FAWAZ ABDULAZIZ ALHOKAIR & CO.
AND ITS SUBSIDIARIES
(A Saudi Joint Stock Company)
Consolidated Financial Statements
For the year ended 31 March 2017
together with
Independent Auditor's Report

KPMG

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INDEPENDENT AUDITORS' REPORT

To the Shareholders
Fawaz Abdulaziz AlHokair & Co.
(A Saudi Joint Stock Company)
Riyadh,
Kingdom of Saudi Arabia

Opinion

We have audited the consolidated financial statements of Fawaz Abdulaziz AlHokair & Co. ("the Company") and its subsidiaries (collectively, "the Group") which comprise the consolidated statement of financial position as at 31 March 2017, the consolidated statements of income, cash flows and changes in equity for the year then ended, and notes, 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 2017, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with generally accepted accounting standards in the Kingdom of Saudi Arabia.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements in 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 year. 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.

Key audit matter	How the matter was addressed in our audit
Provision for slow moving and defective inventory and inventory shrinkages *Refer to note 3 for accounting policy for inventory and note: 7 for inventory disclosure.* As at 31 March 2017, the Group's inventory balance was SR 2,411 million (2016: SR 2,354 million) which is netted off against a provision for slow moving inventory , inventory shrinkages and defective inventory of SR 333 million (2016: SR 160 million). These inventories are carried at lower of cost and net realizable value. The Company operates in the fashion retail sector and inventory comprise of fashion apparels and accessories. The seasonal nature of the business and changes in customer preferences, markdowns and spending patterns, primarily driven by the wider fashion industry, introduces uncertainty over the recoverability of inventory. Management applies significant judgment in assessing the level of provision required for the slow moving and defective inventory and inventory shrinkages. We considered this as a key audit matter as the management applies significant judgment in determining an appropriate provision for slow moving, ,defective inventory and inventory shrinkages. The factors considered in determining this provision includes; • Assessment of the level of slow moving inventory using the age analysis and historical sales experience in each age bucket; • Determination of net realizable value based on sales forecast; and • Consideration of the results of physical inventory count to determine expected level of defective inventory and inventory shrinkages.	We performed the following audit procedures in relation to provision for slow moving and defective inventory and inventory shrinkages ("inventory provision"): • Assessed the design and implementation, and tested the operating effectiveness of the key controls relating to Group's processes over establishing and monitoring the inventory provision. • Performed an overall ratio and trend analysis for certain key brands to assess the level of inventory provision and discussed with management any unusual ratios or trends and corroborated their responses. • On a sample basis, tested the accuracy of the historical data and age analysis of inventory used in determination of the inventory provision. • Considered management's view of current inventory profile and sales forecasts that impacts the estimation of inventory provision. Further, in relation to sales forecast, we also evaluated management's process of forecasting sales by checking historical accuracy of these forecasts against actual results. • Determined the net realizable value (NRV) of inventories by examining the sales subsequent to year-end for a sample of stores and compared this NRV with the carrying value of inventories to check appropriateness of the associated provision. • Obtained inventory count results from management to consider appropriateness of provision for expected level of defective inventory and possible shrinkages. Further, to understand the process of inventory counts, we attended inventory counts at a sample of stores along with management where we assessed the design and operating effectiveness of key controls over physical inventory and also performed sample test counts to check accuracy of count results.

Key audit matter	How the matter was addressed in our audit
Goodwill impairment *Refer to Note: 3 for accounting policy relating to goodwill and note: 13 for goodwill disclosure.* As at 31 March 2017, the carrying value of goodwill amounted to SAR 805 million (2016: SAR 805 million). The goodwill arose on the acquisition of Wahba Trading, Nesk and Mango brand, each identified as a separate Cash Generating Unit (CGU). Goodwill is subject to an annual impairment test. For the purpose of the Group's impairment assessment of goodwill, management used the value in use model under which the future cash flows relating to each CGU were discounted and compared to their respective recoverable amounts. In carrying out impairment assessment, significant judgment and assumptions are required in determining the future cash flows, discount rate, growth rate and terminal value. We considered goodwill impairment as a key audit matter due to the judgment and assumptions involved in the impairment assessment process.	We performed the following audit procedures in relation to goodwill impairment: • Assessed the design and implementation, and tested the operating effectiveness of the key controls relating to Group's processes over recognition and measurement of goodwill impairment, including the assumptions used. • We considered management's identification of CGUs and the appropriateness of the allocation of goodwill to each CGU. • We tested the key assumptions used in the management's value-in-use calculation, including dividend and cash flow projections and discount rates. Further, we assessed the reasonableness of key management assumptions in respect of estimated future cash flows, growth and discount rates and also performed a sensitivity analysis on these key assumptions. • We compared management assumptions against industry benchmarks, applied our understanding of the future prospects of the business from internal and external sources, and compared forecasts to historical experience. • We checked the accuracy and completeness of the information produced by management which was used for the basis of their assessment.
Impairment review of fixtures and fittings and other leasehold improvements at stores ("Store Assets") *Refer to Note: 3 for accounting policy relating to property and equipment and note: 12 for related disclosures.* As at 31 March, the Group held property and equipment of SR 1,961 million (2016: SR 2,328 million) which comprise of land, buildings and Store Assets. The economic and sector trends facing the Group may adversely impact the profitability of stores and hence the recoverable amount of the Store Assets used within the store portfolio which is considered to be a trigger event for impairment review. Further, these Store Assets are widely dispersed over various geographical locations and comprise of assets that in certain cases are specific to brands and thus can not be used for other brands.	We performed the following procedures to evaluate the impairment of Store Assets: • Assessed the design and implementation, and tested the operating effectiveness of the key controls relating to Group's processes over recognition and measurement of impairment over Store Assets. • Examined the trading performance of all stores and confirmed that the management has correctly identified all under-performing stores for impairment assessment. • Made inquiries of management regarding impairment assessment for Store Assets held at under-performing stores and discussed the basis for their assessment. • Evaluated usefulness of assets relating to the closed stores through considering trading plans and discussions with senior management.

Key audit matter	How the matter was addressed in our audit
Impairment review of fixtures and fittings and other leasehold improvements at stores ("Store Assets") (continued) Management considers each store to be a Cash Generating Unit (CGU) and has performed a review of the trading results of the stores for the year. Management also assess the possibility of moving these assets to existing or new stores to keep them in continuing use. However, where a store is closed or loss making an impairment charge is recognized over the Store Assets, which cannot be used within the store portfolio. We considered the impairment of Store Assets as a key audit matter as the assessment of impairment of Store Assets involves judgment by management of factors such as usefulness of assets in other stores, future performance of stores and sales expectations.	• Where assets relating to the closed stores could not be used within the same brand stores portfolio we obtained management's plan for using these assets at other locations and the considered viability of such plan.

Other Information included in the Group's Annual Report

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

Responsibilities of Management and Audit Committee for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with generally accepted accounting standards in the Kingdom of Saudi Arabia and in compliance with the Regulations for Companies and the Company's bylaws, 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.

The Audit Committee is responsible for overseeing the Group's financial reporting process.

Auditors' 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 auditors' 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 (ISAs) 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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As part of an audit in accordance with International Standards on Auditing (ISAs) that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgment and maintain professional skepticism 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, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- 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 Audit Committee 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.

We also provide Audit Committee 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 Audit Committee, 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 auditors' 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.

KPMG Al Fozan & Partners
Certified Public Accountants

Khalil Ibrahim Al Sedais
License No.: 371

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

Date: 19 Ramadan 1438H
Corresponding to: 14 June 2017

FAWAZ ABDULAZIZ ALHOKAIR & CO. AND ITS SUBSIDIARIES
(A Saudi Joint Stock Company)
CONSOLIDATED BALANCE SHEET
As at 31 March 2017
(Saudi Riyals)

	Notes	2017	2016
ASSETS			
Current assets:			
Cash and cash equivalents	4	364,830,529	296,858,268
Trade receivables, prepayments and other assets	5, 30	1,065,878,478	910,730,749
Inventories, net	7	2,083,766,718	2,245,709,544
Amounts due from related parties	6	479,905,241	404,196,471
Total current assets		3,994,380,966	3,857,495,032
Non-current assets:			
Investments in equity accounted investees	8, 30	89,987,163	136,836,980
Investment - available for sale	9, 30	94,000,000	94,000,000
Advances against investments, net	10, 30	--	10,199,341
Investment property	11, 30	69,252,274	74,252,274
Non-current portion of receivable from disposal of a subsidiary	15	280,000,000	--
Property and equipment	12	1,960,513,707	2,328,007,521
Intangible assets – goodwill	13	804,560,265	804,560,265
Other intangible assets	14	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	16	1,584,918,565	1,093,542,171
Current portion of long-term borrowings	18	493,132,196	431,937,994
Trade payables		600,941,729	591,169,451
Accrued expenses and other current payables	17	554,921,665	554,395,194
Amount due to a related party	6	--	3,802,011
Total current liabilities		3,233,914,155	2,674,846,821
Non-current liabilities:			
Long term borrowings	18	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
Equity:			
Equity attributable to the shareholders of the Company:			
Share capital	20	2,100,000,000	2,100,000,000
Statutory reserve	21	180,992,561	141,875,641
Foreign currency translation reserve	21	(532,891,748)	(425,675,840)
Retained earnings		1,143,996,820	791,944,543
Total Equity attributable to the shareholders of the Company		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 accompanying notes 1 to 31 are an integral part of these consolidated financial statements.

FAWAZ ABDULAZIZ ALHOKAIR & CO. AND ITS SUBSIDIARIES
(A Saudi Joint Stock Company)
CONSOLIDATED STATEMENT OF INCOME
For the year ended 31 March 2017
(Saudi Riyals)

	Notes	2017	2016
Continuing operations:			
Sales		6,705,669,025	6,943,567,738
Direct costs		(5,177,146,749)	(5,177,774,846)
Gross profit		1,528,522,276	1,765,792,892
Selling and marketing expenses	22	(254,299,519)	(263,987,529)
General and administrative expenses	23	(343,162,579)	(324,543,952)
Depreciation and amortization		(355,748,530)	(325,180,334)
Operating income		575,311,648	852,081,077
Share in net income of equity accounted investees	8	(8,956,873)	1,123,105
Financial charges	16, 18	(167,088,667)	(118,585,551)
Other income (expense), net	24	63,599,048	53,646,527
Income before loss from discontinued operations, Zakat and Income tax and Non-controlling interest		462,865,156	788,265,158
Discontinued operation:			
Loss from discontinued operations, net of tax	15	(46,447,251)	(137,761,890)
Income before Zakat and Income tax and non-controlling interest		416,417,905	650,503,268
Zakat and income tax charge, net	19	(30,744,684)	(37,887,278)
Income before Non-controlling interests		385,673,221	612,615,990
Non-controlling interests		5,495,976	3,188,872
Net income for the year		391,169,197	615,804,862
Earnings per share:			
Attributable to operating income	26	2.74	4.06
Attributable to net income for the year	26	1.86	2.93
Earnings per share – continuing operations:			
Attributable to operating income	26	2.74	4.06
Attributable to net income for the year	26	2.08	3.59

The accompanying notes 1 to 31 are an integral part of these consolidated financial statements.

FAWAZ ABDULAZIZ ALHOKAIR & CO. AND ITS SUBSIDIARIES
(A Saudi Joint Stock Company)
CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 March 2017
(Saudi Riyals)

	Notes	2017	2016
Cash Flows from Operating Activities:			
Net income for the year		391,169,197	615,804,862
Adjustments to reconcile net income to net cash flows from operating activities:			
Zakat and income-tax charge	19	30,744,684	37,887,278
Deferred tax - discontinued operations		--	(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, net		8,956,873	(1,123,105)
Provision for employees' end of service benefits		18,391,875	18,964,104
Provision against doubtful receivables		9,844,527	--
Provision against doubtful advances against investments		9,780,970	--
Provision against doubtful related party receivables		13,721,678	--
Provision for slow moving inventory, net		142,348,416	63,281,942
Write-off of property and equipment and other intangible assets		19,208,510	2,994,129
Write-off of advance against investments		407,259	--
Gain on disposal of property and equipment		(86,000)	(278,922)
		986,793,808	1,023,817,533
Changes in operating assets and liabilities:			
Trade receivables, prepayments and other 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 payable		41,877,358	16,421,701
Accrued expenses and other current payables		19,537,646	17,179,121
Cash generated from operations		604,800,396	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		579,543,089	474,866,755
Cash Flows from Investing Activities:			
Acquisition of property and equipment	12	(165,209,232)	(633,559,056)
Purchase of other intangible assets	14	(12,170,713)	(37,736,040)
Disposal of discontinued operation, net of cash disposed of	15	(14,443,113)	--
Acquisition of a subsidiary, net of cash acquired		--	(12,279,505)
Advances against investments		--	(568,821)
Proceeds from disposal of property and equipment		116,552	948,550
Net cash used in investing activities		(191,706,506)	(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
Dividends paid		--	(210,000,000)
Net cash used in financing activities		(319,864,322)	225,228,749
Net changes in bank balances and cash		67,972,261	16,900,632
Cash and cash equivalents at the beginning of year		296,858,268	279,957,636
Cash and cash equivalents at the end of the year		364,830,529	296,858,268
Significant non-cash transactions:			
- Dividend payable		--	210,000,000
- Receivable from disposal of a subsidiary	15	350,000,000	--
- Transfer of capital work in progress to a related party		115,355,988	--
- Transfer of other receivable to a related party		33,295,715	--
- Disposal of investment in equity accounted investee		37,892,944	--

The accompanying notes 1 to 31 are an integral part of these consolidated financial statements.

FAWAZ ABDULAZIZ ALHOKAIR & CO. AND ITS SUBSIDIARIES
(A Saudi Joint Stock Company)
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 March 2017
(Saudi Riyals)

	Equity attributable to the shareholders of the Company						
	Share capital	Statutory reserve	Foreign currency translation reserve	Retained earnings	Total shareholders' equity	Non-controlling interests	Total equity
Balance as at 1 April 2015	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)
Foreign currency translation loss incurred during the year *(note 21)*	--	--	(197,106,375)	--	(197,106,375)	(16,823,521)	(213,929,896)
Transfer to statutory reserve	--	61,580,486	--	(61,580,486)	--	--	--
Balance at 31 March 2016	**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
Transfer to statutory reserve	--	39,116,920	--	(39,116,920)	--	--	--
Foreign currency translation loss realized on disposal of subsidiary (note 15)	--	--	40,614,631	--	40,614,631	--	40,614,631
Foreign currency translation loss incurred during the year *(note 21)*	--	--	(147,830,539)	--	(147,830,539)	(7,946,731)	(155,777,270)
Balance as at 31 March 2017	**2,100,000,000**	**180,992,561**	**(532,891,748)**	**1,143,996,820**	**2,892,097,633**	**(16,018,946)**	**2,876,078,687**

The accompanying notes 1 to 31 are an integral part of these consolidated financial statements.

(Saudi Riyals)

1. ORGANIZATION AND ACTIVITIES

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

The Company is engaged in the following activities:

- Wholesale and retail trading in ready-made cloth for men, women and children, shoes, textiles, house and office furniture, perfumes, natural cosmetics, ornaments and beauty materials and their compounds and traditional jewelry.
- Wholesale and retail trading in sports wares and shoes and their complementary.
- Wholesale and retail trading in packed foods and imported food products.
- 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 in gold, silver, jewelry, precious stones, diamonds, gold ornaments and precious metals.
- Own and operate entertainment centers and acquire related equipment.

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

Subsidiary Company	Country of incorporation	Direct and indirect shareholding % 2017	2016
Al Waheedah Equipment Co. Ltd.	Kingdom of Saudi Arabia	**100**	100
Haifa B. Al Kalam & Partners Co. for trading	Kingdom of Saudi Arabia	**100**	100
Logistics Fashion Trading	United Arab Emirates	**100**	100
Advanced Fashion Concepts	United Arab Emirates	**100**	100
International Fashion Franchising	United Arab Emirates	**100**	100
Saudi Retail Co. Ltd	Kingdom of Saudi Arabia	**100**	100
Wahba Trading Company Limited	Kingdom of Saudi Arabia	**100**	100
Fashion Retail Kazakhstan LLP	Republic of Kazakhstan	**100**	100
Global Apparel Kazakhstan LLP	Republic of Kazakhstan	**100**	100
Retail Group Georgia LLC	Georgia	**100**	100
Master Retail Georgia LLC	Georgia	**100**	100
Spanish Retail Georgia LLC	Georgia	**100**	100
Pro Retail Georgia LLC	Georgia	**100**	100
Best Retail Georgia LLC	Georgia	**100**	100
Mega Store Georgia LLC	Georgia	**100**	100
Fashion Retail Georgia LLC	Georgia	**100**	100
Global Apparel Georgia LLC	Georgia	**100**	100
Retail Group Holding LLC	Georgia	**100**	100
RGAM Retail Group Armenia CJSC	Armenia	**100**	100
Spanish Retail CJSC	Armenia	**100**	100
ZR Fashion Retail CJSC	Armenia	**100**	100
Global Apparal CJSC	Armenia	**100**	100
BR Fashion Retail CJSC	Armenia	**100**	100
Master Retail CJSC	Armenia	**100**	100
Best Retail CJSC	Armenia	**100**	100

(Saudi Riyals)

1. ORGANIZATION AND ACTIVITIES (continued)

Subsidiary Company	Country of incorporation	Direct and indirect shareholding % 2017	2016
Retail Group CJSC	Armenia	**100**	100
Pro Retail CJSC	Armenia	**100**	100
International Retail of Morocco	Morocco	**100**	100
Nesk Trading Projects Company	Kingdom of Saudi Arabia	**100**	100
Retail Group of America	United States of America	**100**	100
Monsoon Accessories USA	United States of America	**100**	100
Retail Group Jennyfer	United States of America	**100**	100
Retail Grooup France	United States of America	**100**	100
Retail Group Spain	United States of America	**100**	100
Retail Group Germany	United States of America	**100**	100
Retail Group Lipsy	United States of America	**100**	100
Retail Group Zippy	United States of America	**100**	100
Retail Group Cortefiel	United States of America	**100**	100
Retail Group Flormar	United States of America	**100**	100
Retail Group Balkans doo Beograd	Republic of Serbia	**100**	100
Retail Group Balkans doo Podgorica	Balkan Peninsula	**100**	100
Retail Group Balkans doo Banjalika	Balkan Peninsula	**100**	100
Models Own Holding Limited	United Kingdom	**100**	100
Models Own Limited	United Kingdom	**100**	100
Models Own International Ltd.	United Kingdom	**100**	100
Retail Group Egypt	Arab Republic of Egypt	**98**	98
RIGE Co.	Arab Republic of Egypt	**98**	98
Retail Group Jordan	Hashemite Kingdom of Jordan	**95**	95
Multi Trends Co.	Morocco	**89**	89
Retail Group Azerbaijan	Azerbaijan	**85**	85
Fashion Retail Azerbaycan	Azerbaijan	**85**	85
Spanish Retail Azerbaycan	Azerbaijan	**85**	85
Global Apparel Azerbaycan	Azerbaijan	**85**	85
Mega Store Azerbaycan	Azerbaijan	**85**	85
Master Retail Azerbaycan	Azerbaijan	**85**	85
Pro Retail Azerbaycan	Azerbaijan	**85**	85
Retail Group Holding	Azerbaijan	**85**	85
Best Retail Azerbaycan	Azerbaijan	**85**	85
Al Farida Trading Agencies Company	Kingdom of Saudi Arabia	**70**	70
Global Leiva S.L.U	Spain	**--**	100

In addition to the above, the Group, directly and indirectly, owns certain dormant subsidiaries and special purpose vehicles across several Countries which are not material to the Group.

The principal activities of all of the above subsidiary companies are wholesale and retail trading of fashion apparels and indoor entertainment business for kids. The indirect shareholding represents cross ownership among the subsidiary companies.

Further, during the year ended 31 March 2017, the Group had acquired 85% equity interest in Retail Cluster Pakistan (Private) Limited and incorporated a company Atlas Poushan Diba, through its Dubai based wholly owned subsidiaries, for total values of SR 3,100 (equivalent to PKR 85,000) and SR 2,100 respectively. The Group plans to dispose of these subsidiaries and subsequently, ownership of the entity was transferred to the Holding Company. As the Group only had temporary control over the entities, they have not been included in the consolidated financial statements.

2. BASIS OF PREPARATION

a) Statement of compliance

The accompanying consolidated financial statements have been prepared in accordance with the generally accepted accounting standards in Saudi Arabia issued by the Saudi Organization for Certified Public Accountants (SOCPA).

As required by Saudi Organization for Certified Public Accountants (SOCPA), all listed companies are required to transition to International Financial Reporting Standards ("IFRS") that are endorsed by SOCPA effective 1 January 2017 for preparation of their financial statements.

In preparing the first set of IFRS financial statements, the Group will analyze the impact of the first time adoption of IFRS on current and prior year financial statements and will accordingly incorporate the necessary adjustments in its first set of IFRS financial statements.

b) Basis of measurement

The accompanying 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 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.

d) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at March 31 each year. The financial statements of the subsidiaries are prepared for the same reporting year as the Company, except for Retail Group of Balkans for which the yearend as at 31 December.

(i) 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. Subsidiaries where control is only intended to be temporary are not consolidated in the financial statements.

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

(ii) 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 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 years in which the estimates are revised and in future years affected.

Information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have significant effect on the amounts recognized in the financial statements are as follows:

2. BASIS OF PREPARATION (continued)

e) Use of estimates and judgments (continued)

(i) Provision for doubtful receivables, advances and other current assets

A provision for impairment of receivables, doubtful advances and other current assets is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the agreement. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments are considered indicators of objective evidence that the receivables, doubtful advances and other current assets are impaired. For significant individual amounts, assessment is made on an individual basis. Amounts which are not individually significant, but are overdue, are assessed collectively and a provision is recognized considering the length of time considering past recovery rates.

(ii) Provision for slow moving inventory

The management makes a provision for slow moving and obsolete inventory items. Estimates of net realizable value of inventories are based on the most reliable evidence at the time the estimates are made. These estimates take into consideration fluctuations of price or cost directly related to events occurring subsequent to the balance sheet date to the extent that such events confirm conditions existing at the end of year.

(iii) Useful lives of property and equipment

The management determines the estimated useful lives of property and equipment for calculating depreciation. This estimate is determined after considering expected usage of the assets and physical wear and tear. Management reviews the residual value and useful lives annually and change in depreciation charges, if any, are adjusted in current and future years.

(iv) Impairment of non-financial assets

Non-current 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 consolidated financial statements in the year in which the impairment is identified. Non-current assets other than intangible assets and that suffered impairment are reviewed for possible reversal of impairment at each reporting date. Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but the increased carrying amount should not exceed the carrying amount that would have been determined, had no impairment loss been recognized for the assets or cash-generating unit in prior years. A reversal of an impairment loss is recognized as income immediately in the consolidated statement of income. Impairment losses recognized on intangible assets and available for sale securities are not reversible.

(v) Impairment of available for sale investments

The management exercises judgment to calculate the impairment loss of available for sale investments as well as their underlying assets. This includes the assessment of objective evidence which causes an other than temporary decline in the value of investments. In case of equity instruments any significant and prolonged decline in the fair value of equity investment below its cost is considered as objective evidence for such impairment. The determination of what is 'significant' and 'prolonged' requires management's judgment. The management also considers impairment testing to be appropriate when there is evidence of deterioration in the financial health of the investee, industry and sector performance, changes in technology, and operational and financing cash flows. Furthermore, management considers 20% or more as a reasonable measure for significant decline below its cost, irrespective of the duration of the decline, and is recognized in the consolidated statement of income as impairment charge on investments. Prolonged decline represents decline below cost that persists for 9 months or longer irrespective of the amount and is, thus, recognized in the consolidated statement of income as impairment charge on investments. The previously recognized impairment loss in respect of equity investments cannot be reversed through the consolidated statement of income.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all years presented in the consolidated financial statements. Certain of the prior year amounts have been reclassified to conform to the presentation in the current year. *(also refer note 30)*.

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.

Business Combinations
Business combinations (except for entities under common control) are accounted for using the purchase method. The cost of an acquisition is measured as the fair value of the assets given, equity instrument issued and liabilities incurred or assumed at the date of exchange, and includes costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at fair values at the date of acquisition. The excess of the cost of the business combination over the Group's share in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities is classified as goodwill. If the cost of the acquired investee is less than its fair value as of the acquisition date, such difference is adjusted by reducing the fair values of the non-current assets of the acquired investee in proportion to their book values

Business combinations including entities or business under common control are measured and accounted for using book value. The assets and liabilities acquired are recognized at the carrying amounts as transferred from the controlling company's books of accounts. The components of equity of the acquired entities are added to the same components within the Group equity and any gain/loss arising is recognized directly in equity.

Trade receivables
Trade receivables are stated at original invoice amount 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 consolidated statement of income and any subsequent recovery of receivable amounts previously written off are credited to 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 consolidated financial statements include the Group's share in income and loss 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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments in equity accounted investees

If the investee company subsequently achieves net income equal to the net losses made during the year then the application of the equity method will resume. The Group's share of profits or losses of the investee companies are recognized in the 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 consolidated statement of income. On derecognition or impairment, the cumulative gain or loss previously reported in equity is included in the consolidated statement of income for the year.

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 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.

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.

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 year 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 consolidated statement of income when incurred.

Depreciation is charged to the 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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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
The Company is subject to zakat in accordance with the regulations of General Authority for Zakat and Income Tax ("GAZT"). Foreign subsidiaries are subject to the relevant income tax regulations in their countries of domicile. Company's zakat and its share in the foreign subsidiaries income tax are accrued and charged to the consolidated statement of income currently. Foreign income tax attributable to the foreign subsidiaries shareholders are charged to the minority shareholders in accompanying consolidated financial statements. Additional zakat and foreign income tax liabilities, if any, related to prior years' assessments are accounted for in the period in which the final assessments are finalized.

Deferred tax is provided for, using the liability method, on all temporary differences between the tax bases of assets and liabilities and their carrying amounts at the reporting date. Deferred 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 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 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 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.

Dividends
Interim dividends are recorded as and when declared and approved by the Board of Directors. Final dividends are recorded in the year 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 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 consolidated balance sheet date. Foreign subsidiaries have pension schemes for their eligible employees in relevant foreign jurisdictions.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition

Sales represent the earned value of goods supplied by the Group during the year, 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 income 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 consolidated statement of income on a straight line basis over the term of the operating leases.

Foreign currency translation

(i) Transactions and balances

Transactions denominated in foreign currencies are translated to the Saudi Riyals (SR) at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the 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 consolidated statement of income currently.

(ii) 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 year.

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.

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.

(Saudi Riyals)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Assets held for sale and 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 year.

Offsetting

Financial assets and liabilities are offset and reported net in the 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. CASH AND CASH EQUIVALENTS

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

5. TRADE RECEIVABLE, PREPAYMENTS AND OTHER ASSETS

	Note	2017	2016
Prepaid rent		**442,118,534**	378,467,390
Advances to suppliers		**267,762,903**	195,931,809
Trade receivables		**128,528,814**	55,456,959
Current portion of receivable against disposal of subsidiary	*15*	**70,000,000**	--
Receivable against sale of investments	*5.1*	**58,044,148**	58,044,148
Employee receivables		**31,475,757**	28,035,013
Security deposits		**21,311,468**	43,802,957
Margin on letters of credit and guarantee		**15,830,180**	12,139,990
Receivable from Human Resources Development Fund		**13,750,607**	11,263,400
Margin compensation receivable		**10,009,873**	17,614,517
Dividends receivable		**7,634,116**	5,000,000
Receivable against sale of brands		**1,758,202**	22,889,925
Receivable against credit cards sales		**--**	7,340,020
Advances for receivables		**--**	5,863,958
Deferred tax asset		**--**	64,324,641
Others		**7,498,403**	4,556,022
		1,075,723,005	910,730,749
Provision against doubtful receivable against sale of investments		**(9,844,527)**	--
		1,065,878,478	910,730,749

(Saudi Riyals)

5. TRADE RECEIVABLE, PREPAYMENTS AND OTHER ASSETS (continued)

5.1 This includes 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 AlHokair Saudi Holding Company ("FAS Holding").

6. 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 in the ordinary course of business on standard terms, which were approved by the management.

6.1 *Transactions with related parties*

The significant transactions with related parties during the year are as follows:

	Note	2017	2016
Rent expense		**318,330,097**	284,304,779
Salaries and benefits of key management personnel of the Company		**21,572,162**	13,171,048
Shop fits, design and construction works		**71,807,671**	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	*24*	**30,000,000**	
Disposal of investment in equity accounted investee	*8.1*	**37,892,944**	--
Transfer to majority shareholder			
other receivable		**33,295,715**	--
capital work in progress	*12*	**115,355,988**	--

6.2 *Balances with related parties*

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

Related parties	*Nature of transactions*	*Relationship*	2017	2016
Arabian Centers Company	Rental	Affiliate	**228,860,721**	252,799,700
Fawaz Abdulaziz AlHokair Real Estate Co.	Construction work	Affiliate	**123,279,780**	79,068,360
FG4 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 Ltd*	Shop fits and design	Equity accounted investee	**14,547,046**	21,673,148
Hajen Company Limited	Printing and advertisement	Affiliate	**4,705,027**	--
Amwal Al Khaleejia Al Oula	Management services	Equity accounted investee	**1,662,877**	--
Burberry Saudi Co. Ltd.	Services and payments	Equity accounted investee	--	2,266,603
			493,626,919	404,196,471
Provision against doubtful related party balances			**(13,721,678)**	--
			479,905,241	404,196,471

(Saudi Riyals)

6. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

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

Related parties	*Nature of transactions*	*Relationship*	2017	2016
Hajen Company Limited	Printing and advertisement	Affiliate	--	3,802,011
			--	3,802,011

7. INVENTORIES, NET

		2017	2016
Goods available for sale		**2,258,037,129**	2,232,417,896
Goods in transit		**153,217,248**	121,591,314
Provision for inventory shrinkage and slow moving inventory	*7.1*	**(332,658,202)**	(160,023,962)
		2,078,596,175	2,193,985,248
Supplies		**5,170,543**	82,010,120
Provision for slow-moving supplies	*7.2*	**--**	(30,285,824)
		2,083,766,718	2,245,709,544

7.1 Movement in provision for inventory shrinkage and slow moving inventory during the year is as follows:

	2017	2016
Opening balance	**160,023,962**	102,583,657
Provision recorded during the year	**253,839,451**	185,860,383
Provision written off during the year	**(81,205,211)**	(128,420,078)
Closing balance	**332,658,202**	160,023,962

7.2 Movement in provision for slow-moving supplies during the year is as follows:

	2017	2016
Opening balance	**30,285,824**	24,444,187
Provision recorded during the year	**--**	5,841,637
Provision reversed during the year	**(30,285,824)**	--
Closing balance	**--**	30,285,824

During the year, the Group has sold the entire stock of the slow-moving supplies at cost, therefore, the related provision has been reversed.

8. INVESTMENTS IN EQUITY ACCOUNTED INVESTEES

Investments in associates and jointly controlled entities described as equity accounted investees at March 31 comprise the following:

	Note	Country of incorporation	Ownership %	2017	2016
Associates:					
Amwal Al Khaleejia Al Oula		Kingdom of Saudi Arabia	25.0	**32,390,207**	38,412,239
International Shop Fittings Limited	*8.1*	United Arab Emirates	--	**--**	37,892,944
Investate Reality BSC		Kingdom of Bahrain	13.9	**33,743,119**	33,743,119
Burberry Saudi Company Ltd.		Kingdom of Saudi Arabia	25.0	**23,782,697**	26,717,538
FG4 Limited		United Arab Emirates	50.0	**71,140**	71,140
				89,987,163	136,836,980

(Saudi Riyals)

8. INVESTMENTS IN EQUITY ACCOUNTED INVESTEES (continued)

8.1 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 exert control over the operating and financial policies of the entity, accordingly the investment was accounted for as an equity accounted investee.

During the year, 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 AlHokair 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 on the effective date.

8.2 Movement in equity accounted investees during the year ended 31 March 2017 is as follows:

	Balance at 31 March 2016	**Share in earnings / (losses)**	**Disposal**	**Balance at 31 March 2017**
Amwal Al Khaleejia Al Oula	**38,412,239**	**(6,022,032)**	**--**	**32,390,207**
International Shop fittings Limited	**37,892,944**	**--**	**(37,892,944)**	**--**
Investate Reality BSC	**33,743,119**	**--**	**--**	**33,743,119**
Burberry Saudi Company Ltd.	**26,717,538**	**(2,934,841)**	**--**	**23,782,697**
FG4 Limited	**71,140**	**--**	**--**	**71,140**
	136,836,980	**(8,956,873)**	**(37,892,944)**	**89,987,163**

8.3 Movement in associates during the year ended 31 March 2016 was as follows:

	Balance at 31 March 2015	Share in earnings / (losses)	Balance at 31 March 2016
Amwal Al Khaleejia Al Oula	37,415,000	997,239	38,412,239
International Shop fittings Limited	37,892,944	--	37,892,944
Investate Reality BSC	32,841,863	901,256	33,743,119
Burberry Saudi Company Ltd.	27,376,288	(658,750)	26,717,538
FG4 Limited	187,780	(116,640)	71,140
	135,713,875	1,123,105	136,836,980

8.4 Summarized financial information of equity accounted investees are as follows:

Investee name	**Ownership %**	**Assets**	**Liabilities**	**Revenues**	**Net income/(loss)**
2017					
Amwal Al Khaleejia Al Oula	25.0	126,303,682	120,587,494	--	(2,544,641)
Investate Reality BSC	13.9	292,140,000	3,907,500	8,932,500	(17,790,000)
Burberry Saudi Company Ltd.	25.0	119,590,955	20,296,956	87,845,274	(767,002)
FG4 Limited	50.0	58,440,146	100,733	--	(78,994)
		596,474,783	**144,892,683**	**96,777,774**	**(21,180,637)**
2016					
Amwal Al Khaleejia Al Oula	25.0	128,405,510	120,144,681	6,139,472	(8,823,173)
International Shop fittings Limited	51.0	34,077,341	7,111,545	84,740,745	1,281,188
Investate Reality BSC	13.9	310,102,500	4,080,000	10,605,000	5,310,000
Burberry Saudi Company Ltd.	25.0	116,729,044	16,155,515	106,288,629	7,209,613
FG4 Limited	50.0	58,526,389	107,981	--	(78,124)
		647,840,784	147,599,722	207,773,846	4,899,504

(Saudi Riyals)

9. INVESTMENT - AVAILABLE FOR SALE

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

10. 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).

11. INVESTMENT PROPERTY

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

	2017	2016
Cost		
At the beginning and end of the year	**104,252,274**	104,252,274
Accumulated depreciation		
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

(Saudi Riyals)

12. PROPERTY AND EQUIPMENT

	2017						2016
	Land	Buildings and leasehold improvements	Furniture and office equipment	Motor vehicles	Capital work in progress	Total	Total
Cost:							
At the beginning of the year	68,991,690	3,084,228,296	617,670,330	14,936,412	149,731,741	3,935,558,469	3,307,090,916
Additions during the year	--	118,387,509	41,915,776	340,500	4,565,447	165,209,232	633,559,056
Related to acquired business	--	--	--	--	--	--	4,585,759
Transfer on disposal of a subsidiary (Note 15)	--	(89,627,545)	--	--	--	(89,627,545)	--
Transfer to affiliates (Note 6)	--	--	--	--	(115,355,988)	(115,355,988)	--
Disposals and write-off	--	(13,435,877)	(3,082,014)	(340,750)	--	(16,858,641)	(9,677,262)
At the end of the year	68,991,690	3,099,552,383	656,504,092	14,936,162	38,941,200	3,878,925,527	3,935,558,469
Accumulated depreciation:							
At the beginning of the year	--	1,333,978,684	259,881,264	13,691,000	--	1,607,550,948	1,300,809,030
Charge for the year	--	268,982,004	65,072,203	970,079	--	335,024,286	312,868,593
Transfer on disposal of a subsidiary (Note 15)	--	(21,575,855)	--	--	--	(21,575,855)	--
Disposals and write-off	--	--	(2,277,361)	(310,198)	--	(2,587,559)	(6,126,675)
At the end of the year	--	1,581,384,833	322,676,106	14,350,881	--	1,918,411,820	1,607,550,948
Net book value:							
As of 31 March 2017	68,991,690	1,518,167,550	333,827,986	585,281	38,941,200	1,960,513,707	
As of 31 March 2016	68,991,690	1,750,249,612	357,789,066	1,245,412	149,731,741		2,328,007,521

(Saudi Riyals)

13. INTANGIBLE ASSETS - GOODWILL

	Note	2017	2016
Nesk Projects Trading Co	*13.1*	**417,796,779**	417,796,779
Business acquisition – Mango brand	*13.2*	**319,508,613**	319,508,613
Wahba Trading Company Ltd	*13.3*	**61,437,764**	61,437,764
Models Own Holding Ltd.	*13.4*	**5,817,109**	5,817,109
		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 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.

13.3 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.

13.4 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 indirectly 51% 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 provisional fair values of the assets acquired and liabilities assumed as determined by both parties. 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.

(Saudi Riyals)

13. INTANGIBLE ASSETS – GOODWILL (Continued)

13.5 Goodwill impairment test

Goodwill is tested annually for impairment by management in the fourth quarter of the financial year. For the year ended 31 March 2016, the management has determined that goodwill carrying amounts are less than their recoverable amounts. Recoverable amounts were determined on the basis of value-in-use calculation. This calculation uses cash flow projections for five years based on financial budgets approved by management. Cash flows beyond the budgets are extrapolated using the estimated growth rate for each Wahba Trading Company Limited, Nesk Projects Trading Company, Mango Brand related business and Modelsown of 2%, 2%, 2% and 2.5%, respectively. In management's opinion, the growth rate assumptions do not exceed the long-term average growth rates for fashion retail business in which the companies operate. Key assumptions for the value-in-use calculation are set out below.

	Wabha Trading Company Limited %	Nesk Projects Trading Company %	Mango Brand related business %	Modelsown %
Discount rate	13	13	13	13
Budgeted gross margins	43	46	46	46
Average annual growth rate for sale	2	2	2	2.5
Terminal growth rate	2	2	2	2

The discount rates used are pre-zakat and reflect specific risks relating to the subsidiaries. Management has determined the budgeted gross margins based on past performance and its expectations for the market development.

Sensitivity to changes in assumptions
With regard to the assessment of value-in-use for the subsidiaries, any adverse changes in a key assumption would result in an impairment loss. The key assumptions, where reasonably possible changes could result in impairment, are the terminal growth rates and the discount rates used.

(Saudi Riyals)

14. OTHER INTANGIBLE ASSETS

	2017					2016
	Software implementation cost	Key money	Deferred charges	Trademarks	Total	Total
Cost:						
At the beginning of the year	35,221,948	149,083,082	55,115,271	25,070,436	264,490,737	226,885,513
Additions during the year	--	9,328,936	2,841,777	--	12,170,713	37,736,040
Transfer on disposal of subsidiary (Note 15)	--	--	(16,118,652)	--	(16,118,652)	--
Write-off during the year	--	(8,142,730)	(3,164,199)	(1,803,781)	(13,110,710)	(130,816)
At the end of the year	35,221,948	150,269,288	38,674,197	23,266,655	247,432,088	264,490,737
Accumulated amortization:						
At the beginning of the year	9,941,472	55,171,473	33,291,087	--	98,404,032	81,729,741
Charge for the year	1,409,263	9,757,801	4,557,175	--	15,724,239	16,691,937
Transfer on disposal of subsidiary (Note 15)	--	--	(71,160)	--	(71,160)	--
Write-off during the year	--	(8,142,729)	--	--	(8,142,729)	(17,646)
At the end of the year	11,350,735	56,786,545	37,777,102	--	105,914,382	98,404,032
Net book value:						
As of 31 March 2017	23,871,213	93,482,743	897,095	23,266,655	141,517,706	
As of 31 March 2016	25,280,476	93,911,609	21,824,184	25,070,436		166,086,705

(Saudi Riyals)

15. LOSS FROM DISCONTINUED OPERATIONS

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 Disposed Entities have been disclosed as 'Loss from discontinued operations' in these consolidated financial statements until 29 June 2016 i.e. the date of disposal. 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	From 01 April to 31 March 2016
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 26)*	**(0.22)**	(0.66)
Cash flows from discontinued operations		
Cash flows from operating activities	**18,501,678**	29,633,815
Cash flows used in investing activities	**(1,696,577)**	(14,521,045)
Cash flows used in financing activities	**(7,776,567)**	(13,497,112)

(Saudi Riyals)

15. LOSS FROM DISCONTINUED OPERATIONS (Continued)

Details of assets and liabilities disposed are as follows:

	As at 29 June 2016
Assets:	
Cash and cash equivalents	14,443,113
rade receivables, prepayments and other current assets	155,510,686
Inventories, net	124,696,930
Property and equipment, net	68,051,690
Intangible assets, net	14,243,711
Foreign currency translation reserve	40,614,631
Total assets	417,560,761
Liabilities:	
Trade payables	32,105,080
Accrued expenses and other current liabilities	37,259,462
Total liabilities	69,364,542
Net assets deconsolidated	348,196,219
Intangible assets - recorded in the financial statements of the Company	1,803,781
	350,000,000
Non-current portion	280,000,000
Current portion *(note 5)*	70,000,000
Receivable from disposal of a subsidiary	350,000,000

16. SHORT-TERM MURABAHA FINANCING AND LOANS

	Note	2017	2016
Short-term Murabaha facilities	*16.1*	1,016,708,287	1,093,542,171
Sukuk	*16.2*	500,000,000	--
Long term murabaha facility	*16.3*	68,210,278	--
		1,584,918,565	1,093,542,171

16.1 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.

16.2 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.

(Saudi Riyals)

16. SHORT-TERM MURABAHA FINANCING AND LOANS (Continued)

16.3 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 68.2 million (2016: SR 89.2 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.

17. ACCRUED EXPENSES AND OTHER PAYABLES

	2017	2016
Payable to contractors and others	**187,215,782**	188,565,285
Rent payable	**126,558,954**	109,179,958
Provision for Zakat and Income Tax (note 19)	**101,756,327**	83,508,040
Government duties	**35,810,624**	10,640,842
Employees' salaries and benefits	**34,169,316**	79,818,011
Finance cost payable	**27,643,933**	26,748,903
Royalty payable	**20,464,899**	23,352,194
Payable against credit cards	**5,581,982**	19,376,106
Accrued consignment	**972,001**	5,445,875
Others	**14,747,847**	7,759,980
	554,921,665	554,395,194

18. LONG TERM FUNDING

	Note	2017	2016
Murabaha financing			
- Facility 1	*18.1*	**750,000,000**	916,666,667
- Facility 2	*18.1*	**489,843,750**	667,968,750
- Facility 3	*18.1*	**281,137,500**	281,137,500
- Facility 4	*18.1*	**187,500,000**	--
- Facility 5	*18.1*	**35,174,250**	105,486,750
- Long term Murabaha facility	*16.3*	--	89,198,055
Sukuk	*16.2*	--	500,000,000
		1,743,655,500	2,560,457,722
Less: Upfront fees		**(20,871,198)**	(26,432,704)
		1,722,784,302	2,534,025,018
Presented in the balance sheet as follows:			
Non-current portion of long-term borrowings		**1,229,652,106**	2,102,087,024
Current portion of long-term borrowings		**493,132,196**	431,937,994
		1,722,784,302	2,534,025,018

18. LONG TERM FUNDING (Continued)

18.1 Murabaha financing

Facility 1
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. The facility is secured by promissory notes given by the Group. 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).

Facility 2
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).

Facility 3
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 4
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).

Facility 5
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).

(Saudi Riyals)

18. LONG TERM FUNDING (continued)

18.1 Murabaha financing (continued)

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 16.3.

The above Murabaha facilities are disclosed net of related unamortized upfront fees (including commitment fees) amounting to SR 20.8 million as at 31 March 2017 (2016: SR 26.4 million).

Management has set aside SR 117.7 million (2016: SR 95.5 million) for repayment of the next loan installment in accordance with the terms of the agreement.

The aggregate maturities of non-current borrowings excluding upfront fees as of March 31, 2017 are as follows:

Year ended March 31:	**Amount in SR**
2019	463,491,667
2020	418,960,417
2021	222,866,666
2022	139,670,833
Total	1,244,989,583

19. ZAKAT AND INCOME TAX

(a) *Charge for the year:*

	2017	2016
Zakat provision for the year	**23,300,716**	33,168,514
Income tax provision for the year	**7,443,968**	4,718,764
	30,744,684	37,887,278

The Zakat provision represent the Zakat charged in the financial statement of the Company and its subsidiaries which are subject to Zakat. Zakat is charged at the higher of net income subject to Zakat or the Zakat base in accordance with regulation of the General Authority for Zakat and Income Tax (GAZT).

The significant component of Zakat base for the year ended 31 March comprise of the following:

	2017	2016
Share capital	**2,100,000,000**	2,100,000,000
Statutory reserves and retained earnings	**933,820,184**	528,015,322
Loans and other financial sources	**2,161,590,100**	2,167,133,678
Other additions	**267,297,670**	244,532,966
Less: Tangible & intangible assets	**(2,906,591,678)**	(3,155,210,820)
Less: Investments	**(253,239,437)**	(287,911,601)
Less: Other deductions	**(1,956,104,860)**	(1,017,147,816)
Adjusted net income for the year	**585,256,661**	747,328,831
Zakat base	**923,028,640**	1,326,740,560
Zakat	**23,300,716**	33,168,514

(Saudi Riyals)

19. ZAKAT AND INCOME TAX (continued)

(b) *Movement in provision for Zakat and Income Tax:*

31 March 2017	Zakat			Income Tax	Total
	Company	*Subsidiaries*	*Sub-total*		
At the beginning of the year	77,830,402	5,677,638	83,508,040	--	83,508,040
Provision for the year	10,466,000	12,834,716	23,300,716	7,443,968	30,744,684
Transferred from local subsidiaries	(227,028)	227,028	--	--	--
Payment during the year	(5,500,000)	--	(5,500,000)	(6,996,397)	(12,496,397)
Prior year adjustment	--	--	--	--	--
Balance at the end of the year	**82,569,374**	**18,739,382**	**101,308,756**	**447,571**	**101,756,327**

31 March 2016	Zakat			Income Tax	Total
	Company	*Subsidiaries*	*Sub-total*		
At the beginning of the year	53,146,808	1,028,594	54,175,402	3,332,729	57,508,131
Provision for the year	28,155,000	5,013,514	33,168,514	4,718,764	37,887,278
Transferred from local subsidiaries	1,028,594	(1,028,594)	--	--	--
Payment during the year	(4,500,000)	--	(4,500,000)	(8,051,493)	(12,551,493)
Prior year adjustment	--	664,124	664,124	--	664,124
Balance at the end of the year	77,830,402	5,677,638	83,508,040	--	83,508,040

(c) *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. The Company has accrued the zakat liability and is in the process of finalizing its Zakat return for the year ended 31 March 2016.

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. During the year ended 31 March 2017, the Company has received decision from appeal committee confirming additional zakat liability of SR 1.6 million on the objected amount. 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 favorable outcome and accordingly no provision against this additional liability has been made in these consolidated financial statements.

(d) *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 2016 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. The Group has accrued income tax liabilities and there are no significant penalties under local jurisdictions due to delay in filing of tax returns for above subsidiaries.

(Saudi Riyals)

20. SHARE CAPITAL

As at 31 March 2017 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).

21. RESERVES

Statutory reserve
In accordance with Company's by-laws and the Regulations for Companies in Kingdom of Saudi Arabia, the Company is required to recognize a reserve comprising of 10% of its net income for the year. As per the by-laws the Company will cease the contribution when such reserve will reach 50% of its share capital. This reserve is not available for dividend distribution.

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.

22. SELLING AND MARKETING EXPENSES

	2017	2016
Employees' salaries and benefits	**146,609,192**	162,672,624
Rent	**58,755,803**	29,673,710
Bank charges	**11,506,424**	4,829,652
Advertising and promotions	**9,833,462**	35,984,020
Travel	**8,991,603**	14,703,146
Freight and distribution charges	**8,309,981**	4,712,644
Utilities and maintenance	**5,696,695**	5,824,249
Others	**4,596,359**	5,587,484
	254,299,519	263,987,529

23. GENERAL AND ADMINISTRATIVE EXPENSES

	2017	2016
Employees' salaries and benefits	**153,550,796**	158,279,349
Rent	**63,980,073**	53,290,251
Provision for doubtful receivables and advances	**33,347,175**	--
Travel and communication	**15,855,954**	22,841,462
Store closure losses	**14,176,414**	33,641,490
Bank charges	**13,780,169**	17,215,470
Utilities and maintenance	**8,732,388**	11,434,756
Insurance	**7,528,689**	7,044,723
Government fees and related charges	**3,420,374**	3,995,619
Stationery and supplies	**3,024,878**	4,086,895
Professional fees	**--**	2,298,534
Others	**25,765,669**	10,415,403
	343,162,579	324,543,952

(Saudi Riyals)

24. OTHER INCOME (EXPENSE), NET

	2017	2016
Foreign exchange income, net	**33,258,368**	3,864,275
Reimbursement of advertising expense (note 24.1)	**30,000,000**	--
Dividend income	**12,634,116**	26,000,000
Key money income	--	15,000,000
Rental income	--	5,122,394
Write off of property and equipment	**(13,000,000)**	--
Others	**706,564**	3,659,858
	63,599,048	53,646,527

24.1 This represents credit received during the year against marketing and advertisement from Arabian Centers Company, refer note 6.1.

25. CONTINGENT LIABILITIES AND COMMITMENTS

(a) At 31 March, the Company has the following commitments:

	2017	2016
Letters of credit and guarantee	**1,013,575,147**	920,436,836
Operating leases	**1,338,832,234**	1,068,585,218
Capital commitments property and equipment	**163,741,185**	207,842,516

(b) At 31 March 2017, the Group has outstanding bank letter of credits of SR 688,863,511 (2016: SR 643,687,147) issued against certain purchase of raw materials and other supplies.

(c) At 31 March 2017, the Group has outstanding bank guarantees of SR 324,711,636 (2016: SR 276,749,689) issued by the local and foreign banks in respect of bid bonds, contracts advance payments and performance bonds.

(d) Operating leases

The Group has various operating leases for office space, warehouse and retail outlets. The leases are for initial period for one year to ten years with options to renew the leases after lease periods. Lease payments are either fixed or increase annually to reflect market rentals. Rental expenses for the year ended 31 March 2017 amounted to SR 811.7 million (2016: SR 888.7 million).

At 31 March, the Company's obligations under non-cancellable operating leases are aggregated as follow:

	2017	2016
Less than one year	**145,374,843**	169,842,124
More than one year and less than five years	**797,103,680**	626,190,938
More than five years	**396,353,711**	272,552,156
	1,338,832,234	1,068,585,218

26. EARNINGS PER SHARE

Earnings per share calculated by dividing income from continued operations and net income from the year by the number of outstanding ordinary shares during the year which were 210 million shares (2016: 210 million shares).

27. 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.

27. SEGMENT INFORMATION (continued)

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 is also involved in the business of indoor entertainment business for kids.

The segment information from continued operations for these segments is provided below:

	Fashion retail SR '000	*Indoor entertainment* SR '000	*Inter-segment elimination* SR'000	*Total* SR'000
As at and for the year ended 31 March 2017				
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	**386,035**	**5,134**	--	**391,169**
As at and for the year ended 31 March 2016				
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	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 SR '000	*International* SR '000	*Inter-segment elimination* SR'000	*Total* SR'000
As at and for the year ended 31 March 2017				
Non-current assets	**2,995,608**	**697,008**	**(252,785)**	**3,439,831**
Current assets	**5,492,430**	**1,068,661**	**(2,566,710)**	**3,994,381**
Total liabilities	**4,331,961**	**2,629,963**	**(2,403,791)**	**4,558,133**
Sales	**5,636,588**	**1,117,482**	**(48,401)**	**6,705,669**
Depreciation and amortization	**(259,688)**	**(96,061)**	-	**(355,749)**
Finance charges	**(166,408)**	**(681)**	-	**(167,089)**
Net income / (loss)	**587,790**	**(195,549)**	**(1,072)**	**391,169**
As at and for the year ended 31 March 2016				
Non-current assets	2,507,166	944,154	162,623	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	(39,816)	6,943,568
Depreciation and amortization	(248,418)	(76,762)	-	(325,180)
Finance charges	(118,006)	(580)	-	(118,586)
Net income / (loss)	852,651	(236,683)	(163)	615,805

28. FAIR VALUE

Fair value is the amount for which an asset could be exchanged, or a liability settled between knowledgeable willing parties in arm's length transaction. As the Group's consolidated financial statements are prepared under the historical cost method, except for the revaluation of the available-for-sale at fair value, differences can arise between the carrying values and the fair value. The fair values of financial instruments are not materially different from their carrying values..

29. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial instruments carried on the balance sheet principally include cash and cash equivalents, related parties, prepayments, other assets, trade payables, accruals and other liabilities.

Credit risk

Credit risk is the risk that one party will fail to discharge an obligation and will cause the other party to incur a financial loss. The Company has no significant concentration of credit risks. Cash and cash equivalents are placed with national and international banks with sound credit ratings. Trade receivable and other assets are carried net of provision for doubtful receivables, if any.

Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from the inability to sell a financial asset quickly at an amount close to its fair value. Liquidity risk is managed by monitoring on a regular basis that sufficient funds are available to meet the Group's future commitments.

Commission rate risk

It is the exposure to various risks associated with the effect of fluctuations in the prevailing commission rates on the Group's financial position and cash flows. Islamic banking facilities (Murabaha) and Sukuk amounting to SR 2,311.9 million at 31 March 2017 (2016: SR 2,560.5 million) bear financing commission charges at the prevailing market rates.

The Group's policy is to manage its financing charges using a mix of fixed and variable commission rate debts. The following table demonstrates the sensitivity of the income to reasonable possible changes in the commission rates, with all other variables held constant. There is no direct impact on the Company's equity:

		Increase / decrease in basis points of commission rates	Effect on income for the year
2017	**SAR**	**+30**	**(6,936,000)**
	SAR	**-30**	**6,936,000**
2016	SAR	+30	(7,681,000)
	SAR	-30	7,681,000

Currency Risk

It is a risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company and its subsidiaries' transactions are principally in Saudi riyals, Euros and U.S. dollars. Management monitors the fluctuations in currency exchange rates, and the effect of the currency fluctuation has been accounted for in the consolidated financial statements

(Saudi Riyals)

29. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Currency Risk (continued)

At the end of the year, the Company and its subsidiaries had the following significant net currency exposures in foreign currencies. Presented below are the monetary assets and liabilities, net in foreign currencies:

Foreign currency exposures	2017	2016
Euro	(17,649,645)	(44,087,787)
United States Dollar	24,688,728	1,043,585
Great Britain Pound	(8,245,090)	(1,992,698)
United Arab Emirates Dirham	50,625,628	10,513,503
Egyptian Pound	455,496,080	56,808,596

The table below shows the non-pegged currencies to which the Company and its subsidiaries have a significant exposure as at 31 March 2017 and 2016 on its monetary assets and liabilities. The analysis calculates the effect of reasonable possible movement of the currency rate against SR, with all other variables held constant, on the consolidated statement of income.

Currency exposures	*Change in currency*	2017	2016
Euro	+/- 10%	(7,103,000)	(18,768,000)
Great Britain Pound	+/- 10%	(3,849,000)	(1,073,000)
United Arab Emirates Dirham	+/- 10%	5,164,000	1,072,808
Egyptian Pound	+/- 10%	9,464,000	2,386,000

As the Saudi Riyal is pegged to US Dollar, the group is not exposed to significant currency risk arising out of US Dollar.

30. COMPARATIVE FIGURES

The following comparatives have been reclassified to conform to current year presentation:

Reported in 2016	Reclassified to	Amount
'Investments in associates and others' - Trade Center Co. Limited	- Investment - Available 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	13,199,600
	- Other current assets	3,000,259

31. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Board of Directors for issuance on 19 Ramadan 1438H (corresponding to 14 June 2017).