Arabian Centres Company and its Subsidiaries
(A Saudi Joint Stock Company)
Consolidated Financial Statements
For the year ended 31 March 2020
together with
Independent Auditor's Report

Arabian Centres Company and its Subsidiaries
(A Saudi Joint Stock Company)
Consolidated Financial Statements
For the year ended 31 March 2020

INDEX	**PAGE**
Independent Auditor’s Report	1-7
Consolidated statement of financial position	8
Consolidated statement of profit or loss	9
Consolidated statement of comprehensive income	10
Consolidated statement of changes in equity	11
Consolidated statement of cash flows	12 & 13
Notes to the consolidated financial statements	14-58

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Licence No. 46/11/323 issued 11/3/1992

Independent Auditor's Report

To the Shareholders of Arabian Centres Company

Opinion

We have audited the consolidated financial statements of Arabian Centres Company ("the Company") (and its subsidiaries) (collectively referred to as "the Group"), which comprise the consolidated statement of financial position as at 31 March 2020, the consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 March 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Certified Public Accountants (SOCPA).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the consolidated Financial Statements section of our report. We are independent of the Group in accordance with the professional code of conduct and ethics that are endorsed in the Kingdom of Saudi Arabia that are relevant to our audit of the consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent Auditor's Report

To the Shareholders of Arabian Centres Company (continued)

<table>
<tr><th colspan="2">The going concern basis of accounting</th></tr>
<tr><td colspan="2">See Note 37 to the consolidated financial statements.</td></tr>
<tr><td>The key audit matter</td><td>How the matter was addressed in our audit</td></tr>
<tr><td>Due to the on-going Covid-19 pandemic, the business environment and operating conditions have been significantly impacted for almost all businesses including the Group's business. Temporary closure or limited operations of malls and restricted movements of shoppers were some of the key challenges that the Group faced during the period from 16 March 2020 until 20 June 2020. While the malls have now fully reopened, however, a lot of uncertainty still remains regarding the operating conditions of malls and unpredictability of behaviour of shoppers and retailers in the post lockdown environment. These factors impact future performance and cash flows of the Group.

To evaluate the Group's ability to continue as a going concern considering the impact of pandemic on business continuity, the Management has prepared a detailed assessment and has among other factors considered the following factors in preparing its assessment:

- expected future cash flows including the impact of discounts on rentals and relief packages offered by the Group to its tenants,
- financing facilities available to the Group and impact of the associated covenants, and
- cost saving options planned by the Group including impact of any Government support schemes or relief packages

We have identified the assessment of Going concern as a key audit matter in our audit, due to the significance of judgements and assumptions applied by management in preparing its assessment of going concern under an unpredictable future economic environment and relatively restricted operating conditions.</td><td>Our audit procedures in this area, included among others:

– Assessing the liquidity position of the Group as at reporting date, considering health of the Group's liquidity ratios and its ability to meet its financial obligations as and when they become due.

– Inquiring from management and the Board of Directors regarding the Group's ability to continue as a going concern

– Assessing the business plan prepared by management and considering the judgments used and assumptions applied by the management in its business plan including the following:

○ Management's expectations of future rentals and cash flows, including the contracted status of the rental revenue, revenue contracted period, expected reduction due to discounts and relief to be offered to tenants and recoverability of future rentals

○ ability of the Group to obtain financing facilities from lenders for operational support including potential risk and impact, if any, of possible financing covenant non-compliances; and

○ financial impact of cost saving options planned to be implemented by the Group in their business plan.

– Assessing the accuracy and reasonableness of the underlying information used to prepare the business plan; and

– Evaluating the adequacy of the disclosures, in light of the requirements of the relevant financial reporting standards.</td></tr>
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Independent Auditor's Report

To the Shareholders of Arabian Centres Company (continued)

Revenue recognition	
See Note 4 and 25 to the consolidated financial statements.	
The key audit matter	**How the matter was addressed in our audit**
During the year ended 31 March 2020, the Group has recognized total revenue of SAR 2.20 billion (31 March 2019: SAR 2.18 billion). The Group revenue mainly consists of rental income from lease contract. Revenue recognition is considered a key audit matter since revenue is a key measure of the Group's performance and there is a risk that revenue may be overstated resulting from the pressure management may feel to achieve performance targets, specially in current pandemic situation, and may recognize revenue through unauthorized amendments to key terms of lease contracts, ignore discounts offered to customers or accelerate recognition of revenue through accrual in incorrect period by adjusting system configuration.	Our audit procedures in this area, included among others: – Assessing the Group accounting policies by considering the requirements of relevant accounting standards; – Assessing the design and implementation, and testing the operating effectiveness of both manual and automated controls over: ○ Entering key terms of the Contract in the system ○ Making amendments to critical terms of lease contracts without tenant's acknowledgements, whether through manual input or through unauthorised system access; and ○ Recognition of revenue accurately over the term of the lease contracts including the system configuration control – Evaluating key contractual arrangements including rental discounts by considering relevant documentations and agreements with the customers; – Testing revenue recognized during the year from a sample of lease contracts to assess whether revenue recognized under these contracts complies with Group's revenue recognition and terms of the lease contracts; – Obtaining, on a sample basis, accounts receivable balance confirmations from the Group's tenants and investigating any discrepancies indicating any incorrect recognition of revenue; – Testing manual journal entries posted to revenue account to identify any unusual items; – Performing cut off procedures to assess that revenue is recognised in the correct period; and – Evaluating the disclosures included in the consolidated financial statements.

Independent Auditor's Report

To the Shareholders of Arabian Centres Company (continued)

Impairment of investment properties	
See Note 4 and 13 to the consolidated financial statements.	
The key audit matter	**How the matter was addressed in our audit**
As at 31 March 2020, the Group owns investment properties with a carrying amount of SR 11.36 billion (31 March 2019: SR 10.98 billion) which are used for earning rentals and to gain from appreciation in value. Considering the fluctuation in real estate prices and possible impact on rentals, the Group assesses at each reporting date whether there is an indication that an investment property may be impaired. If any impairment indication exists, the Group estimates recoverable amount of investment properties using external real estate valuation experts who consider expected future rentals, discount rates and other assumptions in determining the value of these investment properties. We considered this as the key audit matter due to the significant judgment and the key assumptions involved in determining the recoverable amount of the investment properties.	Our audit procedures in this area, included among others: – Evaluating the experience and qualification of the real estate valuation experts appointed by management and considering the expert's suitability for the valuation of investment properties; – Involving our specialist to assess the key assumptions used by the real estate valuation experts in determining the value of the investment properties; – Agreeing the specific details (area, location etc.) of the investment properties as per the valuation reports with Group's records and title deeds of the investment properties; – Comparing the recoverable amount of the investment properties as per the Valuation Report with their carrying values to check whether recognition of any impairment loss is required; and – Evaluating the adequacy of the disclosures included in the consolidated financial statements.

Lease arrangements (Transition) – IFRS 16

See Note 5 and 15 to the consolidated financial statements.

The key audit matter	How the matter was addressed in our audit
The Group has adopted IFRS 16 in the financial statements for the year ended 31 March 2020 for the first time which has introduced a single, on-balance sheet accounting model for lessees. Consequently, the Group, as a lessee, has recognized right-of-use assets representing its rights to use the underlying assets and lease liabilities representing its obligation to make lease payments. The Group has applied IFRS 16 using the modified retrospective approach. Accordingly, the comparative information presented for 2019 has not been restated – i.e. it is presented, as previously reported, under IAS 17 and related interpretations. We considered this as a key audit matter because the calculations of amounts underlying the Right-of-use assets and the corresponding lease liabilities involve new processes for collecting data and complex rules. The assumptions and estimates include assessment of lease term and the determination of appropriate discount rates.	Our audit procedures in this area, included among others: – Evaluating the appropriateness of the selection of accounting policies based on the requirements of IFRS 16, our business understanding and industry practice; – Considering the appropriateness of the transition approach and practical expedients applied; – Evaluating management's process for identifying lease contracts to be assessed based on the selected transition approach and any practical expedients applied; – Evaluating the completeness, accuracy and relevance of data used in preparing the transition adjustments; and – Evaluating the completeness, accuracy and relevance of the transition disclosures.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the consolidated financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, when made available to us, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Independent Auditor's Report

To the Shareholders of Arabian Centres Company (continued)

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, the applicable requirements of the Regulations for Companies and Company's By-laws and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, board of directors, are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 'Reasonable assurance' is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

– Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

– Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

– Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

– Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, then we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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Independent Auditor's Report

To the Shareholders of Arabian Centres Company (continued)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit of Arabian Centres Company ("the Company") and its subsidiaries ("the Group").

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

For KPMG Al Fozan & Partners
Certified Public Accountants

Hani Hamzah A. Bedairi
License No: 460

Al Riyadh, 2 Dhul Qi'dah 1441H
Corresponding to: 23 June 2020

كي بي ام جي الفوزان وشركاه
محاسبون ومراجعون قانونيون
C.R. 46 KPMG س.ت.م رقم ٤٦
Certified Public Accountants
KPMG Al Fozan & Partners

Arabian Centres Company and its Subsidiaries
(A Saudi Joint Stock Company)
Consolidated statement of financial position
As at 31 March 2020

	Note	**31 March 2020 SR**	31 March 2019 SR
Assets			
Current assets			
Cash and cash equivalents	*7*	**1,045,680,193**	457,670,983
Accounts receivable	*8*	**234,254,125**	299,245,146
Amounts due from related parties	*9*	**591,222,957**	567,558,035
Prepayments and other current assets	*10*	**138,790,964**	96,244,969
Accrued revenue (rentals)		**69,362,957**	30,191,211
Total current assets		**2,079,311,196**	1,450,910,344
Non-current assets			
Advances to a contractor, related party – non-current portion	*9*	**614,438,352**	604,914,076
Accrued revenue (rentals) – non-current portion		**99,835,361**	60,382,421
Investment in an equity-accounted investee	*11*	**53,079,928**	42,238,721
Other investments	*12*	**104,463,375**	108,708,763
Investment properties	*13*	**11,356,912,845**	10,983,848,465
Property and equipment	*14*	**91,474,811**	114,773,889
Right-of-use assets	*15*	**3,561,974,788**	--
Total non-current assets		**15,882,179,460**	11,914,866,335
Total assets		**17,961,490,656**	13,365,776,679
Liabilities and equity			
Liabilities			
Current liabilities			
Lease liabilities – current portion	*15*	**338,065,081**	--
Current portion of long-term loans	*16*	**45,000,000**	501,875,532
Accounts payable	*17*	**149,442,700**	217,760,402
Amounts due to related parties	*9*	**3,899,682**	22,499,022
Unearned revenue	*18*	**177,225,232**	305,506,061
Accrued lease rentals		--	11,480,894
Accruals and other current liabilities	*19*	**232,071,497**	326,082,270
Zakat payable	*20*	**78,524,952**	82,457,716
Total current liabilities		**1,024,229,144**	1,467,661,897
Non-current liabilities			
Lease liabilities – non-current portion	*15*	**3,899,162,750**	--
Long-term borrowings	*16*	**6,970,743,077**	6,239,159,152
Accrued lease rentals – non-current portion		--	515,366,044
Employees' end-of-service benefits	*21*	**30,370,714**	31,744,170
Other non-current liabilities	*19*	**52,729,339**	47,085,296
Total non-current liabilities		**10,953,005,880**	6,833,354,662
Total liabilities		**11,977,235,024**	8,301,016,559
Equity			
Share capital	*22*	**4,750,000,000**	4,450,000,000
Share premium	*22*	**411,725,703**	--
Statutory reserve	*23*	**513,092,734**	449,699,309
Other reserves		**(18,103,542)**	(18,272,000)
Retained earnings		**326,282,581**	183,241,759
Equity attributable to the shareholders of the Company		**5,982,997,476**	5,064,669,068
Non-controlling interests		**1,258,156**	91,052
Total equity		**5,984,255,632**	5,064,760,120
Total liabilities and equity		**17,961,490,656**	13,365,776,679

The accompanying notes from 1 to 38 form an integral part of these consolidated financial statements.

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

Arabian Centres Company and its Subsidiaries
(A Saudi Joint Stock Company)
Consolidated statement of profit or loss
For the year ended 31 March 2020

	Note	**31 March 2020**	31 March 2019
		SR	SR
Revenue	*25*	**2,197,315,187**	2,176,399,680
Cost of revenue			
- Direct costs	*26*	**(316,594,593)**	(521,177,627)
- Depreciation of right-of-use assets	*15*	**(155,864,844)**	--
- Depreciation of investment properties	*13*	**(286,418,176)**	(256,916,024)
- Write-off of investment properties		**--**	(4,397,441)
Gross profit		**1,438,437,574**	1,393,908,588
Other income	*27*	**12,678,935**	10,697,190
Other expense	*28*	**(3,376,868)**	(6,821,779)
Advertisement and promotion expenses	*29*	**(12,946,592)**	(5,642,340)
Impairment loss on accounts receivable	*8*	**(119,264,999)**	(43,524,466)
General and administration expenses	*30*	**(182,674,510)**	(171,821,914)
Operating profit		**1,132,853,540**	1,176,795,279
Share of profit of equity-accounted investee	*11*	**15,841,207**	11,569,399
Interest expense on lease liabilities	*15*	**(134,543,493)**	--
Finance cost	*31*	**(351,259,733)**	(439,540,747)
Profit before zakat		**662,891,521**	748,823,931
Zakat (expense)/ reversal	*20*	**(20,290,170)**	55,276,825
Profit for the year		**642,601,351**	804,100,756
Profit for the year attributable to:			
Shareholders of the Company		**633,934,247**	789,599,943
Non-controlling interests		**8,667,104**	14,500,813
		642,601,351	804,100,756
Earnings per share:			
Basic and diluted earnings per share attributable to the Shareholders of the Company	*32*	**1.35**	1.77

The accompanying notes from 1 to 38 form an integral part of the consolidated financial statements.

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

Arabian Centres Company and its Subsidiaries
(A Saudi Joint Stock Company)
Consolidated statement of comprehensive income
For the year ended 31 March 2020

	Note	**31 March 2020 SR**	31 March 2019 SR
Profit for the year		**642,601,351**	804,100,756
Other comprehensive income			
Item that will not be reclassified to profit or loss			
Re-measurement of defined benefit liability	*21*	**3,969,458**	(1,555,000)
Other investment at FVOCI – net change in fair value	*12*	**(3,801,000)**	1,900,000
Total comprehensive income for the year		**642,769,809**	804,445,756
Total comprehensive income for the year attributable to:			
Shareholders of the Company		**634,102,705**	789,944,943
Non-controlling interests		**8,667,104**	14,500,813
		642,769,809	804,445,756

The accompanying notes from 1 to 38 form an integral part of these consolidated financial statements.

Jabri Maali
Chief Financial Officer

Faisal Abdullah Al Jedaie
Chief Executive Officer

Fawaz Alhokair
Chairman

Arabian Centres Company and its Subsidiaries
(A Saudi Joint Stock Company)
Consolidated statement of changes in equity
For the year ended 31 March 2020

	Attributable to Shareholders of the Company						Non-controlling interests	Total equity
	Share capital	Share premium	Statutory reserve	Other reserves	Retained earnings	Total		
	SR	SR	SR	SR	SR	SR	SR	SR
Balance at 1 April 2018	**4,450,000,000**	--	**370,739,315**	**2,759,217**	**77,572,310**	**4,901,070,842**	**3,881,812**	**4,904,952,654**
Impact of adoption IFRS 9 ECL	--	--	--	--	35,053,283	35,053,283	1,708,427	36,761,710
Impact of adoption IFRS 9 FVTOCI	--	--	--	(21,400,000)	--	(21,400,000)	--	(21,400,000)
Impact of adoption IFRS 9 FVTPL	--	--	--	23,783	(23,783)	--	--	--
Profit for the year	--	--	--	--	789,599,943	789,599,943	14,500,813	804,100,756
Other comprehensive income for the year	--	--	--	345,000	--	345,000	--	345,000
Total comprehensive income for the year	--	--	--	345,000	789,599,943	789,944,943	14,500,813	804,445,756
Transfer to statutory reserve	--	--	78,959,994	--	(78,959,994)	--	--	--
Transactions with the shareholders of the Company								
Dividends (note 9 and note 24)	--	--	--	--	(640,000,000)	(640,000,000)	(20,000,000)	(660,000,000)
Balance at 31 March 2019	**4,450,000,000**	--	**449,699,309**	**(18,272,000)**	**183,241,759**	**5,064,669,068**	**91,052**	**5,064,760,120**
Balance at 1 April 2019	**4,450,000,000**	--	**449,699,309**	**(18,272,000)**	**183,241,759**	**5,064,669,068**	**91,052**	**5,064,760,120**
Profit for the year	--	--	--	--	**633,934,247**	**633,934,247**	**8,667,104**	**642,601,351**
Other comprehensive income for the year	--	--	--	**168,458**	--	**168,458**	--	**168,458**
Total comprehensive income for the year	--	--	--	**168,458**	**633,934,247**	**634,102,705**	**8,667,104**	**642,769,809**
Issue of shares (note 22)	**300,000,000**	**411,725,703**	--	--	--	**711,725,703**	--	**711,725,703**
Transfer to statutory reserve	--	--	**63,393,425**	--	**(63,393,425)**	--	--	--
Transactions with the shareholders of the Company								
Dividends (note 9 and note 24)	--	--	--	--	**(427,500,000)**	**(427,500,000)**	**(7,500,000)**	**(435,000,000)**
Balance at 31 March 2020	**4,750,000,000**	**411,725,703**	**513,092,734**	**(18,103,542)**	**326,282,581**	**5,982,997,476**	**1,258,156**	**5,984,255,632**

The accompanying notes from 1 to 38 form an integral part of these consolidated financial statements.

Jabri Maali
Chief Financial Officer

Faisal Abdullah Al Jedaie
Chief Executive Officer

Fawaz Alhokair
Chairman

Arabian Centres Company and its Subsidiaries
(A Saudi Joint Stock Company)
Consolidated statement of cash flows
For the year ended 31 March 2020

	Note	31 March 2020 SR	31 March 2019 SR
Cash flows from operating activities			
Profit before Zakat		**662,891,521**	748,823,931
Adjustments for:			
Depreciation of investment properties	13	**286,418,176**	256,916,024
Depreciation of property and equipment	14	**30,784,955**	35,407,948
Depreciation of right of use assets	15	**159,631,890**	--
Share of profit of equity accounted investee	11	**(15,841,207)**	(11,569,399)
Finance cost	31	**351,259,733**	439,540,747
Interest expense on lease liabilities	15	**134,543,493**	--
Provision for employees' end-of-services benefits	21	**7,164,937**	6,471,000
Impairment loss on accounts receivable	8	**119,264,999**	43,524,466
Impairment on advances to suppliers	28	**2,822,235**	6,069,287
Write-off of investment properties	13	**--**	4,397,441
Change in fair value of other investments (FVTPL)		**444,388**	267,454
		1,739,385,120	1,529,848,899
Changes in:			
Accounts receivable		**(54,273,978)**	(59,274,726)
Amounts due from related parties, net		**(137,101,460)**	(879,121,000)
Prepayments and other current assets		**(91,050,374)**	(23,502,552)
Accounts payable		**(35,364,277)**	(49,107,067)
Accrued revenue (rentals)		**(78,624,688)**	8,380,458
Accrued lease rentals		**--**	11,646,965
Unearned revenue		**(128,280,829)**	28,253,821
Accruals and other current liabilities		**(34,982,360)**	(63,179,614)
Cash generated from operating activities		**1,179,707,154**	503,945,184
Employees' end-of-service benefits paid	21	**(4,568,935)**	(6,620,000)
Zakat paid	20	**(5,877,732)**	--
Net cash from operating activities		**1,169,260,487**	497,325,184
Cash flows from investing activities			
Additions to investment properties	13	**(451,715,349)**	(444,931,448)
Purchase of property and equipment	14	**(7,485,877)**	(13,450,541)
Dividend received from an associate	11	**5,000,000**	9,000,000
Advances to a contractor, related party		**(9,524,274)**	(249,714,101)
Net cash used in investing activities		**(463,725,500)**	(699,096,090)
Cash flows from financing activities			
Payment of financial charges		**(384,093,476)**	(168,360,882)
Dividends paid		**(427,500,000)**	--
Payment of lease liabilities		**(282,059,608)**	--
Proceeds from long-term borrowings	16	**5,368,675,202**	7,086,318,069
Proceeds from Sukuk		**1,874,950,000**	
Payment of transaction costs	16	**(114,671,202)**	(91,692,960)
Repayment of long-term borrowings	16	**(6,932,826,693)**	(6,227,173,306)
Proceeds from initial public offering		**780,000,000**	--
Dividend paid by subsidiary to non-controlling interest shareholders		**--**	(20,000,000)
Net cash (used in)/ from financing activities		**(117,525,777)**	579,090,921
Net increase in cash and cash equivalents		**588,009,210**	377,320,015
Cash and cash equivalents at the beginning of the year	7	**457,670,983**	80,350,968
Cash and cash equivalents at end of the year	7	**1,045,680,193**	457,670,983

Non-cash transactions:			
Right-of-use assets	*5*	**3,656,779,235**	--
Lease liability on right-of-use assets	*5*	**4,171,064,692**	--
Prepaid rent reclassified to right-of-use assets	*5*	**46,400,060**	--
Capitalized finance cost for project under construction		**53,341,300**	50,144,855
Capitalized depreciation of right-of-use assets for project under construction	*15*	**57,750,995**	--
Capitalized interest expense on lease liabilities for project under construction	*15*	**91,470,816**	--
Non-controlling interest dividends settled through adjusting amounts due to related parties		**7,500,000**	--
Capitalized arrangement fees for project under construction		**5,574,316**	--
Accruals and other current liabilities reclassified to right-of-use assets	*5*	**808,475**	--
Initial public offering transaction costs	*22*	**68,274,297**	--
Dividends settled through Ultimate Parent Company's account	*9 & 24*	--	640,000,000
Investment property transferred to related parties	*9 & 13*	--	(83,867,364)
Zakat payable transferred to the Ultimate Parent Company	*9 & 20*	**18,345,202**	8,825,429
Capitalized rent- investment properties		--	142,545,087
Impact of adoption IFRS opening		--	36,761,710
Rent free period - Investment properties		--	(90,461,596)
Accounts payable transferred to the Ultimate Parent Company		--	9,857,629
Amounts due from related parties settled through the Ultimate Parent Company account		--	(20,500,000)
Property, plant and equipment transferred to the Ultimate Parent Company account		--	(96,282)

The accompanying notes from 1 to 38 form an integral part of these consolidated financial statements.

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

1 CORPORATE INFORMATION AND ACTIVITIES

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 has changed from Saudi Closed Joint Stock Company to Saudi Joint Stock Company.

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

Following is the list of subsidiaries included in these consolidated financial statements as of 31 March 2020 and 31 March 2019:

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

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

2 BASIS OF PREPARATION AND PRESENTATION

Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by Saudi Organization for Certified Public Accountants ('SOCPA') and Company's by-laws.

This is the first set of the Group's financial statements in which IFRS 16 "leases" has been applied and the resultant changes to the significant accounting policies are described in Note 5.

Basis of measurement, functional and presentation currency

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

Basis of consolidation

a) Subsidiaries

Refer to note 3 for details on judgements applied by the Group in respect of determination of control.

The Group re-assesses whether or not it controls an investee, if facts and circumstances indicate that there are changes to the elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed during the period are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit / loss and each component of OCI are attributed to the Shareholders of the Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group asset and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A list of subsidiaries is provided in note 1 which also discloses the percentages of ownership.

b) Change in ownership interest

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- derecognizes the assets (including goodwill) and liabilities of the subsidiary;
- derecognizes the carrying amount of any non-controlling interests;
- derecognizes the cumulative translation differences recorded in equity;
- recognizes the fair value of the consideration received;
- recognizes the fair value of any investment retained;
- recognizes any surplus or deficit in the consolidated statement of profit or loss; and
- reclassifies the shareholders' share of components previously recognized in OCI to consolidated statement of profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

2. BASIS OF PREPARATION AND PRESENTATION (CONTINUED)

Basis of consolidation (Continued)

b) Change in ownership interest (continued)

When the Group ceases to consolidate for an investment in subsidiary because of a loss of control, any retained interest in the entity is re-measured to its fair value with the change in carrying amount recognized in the consolidated statement of profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequent accounting for the retained interest as an associate or financial asset. In addition, any amounts previously recognized in OCI in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in OCI are reclassified to the consolidated statement of profit or loss.

c) Non-controlling interests

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income and consolidated statement of changes in equity.

d) Associate

Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies. Investments in an associate is accounted for using the equity method of accounting, after initially being recognized at cost.

Equity method of accounting is used for the investment in an associate. Under the equity method of accounting, the investments are initially recognized at cost and adjusted thereafter to recognize the Group's share of the post-acquisition profits or losses of the investee in the consolidated statement of profit or loss, and the Group's share of movements in OCI of the investee in consolidated statement of comprehensive income, if any.

Dividends received or receivable from an associate are recognized as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealized gains on transactions, if any, between the Group and its associate are eliminated to the extent of the Group's interest in its associate. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Goodwill, if any, relating to the associate is included in the carrying amount of the investment and is neither amortized nor individually tested for impairment.

The aggregate of the Group's share of profit or loss of an associate is shown on the face of the consolidated statement of profit or loss, outside operating income.

After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss on its investment in an associate. At each reporting date, the Group determines whether there is objective evidence that the investment in an associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, then recognizes the loss as 'share in earnings' of an associate in the consolidated statement of profit or loss.

2. BASIS OF PREPARATION AND PRESENTATION (CONTINUED)

Basis of consolidation (Continued)

Upon loss of significant influence over an associate, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognized in the consolidated statement of profit or loss.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognized in OCI are reclassified to the consolidated statement of profit or loss where appropriate.

3 SIGNIFICANT ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses and assets and liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future. These estimates and assumptions are based upon experience and various other factors that are believed to be reasonable under the circumstances and are used to judge the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised or in the revision period and future periods if the changed estimates affect both current and future periods.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material differences in the carrying amounts of assets and liabilities within the next financial period, are presented below. The Group used these assumptions and estimates on the basis available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Impairment test of non-financial assets
Impairment exists when the carrying value of an asset or Cash Generating Unit ("CGU") exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing off the asset. The value in use calculation is based on a Discounted Cash Flow ("DCF") model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future net cash-inflows and the growth rate used for extrapolation purposes.

Provisions
By their nature, provisions are dependent upon estimates and assessments whether the criteria for recognition have been met, including estimates of the probability of cash outflows. Provisions for litigation are based on an estimate of the costs, taking into account legal advice and other information presently available. Provisions for termination benefits and exit costs, if any, also involve management's judgement in estimating the expected cash outflows for other exit costs.

3 SIGNIFICANT ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (CONTINUED)

Provisions for uncertain liabilities involve management's best estimate of whether cash outflows are probable.

Long-term assumptions for employee benefits
Employees' end-of-service benefits represent obligations that will be settled in the future and require assumptions to project obligations. Management is required to make further assumptions regarding variables such as discount rates, rate of salary increase, mortality rates, employment turnover and future healthcare costs. Periodically, management of the Group consults with external actuaries regarding these assumptions. Changes in key assumptions can have a significant impact on the projected benefit obligations and/or periodic employee defined benefit costs incurred.

Measurement of Expected Credit Loss (ECL) allowance for accounts receivable: key assumptions in determining the weighted average loss rate
The Group's exposure to credit risk is influenced mainly by the individual characteristics of the customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with other social-economic factors. Such estimates are based on assumptions relating to those factors and actual results may differ, resulting in future changes to the impairment.

Economic useful lives of investment properties and property and equipment
The Group's management determines the estimated useful lives of its investment properties and property and equipment for calculating depreciation. This estimate is determined after considering the expected usage of the asset or physical wear and tear. The Group periodically reviews estimated useful lives and the depreciation method to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits derived from these assets.

Critical judgements in applying accounting standards

The following critical judgements have the most significant effect on the amounts recognized in the consolidated financial statements:

Component parts of investment properties and property and equipment
The Group's assets, classified within investment properties and property and equipment, are depreciated on a straight-line basis over their economic useful lives. When determining the economic useful life of an asset, it is broken down into significant component parts such that each significant component part is depreciated separately.

Judgement is required in ascertaining the significant components of a larger asset, and while defining the significance of a component, management considers quantitative materiality of the component part as well as qualitative factors such as difference in useful life as compared to related asset, its pattern of consumption and its replacement cycle/maintenance schedule.

Determination of control and significant influence
Management's judgement in assessing control over consolidated subsidiaries:
Subsidiaries are all investees over which the Group has control. The Group's management considers that the Group controls an entity when the Group is exposed to or has rights to variable returns from its involvement with the investee and the ability to use its power over the investee to affect the amount of those returns through its power to direct the relevant activities of the investees.

3 SIGNIFICANT ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (CONTINUED)

Critical judgements in applying accounting standards (continued)

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has equal or less than a majority of the voting or similar rights of an investee, the Group considers all other relevant facts and circumstances in assessing whether it has power over an investee, including any contractual and other such arrangements which may affect the activities which impact investees' return.

The determination about whether the Group has power thus depends on such relevant activities, the way decisions about the relevant activities are made and the rights the Group has in relation to the investees.

In certain cases where the Group owns 50% or less of voting rights, it may still be the single largest shareholder with presence on the governing body giving it power to direct relevant activities of the investees, whereby the other shareholders individually do not hold sufficient voting rights and power to overrule the Group's directions. There is no prior instance of other shareholders collaborating to exercise their votes collectively or to out-vote the Group.

The management has considered the integration of all such investees (where the Group has equal or less than a majority of the voting rights) within the Group structure and located in cities in KSA, the ability of the Group to impact variable returns of the investees through the provision of various key services to such investees, the relationship of the Group with other entities which may impact returns of investees, appointment of certain key management personnel and various other such factors.

Based on above considerations, management of the Group believes:
- there is a pattern of past and existing practice of the Group's involvement in the relevant activities of these investees resulting in an impact on their returns and also indicating a more than passive interest of the Group in such investees; and
- the Group has created an environment in which the set-up and function of these investees and their interrelationship with the Group leads towards a judgement of 'control'.

Hence, the Group has consolidated those investees, which meet the above criteria as part of the Group's consolidated financial statements.

Management's judgement in assessing significant influence over investees:
Judgement was required, particularly where the Group owns shareholding and voting rights of generally 20% and above but where the management does not believe that it has 'control' or 'joint control' over such investee.

In case of such investee, the Group's management has concluded it has 'significant influence' in line with the requirements of IFRSs as endorsed in KSA. Significant influence is defined as the power to participate in the financial and operating policy decisions of the investee but is not 'control' or 'joint control'. IFRSs as endorsed in KSA provides various indicators of 'significant influence', including representation in the Board of Directors and participation in policymaking process.
By virtue of the Group's shareholding rights in the investee's general meetings, as well as the Group's representation on Board of Directors of such investee and the Group's involvement in operating and financial policies and decision making, management believes it has 'significant influence' over such investee ("associate").

The Group is accounting for such investment in an associate under the equity method of accounting.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements have been consistently applied to all periods presented except for IFRS 16 "Leases" which have been applied for the first time as described in note 5. A comparative figure of SAR 499.5 million has been reclassified from "current advances to contractor" to "non-current advances to contractor" to conform to current period presentation.

Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances and short-term deposits with maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value, used by the Group in the management of its short-term commitments and are available to the Group without any restriction.

Foreign currencies

Transactions and balances
Foreign currency transactions are translated into Saudi Riyal (SR) at the rates of exchange prevailing at the time of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated at the exchange rates prevailing at that date. Gains and losses from settlement and translation of foreign currency transactions are included in the consolidated statement of profit or loss. Translation of non-monetary items depends on whether they are recognized at historical cost or at fair value. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Non-monetary assets that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value of the item (i.e. translation differences on items whose fair value gain or loss is recognized in consolidated statement of comprehensive income or consolidated statement of profit or loss).

Current versus non-current classification

The Group presents assets and liabilities in the consolidated statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period; or
- Cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.
- The Group classifies all other liabilities as non-current.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition

Revenue is measured based on the consideration specified in a contract with a customer and is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control – at a point in time or over time – requires judgement.

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding any levies or duty.

Rental income
The Group is the lessor for various operating leases. Rental income arising from operating leases on investment property is accounted for on a straight-line basis over the lease terms and is included in revenue in the consolidated statement of profit or loss due to its operating nature, except for contingent rental income which is recognized when it arises. Accrued revenue is recognized to the extent that the revenue has been earned but not yet billed.

Tenant lease incentives including rental discounts are recognized as a reduction of rental revenue on a straight-line basis over the term of the lease. The lease term is the non-cancellable period of the lease together with any further term for which the tenant has the option to continue the lease, where, at the inception of the lease, the management are reasonably certain that the tenant will exercise that option.

Amounts received from tenants to terminate leases or to compensate for dilapidations are recognized in the consolidated statement of profit or loss when the right to receive them arises.

Turnover rent
The Group recognizes income from turnover rent on the basis of turnover reports submitted by the tenants. In the absence of reports, management makes its own assessment about the tenants achieving or exceeding the stipulated turnover in the lease contracts based on their historical performance.

Service charges, management charges and other expenses recoverable from tenants
Income arising from expenses recharged to tenants is recognized in the period in which the compensation becomes due. Service and management charges related to repairs and maintenance of the building facilities and other such receipts are included in revenue while the related costs, which are included as part of cost of revenue, as the management considers that the Group acts as a principal in this respect.

Service charges related to utilities for heavy users are presented net of the related costs and are recorded as part of "commission income on provisions for utilities for heavy users, net" under revenue in the consolidated statement of profit or loss, since the management considers that the Group acts as an agent in this respect.

Principal versus agent consideration
The Group has evaluated its arrangements to determine whether it is a principal, and report revenues on a gross basis, or an agent, and report revenues on a net basis. In this assessment, the Group has considered if it has obtained control of the specified services before they are transferred to the customer, as well as other indicators such as the party primarily responsible for fulfilment, inventory risk and discretion in establishing price. The Group has concluded it is the principal in all of its revenue arrangements (except for service charges related to utilities for heavy users – as discussed in the previous section) since it is the primary obligor, it has pricing latitude and is also exposed to credit risks.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition (continued)

Presentation and disclosure requirements
As required for the consolidated financial statements, the Group disaggregated revenue recognized from contracts with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. Refer to note (25) for the disclosure on disaggregated revenue.

Interest income
Interest income is recognized using the Effective Interest Rate ("EIR") method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original EIR of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognized using the original EIR.

Dividend income
Dividend income from investments is recognized when the Group's rights to receive payment have been established.

Other income
All other income are recognized on an accrual basis when the Group's right to earn the income is established.

Expenses

Advertisement and promotion expenses principally comprise expenses incurred in promotion and advertisement of the shopping malls. All other expenses are classified as cost of revenues and general and administration expenses.

General and administration expenses include expenses not specifically part of the cost of revenue and promotion and advertising expenses. Allocations between general and administration expenses and cost of revenues, when required, are made on a consistent basis.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of finance and other costs that an entity incurs in connection with the borrowing of funds.

The interest capitalized is calculated using the Group's weighted average cost of borrowings after adjusting for borrowings associated with specific developments. Where borrowings are associated with specific developments, the amount capitalized is the gross interest incurred on those borrowings less any investment income arising on their temporary investment. Interest is capitalized as from the commencement of the development work until the date of practical completion, when substantially all of the development work is completed. The capitalization of borrowing costs is suspended if there are prolonged periods when development activity is interrupted. Borrowing costs is also capitalized on the purchase cost of a site of property acquired specifically for redevelopment, but only where activities necessary to prepare the asset for redevelopment are in progress.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Zakat

Zakat is provided in accordance with the Regulations of the General Authority of Zakat and Tax (GAZT) in the Kingdom of Saudi Arabia on an accrual basis. The zakat expense is charged to the consolidated statement of profit or loss. Differences, if any, resulting from the final assessments are adjusted in the year of their finalization.

In calculating the zakat expense for the current year, the Group has adjusted its profit ad applied certain deductions to its zakat base used to calculate the zakat expenses. However, the zakat legislations of the General Authority of Zakat and Tax (GAZT) in relation to those assessments and deductions are not clear. The Group's management made its best estimates for those assumptions based on industry practice and historical experience.

Property and equipment

Property and equipment is stated at historical cost, net of accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the items. Expenditures on repairs and maintenance are expensed to the consolidated statement of profit or loss in the period they are incurred. Subsequent expenditures that increase the value or materially extend the life of the related assets are capitalized. Leaseholds improvements are amortized on a straight-line basis over the shorter of the useful life of the improvement and the term of the lease.

Depreciation is calculated from the date the item of property and equipment is available for its intended use. It is calculated on a straight-line basis over the useful life of the asset as follows:

	Number of years
Tools and equipment	4 – 8 years
Furniture and fixtures	4 – 10 years
Vehicles	4 years
Leasehold improvements	5 – 6 years
	(Shorter of economic life or lease term)

Residual values, useful lives and methods of depreciation of property and equipment are reviewed on an annual basis, and adjusted prospectively if appropriate, at each reporting date. Properties under construction, which are not ready for its intended use, are not depreciated.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of profit or loss in the period when the asset is derecognized.

The carrying amounts of property and equipment is written-down immediately to its recoverable amount if the carrying amount is greater than its estimated recoverable amount.

Investment properties

Investment property comprises completed property and property under construction or redevelopment that is held to earn rentals or for capital appreciation or both. Property held under a lease is classified as investment property when it is held to earn rentals or for capital appreciation or both, rather than for sale in the ordinary course of business or for administrative functions.

Investment property is measured initially at cost, including transaction costs. Transaction costs include transfer charges, professional fees for legal services and initial leasing commissions to bring the property to the condition necessary for it to be capable of operating. The carrying amount also includes the costs of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investment properties (continued)

Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and any impairment in value. Land and projects under construction are not depreciated.

Expenditure for repair and maintenance is charged to consolidated statement of profit or loss as incurred. Improvements that increase the value or materially extend the life of the related assets are capitalized.

	Number of years
Building: Electrical components	25 years
Building: Mechanical components	15 years
Building: Firefighting system	30 years
Building: Conveying system	20 years
Building	50 years
Building on leasehold land: Mechanical components	15 – 25 years (Shorter of economic life or lease term)
Building on leasehold land	4 – 50 years (Shorter of economic life or lease term)

Transfers are made to/from investment properties only when there is a change in use. For a transfer from investment properties to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property and equipment up to date the date of change in use.

Investment properties is derecognized either when it has been disposed of or when it is permanently withdrawn from use and no future economic benefits is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the consolidated statement of profit or loss in the period of de-recognition.

Impairment of non-financial assets and liabilities

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the assets recoverable amount. An asset’s recoverable amount is the higher of an asset’s or CGU fair value less costs to sell and its value-in-use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset or CGU is considered impaired and is written down to its recoverable amount. In assessing the value-in-use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessment of the time value of money and the risks specific to the asset.

The Group’s impairment calculation is based on detailed budgets and forecast calculations which are prepared separately for each of the Group’s CGU’s to which the individual asset is allocated. These budgets and forecast calculations generally cover a five-year period. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the budget period.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of non-financial assets and liabilities (continued)

Impairment losses of continuing operations are recognized in the consolidated statement of profit or loss in those expense categories consistent with the function of the impaired asset.

For assets other than above, an assessment is made at each financial year-end as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. This reversal is limited such that the recoverable amount doesn't exceed what the carrying amount would have been, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statement of profit or loss.

Financial instruments

<u>Recognition and initial measurement</u>

Accounts receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument. A financial asset (unless it is an accounts receivable without a significant finance component) or finance liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. An accounts receivable without significant financing component is initially measured at the transaction price

<u>Classification and subsequent measurement</u>

Financial assets – initial measurement

On initial measurement, a financial asset is classified as measured at: amortised cost, FVOCI – debt instrument; FVOCI – equity instrument or fair value through profit and loss (FVTPL).

Financial assets are not reclassified subsequent to initial measurement unless the Group changes the business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Financial assets – initial measurement (continued)

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets – Business model assessment
The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level, because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated - e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.
- Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose,
- consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets – Subsequent measurement and gains and losses

The following accounting policies apply to the subsequent measurement of financial assets:

Financial assets at FVTPL - These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost - These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment loss, if any. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Equity investments at FVOCI - These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss as well.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss

Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognised on its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In such cases, the transferred assets are not derecognised.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Impairment of financial assets

The Group applies IFRS 9 simplified approach for measuring ECL, which uses a lifetime expected loss allowance. The method is applied for assessing an allowance against:

- financial assets measured at amortized cost; and
- contract assets

Loss allowances for accounts receivable with or without significant financing component are measured at an amount equal to lifetime ECL.

Bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition are measured at 12-month ECL.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Impairment of financial assets (continued)

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). In all cases, the maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECL Model
ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

Credit-impaired financial assets
A financial asset is 'credit‑impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit‑impaired includes the following observable data:

– significant financial difficulty of the borrower or issuer;
– a breach of contract such as a default or being more than 720 days past due;
– it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
– the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off
The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognized for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre- zakat rate that reflects current market assessments of the time value of money and the risks specific to liability. The increase in the provision due to the passage of time is recognized as financial charges.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Employee benefits

<u>Short-term obligations</u>
Liabilities for wages and salaries, including non-monetary benefits and accumulating leaves, air fare and child education allowance that are expected to be settled wholly within twelve months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the consolidated statement of financial position.

<u>End-of-services benefits obligation</u>
The Group end of service benefits which qualifies as defined benefit plans. The liability recognized in the consolidated statement of financial position is the Defined Benefit Obligation (DBO) at the reporting date.

DBO is re-measured on a periodic basis by independent actuaries using the projected unit credit method. The present value of the DBO is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation. For instances where there is no deep market in such bonds, the market rates on government bonds are used. The discount rate is based on government bond yields in KSA.

The net interest cost is calculated by applying the discount rate to the net balance of the DBO. This cost is included in employees' salaries and other benefits expense in the consolidated statement of profit or loss.

Re-measurement gains and losses arising from changes in actuarial assumptions are recognized in the period in which they occur in OCI. Changes in the present value of the DBO resulting from plan amendments or curtailments are recognized immediately in the consolidated statement of profit or loss as past service costs.

The actuarial valuation process takes into consideration the provisions of the Saudi Arabian Labour and Workmen Law as well as the Group's policy.

Dividends

The Company recognizes a liability to make dividend distribution to the shareholders of the Company when the distribution is authorized and the distribution is no longer at the discretion of the Company. In accordance with the Companies Law in KSA, a distribution is authorized when it is approved by the shareholders. A corresponding amount is recognized directly in equity.

Segment reporting

An operating segment is a component of the Group:

- that engages in business activities from which it may earn revenues and incur expenses;
- results of its operations are continuously analyzed by management in order to make decisions related to resource allocation and performance assessment; and
- for which discrete financial information is available.

Management considers the operations of the Group as a whole as one operating segment as all subsidiaries engage in similar business activities.

A geographical segment is a Group of assets, operations or entities engaged in revenue producing activities within a particular economic environment that are subject to risks and returns different from those operating in other economic environments. All of the Group's operation are conducted in KSA hence only one geographic segment has been identified.

5. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

The Group initially applied IFRS 16 Leases from 1 April 2019, the new standard is effective for annual periods beginning on or after 1 January 2019. A number of other new standards are also effective for annual periods beginning on or after 1 January 2019, but they do not have a material effect on the Group's financial statements.

The Group has applied IFRS 16 using the modified retrospective approach. At the date of initial application, the Group has adopted a policy to recognise the right-of-use asset at an amount equal to the lease liability, adjusted by any related prepaid or accrued lease payments, that resulted in no adjustment to the retained earnings as at 1 April 2019. Accordingly, the comparative information presented for 2019 is not restated – i.e. it is presented, as previously reported, under IAS 17 and related interpretations. The details of the changes in accounting policies are disclosed below. Additionally, the disclosure requirements in IFRS 16 have not generally been applied to comparative information.

A. Definition of a lease

Previously, the Group determined at contract inception whether an arrangement is or contains a lease under IFRIC 4. Under IFRS 16, the Group assesses whether a contract is or contains a lease based on the definition of a lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

On transition to IFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed for whether there is a lease. Therefore, the definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after 1 April 2019.

B. As a lessee

As a lessee, the Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Group. Under IFRS 16, the Group recognises right-of-use assets and lease liabilities for most leases – i.e. these leases are on consolidated statement of financial position.

The Group decided to apply recognition exemptions to short-term leases. For leases of other assets, which were classified as operating under IAS 17, the Group recognised right-of-use assets and lease liabilities.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payment made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

5 CHANGES IN SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. As a lessor

The Group leases out its investment property. The Group has classified these leases as operating leases. The accounting policies applicable to the Group as a lessor are not different from those under IAS 17. The Group is not required to make any adjustments on transition to IFRS 16 for leases in which it acts as a lessor. However, the Group has applied IFRS 15 "Revenue from Contracts with Customers" to allocate consideration in the contract to each lease and non-lease component.

D. Transition

Previously, the Group classified land leases as operating leases under IAS 17. These include land for malls. The leases typically run for a period of 15 to 30 years. At transition, for leases classified as operating leases under IAS 17, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate as at 1 April 2019.

The Group used the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17.

- applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term.
- excluded initial direct costs from measuring the right-of-use asset at the date of initial application.
- used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

Impact on transition
When measuring lease liabilities, the Group discounted lease payments using its incremental borrowing rate at 1 April 2019.

Assets:	**SAR**
Right-of-use assets	**3,656,779,235**
Prepayments	**(46,400,060)**
Accrued expenses	**808,475**
Total impact on assets	**3,611,187,650**
Liabilities:	
Lease lability	**4,171,064,692**
Accrued lease rentals	**(526,923,619)**
Accounts payable	**(32,953,423)**
Total impact on labilities	**3,611,187,650**
Total impact on equity	**--**

Impact for the year
During the year ended March 31, 2020, the Group recognised SR 159.6 million of depreciation charges and SR 134.5 million of interest costs from these leases, resulting in a carrying value of SR 3,562 million and SR 4,237 million for right of use assets and lease liabilities respectively as at March 31, 2020.

6. STANDARDS ISSUED BUT NOT YET EFFECTIVE

The following amended standards and interpretations, when they become effective, are not expected to have a significant impact on the Group's consolidated financial statements.

Effective date	New standards and amendments
1 January 2020	Amendments to References to Conceptual Framework in IFRS Standards
	Definition of a Business (Amendments to IFRS 3)
	Definition of Material (Amendments to IAS 1 and IAS 8)
1 January 2021	IFRS 17 Insurance Contracts
Available for optional adoption/ effective date deferred indefinitely	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)

7 CASH AND CASH EQUIVALENTS

	31 March 2020	31 March 2019 SR
Cash at bank – time deposits	**652,286,189**	--
Cash at bank – current accounts	**391,977,700**	456,560,279
Cash in hand	**1,416,304**	1,110,704
Total	**1,045,680,193**	457,670,983

The average rate on bank time deposits during the year ranges from 0.85% to 0.90% (2019: nil) per annum with an average maturity of 30 to 45 days.

8 ACCOUNTS RECEIVABLE

Accounts receivable comprise of interest free net receivables due from tenants with no credit rating. Before accepting any new customer, management of the Group assesses the potential customer's credit quality and defines credit limits. Unimpaired accounts receivable are expected, on the basis of past experience, to be fully recoverable. It is not the practice of the Group to obtain collateral over receivables and vast majority are, therefore, unsecured.

	31 March 2020 SR	31 March 2019 SR
Gross accounts receivable	**399,801,424**	443,788,053
Less: Impairment loss on accounts receivable	**(165,547,299)**	(144,542,907)
	234,254,125	299,245,146

Movement in the impairment loss allowance was as follows:

	Year ended 31 March 2020 SR	Year ended 31 March 2019 SR
At the beginning of the year	**144,542,907**	138,616,823
Impact of adoption IFRS 9 as at beginning of the year	**--**	(36,761,710)
Impairment charge for the year	**119,264,999**	43,524,466
Write-off	**(98,260,607)**	(836,672)
At the end of the year	**165,547,299**	144,542,907

Refer to note 35 for ageing of unimpaired accounts receivable.

9 RELATED PARTY TRANSACTIONS AND BALANCES

For the purpose of these consolidated 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.

9.1 Related party transactions

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

Transactions with Fellow subsidiaries and other related parties *

	31 March 2020	31 March 2019
	SR	SR
Rental revenue, net	**598,306,047**	563,777,539
Construction work included in projects under construction	**331,905,340**	430,764,063
Service expenses	**94,097,009**	96,142,925
Dividend settled through adjusting amount due to related party	**7,500,000**	20,000,000
Board of Directors remuneration and compensation	**3,905,000**	2,570,000

***** Name of the parties with significant values of transactions are disclosed in note 9.3

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

	31 March 2020	31 March 2019
	SR	SR
Payment to suppliers on behalf of the Ultimate Parent Company	**45,607,280**	26,994,896
Initial public offering expenses charged to Ultimate Parent Company	**16,192,603**	--
Transfer of project under construction along with prepaid rent and accrued lease rentals to Ultimate parent company (note 13)	--	107,242,362
Transfer of Zakat Payable to Ultimate parent company	**(18,345,202)**	(8,825,429)
Dividends settled through adjusting amounts due to related parties	--	(640,000,000)
Settlement of balances through other related party	--	20,500,000
Transfer of investment properties (note 13)	--	(83,867,364)
Accounts payable transferred to the Ultimate Parent Company	--	9,857,629
Property and equipment transferred to the Ultimate Parent Company account	--	(96,282)

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

9 RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

Related party transactions (continued)

9.2 Key management personnel compensation

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

	Year ended 31 March 2020 SR	Year ended 31 March 2019 SR
End-of-service benefits	**5,211,437**	847,664
Salaries and short-term benefits	**18,225,189**	14,434,766
Total key management compensation	**23,436,626**	15,282,430

9.3 Related party balances

The following table summarizes related parties balances:

i) Amounts due from related parties:	**Nature of Transactions**	**Relationship**	**Amount of Transactions 31 March 2020 SR**	Amount of Transactions 31 March 2019 SR	**31 March 2020 SR**	31 March 2019 SR
Fawaz Abdulaziz Al Hokair & Co. (a)	Rental Revenue	Affiliates	**350,914,140**	359,645,031	**32,282,559**	--
FAS Holding Company for Hotels (c)		Affiliates	**--**	--	**350,322,579**	350,322,579
Nesk Trading Project Company Limited (a)	Rental Revenue	Affiliates	**77,441,233**	82,132,609	**49,966,141**	31,792,316
Tadaris Najd Security Company	Service expense	Affiliates	**57,278,571**	53,887,226	**18,868,656**	18,612,907
Abdul Mohsin Al Hokair Group for Tourism and Development (a)	Rental Revenue	Affiliates	**26,834,371**	39,631,043	**28,211,447**	23,017,193
Next Generation Co (a)	Rental Revenue	Affiliates	**25,848,736**	4,866,756	**22,631,374**	2,121,140
Food and Entertainment Trading Company Limited (a)	Rental Revenue	Affiliates	**20,603,944**	33,806,216	**3,828,663**	73,076,057
Via Media Co. (a)	Rental Revenue	Affiliates	**18,427,930**	--	**15,393,827**	--
Fashion district Co(a)	Rental Revenue	Affiliates	**17,279,328**	4,257,221	**12,050,255**	--
Food Gate Co(a)	Rental Revenue	Affiliates	**15,313,237**	12,811,187	**21,647,155**	14,727,580
Billy Games Company Limited (a)	Rental Revenue	Affiliates	**15,360,265**	15,359,876	**8,469,448**	26,342,675
Innovative Union Co. Ltd(a)	Rental Revenue	Affiliates	**8,861,644**	--	**8,672,483**	--
Saudi FAS Holding Company	Various Transactions	Ultimate Parent Company	**44,924,303**	(481,978,367)	**5,402,530**	--
Azal Restaurant Co(a)	Rental Revenue	Affiliates	**6,348,816**	5,313,091	**751,962**	7,202,288
Ezdihar Sports Co.(a)	Rental Revenue	Affiliates	**4,054,403**	--	**3,359,412**	--
Skill Innovative Games Co. (a)	Rental Revenue	Affiliates	**4,074,149**	2,279,995	**2,703,953**	2,527,781
Nail Place Trading Est.(a)	Rental Revenue	Affiliates	**2,447,522**	--	**2,317,325**	--
Kids Space Company Limited (a)	Rental Revenue	Affiliates	**2,458,890**	2,463,778	**1,796,225**	4,058,996
Majd Business Co. Ltd.(a)	Rental Revenue	Affiliates	**1,069,546**	--	**1,032,501**	--
FAS Technologist Trading Co(a)	Expenses	Affiliates	**2,136,265**	4,437,069	**179,248**	9,732,700
Coffee Centers Company Limited (a)	Rental Revenue	Affiliates	**831,827**	1,205,912	**7,116**	2,704,437
Others			**136,066**	4,824	**1,328,098**	1,319,386
					591,222,957	567,558,035

9 RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

Related party balances (continued)

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

ii) Amounts due to related parties:

	31 March 2020 SR	31 March 2019 SR
Ultimate Parent Company		
Saudi FAS Holding Company	--	4,067,636
Other related parties		
Fawaz Abdulaziz Al Hokair & Co. (b)	--	3,758,106
Etqan Facilities Management	**3,899,682**	14,673,280
	3,899,682	22,499,022

(a) These mainly represent rental receivables from the related parties.
(b) These mainly represent advance rentals received, net of rental income receivables.
(c) Guaranteed by Ultimate Parent Company.

iii) Advances to a contractor:

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

	31 March 2020 SR	31 March 2019 SR
Other related party		
Fawaz Abdulaziz Al Hokair & Partners Real Estate Company	**614,438,352**	604,914,076

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

Some of the lease agreements for leasehold lands on which the Group’s investment properties (buildings) are constructed on, are in the name of related entities of the Group who have assigned these lease agreements to the Group’s benefit (note 13).

10 PREPAYMENTS AND OTHER CURRENT ASSETS

	31 March 2020 SR	31 March 2019 SR
Advances to suppliers	**118,055,522**	30,172,398
Prepaid expenses	**14,322,142**	14,766,420
Employees’ receivables	**4,808,626**	3,896,050
Prepaid rent	--	46,400,060
Margin money deposits	--	500,000
Others	**1,604,674**	510,041
Total	**138,790,964**	96,244,969

11 INVESTMENT IN AN EQUITY-ACCOUNTED INVESTEE

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

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

	Percentage of ownership	Opening balance SR	Share in earnings SR	Dividend SR	Ending balance SR
As at 31 March 2020	**25%**	**42,238,721**	**15,841,207**	**(5,000,000)**	**53,079,928**
As at 31 December 2018	25%	39,669,322	11,569,399	(9,000,000)	42,238,721

Share of profit has been recorded based on the latest available financial information. The tables below provide summarized financial information for the associate. The information disclosed reflects the amounts presented in the management accounts/ financial statements of the associate and not the Group's share of those amounts as of 31 March 2020 and 31 December 2018.

Summarized statement of financial position:

	31 March 2020 SR	31 December 2018 SR
Total current assets	**59,499,511**	16,006,428
Total non-current assets	**190,540,882**	217,233,169
Total current liabilities	**(37,053,894)**	(63,872,776)
Total non-current liabilities	**(666,787)**	(411,937)
Net assets	**212,319,712**	168,954,884

Summarized statement of statement of profit or loss:	**31 March 2020 SR**	31 December 2018 SR
Revenue	**150,040,846**	118,942,170
Finance cost	**(1,406,809)**	(6,498,386)
Zakat	**(1,977,322)**	(1,360,981)
Net profit for the period/ year	**63,364,828**	46,277,596
Reconciliation to carrying amounts:		
Opening net assets	**168,954,884**	158,677,288
Dividends	**(20,000,000)**	(36,000,000)
Net profit for the period/ year	**63,364,828**	46,277,596
Closing net assets	**212,319,712**	168,954,884

The associate requires the Group's consent to distribute its earnings. The Group does not foresee giving such consent at the reporting date. The associate had no contingent liabilities or capital commitments reported in the audited financial statements for the year ended 31 December 2019 and 31 December 2018.

12 OTHER INVESTMENTS

	31 March 2020 SR	31 March 2019 SR
Unquoted:		
Investments in real estate companies at FVOCI (i)	**98,199,000**	102,000,000
Investment in a real estate fund at FVTPL (ii)	**6,264,375**	6,708,763
Total	**104,463,375**	108,708,763

(i) Investments in real estate companies:

	31 March 2020 SR	31 March 2019 SR
Amlak International for Real Estate Finance Company	**98,199,000**	102,000,000

The Group's equity investment of 8.5% in Amlak International for Real Estate Finance Company is owned directly and indirectly through the Company's subsidiaries. The Group paid SR 121.5 million to acquire the investments which includes payment of SR 45 million as premium for the investment.

(ii) Investment in a real estate fund:

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

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

	31 March 2020 SR	31 March 2019 SR
Opening balance	**6,708,763**	6,976,217
Cost:		
At the beginning and end of the year	**7,000,000**	7,000,000
Revaluation adjustments:		
At the beginning of the year	**(291,237)**	(23,783)
Unrealized loss during the year	**(444,388)**	(267,454)
At the end of the year	**(735,625)**	(291,237)
Net carrying amount	**6,264,375**	6,708,763

13 INVESTMENT PROPERTIES

		Buildings on freehold land						**Buildings on leasehold land (13.2)**				
	Land SR	**Building Component** SR	**Electrical Components** SR	**Mechanical Components** SR	**Firefighting System** SR	**Conveying System** SR	**Total Buildings** SR	**Building Component** SR	**Mechanical Components** SR	**Total Buildings on Leasehold Land** SR	**Projects Under Construction** SR	**Total** SR
Cost:												
At the 31 March 2018	4,771,814,409	2,002,457,731	397,606,161	277,259,334	65,196,175	57,584,696	2,800,104,097	2,936,910,474	185,836,578	3,122,747,052	1,763,149,069	12,457,814,627
Additions	--	562,787	652,838	--	562,554	180,000	1,958,179	4,469,612	79,523	4,549,135	631,114,077	637,621,391
Transfers (note 9), (13.3)	--	7,780,794	--	--	--	170,000	7,950,794	7,257,854	--	7,257,854	(189,537,609)	(174,328,961)
Disposal	--	(5,281,099)	(16,800)	(16,800)	--	--	(5,314,699)	(197,949)	--	(197,949)	--	(5,512,648)
Balance at 31 March 2019	4,771,814,409	2,005,520,213	398,242,199	277,242,534	65,758,729	57,934,696	2,804,698,371	2,948,439,991	185,916,101	3,134,356,092	2,204,725,537	12,915,594,409
Additions	--	3,237,849	6,255,208	11,573,552	--	468,833	21,535,442	49,697,641	--	49,697,641	588,249,473	659,482,556
Transfers	--	436,057,695	--	--	--	--	436,057,695	418,652,966	--	418,652,966	(854,710,661)	--
Balance at 31 March 2020	**4,771,814,409**	**2,444,815,757**	**404,497,407**	**288,816,086**	**65,758,729**	**58,403,529**	**3,262,291,508**	**3,416,790,598**	**185,916,101**	**3,602,706,699**	**1,938,264,349**	**13,575,076,965**
Accumulated Depreciation:												
Balance at 31 March 2018	--	299,054,369	115,129,586	150,935,854	20,753,358	25,410,136	611,283,303	980,769,524	83,892,300	1,064,661,824	--	1,675,945,127
Charge for the year	--	45,794,795	15,987,263	18,730,837	2,211,963	2,917,805	85,642,663	159,013,621	12,259,740	171,273,361	--	256,916,024
Disposal	--	(958,729)	(7,112)	(11,853)	--	--	(977,694)	(137,513)	--	(137,513)	--	(1,115,207)
Balance at 31 March 2019	--	343,890,435	131,109,737	169,654,838	22,965,321	28,327,941	695,948,272	1,139,645,632	96,152,040	1,235,797,672	--	1,931,745,944
Charge for the year	--	60,222,476	16,178,920	19,253,792	2,262,311	2,923,720	100,841,219	172,566,981	13,009,976	185,576,957	--	286,418,176
Balance at 31 March 2020	**--**	**404,112,911**	**147,288,657**	**188,908,630**	**25,227,632**	**31,251,661**	**796,789,491**	**1,312,212,613**	**109,162,016**	**1,421,374,629**	**--**	**2,218,164,120**
Net book values:												
At 31 March 2020	**4,771,814,409**	**2,040,702,846**	**257,208,750**	**99,907,456**	**40,531,097**	**27,151,868**	**2,465,502,017**	**2,104,577,985**	**76,754,085**	**2,181,332,070**	**1,938,264,349**	**11,356,912,845**
At 31 March 2019	4,771,814,409	1,661,629,778	267,132,462	107,587,696	42,793,408	29,606,755	2,108,750,099	1,808,794,359	89,764,061	1,898,558,420	2,204,725,537	10,983,848,465

13.1 Projects under construction pertains to expenditures relating to 7 malls which are still in the course of construction as at the end of the reporting period and these are expected to complete within 2 to 3 years.

13.2 Includes SR 151.3 million (31 March 2019: SR 33.4 million) for buildings which are constructed on leasehold lands where lease agreements are in the name of related parties.

13.3 During the year ended 31 March 2020, the Group transferred mall under construction with book value of SR Nil (31 March 2019: SR 174 million) to its Ultimate Parent Company which was settled through Ultimate Parent Company's account.

13.4 During the year ended 31 March 2020, the Group capitalized interest expense amounting to SR 145 million (31 March 2019: SR 50 million).

13 INVESTMENT PROPERTIES (CONTINUED)

Fair value of investment properties

Management has appointed independent valuers to determine the fair value of the investment properties as of 31 March 2020. According to the valuers, the fair value of the investment properties as at 31 March 2020 is SR 22,113,720,686. The valuers have appropriate qualifications and experience in the valuation of properties at the relevant locations. The effective date of the valuation was 31 March 2020 and prepared in accordance with Royal Institution of Chartered Surveyors ("RICS") Global Standards 2017 which comply with the international valuation standards.

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

As mentioned in the accounting policies (note 4) the Company recognizes the amounts recognized in the investment properties at cost. The amounts recognized in the statement of profit or loss for investment properties during the years are as follows:

	31 March 2020 SR	31 March 2019 SR
Revenue	**2,197,315,187**	2,176,399,680
Costs of revenue	**(316,594,593)**	(521,177,627)
Depreciation of investment properties	**(286,418,176)**	(256,916,024)
	1,594,302,418	1,398,306,029

Net book values of the Group's lands as at the end of the reporting years are as follows:

	Owned by the Company	**Title deeds registered with the Company**	**31 March 2020 SR**	31 March 2019 SR
Shopping malls – land				
Aziziah Mall – Makkah**	Yes	No	**178,227,665**	178,227,665
Mall of Arabia – Jeddah*	Yes	No	**141,115,102**	141,115,102
Sahara Plaza – Riyadh*	Yes	No	**75,240,000**	75,240,000
Al Noor Mall**	Yes	No	**68,120,000**	68,120,000
Jubail Mall	Yes	Yes	**32,500,000**	32,500,000
Al Ehsa Mall*	Yes	No	**20,700,145**	20,700,145
Salam Mall**	Yes	No	**250,000,000**	250,000,000
Hamra Mall*	Yes	No	**256,100,000**	256,100,000
Nakheel Dammam Mall*	Yes	No	**210,000,000**	--
			1,232,002,912	1,022,002,912
Lands				
Oyoun Al Raed **	Yes	No	**1,770,439,947**	1,770,439,947
Oyoun Al Basateen**	Yes	No	**1,067,162,500**	1,067,162,500
Khalij Mall*	Yes	No	**290,209,050**	290,209,050
Al Qasseem**	Yes	No	**350,000,000**	350,000,000
Nakheel Dammam*	Yes	No	--	210,000,000
Abha	Yes	Yes	**62,000,000**	62,000,000
			3,539,811,497	3,749,811,497
Total land value			**4,771,814,409**	4,771,814,409

*The title deeds all plots of land are registered in the name of local banks against facility II (note 16).

**The title deeds of these plots of land are registered in the name of local banks against facility I (note 16), which were repaid during the year. The release of these pledged assets is in process.

14 PROPERTY AND EQUIPMENT

	Tools and equipment SR	Furniture and fixtures SR	Vehicles SR	Leasehold improvements SR	Capital Work in Progress SR	Total SR
Cost:						
Balance at 1 April 2018	138,573,305	85,402,873	3,885,902	32,288,471	--	**260,150,551**
Additions	4,832,177	6,973,743	87,500	167,325	1,389,796	**13,450,541**
Transfer to related parties	--	--	(339,500)	--	--	**(339,500)**
Balance at 31 March 2019	**143,405,482**	**92,376,616**	**3,633,902**	**32,455,796**	**1,389,796**	**273,261,592**
Additions	**3,567,839**	**3,508,077**	**--**	**409,961**	**--**	**7,485,877**
Transfers	**--**	**--**	**--**	**1,292,721**	**(1,292,721)**	**--**
Balance at 31 March 2020	**146,973,321**	**95,884,693**	**3,633,902**	**34,158,478**	**97,075**	**280,747,469**
Accumulated depreciation:						
Balance at 1 April 2018	66,557,048	44,936,405	3,700,709	8,128,811	**--**	**123,322,973**
Charge for the year (note 30)	16,751,778	10,984,962	171,103	7,500,105	**--**	**35,407,948**
Transfer to related parties	--	--	(243,218)	--	**--**	**(243,218)**
Balance at 31 March 2019	**83,308,826**	**55,921,367**	**3,628,594**	**15,628,916**	**--**	**158,487,703**
Charge for the year (note 30)	**12,889,457**	**10,871,613**	**5,308**	**7,018,577**	**--**	**30,784,955**
Balance at 31 March 2020	**96,198,283**	**66,792,980**	**3,633,902**	**22,647,493**	**--**	**189,272,658**
Net book values:						
At 31 March 2020	**50,775,038**	**29,091,713**	**--**	**11,510,985**	**97,075**	**91,474,811**
At 31 March 2019	60,096,656	36,455,249	5,308	16,826,880	1,389,796	114,773,889

15. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

i. Right-of-use assets

	31 March 2020 SR
Balance as at 1 April 2019	**3,656,779,235**
Addition during the year	**122,578,438**
Depreciation charge for the year:	
- Cost of revenue	**(155,864,844)**
- General and administration expenses	**(3,767,046)**
Depreciation capitalized for projects under construction	**(57,750,995)**
Balance at the end of the year	**3,561,974,788**

Depreciation expense is charged as follows:

	31 March 2020 SR
Cost of revenue	**155,864,844**
General and administration expenses (note 30)	**3,767,046**
Depreciation capitalized for projects under construction	**57,750,995**
Total	**217,382,885**

ii. Lease liabilities

	31 March 2020 SR
Non-Current portion of lease liabilities	**3,899,162,750**
Current portion of lease liabilities	**338,065,081**
Total	**4,237,227,831**

Movement of lease liabilities are as follows:

	31 March 2020 SR
Balance as at 1 April 2019	**4,171,064,692**
Addition during the year	**122,578,438**
Lease payments	**(282,059,608)**
Discounts	**(370,000)**
Interest expense for the year	**134,543,493**
Interest capitalized for projects under construction	**91,470,816**
Balance at the end of the year	**4,237,227,831**

16. LONG TERM BORROWINGS

	Notes	**31 March 2020 SR**	31 March 2019 SR
Non-current liabilities			
Long-term loans	16.1	**5,143,502,555**	6,239,159,152
Sukuk	16.2	**1,827,240,522**	--
		6,970,743,077	6,239,159,152
Current liabilities			
Current portion of long-term loans	16.1	**45,000,000**	501,875,532

16. LONG TERM BORROWINGS (CONTINUED)

16.1 Long-term loans

	31 March 2020 SR	31 March 2019 SR
Facility 1 (i)	**--**	6,814,144,763
Facility 2 (ii)	**5,249,993,272**	--
	5,249,993,272	6,814,144,763
Less: unamortized transaction cost	**(61,490,717)**	(73,110,079)
Balance at the end of the year	**5,188,502,555**	6,741,034,684

a) Movement in the long-term loans follows:

	31 March 2020 SR	31 March 2019 SR
Balance at the beginning of the year	**6,814,144,763**	5,955,000,000
Drawdowns / addition of a new facility	**5,368,675,202**	7,086,318,069
Repayments during the year	**(6,932,826,693)**	(6,227,173,306)
	5,249,993,272	6,814,144,763
Less: un-amortized transaction costs	**(61,490,717)**	(73,110,079)
Balance at the end of the year	**5,188,502,555**	6,741,034,684
Less: current portion of long-term loans	**(45,000,000)**	(501,875,532)
Non-current portion of long-term loans	**5,143,502,555**	6,239,159,152

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

	31 March 2020 SR	31 March 2019 SR
Balance at the beginning of the year	**73,110,079**	126,970,874
Additions during the year	**63,462,460**	91,692,960
Write off during the year (note 31)	**(59,930,701)**	(125,171,285)
Capitalized transaction cost	**(5,443,876)**	(2,197,021)
Amortized transaction costs during the year (note 31)	**(9,707,245)**	(18,185,449)
Balance at the end of the year	**61,490,717**	73,110,079

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

	31 March 2020 SR	31 March 2019 SR
Within one year	**45,000,000**	501,875,532
Between two to five years	**2,063,751,272**	2,706,323,985
More than five years	**3,141,242,000**	3,605,945,246
	5,249,993,272	6,814,144,763

(i) Facility 1

On 26 April 2018, the Group signed a long-term Islamic facility arrangement up to SR 7,205 million with local banks for the refinancing the exiting loans. This facility was divided into Murabaha facility up to SR 1,433 million and Ijara facility up to SR 5,772 million. The Group utilized SR 1,433 million out of the total Murabaha facility amount and SR 5,772 million out of the total Ijara facility amount. On 27 November 2019, the Group paid in full the loan facility. However, pledged assets have not been released as at the reporting date, as certain of these assets will remain pledged for facility 2, while others will be released in due course.

16. LONG TERM BORROWINGS (CONTINUED)

(ii) Facility 2

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

The long-term loan is repayable in unequal semi-annual instalments and are subject to commission rates based on SIBOR plus agreed commission rate. The facilities are secured by insurance policies, proceeds of rental income, and land and buildings of several malls, as explained in facility 1 note above.

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

16.2 Sukuk

	31 March 2020 SR
Sukuk	**1,874,950,000**
Less: Unamortized transaction cost	**(47,709,478)**
Balance at the end of the year	**1,827,240,522**

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

Un-amortized transaction costs movement is as follows:

	31 March 2020 SR
Incurred during the year	**51,208,742**
Amortized transaction costs during the year (note 31)	**(3,372,148)**
Capitalized during the year	**(127,116)**
Balance at the end of the year	**47,709,478**

17. ACCOUNTS PAYABLE

Accounts payable are amounts which are owed to suppliers for the purchase of goods or services. The amounts are unsecured and are usually paid within 30 to 60 days of recognition.

18. UNEARNED REVENUE

Unearned revenue represent cash received against services to be performed or goods to be delivered by the Group in the future. At the end of each accounting period, adjusting entries are made to recognize the portion of unearned revenue that has been earned during the year.

19. ACCRUALS AND OTHER CURRENT LIABILITIES

	31 March 2020	31 March 2019
	SR	SR
Accrued financial charges	**101,061,998**	153,561,227
Tenants' security deposits*	**66,404,608**	65,416,279
Accrued expenses	**49,956,485**	33,622,945
Employees' accruals	**13,238,421**	16,869,563
Output Value Added Tax, net	**679,542**	56,612,256
Withholding tax payable	**730,443**	--
Total	**232,071,497**	326,082,270

*Non-current portion of tenants' security deposits aggregating to SR 53 million (31 March 2019: SR 47 million) are disclosed as other non-current liabilities.

20. ZAKAT

The current year zakat provision is based on the following:

	31 March 2020	31 March 2019
	SR	SR
Equity – beginning of the year	**5,064,760,120**	4,904,952,654
Profit before zakat	**662,891,521**	748,823,931
Opening provisions and other adjustments	**(176,287,076)**	(279,817,670)
Non-current liabilities	**10,953,005,880**	6,833,354,662
Non-current assets	**(15,882,179,460)**	(11,914,866,335)

Some of these amounts as reported above have been adjusted in arriving at the zakat charge for the year.

Movements in zakat provision during the year

The movement in the provision for zakat is as follows:

	31 March 2020	31 March 2019
	SR	SR
Balance at beginning of the year	**82,457,716**	146,559,970
Excess provision reversed	**--**	(75,142,143)
Provision for the year	**20,290,170**	19,865,318
	20,290,170	(55,276,825)
Transferred to ultimate parent company	**(18,345,202)**	(8,825,429)
Paid during the year	**(5,877,732)**	--
Balance at end of the year	**78,524,952**	82,457,716

Status of assessments

Until the year ended 31 March 2019, the Ultimate Parent Company prepared and submitted combined zakat returns for the Ultimate Parent Company and its wholly owned subsidiaries, including Arabian Centres Company, to GAZT as per GAZT letter. Accordingly, the combined zakat returns for the years upto 2019 were submitted to GAZT. The Ultimate parent Company has received provisional zakat certificates until the year 31 March 2019.

During the prior year, the final assessment order for the combined zakat returns for the Ultimate Parent Company and its wholly owned subsidiaries for the years 2007 to 2016 were received from "GAZT". Accordingly, the Group has recorded the impact of final assessment received including reversal of excess provision in the consolidated statement of profit or loss for year ended 31 March 2019.

21. EMPLOYEES' END-OF-SERVICE BENEFITS

	31 March 2020 SR	31 March 2019 SR
Defined Benefit Obligation (DBO)	**30,370,714**	31,744,170

The Group grants end-of-service benefits (benefit plan) to its employees taking into consideration the local labour law requirements in KSA. The benefit provided by this benefit plan is a lump sum based on the employees' final salaries and allowance and their cumulative years of service at the date of the termination of employment.

The benefit liability recognized in the consolidated statement of financial position in respect of defined benefit end-of-service plan is the present value of the DBO at the reporting date.

The DBO is calculated periodically by qualified actuaries using the projected unit credit method. The present value of the DBO is determined by discounting the estimated future cash outflows using yields on high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation (equivalent to a duration of around 12 years). In countries where there is no deep market in such bonds, the market rates on government bonds are used. As there are insufficient corporate and government bonds in the Kingdom to generate a credible discount rate, the discount rate has instead been based on US Treasury bonds adjusted for country differences between the US and Saudi Arabia.

Re-measurement amounts of actuarial gains and losses on the DBO, if any, are recognized and reported within other reserves under the consolidated statement of comprehensive income and in the consolidated statement of changes in equity.

The following table represents the movement of the DBO:

	Year ended 31 March 2020 SR	Year ended 31 March 2019 SR
Opening balance	**31,744,170**	30,338,170
Total amount recognized in the consolidated statement of profit or loss		
Past service cost	**(559,934)**	--
Current service cost	**6,437,034**	5,081,000
Interest cost	**1,287,837**	1,390,000
	7,164,937	6,471,000
Amount recognized in the consolidated statement of comprehensive income		
Re-measurement due to actuarial (gains) / losses	**(3,969,458)**	1,555,000
Benefits paid during the year	**(4,568,935)**	(6,620,000)
Closing balance	**30,370,714**	31,744,170

21. EMPLOYEES' END-OF-SERVICE BENEFITS (CONTINUED)

Significant actuarial assumptions

The significant actuarial assumptions used in DBO computation:

	31 March 2020	31 March 2019
Discount rate	**5.00%**	4.75%
Salary growth rate	**0% for FY 2020-21 and 5% for each future year**	5% for each future year
Withdrawal rate	**5.0%**	5.0%
Retirement age	**60**	60

Sensitivity analysis

The results are sensitive to the assumptions used. The table below shows the change in DBO based on either a 1% increase or decrease in the base assumption value as of 31 March 2020:

			Impact on defined benefit obligation	
	Change in Assumption	Base value SR	Increase in assumption SR	Decrease in assumption SR
Discount rate	1%	30,370,714	26,560,223	34,975,580
Salary growth rate	1%	30,370,714	34,944,145	26,514,308
Withdrawal rate	20%	30,370,714	30,067,011	30,669,042

22. SHARE CAPITAL

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

	Number of shares	**Share capital (SR)**	**Share premium (SR)**
Balance at 1 April 2019	445,000,000	4,450,000,000	--
Issuance of new shares at SR 26 per share (SR 10 par value)	30,000,000	300,000,000	480,000,000
Transaction costs on new share issue	--	--	(68,274,297)
Balance at 31 March 2020	**475,000,000**	**4,750,000,000**	**411,725,703**

23. STATUTORY RESERVE

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

24. DIVIDENDS DISTRIBUTION

During the year, the Board of Directors resolved to distribute interim dividends amounting to SR 0.90 per share aggregating to SR427,500,000 as per resolution dated 9 Rabi al-Thani 1441H (corresponding to 6 December 2019). The Company has paid the dividends as of the reporting date.

24. DIVIDENDS DISTRIBUTION (CONTINUED)

The Company's shareholders in their meeting held on 23 Rabie Akhar 1440H (corresponding to 31 December 2018) resolved to distribute dividends amounting to SR 0.62 per share aggregating to SR 280,000,000. Total dividends was settled through adjusting amount due to Ultimate Parent Company.

The Company's shareholders in their meeting held on 20 Muharam 1440H (corresponding to 30 September 2018) resolved to distribute dividends amounting to SR 0.40 per share aggregating to SR 180,000,000. Total dividends was settled through adjusting amount due to Ultimate Parent Company.

The Company's shareholders in their meeting held on 16 Shawwal 1439H (corresponding to 30 June 2018) resolved to distribute dividends amounting to SR 0.40 per share aggregating to SR 180,000,000. Total dividends was settled through adjusting amount due to Ultimate Parent Company.

25. REVENUE

	Year ended 31 March 2020 SR	Year ended 31 March 2019 SR
Rental income (*)	**2,038,143,187**	2,057,775,218
Service and management charges income	**93,477,708**	97,536,386
Commission income on provisions for utilities for heavy users, net	**3,297,512**	3,513,005
Turnover rent	**62,396,780**	17,575,071
Total	**2,197,315,187**	2,176,399,680

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

Group as a lessor

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

	Year ended 31 March 2020 SR	Year ended 31 March 2019 SR
Within one year	**1,553,240,470**	1,538,780,755
After one year but not more than five years	**2,254,271,279**	1,780,045,947
More than five years	**645,170,715**	300,332,373
	4,452,682,464	3,619,159,075

26. COSTS OF REVENUE

	Year ended 31 March 2020 SR	Year ended 31 March 2019 SR
Utilities expense	**110,510,793**	109,791,055
Cleaning expense	**57,510,792**	56,899,719
Security expense	**56,949,711**	56,082,002
Repairs and maintenance	**52,755,946**	43,171,770
Employees' salaries and other benefits	**36,137,114**	30,734,565
Rental expense	**--**	224,498,516
Others	**2,730,237**	--
Total	**316,594,593**	521,177,627

27. OTHER INCOME

	Year ended 31 March 2020 SR	Year ended 31 March 2019 SR
Reversal of liability no longer payable*	**6,179,043**	3,777,398
Dividends	**5,737,500**	5,737,500
Other	**762,392**	1,182,292
Total	**12,678,935**	10,697,190

***** Represents long aged deposits which are no longer payable.

28. OTHER EXPENSES

	Year ended 31 March 2020 SR	Year ended 31 March 2019 SR
Impairment loss on advances to suppliers	**2,822,235**	6,069,287
Other	**554,633**	752,492
Total	**3,376,868**	6,821,779

29. ADVERTISEMENT AND PROMOTION EXPENSES

	Year ended 31 March 2020 SR	Year ended 31 March 2019 SR
Promotions	**6,253,957**	2,048,417
Sponsorship	**4,160,625**	--
Advertisement	**2,532,010**	3,593,923
Total	**12,946,592**	5,642,340

30. GENERAL AND ADMINISTRATION EXPENSES

	Year ended 31 March 2020 SR	Year ended 31 March 2019 SR
Employees' salaries and other benefits	**96,307,451**	66,132,681
Depreciation (note 14)	**30,784,955**	35,407,948
Professional fees	**14,533,876**	9,654,787
Communication and internet expense	**12,853,654**	12,889,776
Insurance expense	**7,029,636**	8,325,811
Government expenses	**6,791,359**	28,654,751
Board expenses	**3,905,000**	--
Depreciation of rights-of-use asset (note 15)	**3,767,046**	--
Maintenance	**200,740**	194,867
Rent expense	**--**	3,862,277
Others	**6,500,793**	6,699,016
Total	**182,674,510**	171,821,914

31. FINANCE COST

	Year ended 31 March 2020 SR	Year ended 31 March 2019 SR
Commission expense on long-term borrowings	**275,735,683**	296,027,001
Write-off of unamortized transaction cost (note 16)	**59,930,701**	125,171,285
Amortization of transaction costs (note 16)	**13,079,393**	18,168,525
Bank charges	**2,513,956**	173,936
Total	**351,259,733**	439,540,747

32. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net income 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.

	Year ended 31 March 2020 SR	Year ended 31 March 2019 SR
Profit for the year attributable to shareholders of the Company	**633,934,247**	789,599,943
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted earnings per share (note 22)	**470,737,705**	445,000,000
Basic and diluted earnings per share attributable to net profit for the year	**1.35**	1.77

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

33. SEGMENT REPORTING

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

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

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

34. FINANCIAL INSTRUMENTS

Financial instruments by category

Financial instruments have been categorised as follows:

Financial Assets	**31 March 2020 SR**	31 March 2019 SR
Cash and cash equivalents	**1,045,680,193**	457,670,983
Accounts receivable	**234,254,125**	299,245,146
Amounts due from related parties	**591,222,957**	567,558,035
Other investments	**104,463,375**	108,708,763
Total financial assets	**1,975,620,650**	1,433,182,927

Financial Liabilities	**31 March 2020 SR**	31 March 2019 SR
Accounts payable	**149,442,700**	217,760,402
Amounts due to related parties	**3,899,682**	22,499,022
Long-term borrowings	**7,015,743,077**	6,741,034,684
Lease liability on right-of-use assets	**4,237,227,831**	--
Tenants' security deposits	**119,133,947**	112,501,575
Total financial liabilities	**11,525,447,237**	7,093,795,683

Fair value estimation of financial instruments

The following table presents the Group's financial instruments measured at fair value at 31 March 2020 and 31 March 2019:

	Level 1 SR	Level 2 SR	Level 3 SR	Total SR
31 March 2020				
Investments real estate fund	--	--	**6,264,375**	**6,264,375**
Amlak International for Real Estate Finance Company	--	--	**98,199,000**	**98,199,00**
31 March 2019				
Investments real estate fund	--	--	6,708,763	6,708,763
Amlak International for Real Estate Finance Company	--	--	102,000,000	102,000,000

35. FINANCIAL RISK MANAGEMENT

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

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

Market risk

Market risk is the risk that changes in market prices, such as currency rates and 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 at 31 March 2020 and 31 March 2019. 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):

	31 March 2020	31 March 2019
Gain/(loss) through the consolidated statement of profit or loss	**SR**	SR
Floating rate debt:		
SIBOR +100bps	**(71,249,433)**	(68,141,448)
SIBOR -100bps	**71,249,433**	68,141,448

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

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

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

35. FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit risk

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

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

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

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

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

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

Loss rates are based on actual historic credit loss experience. These rates are multiplied by scalar factors to reflect differences between economic conditions during the 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 and unemployment rates.

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

31 March 2020	**Gross carrying amount**	**Weighted-average loss**	**Loss Allowance (%)**
0–90 days past due	**53,440,320**	**3,374,520**	**6.3%**
91–180 days past due	**77,196,999**	**8,405,148**	**10.9%**
181–270 days past due	**81,428,407**	**13,146,524**	**16.1%**
271–360 days past due	**56,618,562**	**13,755,863**	**24.3%**
361 –450 days past due	**31,688,310**	**30,737,331**	**97.0%**
451 -540 days past due	**30,458,967**	**29,589,159**	**97.1%**
541 –630 days past due	**26,577,256**	**26,011,424**	**97.9%**
631 -720 days past due	**26,565,490**	**24,700,217**	**93.0%**
More than 720 days past due	**15,827,113**	**15,827,113**	**100.0%**
	399,801,424	**165,547,299**	

35 FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit risk (continued)

31 March 2019	Gross carrying amount	Weighted-average loss	Loss Allowance (%)
0–90 days past due	89,399,091	1,142,722	1.3%
91–180 days past due	79,325,089	7,940,545	10%
181–270 days past due	56,490,386	6,677,332	11.8%
271–360 days past due	50,495,514	9,181,092	18.2%
361 –450 days past due	21,255,365	7,298,774	34.3%
451 -540 days past due	30,135,207	12,093,786	40.1%
541 –630 days past due	17,715,623	8,051,242	45.4%
631 -720 days past due	14,907,559	8,093,193	54.3%
More than 720 days past due	84,064,219	84,064,221	100.0%
	443,788,053	144,542,907	

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 (note 9). The Group does not hold collateral as a security. This assessment is undertaken each financial year through examining the financial position of the related parties and the market in which the related parties operates. The Group evaluates the risk with respect to due from related parties as low, as majority of the related parties are owned by the same shareholders.

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

35 FINANCIAL RISK MANAGEMENT (CONTINUED)

Liquidity risk

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

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

Contractual maturities of financial liabilities	**Less than 6 months** SR	**Between 6 and 12 months** SR	**Between 1 and 2 years** SR	**Between 2 and 5 years** SR	**Over 5 years** SR	**Total** SR
31 March 2020						
Accounts payable	**149,442,700**	**--**	**--**	**--**	**--**	**149,442,700**
Amounts due to related parties	**3,899,682**	**--**	**--**	**--**	**--**	**3,899,682**
Tenants' security deposits	**46,994,940**	**19,409,668**	**23,373,195**	**27,093,771**	**2,262,373**	**119,133,947**
Lease liability on right-of-use assets	**394,592,601**	**176,568,679**	**346,767,199**	**1,074,013,012**	**5,170,031,208**	**7,161,972,699**
Long-term borrowings	**154,330,489**	**204,805,482**	**435,978,748**	**4,231,880,901**	**4,146,554,789**	**9,173,550,409**
Total	**749,260,412**	**400,783,829**	**806,119,142**	**5,332,987,684**	**9,318,848,370**	**16,607,999,437**
31 March 2019						
Accounts payable	217,760,402	--	--	--	--	217,760,402
Amounts due to related parties	22,499,022	--	--	--	--	22,499,022
Tenants' security deposits	49,478,185	15,938,094	23,955,667	20,600,837	2,528,792	112,501,575
Long-term loans	409,993,119	424,920,262	910,617,746	2,771,230,538	3,917,369,904	8,434,131,569
Total	699,730,728	440,858,356	934,573,413	2,791,831,375	3,919,898,696	8,786,892,568

35 FINANCIAL RISK MANAGEMENT (CONTINUED)

Capital management

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

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

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

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

	31 March 2020 SR	31 March 2019 SR
Total liabilities	**11,977,235,024**	8,301,016,559
Less: cash and cash equivalents	**(1,045,680,193)**	(457,670,983)
Net debt	**10,931,554,831**	7,843,345,576
Total equity	**5,982,997,476**	5,064,669,068
Debt to adjusted capital ratio	**183%**	155%

36. COMMITMENTS AND CONTINGENCIES

Commitments

	31 March 2020 SR	31 March 2019 SR
Commitments for projects under construction	**3,567,294,491**	2,226,873,326

37. IMPACT OF COVID-19 ON THE GROUP'S OPERATIONS AND THE CONSOLIDATED FINANCIAL STATMENTS

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

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

37. IMPACT OF COVID-19 ON THE GROUP'S OPERATIONS AND THE CONSOLIDATED FINANCIAL STATMENTS (CONTINUED)

These current events and the prevailing economic condition require the Group to revise certain inputs and assumptions used for the determination of expected credit losses ("ECL"). These would primarily revolve around revisions to the scenario probabilities currently being used by the Group in ECL estimation. The adjustments to scenario weighing resulted in an additional ECL of SR 60 million for the Group. As with any forecasts, the projections and likelihoods of occurrence are underpinned by significant judgement and uncertainty and therefore, the annual outcomes may be different to those projected. The impact of such uncertain economic environment is judgemental, and the Group will continue to reassess its position and the related impact on a regular basis.

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

38. APPROVAL OF THE FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Board of Directors for issuance on 29 Shawwal 1441H (corresponding to 21 June 2020).