FAWAZ ABDULAZIZ AL HOKAIR & CO.
AND ITS SUBSIDIARIES
(A Saudi Joint Stock Company)
Interim Consolidated Financial Statements (Unaudited)
For the three months period and the year ended 31 March 2017
together with the
Independent Auditors' Limited Review Report

KPMG

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INDEPENDENT AUDITORS' REPORT ON REVIEW OF INTERIM FINANCIAL STATEMENTS

The Shareholders
Fawaz Abdulaziz Al Hokair & Co
(A Saudi Joint Stock Company)
Riyadh, Saudi Arabia

Introduction

We have reviewed the accompanying 31 March 2017 interim consolidated financial statements of **Fawaz Abdulaziz Al Hokair & Co** and its subsidiaries (collectively referred to as "the Group"), which comprises:

- the interim consolidated balance sheet as at 31 March 2017;
- the interim consolidated statement of income for the three-month period and year ended 31 March 2017;
- the interim consolidated statement of cash flows for the year ended 31 March 2017;
- the interim consolidated statement of changes in equity for the year ended 31 March 2017; and
- notes to the interim consolidated financial statements.

Management is responsible for the preparation and presentation of this interim consolidated financial statements in accordance with the generally accepted accounting standards in Saudi Arabia issued by the Saudi Organization for Certified Public Accountants (SOCPA). Our responsibility is to express a conclusion on these interim consolidated financial statements based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", endorsed in the Kingdom of Saudi Arabia. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, endorsed in the Kingdom of Saudi Arabia, and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 31 March 2017 interim consolidated financial statements is not prepared, in all material respects, in accordance with the generally accepted accounting standards in Saudi Arabia issued by the Saudi Organization for Certified Public Accountants (SOCPA).

For KPMG Al Fozan & Partners
Certified Public Accountants

Khalil Ibrahim Al Sedais
License No: 371

Date: 23 Rajab 1438H
Corresponding to: 20 April 2017

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Certified Public Accountants
KPMG Al Fozan & Partners

FAWAZ ABDULAZIZ AL HOKAIR & CO. AND ITS SUBSIDIARIES
(A Saudi Joint Stock Company)
INTERIM CONSOLIDATED BALANCE SHEET (UNAUDITED)
AS AT 31 MARCH 2017
(Saudi Riyals)

	Notes	2017	2016
ASSETS			
Current assets:			
Cash and cash equivalents	*5*	**364,830,529**	296,858,268
Trade receivables, prepayments and other current assets	*6*	**1,070,596,893**	910,730,749
Amounts due from related parties	*7*	**475,186,826**	404,196,471
Inventories, net	*8*	**2,083,766,718**	2,245,709,544
Total current assets		**3,994,380,966**	3,857,495,032
Non-current assets:			
Investments in equity accounted investees	*9*	**89,987,163**	136,836,980
Investment - available for sale	*10*	**94,000,000**	94,000,000
Advances against investments, net	*11*	**-**	10,199,341
Investment property	*12*	**69,252,274**	74,252,274
Non-current portion of receivable from disposal of a subsidiary	*16*	**280,000,000**	-
Property and equipment		**1,960,513,707**	2,328,007,521
Intangible assets - goodwill	*13*	**804,560,265**	804,560,265
Other intangible assets		**141,517,706**	166,086,705
Total non-current assets		**3,439,831,115**	3,613,943,086
Total assets		**7,434,212,081**	7,471,438,118
LIABILITIES AND EQUITY			
Current liabilities:			
Short-term borrowings	*14*	**1,584,918,565**	1,093,542,171
Current portion of long-term borrowings	*15*	**493,132,196**	431,937,994
Trade payables		**600,941,729**	591,169,451
Accrued expenses and other current payables		**554,921,665**	554,395,194
Amount due to a related party	*7*	**-**	3,802,011
Total current liabilities		**3,233,914,155**	2,674,846,821
Non-current liabilities:			
Long-term borrowings	*15*	**1,229,652,106**	2,102,087,024
Employees' end of service benefits		**94,567,133**	88,936,168
Total non-current liabilities		**1,324,219,239**	2,191,023,192
Total liabilities		**4,558,133,394**	4,865,870,013
Shareholders' equity:			
Share capital	*18*	**2,100,000,000**	2,100,000,000
Statutory reserve	*19.1*	**141,875,641**	141,875,641
Foreign currency translation reserve	*19.2*	**(532,891,748)**	(425,675,840)
Retained earnings		**1,183,113,740**	791,944,543
Total shareholders' equity		**2,892,097,633**	2,608,144,344
Non-controlling interest		**(16,018,946)**	(2,576,239)
Total equity		**2,876,078,687**	2,605,568,105
Total liabilities and equity		**7,434,212,081**	7,471,438,118

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

FAWAZ ABDULAZIZ AL HOKAIR & CO. AND ITS SUBSIDIARIES
(A Saudi Joint Stock Company)
INTERIM CONSOLIDATED STATEMENT OF INCOME (UNAUDITED)
FOR THE THREE-MONTHS PERIOD AND THE YEAR ENDED 31 MARCH 2017
(Saudi Riyals)

	Notes	*For the three months period ended* 31 March 2017	31 March 2016	*For the year ended* 31 March 2017	31 March 2016
Continuing operations:					
Sales		**1,419,991,396**	1,515,979,668	**6,705,669,025**	6,943,567,738
Cost of sales		**(1,091,110,153)**	(1,276,594,946)	**(5,177,146,749)**	(5,177,774,846)
Gross profit		**328,881,243**	239,384,722	**1,528,522,276**	1,765,792,892
Selling and marketing expenses		**(40,183,189)**	(52,792,304)	**(224,299,519)**	(263,987,529)
General and administrative expenses		**(99,319,521)**	(52,140,260)	**(356,162,579)**	(324,543,952)
Depreciation and amortization		**(91,998,913)**	(75,099,023)	**(355,748,530)**	(325,180,334)
Operating income		**97,379,620**	59,353,135	**592,311,648**	852,081,077
Share in net (loss) / income of equity investees accounted		**(8,956,873)**	1,123,105	**(8,956,873)**	1,123,105
Financial charges		**(39,211,001)**	(33,257,175)	**(167,088,667)**	(118,585,551)
Other income, net		**16,386,599**	30,905,152	**46,599,048**	53,646,527
Income before Zakat and Income-tax, Non-controlling interest and loss from discontinued operations		**65,598,345**	58,124,217	**462,865,156**	788,265,158
Discontinued operation:					
Loss from discontinued operations, net of tax	*16*	**-**	(54,646,878)	**(46,447,251)**	(137,761,890)
Income before Zakat and Income-tax and non-controlling interest		**65,598,345**	3,477,339	**416,417,905**	650,503,268
Zakat and income-tax charge	*17*	**9,765,241**	(2,983,174)	**(30,744,684)**	(37,887,278)
Income before Non-controlling interests		**75,363,586**	494,165	**385,673,221**	612,615,990
Non-controlling interest		**3,985,332**	2,671,257	**5,495,976**	3,188,872
Net income for the period/year		**79,348,918**	3,165,422	**391,169,197**	615,804,862
Earnings per share					
Attributable to operating income	*20*	**0.46**	0.28	**2.82**	4.06
Attributable to net income for the period/year	*20*	**0.38**	0.02	**1.86**	2.93
Earnings per share - continuing operations					
Attributable to operating income	*20*	**0.46**	0.28	**2.82**	4.06
Attributable to net income for the period/year	*20*	**0.38**	0.28	**2.08**	3.11

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

FAWAZ ABDULAZIZ AL HOKAIR & CO. AND ITS SUBSIDIARIES
(A Saudi Joint Stock Company)
INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE YEAR ENDED 31 MARCH 2017
(Saudi Riyals)

	Note	2017	2016
Cash flows from operating activities:			
Net income for the year		391,169,197	615,804,862
Adjustments for:			
Zakat and income-tax charge		30,744,684	37,887,278
Deferred tax - discontinued operations	16	-	(45,084,413)
Net movement in non-controlling interest		(13,442,707)	(3,188,872)
Depreciation and amortization		355,748,526	334,560,530
Share in net loss / (income) of equity accounted investees		8,956,873	(1,123,105)
Provision for employees' end of service benefits		18,391,875	18,964,104
Provision against doubtful receivables		5,126,112	-
Provision against doubtful advances against investments		9,780,970	-
Provision against doubtful related party receivables		18,440,093	-
Provision for slow moving inventory		142,348,416	63,281,942
Write-off of property and equipment		14,240,530	2,994,129
Write-off of an advance against investment		407,259	-
Gain on disposal of property and equipment		(86,000)	(278,922)
		981,825,828	1,023,817,533
Changes in operating assets and liabilities:			
Trade receivables, prepayments and other current assets		(431,629,196)	(192,120,346)
Amounts due from related parties - net		93,323,300	(119,834,177)
Inventories		(105,102,520)	(249,261,024)
Trade payables		41,877,358	16,421,701
Accrued expenses and other current payables		19,537,646	17,179,121
Cash generated from operations		599,832,416	496,202,808
Zakat and income tax paid		(12,496,397)	(12,551,493)
Employees' end of service benefits paid		(12,760,910)	(8,784,560)
Net cash generated from operating activities		574,575,109	474,866,755
Cash flows from investing activities:			
Acquisition of property and equipment		(165,209,232)	(633,559,056)
Purchase of other intangible assets		(7,202,733)	(37,736,040)
Acquisition of a subsidiary, net of cash acquired		-	(12,279,505)
Disposal of discontiuned operation, net of cash disposed of		(14,443,113)	-
Proceeds from disposal of property and equipment		116,553	948,550
Advances against investments		-	(568,821)
Net cash used in investing activities		(186,738,526)	(683,194,872)
Cash flows from financing activities:			
Proceeds from long term borrowings		187,500,000	381,137,500
Long term borrowings re-paid during the year		(430,530,438)	(206,160,692)
Short-term borrowings (repaid) / received during the year - net		(76,833,884)	260,251,941
Dividend paid		-	(210,000,000)
Net cash (used in) / generated from financing activities		(319,864,322)	225,228,749
Net increase in cash and cash equivalents		67,972,261	16,900,632
Cash and cash equivalents at the beginning of the year		296,858,268	279,957,636
Cash and cash equivalents at the end of the year		364,830,529	296,858,268

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

FAWAZ ABDULAZIZ AL HOKAIR & CO. AND ITS SUBSIDIARIES
(A Saudi Joint Stock Company)
INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE YEAR ENDED 31 MARCH 2017
(Saudi Riyals)

	Notes	2017	2016
Significant non-cash transactions			
- Dividend payable		-	210,000,000
- Receivable from disposal of a subsidiary	16	**350,000,000**	-
- Transfer of capital work in progress to a related party	7	**115,355,988**	-
- Transfer of other receivable to a related party	7	**33,295,715**	-
- Disposal of investment in equity accounted investee	7	**37,892,944**	

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

FAWAZ ABDULAZIZ AL HOKAIR & CO. AND ITS SUBSIDIARIES
(A Saudi Joint Stock Company)
INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE YEAR ENDED 31 MARCH 2017
(Saudi Riyals)

	Share capital	Statutory reserve	Foreign currency translation reserve	Retained earnings	Total shareholders' equity	Non-controlling interest	Total equity
Balance as at 1 April 2015 *(audited)*	2,100,000,000	80,295,155	(228,569,465)	447,720,167	2,399,445,857	17,436,154	2,416,882,011
Net income for the year	-	-	-	615,804,862	615,804,862	(3,188,872)	612,615,990
Dividend	-	-	-	(210,000,000)	(210,000,000)	-	(210,000,000)
Transfer to statutory reserves	-	61,580,486	-	(61,580,486)	-	-	-
Foreign currency translation losses incurred during the year *(note 19.2)*	-	-	(197,106,375)	-	(197,106,375)	(16,823,521)	(213,929,896)
Balance as at 31 March 2016 *(audited)*	2,100,000,000	141,875,641	(425,675,840)	791,944,543	2,608,144,344	(2,576,239)	2,605,568,105
Net income for the year	-	-	-	**391,169,197**	**391,169,197**	**(5,495,976)**	**385,673,221**
Foreign currency translation loss realized on disposal of subsidiary *(note 16)*	-	-	**40,614,631**	-	**40,614,631**	-	**40,614,631**
Foreign currency translation losses incurred during the year *(note 19.2)*	-	-	**(147,830,539)**		**(147,830,539)**	**(7,946,731)**	**(155,777,270)**
Balance as at 31 March 2017 *(unaudited)*	**2,100,000,000**	**141,875,641**	**(532,891,748)**	**1,183,113,740**	**2,892,097,633**	**(16,018,946)**	**2,876,078,687**

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

1 ORGANIZATION AND ACTIVITIES

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

The objectives of the Company as per its By-laws are to engage in the following activities:

- Wholesale and retail trading in readymade clothes for men, women and children, shoes, textiles, house and office furniture, perfumes, natural cosmetics, ornaments and beauty materials and their compounds and traditional jewelry;
- Wholesale and retail trading in sports wares, shoes and related accessories;
- Management and operation of optics centers, wholesale and retail trading in eye glasses and sun glasses, contact lenses, optical equipment and accessories;
- Trading agencies;
- Purchase of land and construction of buildings thereon for the purpose of running the Company's activities and business;
- Manufacture, wholesale and retail in Ibayas, robes, scarfs and other women embroidered gowns;
- Wholesale and retail trading in gold, silver, jewelry, precious stones, diamonds, gold ornaments and precious metals;
- Wholesale and retail trading in communication equipment and related accessories and spare parts, maintenance and operation through trading agencies;
- Retail trading in consumer food products;
- Own and operate restaurants, coffee shops, import food products and acquire related equipment; and
- Own and operate entertainment centers and acquire related equipment.

2. BASIS OF PREPARATION

a) Statement of compliance

These interim consolidated financial statements have been prepared in accordance with the requirements of accounting standard on interim financial reporting issued by the Saudi Organization of Certified Public Accountants ('SOCPA'). These interim consolidated financial statements have been presented in condensed form and thus do not include all the information presented in the annual financial statements, therefore, these interim consolidated financial statements should be read in conjunction with the annual consolidated financial statements of the Group for the year ended 31 March 2016.

b) Basis of measurement

These interim consolidated financial statements have been prepared on historical cost basis, except for investment - available for sale which is stated at fair value, using the accrual basis of accounting and the going concern concept.

c) Functional and presentation currency

These interim consolidated financial statements are presented in Saudi Riyals (SR) which is the functional and reporting currency of the Group. All amounts have been rounded to the nearest Saudi Riyal unless otherwise stated.

2. BASIS OF PREPARATION (continued)

d) Basis of consolidation

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

Subsidiary Company	Country of incorporation	Direct and indirect shareholding percentage 2017	2016
Al Waheedah Equipment Company Limited and its subsidiaries (i)	Kingdom of Saudi Arabia	**100**	100
Haifa Badee Al Kalam & Partners International Company for Trading and its subsidiaries (ii)	Kingdom of Saudi Arabia	**100**	100
Saudi Retail Company Limited	Kingdom of Saudi Arabia	**100**	100
Wahba Trading Company Limited and its subsidiaries (iii)	Kingdom of Saudi Arabia	**100**	100
Kazakhstan Group (iv)	Republic of Kazakhstan	**100**	100
Al Farida Trading Agencies Company	Kingdom of Saudi Arabia	**70**	70
Retail Group Egypt	Arab Republic of Egypt	**98**	98
Retail Group Jordan and its subsidiary (v)	Hashemite Kingdom of Jordan	**95**	95
Nesk Trading Projects Company	Kingdom of Saudi Arabia	**100**	100
Global Leiva	Spain	**--**	100

In addition to the above, the Group, directly and indirectly, owns certain operating and dormant entities which are not material to the Group. These entities are mentioned below.

(i) Al Waheedah Equipment Company Limited directly and indirectly, owns certain operating subsidiaries in Azerbaijan, Pakistan and United Arab Emirates (INC brand) and certain dormant subsidiaries in United Arab Emirates.

(ii) Haifa Badee Al Kalam & Partners International Company for Trading, directly and indirectly, owns certain operating subsidiaries in Georgia, Armenia, United States of America, Morocco, United Arab Emirates, United Kingdom and Balkan countries, and dormant subsidiaries in United Arab Emirates and British Virgin Islands.

(iii) Wahba Trading Company Limited, directly and indirectly, owns certain dormant subsidiaries in Kingdom of Saudi Arabia and United Arab Emirates.

(iv) Kazakhstan Group represents three entities namely Retail Management Kazakhstan, Fashion Retail Kazakhstan and Global Apparel Kazakhstan.

(v) During the year ended 31 March 2016, the Company established a subsidiary in Republic of Iraq through Retail Group Jordan.

2. BASIS OF PREPARATION (continued)

d) Basis of consolidation (continued)

The principal activities of all of the above subsidiary companies, excluding a subsidiary in the United States of America, are wholesale and retail trading of fashion apparels. One of the subsidiaries in also engaged in indoor entertainment business for kids. The indirect shareholding represents cross ownership among the subsidiary companies.

(vi) Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date that such control ceases.

All transactions and resulting balances between the Company and the subsidiaries and those arising between the subsidiaries are eliminated in preparing these interim consolidated financial statements. Any unrealized gains and losses arising from intra-group transactions are eliminated on consolidation.

(vii) Non-controlling interest

Non-controlling interest represents the interest in subsidiary companies, not held by the Company which are measured at their proportionate share in the subsidiary's identifiable net assets. Transactions with Non-controlling interest parties are treated as transactions with parties external to the Group.

e) Use of estimates and judgments

The preparation of interim consolidated financial statements requires management to make judgment, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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 and in future periods affected.

3. SUMMARY OF SIGNIFICANT ACCOUNTING AND RISK MANAGEMENT POLICIES

The accounting and risk management policies adopted by the Group for the preparation of these interim consolidated financial statements are consistent with those of the Group's annual consolidated financial statements for the year ended 31 March 2016. These accounting policies have been applied consistently to all the periods presented in the interim consolidated financial statements.

Certain of the prior year amounts have been reclassified to conform to the presentation in the current year. (*also refer note 23*).

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, cash at banks in current accounts and other short-term highly liquid investments with original maturities of three month or less, if any, which are available to the Group without any restrictions.

3. **SUMMARY OF SIGNIFICANT ACCOUNTING AND RISK MANAGEMENT POLICIES (continued)**

Trade receivables

Trade receivables are stated at original amounts less provisions made for doubtful debts. A provision against doubtful debts is established when there is objective evidence that the Group will not be able to collect the amounts due according to the original terms of receivables. Bad debts are written off when identified, against its related provisions.

The provisions are charged to interim consolidated statement of income and any subsequent recovery of receivable amounts previously written off are credited to interim consolidated statement of income.

Prepayments and other current assets

Prepayments and other current assets are stated at original amount less allowance for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off as incurred.

Inventories

Inventories are measured at the lower of cost and net realizable value. Cost is determined using the weighted average method. Cost includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition.

Net realizable value comprises estimated selling price in the ordinary course of business, less appropriate selling and distribution costs. Provision is made, where necessary, for obsolete, slow moving and defective stocks.

Investments in equity accounted investees

Equity accounted investees are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is generally presumed to exist when the Group holds between 20 and 50 percent of the voting power of another entity. Investees are initially recognized at cost, and are accounted for using the equity method. These interim consolidated financial statements include the Group's share of income and expenses and equity movement of the investees from the date that significant influence commences until the date that significant influence ceases. When the Group's share of losses exceeds its interest in an investee, the Group's carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of an investee. If the investee company subsequently achieves net income equal to the net losses made during the period then the application of the equity method will resume. The Group's share of profits or losses of the investee companies is recognized in the interim consolidated statement of income.

Investments - Available for sale

Investments - available for sale principally consist of less than 20% share in quoted and unquoted equity securities, which are not held for trading purposes and where the Group does not have any significant influence or control. These are initially recognized and subsequently re-measured at fair value. Any changes in fair value are recognized in equity as fair value reserve until the investment is disposed. Any significant and prolonged decline in value of the available for sale investments, if any, is charged to the interim consolidated statement of income. On derecognition or impairment, the cumulative gain or loss previously reported in equity is included in the interim consolidated statement of income for the period.

3. SUMMARY OF SIGNIFICANT ACCOUNTING AND RISK MANAGEMENT POLICIES (continued)

Investments - Available for sale (continued)

The fair value of investments that are actively traded in organized financial markets is determined by reference to quoted market bid prices at the close of business on the interim consolidated balance sheet date. For investments where there is no active market, including investments in unquoted private equity, fair value is determined using valuation techniques. Otherwise the cost is considered to be the fair value for these investments.

Property and equipment

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the asset. Finance costs on borrowings to finance the construction of the assets are capitalized during the period of time that is required to complete and prepare the asset for its intended use. Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the item of property and equipment. All other expenditures are recognized in the interim consolidated statement of income when incurred.

Depreciation is charged to the interim consolidated statement of income on a straight-line basis over the estimated useful lives of individual item of property and equipment except for land and capital work in progress. The estimated useful life of property and equipment is as follow:

	Years
Buildings	33
Leasehold improvements	8
Furniture and office equipment	10
Motor vehicles	4

Goodwill

Goodwill represents the difference between the cost of businesses acquired and the Company's share in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities at the date of acquisition. Goodwill arising on acquisitions is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Impairment losses on goodwill are not reversed.

Other intangible assets

Other intangible assets represent software implementation cost, key money, trademarks and other deferred charges, and are amortized using the straight line method over the estimated period of benefit. The estimated period of amortization of the principal classes of other intangible assets is as follows:

	Years
Software implementation cost	25
Key money	10
Deferred charges	4

Trademarks are not subject to amortization. These are tested for impairment on an annual basis.

3. SUMMARY OF SIGNIFICANT ACCOUNTING AND RISK MANAGEMENT POLICIES (continued)

Impairment of non-current assets

Property and equipment and other non-financial assets are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss, if any, is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows. Impairment loss is recognized as an expense in the interim consolidated financial statements in the period in which the impairment is identified.

Accounts payable and accruals

Liabilities are recognized for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

Provisions

A provision is recognized if, as a result of past events, the Group has a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of economic benefit, will be required to settle the obligation.

Zakat and income-tax

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

For subsidiaries outside the Kingdom of Saudi Arabia, provision for corporate tax is computed in accordance with tax regulations of the respective countries in accrual basis and charged to the interim consolidated statement of income.

Deferred income tax is provided for foreign subsidiaries, using the liability method, on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on laws that have been enacted in the respective countries at the reporting date.

Deferred income tax assets are recognized for all deductible temporary differences and carry-forward of unused tax assets and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax assets and unused tax losses can be utilized.

The carrying amount of deferred income tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Withholding tax, if any, is withheld in accordance with regulations of GAZT and is paid to the GAZT within the prescribed time.

3. SUMMARY OF SIGNIFICANT ACCOUNTING AND RISK MANAGEMENT POLICIES (continued)

Investment properties

Investment properties (real estate contributions) are properties held either to earn rental income or for capital appreciation or for both, but not for sale or use in the ordinary course of business. Investment properties are accounted for under the cost model and are stated at cost less accumulated amortization and impairment losses, if any. Amortization is computed using the straight-line method over the useful life of 19 years.

Dividends

Interim dividends are recorded as and when declared and approved by the Board of Directors. Final dividends are recorded in the period in which they are approved by the shareholders.

Employees' end-of-service benefits

Employees' end of service benefits, calculated in accordance with Saudi Arabian labour regulations, are accrued and charged to the interim consolidated statement of income. The liability is calculated at the current value of the vested benefits to which the employee is entitled, should his services be terminated at the interim consolidated balance sheet date. Foreign subsidiaries have pension schemes for their eligible employees in relevant foreign jurisdictions.

Revenue recognition

Sales represent the earned value of goods supplied by the Group during the period, net of discounts and are recognized when the significant risks and rewards of ownership of the goods have passed to the buyer and the amount of revenue can be measured reliably normally on delivery to the customers.

Dividends are recognized when declared or when the Group's right to receive the payment is established.

Other income is recognized when earned.

Rental proceeds under operating leases are recognized as income on a straight line basis over the term of the operating leases.

Expenses

Selling and marketing expenses are those arising from the Group's efforts underlying the marketing, selling and distribution of the Group's products. All other expenses, excluding cost of sales and financial charges, are classified as general and administrative expenses. Allocations of common expenses between cost of sales and selling, marketing, general and administrative expenses, when required, are made on a consistent basis.

Leasing

Rentals payments under operating leases are charged as expenses in the interim consolidated statement of income on a straight line basis over the term of the operating leases.

Foreign currency translation

Transactions and balances

Transactions denominated in foreign currencies are translated to the Saudi Riyals at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the interim consolidated balance sheet date are translated to the Saudi Riyals at the exchange rate ruling at that date. Exchange difference arising on translation are recognized in the interim consolidated statement of income currently.

3. SUMMARY OF SIGNIFICANT ACCOUNTING AND RISK MANAGEMENT POLICIES (Continued)

Foreign currency translation (continued)

Foreign subsidiaries and associates

Assets and liabilities of subsidiaries and share of net assets of joint ventures and equity accounted investees, where functional currency is other than SR, are translated at current exchange rates prevailing at the balance sheet date. Components of equity of subsidiaries, other than retained earnings, are translated at exchange rates prevailing at the date of occurrence of each component.

Statement of income of subsidiaries and share of results of joint ventures and equity accounted investees are translated at average exchange rates prevailing during the period.

Currency Translation Adjustments ("CTA") arising from translation of foreign operations are recognised in the statement of changes in equity. However, in case of a non-wholly owned subsidiary, the relevant proportion of CTA is allocated to NCI within equity.

The Company has receivable balances from its subsidiaries in foreign entities. Such receivables are part of the Company's net investment in these subsidiaries. Settlement for such receivables is not planned and it is unlikely to occur in the foreseeable future. Any gain/loss arinsg on this balance are recognized in the statement of changes in equity. However, in case of a non-wholly owned subsidiary, the relevant proportion of translation reserve is allocated to NCI within equity.

Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in producing products or services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments.

Discontinued operations

A discontinued operation is a component of the Group's business, the operations and cashflows of which can be clearly distinguished from rest of the Group and which:
- represents a separate major line of business or geographical area of operations:
- is part of a single co-ordinated plan to dispose of a separate line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to re-sale.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held for sale.

When an operation is classified as discontinued operation, the comparative statement of income is re-presented as if the operation had been discontinued from the start of the comparative period.

Offsetting

Financial assets and liabilities are offset and reported net in the interim consolidated balance sheet when there is a legally enforceable right to set off the recognized amounts and when the Group intends to settle on a net basis or to realize the asset and settle the liability simultaneously.

4. INTERIM RESULTS

The operations and revenues of the Group are affected by seasonal changes during the year. Therefore, the results of operations for the three months period ended 31 March 2017, may not provide an accurate indication of the actual results for the full year.

(Saudi Riyals)

5. CASH AND CASH EQUIVALENTS

	2017	2016
Cash at banks - in current accounts	**338,250,865**	274,415,634
Cash in hand	**26,579,664**	22,442,634
	364,830,529	296,858,268

6. TRADE RECEIVABLES, PREPAYMENTS AND OTHER CURRENT ASSETS

	Note	2017	2016
Prepayments		**442,118,534**	378,467,390
Advances to suppliers and contractors		**226,037,906**	195,931,809
Trade receivables		**128,528,814**	55,456,959
Other current assets	*6.1, 6.2 & 7*	**279,037,751**	280,874,591
		1,075,723,005	910,730,749
Provision against doubtful receivables		**(5,126,112)**	-
		1,070,596,893	910,730,749

6.1 This includes current portion of receivable against disposal of a subsidiary *(note 16)* amounting to SR 70 million (2016: nil).

6.2 This includes other receivables aggregating SR 36.4 million (2016: Nil) which are secured by way of guarantee, for recovery by 30 September 2017 from the majority shareholder of the Company, Fawaz Abdulaziz Al Hokair Saudi Holding Company ("FAS Holding").

7. RELATED PARTY TRANSACTIONS AND BALANCES

Related parties includes equity accounted investees, affiliates, shareholders and key management personnel of the Group. During the year ended 31 March 2017, the Group transacted with its related parties on terms by management in the ordinary course of business. The significant transactions are as follows:

Transactions:	2017	2016
Rental payments including advances	**318,330,097**	284,304,779
Salaries and benefits of key management personnel of the Company	**18,374,600**	13,171,048
Shop fits, design and construction works	**81,307,671**	195,440,084
Payments made on behalf of an equity accounted investee	**1,402,392**	6,739,659
Board of Directors' and board committees remuneration and compensation	**2,786,000**	1,421,000
Printing and advertisement	**9,142,473**	16,643,792
Credit against marketing and advertisement	**30,000,000**	-
Disposal of investment in equity accounted investee	**37,892,944**	-
Transfer to an affiliate		
- other receivable	**33,295,715**	-
- capital work in progress	**115,355,988**	-

(Saudi Riyals)

7. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

Amounts due from related parties as at 31 March consist of the following:

Related parties	Nature of transactions	Relationship	2017	2016
Current receivables:				
Arabian Centers Company	Rental	Affiliate	**228,860,721**	252,799,700
Fawaz Abdulaziz Al Hokair Real Estate Company	Construction work	Affiliate	**123,279,780**	79,068,360
FG 4 Limited	Expense paid on behalf	Equity accounted investee	**25,931,442**	24,529,050
Egyptian Centers for Real Estate Development	Rental	Affiliate	**94,640,026**	23,859,610
International Shop Fittings Limited	Purchase of shop fits and designs	Equity accounted investee	**14,547,046**	21,673,148
Burberry Saudi Company Limited	Payments on behalf	Equity accounted investee	**-**	2,266,603
Amwal Al Khaleejia Al Oula	Management services	Equity accounted investee	**1,662,877**	-
Hajen Company Limited	Printing and advertisement	Affiliate	**4,705,027**	
			493,626,919	404,196,471
Provision against doubtful related party balances			**(18,440,093)**	-
			475,186,826	404,196,471

Amount due to a related party as at 31 March consists of the following:

Hajen Company Limited	Printing and advertisement	Affiliate	**-**	3,802,011

8. INVENTORIES, NET

	2017	2016
Goods available for sales	**2,258,037,129**	2,232,417,896
Good in transit	**153,217,248**	121,591,314
Provision for inventory shrinkage and slow moving inventory	**(332,658,202)**	(160,023,962)
	2,078,596,175	2,193,985,248
Supplies and consumables	**5,170,543**	82,010,120
Provision for slow-moving supplies and consumables	**-**	(30,285,824)
	2,083,766,718	2,245,709,544

(Saudi Riyals)

9. INVESTMENTS IN EQUITY ACCOUNTED INVESTEES

	Note	Ownership %	Country of incorporation	2017	2016
International Shop Fittings Limited	*9.1*	-	United Arab Emirates	-	37,892,944
Amwal Al Khaleejia Al Oula		25	Kingdom of Saudi Arabia	**32,390,207**	38,412,239
Investate Reality BSC		13.9	Kingdom of Bahrain	**33,743,119**	33,743,119
Burberry Saudi Company Limited		25	Kingdom of Saudi Arabia	**23,782,697**	26,717,538
FG4 Limited		50	United Arab Emirates	**71,140**	71,140
				89,987,163	136,836,980

9.1 During the year ended 31 March 2014, the Group participated in establishing International Shop Fittings Limited, a limited liability company registered in United Arab Emirates. The objective of the entity is to design, manufacture and sell store shop fits and decorations. The Group does not exerts effective control over the operating and financial policies of the entity, accordingly the investment has been accounted for as an equity accounted investee.

The Group has disposed off its investment in International Shop Fittings Limited as per the terms of the sale purchase agreement dated 30 March 2017, between the Group and the majority shareholder of the Company, FAS Holding, for a total consideration of SR 37.9 million to an affiliate, Fawaz Abdulaziz Al Hokair Real Estate Company effective 30 March 2017. The legal formalities to transfer the title of shares are still in progress. The Group holds the shares in fiduciary capacity whereas the beneficial interest was passed on to the affiliate with the effective date.

10. INVESTMENT - AVAILABLE FOR SALE

Investment - available for sale represents equity investment of 9.3% (2016: 9.3%) in Trade Center Company Limited. Trade Center Company Limited is not a listed entity and there are no other external indicators of fair value available due to which the cost is considered as the most appropriate measure of fair value.

11. ADVANCES AGAINST INVESTMENTS, NET

Advances against investments represent advances made by the Company and its subsidiaries in various entities which are either under formation or yet to commence their operations.

During the year ended 31 March 2017, advances amounting to SR 0.41 million (2016: nil) were written-off. In addition, provision against doubtful advances have been recorded for the entire amount of advances outstanding amounting to SR 9.8 million (2016: nil).

(Saudi Riyals)

12. INVESTMENT PROPERTY

Investment property (real estate contribution) represents investment in real estate Musharika Venture by the Group of 16.7% (2016:16.7%). The venture is for the construction and management of Galleria Mall. The investment is amortized over the period of 19 years being the legal term life of the real estate contribution.

Following is the movement in the investment property for the period ended 31 March:

	2017	2016
Cost		
At the beginning and end of the year	**104,252,274**	104,252,274
Accumulated amortization		
At the beginning of the year	**30,000,000**	25,000,000
Charge for the year	**5,000,000**	5,000,000
At the end of the year	**35,000,000**	30,000,000
Net book value	**69,252,274**	74,252,274

13. INTANGIBLE ASSETS - GOODWILL

	Notes	2017	2016
Nesk Trading Projects Company	*13.1*	**417,796,779**	417,796,779
Wahba Trading Company Limited	*13.2*	**61,437,764**	61,437,764
Models Own Holding Limited	*13.3*	**5,817,109**	5,817,109
Business acquisition-Mango brand	*13.4*	**319,508,613**	319,508,613
		804,560,265	804,560,265

13.1 On 10 Dhul-Qadah 1433H (corresponding to 26 September 2012), the Group completed the acquisition process of Nesk Trading Projects Company (the 'Subsidiary'), a limited liability company registered in the Kingdom of Saudi Arabia. The Subsidiary operates fashion retail stores all over the Kingdom with franchise rights of a number of international fashion brands including Stradivarius, Mango, Okaidi, Women' Secret, Gerty Weber and Ikks.

The Group acquired an effective 100% equity interest in Nesk Trading Projects Company, through a tender offer, for cash in an aggregate amount of SR 730 million having net acquisition cost of SR 661.2 million after deducting net cash acquired amounting to SR 68.8 million.

The acquisition has been accounted for using the purchase method of accounting and accordingly, the purchase price paid has been allocated to the assets and liabilities based on fair values of the assets acquired and liabilities assumed. The excess of the consideration paid over the fair value of the assets acquired, including separately identifiable intangible assets, and liabilities assumed has been allocated to goodwill.

13.2 During April 2009, the Group acquired 100% equity ownership in Wahba Trading Company Limited. At the date of acquisition, the fair value of net assets of the subsidiary was SR 118.6 million and the cost of acquisition was SR 180 million accordingly, a goodwill amounting to SR 61.4 million arose at the acquisition of this subsidiary.

13. INTANGIBLE ASSETS - GOODWILL (continued)

13.3 During the year ended 31 March 2016, the Group completed the acquisition of 51% equity interest in Models Own Holding Limited, registered in England and Wales, through its 100% effectively owned subsidiary named Express Fashion Trading Limited registered in the United Arab Emirates for a purchase price of SR 12.3 million (equivalent to GBP 2 million). The acquisition has been accounted for using the purchase method of accounting, and accordingly, the purchase consideration has been allocated based on the fair values of the assets acquired and liabilities assumed. The excess of the consideration paid over the fair value of the assets acquired, including separately identifiable intangible assets, and liabilities assumed has been allocated to goodwill amounting to SR 5.8 million.

13.4 On 20 Dhul-Qadah 1435H (corresponding to 15 September 2014), the Group signed an agreement with Danah Group Trading Establishment, a sole proprietorship registered in the Kingdom of Saudi Arabia to acquire the business of fashion retail and franchise rights of the international fashion brand "Mango" in the Kingdom of Saudi Arabia. The consideration paid by the Group for this business acquisition amounted to SR 378 million. The related business acquisition has been accounted for using the purchase method of accounting, and accordingly, the consideration paid has been allocated based on the fair values of the assets acquired. The excess of the consideration paid over the fair value of the assets acquired has been allocated to goodwill.

13.5 Acquisition of business

During the year ended 31 March 2017, the Group has acquired 85% equity interest in Retail Cluster Pakistan (Private) Limited and incorporated a company Atlas Poushan Diba, through its wholly owned subsidiaries, for total values of SAR 3,100 (equivalent to PKR 85,000) and SR 2,100 respectively. These companies are intended to be used as clearance channels for the terminal stock.

14. SHORT-TERM BORROWINGS

14.1 Short-term Murabaha facilities

The Group has short-term Murabaha facilities with local and foreign commercial banks amounting to SR 1,350 *million* (2016: SR 1,615 million). As at 31 March 2017, the outstanding balance of these facilities was SR 1,016 million (2016: SR 1,093.5 million). The facilities are secured by promissory notes by the Group and utilized for working capital management.

14.2 Sukuk

On 24 June 2014, the Group issued Sukuk amounting to SR 500 million at par value of SR 1 million each without discount or premium, maturing in 2019. The Sukuk issuance bear a rate of return based on SIBOR plus an specified margin payable quarterly in arrears from the net income received under the Sukuk assets.

The Group is unable to meet a financial covenant as at 31 March 2017 under its long term financing facility with its Sukukholders. The Group has received a letter from the Sukukholders requesting the Group to increase the Sukuk margin along with a waiver fee as a condition to provide the waiver till September 2017. Currently, the Group is in negotiations with its Sukukholders to obtain a reset of the relevant covenant such that, based on its current financial forecasts, it will be able to meet the relevant financial covenant. Management is confident that the outcome of such discussions will be successful. Accordingly, for presentation purpose the Sukuk is classified as a current liability as at 31 March 2017.

14. SHORT-TERM BORROWINGS (continued)

14.3 Long term murabaha facility

On 13 April 2015, the Group signed an amendment of a facility agreement (the "Agreement") that was originally signed on 24 December 2013 with a local bank to allow for an increase in the overall facility amount from SR 235 million to SR 335 million. The amended facility Agreement includes total amount of SR 100 million as medium-term loan. The medium-term loan is repayable in equal 18 quarterly installments commenced on October 2015 and ending on January 2020. The facility is secured by promissory notes by the Group. As at 31 March 2017, the Group has fully utilized the medium-term loan. The outstanding balance of this loan as at 31 March 2017 was SR 68.3 million (2016: SR 88.7 million).

The Group is unable to meet a financial covenant as at 31 March 2017 under the Agreement with the bank. Accordingly, for presentation purpose the aforesaid long term murabaha facitlity is classified as a current liability as at 31 March 2017.

15. LONG-TERM BORROWINGS

15.1 Murabaha financing

Facitlity 1

The Group signed a long-term Murabaha financing agreement with International Finance Corporation ("IFC"), a member of World Bank Group, amounting to SR 187.5 million (USD 50 million) on 1 October 2011. During the year ended 31 March 2013, the Group agreed with IFC to increase the Murabaha facility amount by SR 93.75 million (USD 25 million). As per the terms of the agreement, the term of the Murabaha facility is for a period of five and half years. The Murabaha facility is secured by promissory notes issued by the Group. The facility is repayable in equal semi-annual installments commencing after the two years from the date of the first disbursement. The Group has fully utilized this facility. The Murabaha facility carries markup at London Interbank Offered Rate ('LIBOR') plus agreed margin per annum. The outstanding balance as at 31 March 2017 was SR 35.2 million (2016: SR 105.5 million).

Facitlity 2

On 4 June 2014, the Group signed a long-term Master Murabaha Facility Agreement (the "Agreement") of SR 1 billion with various local and regional banks. As per the Agreement, the term of the Murabaha facility is for a period of 7 years. The Murabaha facility is repayable in equal 12 installments commencing on December 2015 and ending on June 2021. As at 31 March 2017, the Company has fully utilized this facility. The Murabaha facility carries markup at Saudi Interbank Offered Rate ('SIBOR') plus agreed margin per annum. The outstanding balance as at 31 March 2017 was SR 750 million (2016: SR 916.7 million).

Facilitv 3

On 16 October 2014, the Group signed a long-term Master Murabaha Facility Agreement (the "Agreement") of SR 712.5 million (equivalent to USD 190 million) with a foreign bank. As per the Agreement, the term of the Murabaha facility is for a period of 5 years. The Murabaha facility is repayable in equal quarterly installments commencing on January 2016 and ending on October 2019. The facility is secured by promissory notes given by the Group. As at 31 March 2017, the Group has fully utilized this facility. The Murabaha facility carries markup at LIBOR plus agreed margin per annum. The outstanding balance as at 31 March 2017 was SR 489.8 million (2016: SR 668 million).

15. LONG-TERM BORROWINGS (Continued)

15.1 Murabaha financing (continued)

Facility 4

On 28 December 2015, the Group signed a long-term Master Murabaha Facility Agreement (the "Agreement") of SR 281.1 million (equivalent to AED 275.6 million) with a foreign bank. As per the Agreement, the term of the Murabaha facility is for a period of 6 years. The Murabaha facility is repayable in equal semi-annual installments commencing on 28 June 2017 and ending on 28 December 2021. The facility is secured by promissory notes by the Group. As at 31 March 2017, the Group has fully utilized this facility. The Murabaha facility carries markup at Emirates Interbank Offered Rate (EIBOR) plus agreed margin per annum. The outstanding balance as at 31 March 2017 was SR 281.1 million (2016: SR 281.1 million)

Facility 5

On 25 December 2016 the Group has signed a long term Master Murabaha Facility Agreement (the 'Agreement') with Natixis S.A. amounting to SR 187.5 million (equivalent to USD 50 million). As per the Agreement, the term of the Murabaha Facility is for a period of 3 years. The Murabaha facility is repayable in equal semi-annual installments commencing on 25 June 2017 and ending on 25 December 2019. The facility is secured by given promissory notes given by the Group. As at 31 March 2017, the Group has fully utilized this facility. The Murabaha facility carries markup at LIBOR plus agreed margin per annum. The outstanding balance as at 31 March 2017 was SR 187.5 million (2016: Nil).

Murabaha facility agreements contain covenants, which among other things, require certain financial ratios to be maintained. The Group ensures that it is always in compliance with the loan covenants prescribed in such agreements. In case of breach of covenant at any point of time, the management ensures that it reconciles its position with the lending banks and that it has obtained a formal waiver from the related lender. As at 31 March 2017, the Group is in compliance with its the respective financial covenants except as disclosed in note 15.3.

The above Murabaha facilities are disclosed net of related unamortized upfront fees (including commitment fees) amounting to SR 20.1 million as at 31 March 2017 (2016: SR 26.4 million).

(Saudi Riyals)

16. LOSS FROM DISCONTINUED OPERATION

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

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

The results from the operations of the Global Leiva and its subsidiaries have been disclosed as 'Loss from discontinued operations' in these interim consolidated financial statements until 29 June 2016 i.e. the date of disposal. In accordance with the generally accepted accounting principles in Saudi Arabia, the comparative figures have also been reclassified and disclosed as 'Loss from discontinued operations' in 2016.

Results of the discontinued operation until the date of disposal are as follows:

	From 01 April to 29 June 2016 (Unaudited)	From 01 April to 31 March 2016 (Unaudited)
Sales	**61,243,158**	402,796,615
Direct Costs	**(93,058,130)**	(435,338,871)
Selling and marketing expenses	**(11,224,045)**	(67,594,528)
General and administrative expenses	**(14,965,394)**	(72,816,220)
Depreciation and amortization	**(2,461,243)**	(9,380,196)
Financial Charges	**(1,405,294)**	(2,988,604)
Other income	**800**	2,475,501
Income tax charge, net of deferred tax	**15,422,897**	45,084,413
Loss from discontinued operations	**(46,447,251)**	(137,761,890)
Loss per share from discontinued operation *(note 20)*	**(0.22)**	(0.66)
Cash flows from discontinued operations		
Cash flows from operating activities	**18,501,678**	29,633,815
Cash flows from investing activities	**(1,696,577)**	(14,521,045)
Cash flows from financing activities	**(7,776,567)**	(13,497,112)

(Saudi Riyals)

16. LOSS FROM DISCONTINUED OPERATION (continued)

Details of assets and liabilities disposed are as follows:

	As at 29 June 2016	As at 31 March 2016
Assets:		
Cash and cash equivalents	**14,443,113**	5,414,579
Trade receivables, prepayments and other current assets	**155,510,686**	146,071,489
Inventories, net	**124,696,930**	102,984,551
Property and equipment, net	**68,051,690**	69,319,485
Intangible assets, net	**14,243,711**	13,740,582
Foreign currency translation reserve	**40,614,631**	34,207,034
Total assets	**417,560,761**	371,737,719
Liabilities:		
Trade payables	**32,105,080**	22,468,750
Accrued expenses and other current liabilities	**37,259,462**	75,299,447
Total liabilities	**69,364,542**	97,768,196
Net assets deconsolidated	**348,196,219**	273,969,523
Intangible assets - recorded in the financial statements of the Company	**1,803,781**	-
	350,000,000	273,969,523
Non-current portion	**280,000,000**	-
Current portion *(note 6.1)*	**70,000,000**	-
Receivable from disposal of a subsidiary	**350,000,000**	-

17. ZAKAT AND INCOME TAX

Zakat and income-tax are provided for and charged to the interim consolidated statement of income on an estimated based on the interim results and the position as at the date of interim balance sheet. Differences resulting from the final annual zakat and income tax calculation are adjusted at year end.

Zakat status of the Company and its local subsidiaries

The Company has filed its zakat returns with GAZT for all years up to and including the year ended 31 March 2015 and received the zakat certificate. The zakat returns for the years from 31 March 2008 to 31 March 2015 are under review of GAZT.

During the year ended 31 March 2012, the Company received zakat assessment for the years ended 31 March 2002 to 2007, which showed additional claims from GAZT amounting to SR 10 million. The Company has objected on certain items amounted to SR 4 million and accordingly submitted a letter of guarantee for the objected amount and received the final zakat certificate for the said years. The Company has also filed an appeal against the remaining amount of SR 6 million which is under process as at 31 March 2017 and the outcome of the appeal cannot be determined at this stage. However, based on the grounds of the appeal, the management and tax advisors of the Company are confident of a favourable outcome and accordingly no provision against this additional liability has been made in these interim consolidated financial statements.

17. ZAKAT AND INCOME TAX (continued)

Income tax status of foreign subsidiaries

The income tax returns have been filed with the relevant tax authorities for all years up to the year ended 31 March 2015 for the subsidiaries in Jordan. Egypt, Morocco, Armenia and United States of America. For the subsidiary in Georgia, the income tax returns have been filed for all years up to the year ended 31 March 2014. The income tax returns for above subsidiaries are under review by the relevant tax authorities. For the subsidiaries in Kazakhstan, Azerbaijan and Balkan Countries the income tax returns have been filed up to the year ended 31 December 2015. The income tax returns are under review by the relevant tax authorities. There are no pending adverse assessments relating to income tax in any of the subsidiaries.

18. SHARE CAPITAL

The Company's share capital consists of 210 million shares (2016: 210 million shares) of SR 10 each fully paid and issued amounting to SR 2,100 million (2016: SR 2,100 million).

19. RESERVES

19.1 Statutory reserve

In accordance with the By-laws of the Company, the Company must transfer atleast 10% of its net income for the year to the statutory reserve until such reserve equals 50% of the share capital. This reserve is not available for dividend distribution.

19.2 Foreign currency translation reserve

Foreign currency translation reserves represent exchange translation difference in respect of receivables from foreign subsidiaries and net investment in foreign operations, mainly Commonwealth of Independent States (CIS Countries) and Egypt. The Group has reversed the reserves amounting to SR 40.6 million in respect of disposal of a subsidiary and recorded further loss of SR 155.8 million during the year ended 31 March 2017 (2016: SR 213.9 million) mainly in respect of receivables from Egypt, Kazakhstan, Azerbaijan and Georgia subsidiaries. Such receivables are part of the Company's net investment in these subsidiaries. Settlement for such receivables is not planned and it is unlikely to occur in the foreseeable future.

20. EARNINGS PER SHARE

Earnings per share attributable to operating income and net income was calculated by dividing operating and net income for the period by the number of outstanding ordinary shares during the period amounting to 210 million (2016: 210 million) shares.

21. SEGMENT INFORMATION

The Company and its subsidiaries mainly trade fashion apparels and operate through their various retail outlets scattered in the Kingdom of Saudi Arabia. Further, the Company operates through certain subsidiaries in the international markets, in Jordan, Egypt, Republic of Khazkhstan, United States of America, Republic of Azerbaijan, Georgia, Armenia, Morocco, Balkan countries, Republic of Iraq, United Arab Emirates and England.

In addition to the retail of fashion apparels, a subsidiary of the Company in United States of America is also involved in the business of indoor entertainment business for kids.

21. SEGMENT INFORMATION (Continued)

The segment information for these segments is provided below:

	Fashion retail	**Indoor entertainment**	**Inter-segment elimination**	**Total**
		Saudi Riyals in '000'		
As at and for the year ended 31 March 2017 (Unaudited)				
Non-current assets	**3,310,404**	**129,427**	**-**	**3,439,831**
Current assets	**3,994,022**	**359**	**-**	**3,994,381**
Total liabilities	**4,557,902**	**231**	**-**	**4,558,133**
Sales	**6,628,393**	**77,276**	**-**	**6,705,669**
Depreciation and amortization	**(342,904)**	**(12,845)**	**-**	**(355,749)**
Finance charges	**(167,089)**	**-**	**-**	**(167,089)**
Net income / (loss)	**386,035**	**5,134**	**-**	**391,169**

	Fashion retail	Indoor entertainment	Inter-segment elimination	Total
		Saudi Riyals in '000'		
As at and for the year ended 31 March 2016 (Unaudited)				
Non-current assets	3,519,380	94,563	-	3,613,943
Current assets	3,857,221	274	-	3,857,495
Total liabilities	4,865,645	225	-	4,865,870
Sales	6,897,430	46,138	-	6,943,568
Depreciation and amortization	(316,154)	(9,026)	-	(325,180)
Finance charges	(118,586)	-	-	(118,586)
Net income / (loss)	611,802	4,003	-	615,805

As aforementioned, the operations of the Group are conducted in the Kingdom of Saudi Arabia and certain other countries. Selected financial information as of March 31 and for the years then ended, summarized by geographic area, are as follows:

	Domestic	**International**	**Intersegment elimination**	**Total**
		Saudi Riyals in '000'		
As at and for the period ended <u>31 March 2017 *(Unaudited)*</u>				
Non-current assets	**2,230,177**	**697,008**	**512,646**	**3,439,831**
Current assets	**5,633,145**	**1,068,661**	**(2,707,424)**	**3,994,381**
Total liabilities	**4,214,397**	**2,629,963**	**(2,286,227)**	**4,558,133**
Sales	**5,636,588**	**1,117,482**	**(48,401)**	**6,705,669**
Depreciation and amortization	**(272,688)**	**(83,061)**	**-**	**(355,749)**
Finance charges	**(166,408)**	**(680)**	**-**	**(167,089)**
Net income / (loss)	**587,790**	**(196,621)**	**-**	**391,169**

21. SEGMENT INFORMATION (Continued)

	Domestic	International	Intersegment elimination	Total
			Saudi Riyals in '000'	
As at and for the period ended <u>31 March 2016 *(Unaudited)*</u>				
Non-current assets	2,507,166	944,154	162,622	3,613,943
Current assets	5,330,179	1,268,222	(2,740,906)	3,857,495
Total liabilities	4,517,205	2,995,202	(2,646,537)	4,865,870
Sales	5,796,995	1,186,389	(39,817)	6,943,568
Depreciation and amortization	(248,418)	(76,762)	-	(325,180)
Finance charges	(118,006)	(580)	-	(118,586)
Net income / (loss)	852,651	(236,846)	-	615,805

22. CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

As at 31 March, the Group has contingent liabilities and capital commitments as follows:

	2017	2016
Letters of credit and guarantee	**929,493,941**	920,436,836
Capital commitment - property and equipment	**163,741,185**	207,842,516

23. COMPARATIVE FIGURES

The major reclassifications in the comparative figures are as follows:

Reported in 2016	**Reclassified to**	**Amount**
Investments in associates and others' - Trade Center Co. Limited	- Investment - Availabale for sale	94,000,000
Investments in associates and others' - Galleria Mall	- Investment property	74,252,274
Investments in associates and others' - Other Investments	- Advances against investments	10,199,341
	- Other current assets	3,000,259

The comparative numbers have been reclassified to conform to current year's classification.

24. APPROVAL OF THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

The interim consolidated financial statements were approved by the Board of Directors on 23 Rajab 1438H (corresponding to 20 April 2017).