

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

Condensed consolidated interim financial statements
(unaudited)

For the three-month period ended 30 June 2021
together with the

Independent Auditor's Review Report

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

For the three-month period ended 30 June 2021

Contents	Pages
Independent auditor's report on review of condensed consolidated interim financial statements	1 – 2
Condensed consolidated statement of financial position as at 30 June 2021	3
Condensed consolidated statement of profit or loss for the three-month period ended 30 June 2021	4
Condensed consolidated statement of comprehensive income for the three-month period ended 30 June 2021	5
Condensed consolidated statement of changes in equity for the three-month period ended 30 June 2021	6
Condensed consolidated statement of cash flows for the three-month period ended 30 June 2021	7 – 8
Notes to the condensed consolidated interim financial statements for the three-month period ended 30 June 2021	9 – 23



KPMG Professional Services

Riyadh Front, Airport Road
P. O. Box 92876
Riyadh 11663
Kingdom of Saudi Arabia
Headquarter

Commercial Registration No 1010425494

كي بي إم جي للاستشارات المهنية

واجهة الرياض، طريق المطار
صندوق بريد ٩٢٨٧٦
الرياض ١١٦٦٣
المملكة العربية السعودية
المركز الرئيسي

سجل تجاري رقم ١٠١٠٤٢٥٤٩٤

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

To the Shareholder of Fawaz Abdulaziz AlHokair & Co.

Report on the Review of the Condensed Consolidated Interim Financial Statements

Introduction

We have reviewed the accompanying 30 June 2021 condensed consolidated interim financial statements of **Fawaz Abdulaziz AlHokair & Co.** ("the Company") and its subsidiaries (collectively referred to as "the Group"), which comprises:

- the condensed consolidated statement of financial position as at 30 June 2021;
- the condensed consolidated statement of profit or loss for the three-month ended 30 June 2021;
- the condensed consolidated statement of comprehensive income for the three-month ended 30 June 2021;
- the condensed consolidated statement of changes in equity for the three-month period ended 30 June 2021;
- the condensed consolidated statement of cash flows for the three-month period ended 30 June 2021;
- 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 2021 condensed consolidated interim financial statements of **Fawaz Abdulaziz AlHokair & Co.** and its subsidiaries are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia.

KPMG professional Services, a professional closed joint stock company registered in the Kingdom of Saudi Arabia. With the paid-up capital of (15,000,000) SAR. (Previously known as "KPMG Al Fozan & Partners Certified Public Accountants") A non-partner member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

كي بي إم جي للاستشارات المهنية شركة مهنية مساهمة مقفلة، مسجلة في المملكة العربية السعودية، رأس مالها (١٥,٠٠٠,٠٠٠) ريال سعودي مدفوع بالكامل، المسماة سابقاً "شركة كي بي إم جي الفوزان وشركاه محاسبين ومراجعين قانونيين". وهي عضو غير شريك في الشبكة العالمية لشركات كي بي إم جي المستقلة والتابعة لـ كي بي إم جي العالمية المحدودة، شركة تجلزية محدودة بضمان. جميع الحقوق محفوظة.

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

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

Report on Other Legal and Regulatory Requirements

The Company has not complied with the requirements prescribed by the applicable requirements of the Regulations for Companies, as the Company has an outstanding receivable balance of SR 260.8 million from a shareholder as at 30 June 2021.

KPMG Professional Services



Hani Hamzah A. Bedairi
License No: 460

Riyadh, on 11 Muharram 1443H
Corresponding to: 19 August 2021



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

As at 30 June 2021

(All Amounts in Saudi Riyals unless otherwise Stated)

	Notes	30 June 2021 (Unaudited)	31 March 2021 (Audited)
Assets			
Property and equipment		1,303,697,071	1,327,471,618
Right-of-use assets		3,458,721,156	3,401,916,309
Goodwill and intangible assets		1,118,028,810	1,111,255,263
Investment property		1,632,000	1,632,000
Investment in an associate	7	2,699,577	2,699,577
Other investments	8	300,979,500	300,292,122
Non-current assets		6,185,758,114	6,145,266,889
Inventories		1,020,761,153	1,152,442,371
Advances, deposits and other receivables		625,013,156	470,570,204
Prepayments		40,051,080	47,855,658
Receivable from disposal of subsidiaries	16	--	75,000,000
Cash and cash equivalents		374,246,832	467,591,552
Current assets		2,060,072,221	2,213,459,785
Total assets		8,245,830,335	8,358,726,674
Equity			
Share capital		2,100,000,000	2,100,000,000
Statutory reserve		--	--
Foreign currency translation reserve		(499,622,418)	(510,642,899)
Accumulated losses		(990,931,533)	(1,037,812,790)
Equity attributable to the shareholders of the Company		609,446,049	551,544,311
Non-controlling interest		(100,980,671)	(99,970,100)
Total equity		508,465,378	451,574,211
Liabilities			
Loans and borrowings	9	2,290,398,131	2,304,450,432
Lease liabilities		2,933,692,016	2,837,596,213
Employee benefits		112,358,397	110,468,288
Non-Current liabilities		5,336,448,544	5,252,514,933
Loans and borrowings	9	708,893,299	819,584,379
Lease liabilities – current portion		790,955,122	802,856,040
Zakat and tax liabilities		24,730,760	15,848,276
Trade and other payables		876,337,232	1,016,348,835
Current liabilities		2,400,916,413	2,654,637,530
Total liabilities		7,737,364,957	7,907,152,463
Total equity and liabilities		8,245,830,335	8,358,726,674

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

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


 Ahmed Albelbesy
 Chief Financial Officer


 Marwan Moukarzel
 Chief Executive Officer


 Fawaz Abdulaziz Al Hokair
 Chairman

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

Condensed consolidated statement of profit or loss

For the three-month period ended 30 June 2021

(All Amounts in Saudi Riyals unless otherwise Stated)

	Notes	For the three-month period ended 30 June 2021 Unaudited	For the three-month period ended 30 June 2020 Unaudited
Revenue	12	1,700,704,771	564,949,004
Cost of revenue	13	(1,368,103,050)	(807,674,147)
Gross profit /(loss)		332,601,721	(242,725,143)
Other operating income	14	18,396,582	64,700,121
Selling and distribution expenses		(44,271,492)	(35,906,075)
General and administrative expenses		(98,510,447)	(55,576,145)
Depreciation and amortization		(65,267,053)	(77,778,163)
Other operating expense	14	(14,787,001)	(36,362,657)
Impairment loss on other receivables		--	(28,500,000)
Operating profit /(loss)		128,162,310	(412,148,062)
Finance costs over loans and borrowings		(30,012,557)	(36,297,124)
Finance costs over lease liabilities		(42,118,559)	(71,058,299)
Net finance costs		(72,131,116)	(107,355,423)
Profit /(Loss) before zakat and income tax		56,031,194	(519,503,485)
Zakat and Income tax expense		(10,297,705)	(16,108,703)
Profit /(Loss) for the period		45,733,489	(535,612,188)
Profit /(Loss) for the period is attributable to:			
Shareholders of the Company		46,881,257	(525,432,227)
Non-controlling interests		(1,147,768)	(10,179,961)
		45,733,489	(535,612,188)
Earnings /(Loss) per share			
Basic and diluted earnings /(loss) per share	10	0.22	(2.50)

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



Ahmed Albelbesy
Chief Financial Officer



Marwan Moukarzel
Chief Executive Officer



Fawaz Abdulaziz Al Hokair
Chairman

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


Condensed consolidated statement of comprehensive income

For the three-month period ended 30 June 2021

(All Amounts in Saudi Riyals unless otherwise Stated)

	For the three-month period ended 30 June 2021 Unaudited	For the three-month period ended 30 June 2020 Unaudited
Profit /(Loss) for the period	45,733,489	(535,612,188)
Items that will not be reclassified subsequently to profit or loss:	-	-
Re-measurements of defined benefit liability	-	-
Equity investments at FVOCI – net change in fair value	-	-
Items that are or may be reclassified subsequently to profit or loss:		
Foreign operations – foreign currency translation differences	11,157,678	36,213,262
Other comprehensive income for the period	11,157,678	36,213,262
Total comprehensive income/(loss) for the period	56,891,167	(499,398,926)
Total comprehensive income/(loss) for the period attributable to:		
- Shareholders of the Company	57,901,738	(488,768,159)
- Non-controlling interests	(1,010,571)	(10,630,767)
	56,891,167	(499,398,926)

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


Ahmed Albelbesy
Chief Financial Officer


Marwan Moukarzel
Chief Executive Officer


Fawaz Abdulaziz Al Hokair
Chairman

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

Condensed consolidated statement of changes in equity

For the three-month period ended 30 June 2021

(All Amounts in Saudi Riyals unless otherwise Stated)

	Attributable to shareholders of the Company				
	Share capital	Statutory reserve	Foreign currency translation reserve	Total shareholders' equity	Non-controlling interest
Balance at 1 April 2020 (Audited)	2,100,000,000	205,816,329	(579,002,031)	1,614,564,485	(84,870,401)
Loss for the period	-	-	-	(525,432,227)	(10,179,961)
Other comprehensive income/(loss)	-	-	36,664,068	36,664,068	(450,806)
Total comprehensive income/(loss) for the period	-	-	36,664,068	(488,768,159)	(10,630,767)
Balance at 30 June 2020 (Unaudited)	2,100,000,000	205,816,329	(542,337,963)	1,125,796,326	(95,501,168)
Balance at 1 April 2021 (Audited)	2,100,000,000	-	(510,642,899)	551,544,311	(99,970,100)
Profit/(Loss) for the period	-	-	-	46,881,257	(1,147,768)
Other comprehensive income	-	-	11,020,481	11,020,481	137,197
Total comprehensive (loss) / income for the period	-	-	11,020,481	57,901,738	(1,010,571)
Balance at 30 June 2021 (Unaudited)	2,100,000,000	-	(499,622,418)	609,446,049	(100,980,671)
				508,465,378	

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


 Ahmed Albelbessy
 Chief Financial Officer


 Marwan Aloukarzel
 Chief Executive Officer


 Fawaz Abdulaziz Al Hokair
 Chairman

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

For the three-month period ended 30 June 2021

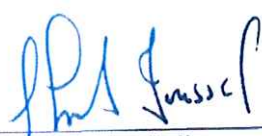
(All Amounts in Saudi Riyals unless otherwise Stated)

	For the three-month period ended 30 June 2021 Unaudited	For the three-month period ended 30 June 2020 Unaudited
Cash flows from operating activities:		
Profit / (loss) for the period	45,733,490	(535,612,188)
<i>Adjustments for:</i>		
- Depreciation on property and equipment	65,267,053	77,778,163
- Depreciation on right-of-use assets	140,733,425	154,705,796
- Provision for employees benefits	4,398,576	7,517,278
- Impairment loss on other receivables	--	28,500,000
- Provision for inventory shrinkage and slow-moving inventory	104,592,421	116,444,345
- Gain on lease termination and modification	(1,279,962)	(3,153,918)
- Zakat expense & Income Tax	10,297,705	16,108,703
- Finance cost over loans and borrowings	30,012,557	36,297,124
- Finance cost over lease liabilities	44,616,275	71,058,299
- Loss on write-off of property and equipment	115,935	1,685,633
- Store closure losses	5,670,078	--
- Rental concession for leases	(8,581,050)	(54,693,851)
	441,576,503	(83,364,616)
<i>Changes in:</i>		
- Inventories	27,088,798	162,561,368
- Advances, deposits and other receivables	(79,442,952)	10,843,989
- Prepayments, rentals and insurance	7,804,578	16,413,076
- Trade and other payables	(153,477,543)	57,947,137
Cash generated from operating activities	243,549,384	164,400,954
Zakat and income tax paid	(1,415,221)	(1,126,298)
Employee benefits paid	(2,508,467)	(2,081,398)
Net cash from operating activities	239,625,696	161,193,258
Cash flows from investing activities:		
Purchase of property and equipment	(42,868,290)	(13,425,898)
Purchase of intangible assets	(11,189,329)	(1,151,615)
Disposal of intangible assets	5,551	13,490
Investment in term deposits	--	(25,000,000)
Net cash used in investing activities	(54,052,068)	(39,564,023)

Fawaz Abdulaziz Al Hokair & Company (a Saudi Joint Stock Company)
Condensed consolidated statement of cash flows (continued)
For the three-month period ended 30 June 2021

	For the three-month period ended 30 June 2021 Unaudited	For the three-month period ended 30 June 2020 Unaudited
Cash flows from financing activities:		
Repayments of loans and borrowings	(125,343,671)	(49,904,582)
Payments of finance costs over loans and borrowings	(15,809,134)	(1,925,505)
Repayments of lease liabilities	(103,482,374)	(125,170,531)
Payments of finance costs over lease liabilities	(44,616,273)	(71,058,299)
Net cash used in financing activities	(289,251,452)	(248,058,917)
Net decrease in cash and cash equivalents	(103,677,824)	(126,429,682)
Foreign currency exchange translation differences	10,333,104	36,213,262
Cash and cash equivalents at the beginning of period	467,591,552	686,455,380
Cash and cash equivalents at end of period	374,246,832	596,238,960
Cash and cash equivalents represent the following:		
Cash and cash balances	374,246,832	621,238,960
Short term deposits for more than 90 days	--	(25,000,000)
	374,246,832	596,238,960

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


Ahmed Albelbesy
Chief Financial Officer


Marwan Moukarzel
Chief Executive Officer


Fawaz Abdulaziz Al Hokair
Hokair
Chairman

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

Notes to the condensed consolidated interim financial statements

For the three-month period ended 30 June 2021

1. REPORTING ENTITY

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

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

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

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

Notes to the condensed consolidated interim financial statements

For the three-month period ended 30 June 2021

2. GROUP STRUCTURE

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

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

All Amounts in Saudi Riyals unless otherwise Stated.

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

For the three-month period ended 30 June 2021

2. GROUP STRUCTURE (CONTINUED)

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

During the year ended 31 March 2021, the Group has signed a Sale Purchase agreement to acquire 39,253 (25.5%) ordinary shares of Vogacloset Limited, UK (an e-commerce Company) for a total consideration of SR 68,856,933. As at 30 June 2021, the necessary legal formalities for transfer of ownership including the regulatory approvals have not completed.

All Amounts in Saudi Riyals unless otherwise Stated.

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

For the three-month period ended 30 June 2021

3. BASIS OF ACCOUNTING

3.1 Statement of compliance

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

The condensed consolidated interim financial statements were approved by the Board of Directors for issuance on 11 Muharram 1443H (corresponding to 19 August 2021).

3.2 Preparation of financial statements

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

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

3.3 Use of judgements and estimates

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

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

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 2021.

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

For the three-month period ended 30 June 2021

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

Amendments to Standards

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

Standards and pronouncements issued and not yet effective

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

- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)
- Annual Improvements to IFRS Standards 2018–2020
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)
- Reference to the Conceptual Framework (Amendments to IFRS 3)
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1)
- IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts
- Definition of accounting estimate (Amendments to IAS 8)
- Disclosure of Accounting policies (Amendments to IAS 1)
- 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.

6. INTERIM RESULTS

The operations and revenues of the Group are affected by seasonal changes during the year. Therefore, the results of operations for the three-month period ended 30 June 2021, may not provide an accurate indication of the actual results for the full year.

7. INVESTMENT IN AN ASSOCIATE

Associate

FG 4 Limited

Balance as at 1 April 2020
Share of profit for the year
Balance as at 31 March 2021

2,022,462
677,115
2,699,577

Balance as at 1 April 2021
Share of profit for period
Balance as at 30 June 2021

2,699,577
--
2,699,577

All Amounts in Saudi Riyals unless otherwise Stated.

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

For the three-month period ended 30 June 2021

8. OTHER INVESTMENTS

	Equity securities at FVTPL (i)	Equity securities at FVOCI (ii)	Total
Cost			
Balance at 1 April 2021	200,000,000	84,432,122	284,432,122
Additions	--	--	--
Balance at 30 June 2021	200,000,000	84,432,122	284,432,122
Revaluation adjustments			
Balance at 1 April 2021	15,860,000	--	15,860,000
Change in fair value during the period	--	--	--
Exchange translation gain	--	687,378	687,378
Balance at 30 June 2021	15,860,000	687,378	16,547,378
Net Book Value at 30 June 2021	215,860,000	85,119,500	300,979,500
<hr/>			
Cost			
Balance at 1 April 2020	200,000,000	--	200,000,000
Additions	--	84,432,122	84,432,122
Balance at 31 March 2021	200,000,000	84,432,122	284,432,122
Revaluation adjustments			
Balance at 1 April 2020	--	--	--
Change in fair value during the year	15,860,000	--	15,860,000
Balance at 31 March 2021	15,860,000	--	15,860,000
Net Book Value at 31 March 2021	215,860,000	84,432,122	300,292,122

- i. This represents investment in 20,000,000 units of Al Mubarak Real Estate Income Fund –II (the “fund”) with a nominal value of SR 10 each which has been acquired by the Company in exchange of its share of ownership of an investment property. The fund is a private closed ended real estate investment fund and the Group acquired its units on 16 December 2019.
- ii. On 31 March 2021, the Group has acquired 8.9% shares in Egyptian Centers for Real Estate Development in consideration for the settlement of a receivable from Egyptian Centers. The Group has designated the investment at FVOCI at initial recognition.

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

For the three-month period ended 30 June 2021

9. LOANS AND BORROWINGS

	<i>Notes</i>	30 June 2021	31 March 2021
Islamic facility with banks (Murabaha)	(i)	2,986,107,805	2,985,507,515
Islamic banking facilities of Non - GCC subsidiaries	(ii)	--	3,541,520
Financing against inventory	(iii)	--	116,693,493
Banking facilities of GCC subsidiaries	(iv)	13,183,625	18,292,283
		2,999,291,430	3,124,034,811
Short term borrowings		13,183,625	138,527,296
Current portion of long term borrowings		695,709,674	681,057,083
Loans and Borrowings - Current liabilities		708,893,299	819,584,379
Loans and Borrowings - Non Current liabilities		2,290,398,131	2,304,450,432
		2,999,291,430	3,124,034,811

i.

Islamic facility with banks (Murabaha) – Gross	3,000,000,000	3,000,000,000
Less : Unamortized transaction cost	13,892,195	14,492,485
	2,986,107,805	2,985,507,515

The Group signed a long-term Murabaha financing agreement with a National Commercial Bank as the Murabaha Investment Agent and Murabaha Participants, amounting to facilities of SAR 2,400 million and USD 166,000 on 1 March 2020. As per the terms of the agreement, the term of the Murabaha facility is for a period of seven years. The Murabaha facility is secured by promissory notes issued by the Company. The facility is repayable in six half yearly installments commencing after 12 months from the date of signing the agreement. As at 30 June 2021, the Group has fully utilized this facility.

The loans contain certain financial covenants. A breach of covenants may lead to renegotiation including increase in profit rates, withdrawal of facility or repayment on demand. The covenants are monitored on a periodic basis by management. In case of potential breach, actions are taken by management to ensure compliance. The interest rate on this facility is SIBOR + 2.4% on loan tranche taken in SAR and LIBOR + 2.7% on loan tranche taken in USD. During the three-month period ended 30 June 2021, there has been non-compliance of certain covenants on the outstanding facility. The Company is currently renegotiating the financial covenants under this facility. However, as of 30 June 2021, the non-compliance has no impact on these condensed consolidated interim financial statements including classification of the liability as at period end.

- ii. The Group has short-term Murabaha facilities with local and foreign commercial banks amounting to SR 100 million (2020: SR 100 million). The facilities are secured by promissory notes by the Group and utilized for working capital management.
- iii. During 2020, the Group entered into an arrangement with an unrelated counterparty whereby the Group sold certain inventory items for SR 137.3 million and repurchased the same for SR 150 million with a settlement term of 1 year. As the Group continued to retain control over these inventory items the arrangement does not qualify as sale and purchase transaction. The full amount due under the arrangement has been repaid during the year along with the related finance cost on the borrowing.
- iv. The borrowings under GCC subsidiaries are secured by corporate guarantee given by the Parent Company. The facility is for short-term period on prevailing market terms. As at 30 June 2021, the Group had no unutilized facility.

All Amounts in Saudi Riyals unless otherwise Stated.

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

For the three-month period ended 30 June 2021

10. EARNINGS/ (LOSS) PER SHARE

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

	3 month period ended 30 June 2021 Unaudited	3month period ended 30 June 2020 Unaudited
Weighted average number of ordinary shares	210,000,000	210,000,000
Profit/(Loss) attributable to ordinary shareholders	46,881,257	(525,432,227)
Basic and diluted loss per share	0.22	(2.50)

11. OPERATING SEGMENTS

A. Basis for segmentation

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

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

Reportable segments

The following table describes the operations of each reportable segment:

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

Geographical information

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

All Amounts in Saudi Riyals unless otherwise Stated.

For the three-month period ended 30 June 2021

B. Information about reportable segments and geographical information

Reportable segments

Statement of financial position

2020

Statement of financial position

All Amounts in Saudi Riyals unless otherwise Stated.

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

For the three-month period ended 30 June 2021

12. REVENUE

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

	Three-month period ended 30 June 2021 (Unaudited)		
	Kingdom of Saudi Arabia	International Countries	Total
Apparels	1,103,217,182	162,030,876	1,265,248,058
Footwear & accessories	79,111,191	21,160,247	100,271,438
Others	192,274,007	25,867,224	218,141,231
Fashion retail	1,374,602,380	209,058,347	1,583,660,727
Food & beverages	107,102,306	--	107,102,306
Indoor entertainment	--	9,941,738	9,941,738
Total revenue	1,481,704,686	219,000,085	1,700,704,771

	Three-month period ended 30 June 2020 (Unaudited)		
	Kingdom of Saudi Arabia	International Countries	Total
Apparels	407,626,296	57,628,472	465,254,768
Footwear & accessories	26,777,800	11,012,964	37,790,764
Others	41,970,347	715,388	42,685,735
Fashion retail	476,374,443	69,356,824	545,731,267
Food & beverages	19,144,003	--	19,144,003
Indoor entertainment	--	73,734	73,734
Total revenue	495,518,446	69,430,558	564,949,004

13. COST OF REVENUE

	Three-month period ended 30 June 2021 Unaudited	Three-month period ended 30 June 2020 Unaudited
Cost of goods sold	984,061,154	526,968,247
Employees' salaries and benefits	185,233,968	97,638,971
Depreciation on right-of-use assets	140,733,425	154,705,796
Utilities and maintenance	23,117,877	11,414,720
Rent expense	9,739,175	2,681,170
Travelling	1,604,979	369,689
Others	23,612,472	13,895,554
	1,368,103,050	807,674,147

14. OTHER OPERATING EXPENSES & INCOME

a) Other operating Expenses

	Three-month period ended 30 June 2021 Unaudited	Three-month period ended 30 June 2020 Unaudited
Foreign exchange loss	9,000,988	--
Store closure losses	5,670,078	34,677,024
Loss on write-off of property and equipment	115,935	1,685,633
	14,787,001	36,362,657

i. Represents write off related to assets for closed stores which were no more usable.

All Amounts in Saudi Riyals unless otherwise Stated.

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

For the three-month period ended 30 June 2021

14. OTHER OPERATING EXPENSES & INCOME (Continued)

b) Other operating income

		Three-month period ended 30 June 2021 Unaudited	Three-month period ended 30 June 2020 Unaudited
	<i>Notes</i>		
Rental concession for leases		8,581,050	54,693,851
Finance income on receivable from disposal of subsidiary	16	5,000,000	5,000,000
Gain on lease termination and modification		1,279,962	3,153,918
Foreign exchange gain		--	1,153,629
Others		3,535,570	698,723
		18,396,582	64,700,121

15. RELATED PARTIES

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

15.1 Key management personnel compensation

Key management personnel compensation is comprised as follows:

	30 June 2021	30 June 2020
Salaries and short-term benefits	3,392,303	1,370,928
Post-employment benefits	1,540,825	2,108,728
Board of Directors and board committees' remuneration	1,000,000	1,000,000
Total key management compensation	5,933,128	4,479,656

15.2 Related party transactions

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

<u>Name of related party</u>	<u>Nature of relationship with related party</u>	<u>Relationship</u>	30 June 2021 (Unaudited)	30 June 2020 (Unaudited)
Arabian Centers Company	Lease payments	Affiliate	125,000,000	106,427,165
Saudi FAS Holding Company	Expenses paid on behalf of Company	Shareholder	2,011,145	--
	Transfer of balance due from disposal of subsidiary (Note 16)		75,000,000	75,000,000
Al Farida Trading Agencies	Services and payments	Equity accounted investee	1,330,877	1,593,426
Hajen Company Limited	Printing and advertisement	Affiliate	301,962	--
Wonderful Meals Company	Purchase of goods	Affiliate	1,259,832	--

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

All Amounts in Saudi Riyals unless otherwise Stated.

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

For the three-month period ended 30 June 2021

16. RECEIVABLE FROM DISPOSAL OF SUBSIDIARIES

Current Portion:

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

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

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

During the period, final installment of SR 75 million (2020: SR 75 million) has been transferred as receivable from Saudi FAS Holding Company (Company jointly owned by the Chairman who had secured the consideration on his personal guarantee) based on mutual agreement. Please refer to Note 15.

17. FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT

A. Accounting classification and fair values

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

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

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

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

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

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

All Amounts in Saudi Riyals unless otherwise Stated.

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

For the three-month period ended 30 June 2021

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

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

	30 June 2021				
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets					
FVTPL					
Al Mubarak Real Estate Income Fund –II	215,860,000	--	215,860,000	--	215,860,000
FVOCI – equity instruments					
Egyptian Centres for Real Estate Development	85,119,500	--	--	85,119,500	85,119,500
	31 March 2021				
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets					
FVTPL					
Al Mubarak Real Estate Income Fund –II	215,860,000	--	215,860,000	--	215,860,000
FVOCI – equity instruments					
Egyptian Centres for Real Estate Development	84,432,122	--	--	84,432,122	84,432,122

Financial Liabilities

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

B. Valuation techniques and significant unobservable inputs

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

Type	Valuation technique and significant unobservable inputs
Equity securities	<p>The valuation model is based on discounted cash flows and considers the present value of the expected future income receivable under lease agreements and forecast take-up of vacant units, discounted using a risk-adjusted discount rate. The estimate is adjusted for the net debt of the investee.</p> <p>Significant unobservable inputs include expected cash flows and risk adjusted discount rate. The estimated fair value would increase (decrease) if:</p> <ul style="list-style-type: none"> - the expected cash flows were higher (lower); or - the risk-adjusted discount rate was lower (higher).

All Amounts in Saudi Riyals unless otherwise Stated.

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

For the three-month period ended 30 June 2021

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

C. Financial risk management

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

- Credit risk
- Liquidity risk
- Market risk

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

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

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

C-1. Credit risk

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

	31 June 2021	31 March 2021
Cash at bank	345,988,471	451,840,180
Advances, deposits and other receivables	298,715,729	212,715,685
Receivable from disposal of a subsidiary and brands	--	75,000,000
	644,704,200	739,555,865

Credit risk on receivable and bank balances is limited as:

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

C-2 Liquidity risk

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

Management monitors the liquidity risk on a regular basis and ensures that sufficient funds are available to meet the Group's future commitments

All Amounts in Saudi Riyals unless otherwise Stated.

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

For the three-month period ended 30 June 2021

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

C. Financial risk management (continued)

C-3 Market risk

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

18. COMMITMENTS AND CONTINGENCIES

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

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

Type	Nature	June 2021	March 2021
Letter of credits	Purchase of retail trading inventory	454,812,547	468,253,215
Letter of guarantees	Bid bonds, contracts advance payments and performance bonds	483,059,148	476,054,026

19. IMPACT OF COVID-19

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

Given the global political and economic uncertainty resulting from the COVID-19 pandemic, coupled with the fast-paced changes taking place across the retail sector, the Group expects to see significant volatility and business disruption in period 2021 - 2022. During the quarter ended 30 June 2021, business has shown a healthy recovery with increase in customer footfall, increasing the revenue and showing a comparative growth.

The Group's management continues to study and follow up all the variables that affect the Group's activities, however, due to the inability to determine the time period of this pandemic and the precautionary measures and procedures as to what will emerge in the future, it is currently difficult to determine the size and extent of any financial impact accurately on the results of the Group up to the date of issuance of these condensed consolidated financial statements. However, the Group does not anticipate any significant adverse implication in the future related to the Group remaining as a going concern.

20. SUBSEQUENT EVENTS

There have been no significant subsequent events since the period end that would have a material impact on the financial position of the Group as reflected in these condensed consolidated interim financial statements.

All Amounts in Saudi Riyals unless otherwise Stated.