreign currency and liquidity risks is included in Note 18.

A. Terms and repayment

i. Facility 1

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 a 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 950 million (maturing in 3 years). These facilities are fully utilized as at 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. 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 18.

The facilities are secured by insurance policies, proceeds of rental income, and land and buildings of several malls.

During the six-month period ended 30 June 2023, the Group borrowed an additional **SR 200 million** from the Revolving Murabaha facility (nine-month period ended 31 December 2022: SR 575 million)

Facility 2

During the period ended 31 December 2022, a subsidiary of the Group has entered into a long-term Islamic facility arrangement amounting to SR 800 million with a local bank.

During the period ended 30 June 2023, a subsidiary of the Group has entered into a long-term Islamic facility arrangement amounting to SR 1,000 million with a local bank.

Arabian Centres Company (A Saudi Joint Stock Company)
Notes to the condensed consolidated interim financial statements (continued)

For the six-month period ended 30 June 2023

13. Loans and borrowings (continued)

A. Terms and repayment (continued)

The long-term loan is repayable in unequal semi-annual instalments and are subject to commission rates based on SIBOR plus an agreed commission rate. The facilities are secured by Lands.

During the six-month period ended 30 June 2023, the Group has drawn-down **SR 334 million** (period ended 31 December 2022: SR 63 million) from the facilities.

The above facility agreements contain covenants, which among other things, require certain financial ratios to be maintained.

ii. Sukuk

- a) On 20 November 2019, Arabian Centres Sukuk Limited (a special purpose company established for the purpose of issuing Sukuk) completed the issuance of an 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% payable semi-annually and a maturity of five years. Sukuk Certificates may be subject to early redemption at the option of the Company as per certain specified conditions mentioned in the Sukuk Certificate.
- b) On 7 April 2021, Arabian Centres Sukuk II Limited (a special purpose company established for the purpose of issuing Sukuk) completed the issuance of a Five and half year International USD denominated Shari'ah compliant Sukuk "Sukuk II Certificates" amounting to USD 650 million (equivalent SR 2,437.5 million), at a par value of USD 0.2 million each, annual yield of 5.625% payable semi-annually. On 28 July 2021, the Company issued additional Sukuk II certificates amounting to USD 225 million (equivalent SR 843.75 million), at a premium of 4.75%. Sukuk Certificates may be subject to early redemption at the option of the Company as per specified conditions mentioned in the Sukuk Certificate.

B. Reconciliation of carrying amount

	Notes	Islamic facility with banks	Sukuk	Total
Balance at 1 April 2022		2,723,415,669	5,156,200,000	7,879,615,669
Proceeds received during the year		638,308,994		638,308,994
Repayments made during the year		(102,563,584)		(102,563,584)
	(i)	3,259,161,079	5,156,200,000	8,415,361,079
Un-amortized transaction costs	(ii)	(52,318,152)	(53,478,788)	(105,796,940)
Deferred Sukuk premium	(iii)	--	27,426,090	27,426,090
Balance at 31 December 2022 - Audited		3,206,842,927	5,130,147,302	8,336,990,229
Balance at 1 January 2023		3,259,161,079	5,156,200,000	8,415,361,079
Proceeds received during the period		533,936,624	--	533,936,624
Repayments made during the period		(137,399,807)	--	(137,399,807)
	(i)	3,655,697,896	5,156,200,000	8,811,897,896
Un-amortized transaction costs	(ii)	(58,586,147)	(43,871,287)	(102,457,434)
Deferred Sukuk premium	(iii)	--	23,811,941	23,811,941
Balance at 30 June 2023 - Unaudited		3,597,111,749	5,136,140,654	8,733,252,403

Arabian Centres Company (A Saudi Joint Stock Company)
Notes to the condensed consolidated interim financial statements (continued)

For the six-month period ended 30 June 2023

13. Loans and borrowings (continued)

B. Reconciliation of carrying amount (continued)

i. Below is the repayment schedule of the principal portion of the outstanding long-term loans:

	Islamic facility with banks	Sukuk	Total
31 December 2022 - Audited			
Within one year	903,315,625	--	903,315,625
Between two to five years	1,312,147,537	5,156,200,000	6,468,347,537
More than five years	1,043,697,917	--	1,043,697,917
	3,259,161,079	5,156,200,000	8,415,361,079
30 June 2023 - Unaudited			
Within one year	1,137,145,833	--	1,137,145,833
Between two to five years	1,564,828,104	5,156,200,000	6,721,028,104
More than five years	953,723,959	--	953,723,959
	3,655,697,896	5,156,200,000	8,811,897,896

ii. Un-amortized transaction costs movement is as follows:

	Islamic facility with banks	Sukuk	Total
Balance at 1 April 2022	53,463,354	67,890,041	121,353,395
Arrangement fees paid	5,118,750	--	5,118,750
Amortization for the year	(4,650,111)	(11,969,122)	(16,619,233)
Capitalized arrangement fees	(1,613,841)	(2,442,131)	(4,055,972)
Balance at 31 December 2022 - Audited	52,318,152	53,478,788	105,796,940
Balance at 1 January 2023	52,318,152	53,478,788	105,796,940
Arrangement fees paid	10,500,000	--	10,500,000
Amortization for the period	(1,870,911)	(7,989,694)	(9,860,605)
Capitalized arrangement fees	(2,361,094)	(1,617,807)	(3,978,901)
Balance at 30 June 2023 - Unaudited	58,586,147	43,871,287	102,457,434

iii. Deferred Sukuk premium

This represents the premium received on further issuance of Sukuk II (i.e. Issue price less face value of the certificate) and is amortized over the life of the instrument using the effective interest rate at the date of initial recognition of the instrument. Movement is as follows:

	Islamic facility with banks	Sukuk	Total
Balance at 1 April 2022	--	32,911,308	32,911,308
Addition during the year	--	--	--
Amortization for the period	--	(5,485,218)	(5,485,218)
Balance at 31 December 2022 - Audited	--	27,426,090	27,426,090
Balance at 1 January 2023	--	27,426,090	27,426,090
Amortization for the period	--	(3,614,149)	(3,614,149)
Balance at 30 June 2023 - Unaudited	--	23,811,941	23,811,941

Arabian Centres Company (A Saudi Joint Stock Company)
Notes to the condensed consolidated interim financial statements (continued)

For the six-month period ended 30 June 2023

14. Revenue

		Six-month period ended 30 June 2023 Unaudited	Six-month period ended 30 June 2022 Unaudited
	<i>Note</i>		
Rental income	(i)	1,051,126,099	1,000,471,491
Service and management fee income		55,406,090	57,329,582
Turnover rent		33,798,147	22,495,973
Commission income on provisions for utilities, net		1,717,214	1,819,922
		1,142,047,550	1,082,116,968

- i. Rental income includes related maintenance and service charge of Malls premises charged to 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:

	As at 30 June 2023 Unaudited	As at 30 June 2022 Unaudited
Within one year	1,538,721,417	1,581,669,079
After one year but not more than five years	1,868,480,363	1,877,673,061
More than five years	267,353,656	373,609,677
	3,674,555,436	3,832,951,817

15. Other operating income

	Six-month period ended 30 June 2023 Unaudited	Six-month period ended 30 June 2022 Unaudited
Gain on sale of investment property (Note 8A(i))	238,668,127	--
Gain on termination of lease	16,439,630	--
Recovery of written off receivables	11,379,704	--
Waiver of amount payable to disposed subsidiaries	--	18,129,016
Others	5,653,220	3,142,594
	272,140,681	21,271,610

16. Earnings per share

Basic earnings per share is calculated by dividing the 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		Six-month period ended	
	30 Jun 2023 Unaudited	30 June 2022 Unaudited	30 Jun 2023 Unaudited	30 June 2022 Unaudited
Profit attributable to ordinary shareholders	338,650,257	183,158,392	721,998,471	358,336,946
Weighted average number of ordinary shares	475,000,000	475,000,000	475,000,000	475,000,000
Basic and diluted earnings per share	0.71	0.39	1.52	0.75

For the six-month period ended 30 June 2023

Arabian Centres Company (A Saudi Joint Stock Company)
Notes to the condensed consolidated interim financial statements (continued)

For the six-month period ended 30 June 2023

18. Financial instruments - fair values and risk management (continued)

A. Accounting classification and fair values (continued)

- (a) The valuation is derived based on net asset value of the fund which is based on market multiples derived from comparable companies to the investee and adjusted for non-marketability of the investee.
- (b) The fair value of commission rate swaps has been calculated by a third-party expert, discounting estimated future cash flows on the basis of market expectation of future interest rates, representing Level 2 in the IFRS 13 fair value hierarchy.

B. Derivatives designated as hedging instruments

The Group held Islamic Profit/commission 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 positive 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	Fair Value	30 June 2023	31 December 2022
			Unaudited	Audited
Commission payments on floating rate loan	IRS	Positive	—	7,043,961

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.

The hedging instrument expired on 31 May 2023 with net amount being settled between the parties. Total amount of cash flow hedge reserve has been reclassified to profit or loss during the period amounting to **SR 7,124,755**.

C. Financial risk management

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

- Credit risk
- Liquidity risk
- Market risk (including commission rate risk, real estate risk and currency risk)
- Capital management risk

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, lease liability, accounts payable and cash and bank balances that arise directly from its operations.

i. 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.

Bank balances and deposits are held with local banks with sound external credit ratings.

Arabian Centres Company (A Saudi Joint Stock Company)
Notes to the condensed consolidated interim financial statements (continued)

For the six-month period ended 30 June 2023

18. Financial instruments - fair values and risk management (continued)

C. Financial risk management (continued)

i. Credit risk (continued)

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 year 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.

The following table provides information about the exposure to credit risk and ECLs for accounts receivable from customers as at 30 June 2023 and 31 December 2022.

30 June 2023 - Unaudited			
	Gross Carrying amount	Weighted-average loss	Loss Allowance (%)
0-90 days	83,242,679	16,641,503	20%
91-180 days	91,966,618	24,070,078	26%
181-270 days	79,369,337	21,778,755	27%
271-360 days	69,794,892	23,481,812	34%
361-450 days	47,048,851	18,403,207	39%
451-540 days	30,761,072	13,391,629	44%
541-630 days	30,566,851	14,468,005	47%
631-720 days	29,391,521	16,872,172	57%
More than 720 days	108,188,908	81,966,832	76%
	570,330,729	231,073,993	

31 December 2022-Audited			
	Gross Carrying amount	Weighted-average loss	Loss Allowance (%)
0-90 days	110,173,161	13,707,754	12%
91-180 days	99,288,349	16,421,056	17%
181-270 days	86,585,249	15,381,037	18%
271-360 days	44,653,878	11,210,581	25%
361-450 days	44,176,668	13,460,611	30%
451-540 days	36,635,522	13,984,109	38%
541-630 days	33,821,347	14,963,099	44%
631-720 days	29,279,546	15,327,850	52%
More than 720 days	75,001,342	56,944,745	76%
	559,615,062	171,400,842	

Arabian Centres Company (A Saudi Joint Stock Company)
Notes to the condensed consolidated interim financial statements (continued)

For the six-month period ended 30 June 2023

18. Financial instruments - fair values and risk management (continued)

C. Financial risk management (continued)

i. Credit risk (continued)

Accounts Receivable (continued)

During the six-month period ended 30 June 2023, the Group has written off receivables amounting to **Nil** (Nine-month period ended 31 December 2022: SR 77.9 million). In addition, the group has directly charged to profit or loss an amount of **SR 53.8 million** (Nine-month period ended 31 December 2022: SR 14.6 million) on account of impairment of accounts receivable and accrued revenue.

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 (please refer to note 11B). 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 operate. The Group evaluates the risk with respect to due from related parties as low, as majority of the related parties are owned by the same shareholders.

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.

Arabian Centres Company (a Saudi joint stock company)
Notes to the condensed consolidated interim financial statements (continued)

For the six-month period ended 30 June 2023

18. Financial instruments - fair values and risk management (continued)

C. Financial risk management (continued)

ii. 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:	Carrying amount	Less than 6 months	Between 6 and 12 months	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
30 June 2023-Unaudited							
Accounts payable	147,240,103	147,240,103	--	--	--	--	147,240,103
Tenants' security deposits	164,280,095	80,907,201	27,158,506	33,492,487	22,406,179	315,722	164,280,095
Other liabilities	309,311,262	309,311,262	--	--	--	--	309,311,262
Due to related parties	2,985,595	2,985,595	--	--	--	--	2,985,595
Lease liabilities	3,120,585,137	304,431,827	131,959,914	260,133,390	783,721,904	3,637,133,603	5,117,380,638
Loans and borrowings	8,733,252,403	1,071,275,660	517,212,716	2,487,422,591	5,572,797,298	1,120,717,275	10,769,425,540
	12,477,654,595	1,916,151,648	676,331,136	2,781,048,468	6,378,925,381	4,758,166,600	16,510,623,233
31 December 2022-Audited							
Accounts payable	118,951,524	118,951,524	--	--	--	--	118,951,524
Tenants' security deposits	158,673,106	93,131,320	17,970,317	29,753,414	17,383,624	434,429	158,673,104
Other liabilities	204,162,320	204,162,320	--	--	--	--	204,162,320
Due to related parties	6,339,458	6,339,458	--	--	--	--	6,339,458
Lease liabilities	2,639,276,382	195,135,113	175,129,382	254,286,890	678,466,712	3,045,417,085	4,348,435,182
Loans and borrowings	8,336,990,229	1,076,009,249	321,974,381	2,516,369,539	5,154,645,105	1,255,230,891	10,324,229,165
	11,464,393,019	1,693,728,984	515,074,080	2,800,409,843	5,850,495,441	4,301,082,405	15,160,790,753

Arabian Centres Company (A Saudi Joint Stock Company)
Notes to the condensed consolidated interim financial statements (continued)

For the three-months period ended 31 March 2023

18. Financial instruments - fair values and risk management (continued)

C. Financial risk management (continued)

iii. Market risk

Market risk is the risk that changes in market prices, such as currency rates and interest 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 as at 30 June 2023 and 31 December 2022. 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):

Gain/(loss) through the condensed consolidated statement of profit or loss	Six-month period ended 30 June 2023 Unaudited	Six-month period ended 30 June 2022 Unaudited
Floating rate debt:		
SIBOR +100bps	(18,278,489)	(14,876,477)
SIBOR -100bps	18,278,489	14,876,477

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 recognized 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.

iv. Capital management risk

The Board's policy is to maintain an efficient capital base as to maintain investor, creditor and market confidence and to sustain future development of its business. The Board of Directors monitor the return on capital employed and the level of dividends to ordinary shareholders.

The Group's objectives when managing capital are:

- to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and
- to provide an adequate return to shareholders

Arabian Centres Company (a Saudi joint stock company)
Notes to the condensed consolidated interim financial statements (continued)

For the six-month period ended 30 June 2023

19. Commitments and contingencies

		30 June 2023 Unaudited	31 December 2022 Audited
	<i>Note</i>		
Commitments			
Commitments for projects under construction	(i)	2,968,209,449	3,265,050,000
Outstanding bank guarantees		10,998,384	13,000,000

- (i) These commitments pertain to construction of shopping malls across the Kingdom of Saudi Arabia.
- (ii) The Group is currently involved in legal arbitration proceedings brought by a contractor that alleges that Group owes them for work already carried out under the contract. The Group is disputing the claims against it and believes it has strong legal grounds to defend itself. However, the arbitration proceedings' ultimate outcome is uncertain, and the company cannot guarantee that it will successfully defend itself. The potential financial impact of **SAR 25 million** has been recorded in the condensed consolidated financial statements for the six-month period ended 30 June 2023, which reflects management best estimate of the total expected financial exposure.

Arabian Centres Company (a Saudi joint stock company)
Notes to the condensed consolidated interim financial statements (continued)

For the six-month period ended 30 June 2023

20. Summarized financial information of material subsidiaries

The following are the summarized financial statements of material subsidiaries consolidated within the Group condensed consolidated interim financial statements:

	Al-Qasseem Company for Entertainment and Commercial Projects Owned by Abdulmohsin Alhokair and Company	Riyadh Real Estate Development Funds Jawharat Jeddah	Riyadh Real Estate Development Funds Jawharat Riyadh
30 June 2023 - Unaudited			
Assets			
Investment properties	198,521,566	1,620,611,334	2,296,695,068
Cash and cash equivalents	—	19,241,778	329,146,801
Other assets	59,689,687	16,826,551	33,122,359
	258,211,253	1,656,679,663	2,658,964,228
Liabilities			
Loans and borrowings	—	105,030,066	200,131,828
Lease liabilities	79,177,701	—	—
Other liabilities	42,970,348	22,138,328	24,494,944
	122,148,049	127,168,394	224,626,772
Net assets	136,063,204	1,529,511,269	2,434,337,456
31 December 2022 - Audited			
Assets			
Investment properties	206,622,266	1,413,734,581	2,454,020,995
Cash and cash equivalents	—	7,536,666	—
Other assets	24,211,347	272,652	200,000
	230,833,613	1,421,543,899	2,454,220,995
Liabilities			
Loans and borrowings	—	58,828,677	—
Lease liabilities	77,301,026	—	—
Other liabilities	52,908,921	8,059,529	12,997,219
	130,209,947	66,888,206	12,997,219
Net assets	100,623,666	1,354,655,693	2,441,223,776
Six-month period ended 30 June 2023 - Unaudited			
Statement of profit or loss			
Revenue	20,320,917	—	—
Gross profit	16,628,884	—	—
Profit / (loss) for the period	(3,831,933)	115,579,661	233,229,809
Six-month period ended 30 June 2022 - Unaudited			
Statement of profit or loss			
Revenue	20,024,462	—	—
Gross profit	11,662,394	—	—
Profit / (loss) for the period	(3,253,823)	(530,418)	(666,133)

Arabian Centres Company (a Saudi joint stock company)
Notes to the condensed consolidated interim financial statements (continued)

For the six-month period ended 30 June 2023

21. Effect of change in accounting policy

On 29 June 2022, the Board of Directors of the Company approved the change in accounting policy for the subsequent measurement of the Group's investment properties from the cost model to the fair value model. The impact of the change in accounting policy has been reflected by restating each of the affected financial statement line items for prior periods. The following table summarizes the impacts on the Group's condensed consolidated statement of comprehensive income for the prior period presented:

Consolidated statement of profit or loss and consolidated statement of comprehensive income

For the three-month period ended 30 June 2022 - Unaudited	Impact of change in accounting policy		
	As previously reported	Adjustment	As restated
Depreciation of right-of-use assets	(48,527,655)	44,360,325	(4,167,330)
Depreciation of investment properties	(87,732,897)	87,732,897	--
Impairment of investment properties	(25,038,548)	25,038,548	--
Net fair value loss on investment properties	--	(99,982,564)	(99,982,564)
Profit for the period	127,703,830	57,149,206	184,853,036
Total comprehensive income for the period	129,883,645	57,149,206	187,032,851
Earnings per share – Basic and diluted	0.27	0.12	0.39

For the six-month period ended 30 June 2022 - Unaudited	Impact of change in accounting policy		
	As previously reported	Adjustment	As restated
Depreciation of right-of-use assets	(101,745,078)	93,410,417	(8,334,661)
Depreciation of investment properties	(179,188,535)	179,188,535	--
Impairment of investment properties	(25,038,548)	25,038,548	--
Net fair value loss on investment properties	--	(174,108,223)	(174,108,223)
Profit for the period	233,180,757	123,529,277	356,710,034
Total comprehensive income for the period	241,280,173	123,529,277	364,809,450
Earnings per share – Basic and diluted	0.49	0.26	0.75

22. Subsequent events

On 13 July 2023, the Board of Directors resolved to distribute dividends for the first half of the year ending 31 December 2023 amounting to SR 0.87 per share aggregating to SR 413,250,000. The dividends will be paid on 13 August 2023.

23. Comparative financial Information

Comparative figure of SR 7,071,606 in the condensed consolidated statement of profit or loss for the six-month period ended 30 June 2022 have been reclassified from General and administrative expenses to Cost of revenue - Direct costs. This has been reclassified to conform to current period presentation.

24. Approval of the condensed consolidated interim financial statements

The condensed consolidated interim financial statements were approved by the Board of Directors for issuance on 21 Muharram 1445H (corresponding to 08 August 2023).