Fawaz Abdulaziz Al Hokair & Co.
and its subsidiaries
(A Saudi Joint Stock Company)

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2013

Fawaz Abdulaziz Al Hokair & Co. and its subsidiaries
(A Saudi Joint Stock Company)

CONSOLIDATED FINANCIAL STATEMENTS AND AUDITORS' REPORT
FOR YEAR ENDED 31 MARCH 2013

INDEX	**PAGE**

ERNST & YOUNG

P.O. Box 2732
Al Faisaliah Office Tower - Level 6 & 14
King Fahad Road
Riyadh 11461, Saudi Arabia
Tel: +966 1 273 4740
Fax: +966 1 273 4730
www.ey.com/me
Registration No. 45

AUDITORS' REPORT TO THE SHAREHOLDERS OF FAWAZ ABDULAZIZ AL HOKAIR & CO. (A SAUDI JOINT STOCK COMPANY)

Scope of audit

We have audited the accompanying consolidated balance sheet of Fawaz Abdulaziz Al Hokair & Co. - A Saudi Joint Stock Company (the "Company") and its subsidiaries (the "Group") as at 31 March 2013 and the related consolidated statements of income, cash flows and changes in equity for the year then ended. These consolidated financial statements are the responsibility of the Group's management and have been prepared by them in accordance with the provisions of Article 123 of the Regulations for Companies and submitted to us together with all the information and explanations which we required. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the Kingdom of Saudi Arabia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable degree of assurance to enable us to express an opinion on the consolidated financial statements.

Unqualified opinion

In our opinion, the consolidated financial statements taken as a whole:

i. present fairly, in all material respects, the consolidated financial position of the Group as at 31 March 2013 and the results of its operations and its cash flows for the year then ended in accordance with accounting standards generally accepted in the Kingdom of Saudi Arabia.

ii. comply with the requirements of the Regulations for Companies and the Company's Bylaws in so far as they affect the preparation and presentation of the consolidated financial statements.

for Ernst & Young

Rashid S. Al-Rashoud
Certified Public Accountant
Registration No. 366

إرنست ويونغ
ترخيص مهني رقم ٤٥
5 ٥
PROFESSIONAL LICENCE No. 45
ERNST & YOUNG

Riyadh: 28 Jumad Thani 1434H
(8 May 2013)

Fawaz Abdulaziz Al Hokair & Co. and its subsidiaries
(A Saudi Joint Stock Company)

CONSOLIDATED BALANCE SHEET
As at 31 March 2013

	Note	*2013* *SR*	*2012* *SR*
ASSETS			
CURRENT ASSETS			
Cash and bank balances	4	**134,166,544**	198,046,896
Prepayments and other assets	5	**447,489,362**	290,629,443
Amounts due from related parties	6	**217,506,556**	166,460,718
Inventories	7	**1,103,489,636**	745,960,234
TOTAL CURRENT ASSETS		**1,902,652,098**	1,401,097,291
NON-CURRENT ASSETS			
Investments in associates and others	8	**239,499,077**	244,691,259
Property and equipment	9	**1,349,653,431**	790,048,962
Intangible assets - Goodwill	10	**479,234,543**	61,437,764
Other intangible assets	12	**99,244,005**	78,140,539
TOTAL NON-CURRENT ASSETS		**2,167,631,056**	1,174,318,524
TOTAL ASSETS		**4,070,283,154**	2,575,415,815
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Short-term murabaha financing and loans	13	**202,039,786**	126,683,796
Current portion of murabaha financing and term loans	13	**236,285,103**	100,000,000
Trade accounts payables		**341,522,373**	242,728,009
Accrued expenses and other payables	14	**309,886,194**	310,290,659
Amount due to a related party	6	-	8,846,434
TOTAL CURRENT LIABILITIES		**1,089,733,456**	788,548,898
NON-CURRENT LIABILITIES			
Murabaha financing and term loans	13	**871,712,166**	312,518,000
End-of-service indemnities		**65,934,862**	49,151,887
TOTAL NON-CURRENT LIABILITIES		**937,647,028**	361,669,887
TOTAL LIABILITIES		**2,027,380,484**	1,150,218,785
EQUITY			
SHAREHOLDERS' EQUITY			
Share capital	1	**700,000,000**	700,000,000
Statutory reserve	16	**251,142,965**	189,173,723
Retained earnings		**1,070,749,664**	513,026,490
TOTAL SHAREHOLDERS' EQUITY		**2,021,892,629**	1,402,200,213
MINORITY INTERESTS		**21,010,041**	22,996,817
TOTAL EQUITY		**2,042,902,670**	1,425,197,030
TOTAL LIABILITIES AND EQUITY		**4,070,283,154**	2,575,415,815

The accompanying notes 1 to 27 form an integral part of these consolidated financial statements

Fawaz Abdulaziz Al Hokair & Co. and its subsidiaries
(A Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF INCOME
For the year ended 31 March 2013

	Note	*2013 SR*	*2012 SR*
Sales		**4,658,532,658**	3,202,666,514
Direct costs		**(3,528,168,262)**	(2,412,684,712)
GROSS PROFIT		**1,130,364,396**	789,981,802
Selling and marketing expenses	17	**(149,212,338)**	(96,998,271)
General and administrative expenses	18	**(223,510,912)**	(139,923,849)
Depreciation and amortization		**(173,704,703)**	(113,776,169)
INCOME FROM MAIN OPERATIONS		**583,936,443**	439,283,513
Share in income (losses) of associates, net	8	**1,353,088**	(744,800)
Financing charges		**(33,540,838)**	(17,723,345)
Other income, net	19	**97,220,263**	63,305,296
INCOME BEFORE ZAKAT AND INCOME TAX AND MINORITY INTERESTS		**648,968,956**	484,120,664
Zakat and income tax	15	**(30,696,979)**	(35,857,558)
INCOME BEFORE MINORITY INTERESTS		**618,271,977**	448,263,106
Minority interests		**1,420,439**	(882,110)
NET INCOME FOR THE YEAR		**619,692,416**	447,380,996
EARNINGS PER SHARE:			
Attributable to income from main operations	22	**8.34**	6.28
Attributable to net income for the year	22	**8.85**	6.39

The accompanying notes 1 to 27 form an integral part of these consolidated financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 March 2013

	2013 *SR*	*2012* *SR*
OPERATING ACTIVITIES		
Income before zakat and income tax and minority interests	**648,968,956**	484,120,664
Adjustments for:		
Depreciation and amortization	**173,704,703**	113,776,169
Provision for end-of-service indemnities	**16,025,248**	12,003,260
Share in (earning) losses of associates, net	**(1,353,088)**	744,800
Gain on disposal of property and equipment	**-**	(582,248)
Gain on sale of brands related business	**(21,418,949)**	(6,123,895)
Write-off of property and equipment	**3,149,739**	-
	819,076,609	603,938,750
Changes in operating assets and liabilities:		
Prepayments and other assets	**(131,133,245)**	13,268,423
Related parties balances	**(59,892,272)**	33,304,556
Inventories	**(276,915,029)**	(147,408,207)
Trade accounts payable	**54,548,089**	(42,581,402)
Accrued expenses and other payables	**(25,290,867)**	(31,166,652)
Cash from operations	**380,393,285**	429,355,468
Zakat and income tax paid	**(28,645,785)**	(24,902,040)
End-of-service indemnities paid	**(5,690,222)**	(4,661,578)
Net cash from operating activities	**346,057,278**	399,791,850
INVESTING ACTIVITIES		
Acquisition of a new subsidiary (note 11)	**(661,226,020)**	-
Investments in associates and others	**1,545,270**	(31,429,195)
Purchase of property and equipment	**(494,202,317)**	(298,197,453)
Proceeds from disposal of property and equipment	**-**	22,028,263
Other intangible assets	**(26,323,485)**	(5,877,380)
Net cash used in investing activities	**(1,180,206,552)**	(313,475,765)
FINANCING ACTIVITIES		
Proceeds from murabaha financing and loans, net	**770,835,259**	153,299,126
Dividends paid	**-**	(140,000,000)
Minority interests	**(566,337)**	(8,893,524)
Net cash from financing activities	**770,268,922**	4,405,602
(DECREASE) INCREASE IN CASH AND BANK BALANCES	**(63,880,352)**	90,721,687
Cash and bank balances at the beginning of the year	**198,046,896**	107,325,209
CASH AND BANK BALANCES AT THE END OF THE YEAR	**134,166,544**	198,046,896
NON-CASH TRANSACTIONS:		
Net receivable against sale of brands related business	**23,625,000**	6,123,895

The accompanying notes 1 to 27 form an integral part of these consolidated financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 March 2013

	Attributable to equity holders of the parent					
	Share capital SR	*Statutory reserve SR*	*Retained earnings SR*	*Total shareholders' equity SR*	*Minority interests SR*	*Total equity SR*
Balance at 31 March 2011	700,000,000	144,435,623	250,383,594	1,094,819,217	31,008,231	1,125,827,448
Net income for the year	-	-	447,380,996	447,380,996	882,110	448,263,106
Transfer to statutory reserve (note 16)	-	44,738,100	(44,738,100)	-	-	-
Dividends	-	-	(140,000,000)	(140,000,000)	-	(140,000,000)
Movement in minority interests	-	-	-	-	(8,893,524)	(8,893,524)
Balance at 31 March 2012	700,000,000	189,173,723	513,026,490	1,402,200,213	22,996,817	1,425,197,030
Net income for the year	-	-	619,692,416	619,692,416	(1,420,439)	618,271,977
Transfer to statutory reserve (note 16)	-	61,969,242	(61,969,242)	-	-	-
Movement in minority interests	-	-	-	-	(566,337)	(566,337)
Balance at 31 March 2013	**700,000,000**	**251,142,965**	**1,070,749,664**	**2,021,892,629**	**21,010,041**	**2,042,902,670**

The accompanying notes 1 to 27 form an integral part of these consolidated financial statements

1. ORGANIZATION AND ACTIVITIES

Fawaz Abdulaziz Al Hokair & Co. (the "Company") is a listed Saudi Joint Stock Company registered in Riyadh, Kingdom of Saudi Arabia under commercial registration No. 1010076209 dated 20 Sha'ban 1410H (corresponding to 18 March 1990). The Company's share capital amounted to SR 700 million divided into 70 million shares (2012: 70 million shares) of SR 10 each.

The objectives of the Company as per its Bylaws are to engage in the following activities:

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

2. BASIS OF CONSOLIDATION

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 % 2013	2012
Al Waheedah Equipment Co. Ltd.	Kingdom of Saudi Arabia	**100**	100
Haifa B. Al Kalam & Partners International Co. for Trading	Kingdom of Saudi Arabia	**100**	100
Saudi Retail Co. Ltd.	Kingdom of Saudi Arabia	**100**	100
Wahba Trading Company Limited	Kingdom of Saudi Arabia	**100**	100
Kazakhstan Group (i)	Republic of Kazakhstan	**85**	85
Al Farida Trading Agencies Company	Kingdom of Saudi Arabia	**70**	70
Retail Group Egypt	Arab Republic of Egypt	**98**	98
Retail Group Jordan	Hashemite Kingdom of Jordan	**95**	95
Retail Group of America LLC	United States of America	**100**	100
Retail Group Azerbaijan (ii)	Republic of Azerbaijan	**90**	90
Retail Group Georgia (iii)	Georgia	**80**	-
Nesk Projects Trading Company (note 11)	Kingdom of Saudi Arabia	**100**	-
Retail Group Armenia (iv)	Republic of Armenia	**80**	-

(i) Kazakhstan Group represents three entities namely Retail Management Kazakhstan, Fashion Retail Kazakhstan and Global Apparel Kazakhstan. All these entities are 85% directly owned.

2. BASIS OF CONSOLIDATION (continued)

(ii) During the year ended 31 March 2012, the Company established nine companies collectively known as Retail Group Azerbaijan, registered in the Republic of Azerbaijan and all are 90% indirectly owned entities.

(iii) During the quarter ended 30 June 2012, the Company finalized the establishment of nine companies collectively known as Retail Group Georgia, and are 80% indirectly owned entities.

(iv) During the quarter ended 31 December 2012, the Company finalized the establishment of nine companies collectively known as Retail Group Armenia, and are 80% indirectly owned entities.

The principal activities of all the above subsidiary companies are wholesale and retail trading.

Indirect shareholding represents cross ownership among the subsidiary companies.

A subsidiary is an entity in which the Company has direct and indirect equity interest of more than 50% and/or over which it exerts effective control. The financial statements of the subsidiary companies are prepared using accounting policies which are consistent with those of the Company. The subsidiary companies are consolidated from the date on which the Company is able to exercise effective control.

All significant inter-company balances and transactions have been eliminated on consolidation.

Minority interest in the net assets (excluding goodwill) of consolidated subsidiary companies is identified separately from the Company's equity therein. Minority interests consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in subsidiary's equity are allocated against the interest of the Company except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with accounting standards generally accepted in the Kingdom of Saudi Arabia. The significant accounting policies adopted by the Company and its subsidiaries in preparing the consolidated financial statements are as follows:

Accounting convention
The consolidated financial statements are prepared under the historical cost convention, as modified to include the measurement, at fair value, of investments in available for sale securities.

Use of estimates
The preparation of the consolidated financial statements in conformity with generally accepted accounting standards requires use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current event and activities actual result ultimately may differ from those estimates.

Inventories
Inventories are stated at the lower of cost or net realizable value. Cost is determined on a weighted average cost basis.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments

Investments in associates
Investments in associates in which the Company and its subsidiaries have equity interest between 20% to 50% or over which they exercise significant influence are recorded using the equity method, under which the investment is stated initially at cost and adjusted thereafter for the post acquisition changes in the net assets of the investee companies. The Company and its subsidiaries share in the net earnings or losses of the associates are included in the consolidated statement of income.

Investments in available for sale securities
Investments in available for sale securities are stated at fair value and included under non-current assets in the consolidated balance sheet. Unrealized gains or losses are included in the statement of changes in equity until the investment is derecognized or the investment is determined to be impaired. On derecognition or impairment, the cumulative gains or losses previously reported in the equity is included in the consolidated statement of income for the year.

Fair value is determined based on the market value if an open market exists; otherwise cost is considered to be the fair value.

Property and equipment
Property and equipment are stated at cost less accumulated depreciation and any impairment in value. Expenditure on maintenance and repairs is expensed, while expenditure for betterment is capitalized. Depreciation is provided over the estimated useful lives of the applicable assets using the straight line method. Land and capital work in progress are not depreciated. The estimated rates of depreciation/amortization of other classes of assets are as follows:

	Depreciation percentage
Buildings	3%
Leasehold improvements	12.5%
Furniture and office equipment	10%
Motor vehicles	25%

Intangible assets

Goodwill
Goodwill arising from investments in subsidiaries represents the excess of the cost of acquisition over the Company's interests in the fair value of the net assets of these subsidiaries at the date of acquisition. The carrying amount of the goodwill is reviewed annually to determine whether there is any indication of impairment. If any such indication exists the carrying amount of goodwill is reduced to the estimated recoverable amount. Goodwill after initial recognition is measured at cost less accumulated impairment losses, if any.

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 annual basis.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of non-current assets
The Company and its subsidiaries periodically reviews the carrying amounts of their non-current tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Company and its subsidiaries estimate the recoverable amount of the cash generating unit to which that asset belongs.

If the recoverable amount of an asset or cash generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash generating unit is reduced to its recoverable amount. Impairment loss is recognized as an expense immediately.

Except for goodwill, 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 so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash generating unit in prior periods. A reversal of an impairment loss is recognized as income immediately.

Accounts payable and accrued expenses
Liabilities are recognized for amounts to be paid in the future for goods or services received, whether billed by the suppliers or not.

Provisions
Provisions are recognized when the Company and its subsidiaries have an obligation (legal or constructive) arising from a past event, and the costs to settle the obligation are both probable and can be measured reliably.

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

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

Dividends
Interim dividends are recorded as and when declared and approved by the Board of Directors. Annual final dividends are recognized as a liability at the time of their approval by the General Assembly.

End-of-service indemnities
End-of-service indemnities, required by the Saudi Arabian Labor Law, are provided in the consolidated financial statements based on the employees' length of service by the Company and its subsidiaries as of the consolidated balance sheet date. Foreign subsidiaries have pension schemes for their eligible employees in relevant foreign jurisdictions.

Revenue recognition
Sales are recognized when goods are delivered and invoices are issued to customers.

Dividend income is recognized when dividends are declared.

Expenses
Selling and marketing expenses principally comprise of costs incurred in the distribution and sale of the Company and its subsidiaries products. All other expenses are classified as general and administrative expenses.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Rentals payments under operating leases are charged as expenses on a straight line basis over the term of the operating leases.

Foreign currency translation
Foreign currency transactions are translated into Saudi Riyals at the rates of exchange prevailing at the time of the transactions. Monetary assets and liabilities denominated in foreign currencies at the consolidated balance sheet date are translated at the exchange rates prevailing at that date. Gains and losses from settlement and translation of foreign currency transactions are included in the consolidated statement of income.

Assets and liabilities of the consolidated subsidiary companies denominated in foreign currencies are translated into Saudi Riyals at exchange rates prevailing at the consolidated balance sheet date. Revenues and expenses of the consolidated subsidiary companies denominated in foreign currencies are translated into Saudi Riyals at average exchange rates during the year. Component of equity, other than retained earnings, are translated at the rates prevailing at the date of their occurrence. Exchange differences arising from such translations, if material, are included in the cumulative translation adjustment account under equity in the consolidated balance sheet.

Segment reporting
A segment is a distinguishable component of the Company and its subsidiaries that is engaged either in providing products or services (business segment) or in providing products or services within a particular economic environment (geographic segment), which is subject to risks and rewards that are different from those of other segments.

4. CASH AND BANK BALANCES

	2013 *SR*	*2012* *SR*
Cash at banks	**128,448,432**	192,510,891
Cash in hand	**5,718,112**	5,536,005
	134,166,544	198,046,896

5. PREPAYMENTS AND OTHER ASSETS

	2013 *SR*	*2012* *SR*
Advances to suppliers	**178,476,810**	120,865,812
Prepaid rent	**130,079,843**	79,636,383
Receivable against sale of investment	**25,937,397**	5,067,397
Receivable against sale of brand	**32,213,765**	8,000,593
Employee receivables	**19,006,538**	10,169,626
Security deposits	**16,756,190**	521,175
Margin on letters of credit and guarantee	**13,959,097**	23,777,682
Receivable from Saudi Development Fund	**8,537,752**	13,957,726
Margin compensation receivable	**5,286,268**	9,993,596
Receivable against credit cards sales	**5,072,062**	7,087,249
Others	**12,163,640**	11,552,204
	447,489,362	290,629,443

6. RELATED PARTY TRANSACTIONS AND BALANCES

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

	2013 *SR*	*2012* *SR*
Rental payments including advances	**295,006,711**	220,318,314
Key management personnel salaries and benefits	**17,197,888**	13,749,674
Sales	**12,164,947**	31,492,955
Construction works	**12,597,642**	27,949,321
Payments made on behalf of associate	**6,653,998**	3,880,375
Service fees	**542,825**	830,000
Board of Directors' remuneration and compensation	**700,000**	400,000

Amounts due from related parties consist of the following:

	Nature of transactions	*Relationship*	*2013* *SR*	*2012* *SR*
Arabian Centers Company	Rental	Affiliate	**128,498,359**	107,633,220
Retail Group Lebanon	Sales	Affiliate	**52,414,038**	40,144,953
Fawaz Abdulaziz Al Hokair Real Estate Co.	Construction work	Affiliate	**27,681,559**	15,012,131
Burberry Saudi Co. Ltd.	Services and payments	Associate	**2,258,602**	3,670,414
FG 4 Limited	Expense paid on behalf	Associate	**6,653,998**	-
			217,506,556	166,460,718

Amount due to a related party consists of the following

	Nature of transactions	*Relationship*	*2013* *SR*	*2012* *SR*
Egyptian Centers for Real Estate Development	Rental	Affiliate	-	8,846,434

7. INVENTORIES

	2013 *SR*	*2012* *SR*
Goods available for sale	**1,014,846,163**	738,782,980
Goods in transit	**120,087,781**	67,988,888
Provision for inventory shortages	**(70,123,065)**	(85,191,903)
	1,064,810,879	721,579,965
Supplies	**60,500,404**	40,644,330
Provision for slow-moving supplies	**(21,821,647)**	(16,264,061)
	1,103,489,636	745,960,234

8. INVESTMENTS IN ASSOCIATES AND OTHERS

	Ownership %	*Country of incorporation*	*2013 SR*	*2012 SR*
Associates:				
Burberry Saudi Co. Ltd.	40.0	Kingdom of Saudi Arabia	**32,608,288**	31,255,200
Investate Reality BSC	13.9	Kingdom of Bahrain	**22,472,000**	22,472,000
FG 4 Limited	50.0	United Arab Emirates	**187,780**	187,780
			55,268,068	53,914,980
Others:				
Galleria Mall (*)	16.67	Kingdom of Saudi Arabia	**89,252,274**	94,252,274
Trade Center Co. Ltd.	9.32	Kingdom of Saudi Arabia	**94,000,000**	94,000,000
Other investments			**978,735**	2,524,005
			184,231,009	190,776,279
			239,499,077	244,691,259

Movement in associates during the year ended 31 March 2013 is as follows:

	Balance at 31 March 2012 SR	*Share in earnings SR*	***Balance at 31 March 2013 SR***
Burberry Saudi Co. Ltd.	31,255,200	1,353,088	**32,608,288**
Investate Reality BSC	22,472,000	-	**22,472,000**
FG 4 Limited	187,780	-	**187,780**
	53,914,980	1,353,088	**55,268,068**

(*) Investment in Galleria mall represents the Company's share in a Musharaka venture. The venture is for the construction and management of a mall and a hotel. The investment is amortized over the period of 19 years being the legal term life of the investment.

Following is the movement in the investment in Galleria Mall:

	2013 SR	*2012 SR*
Cost		
At the beginning and end of the year	**104,252,274**	104,252,274
Accumulated amortization		
At the beginning of the year	**10,000,000**	5,000,000
Charge for the year	**5,000,000**	5,000,000
At the end of the year	**15,000,000**	10,000,000
Net book value	**89,252,274**	94,252,274

9. PROPERTY AND EQUIPMENT

	Land SR	*Buildings and leasehold improvements* SR	*Furniture and office equipment* SR	*Motor vehicles* SR	*Capital work in progress* SR	***Total 2013*** ***SR***	*Total 2012* SR
Cost							
At the beginning of the year	68,991,690	1,057,446,161	194,778,916	10,138,001	55,519,590	**1,386,874,358**	1,113,231,685
Related to a newly acquired subsidiary (note 11)	-	274,605,567	33,254,042	4,622,425	5,078,445	**317,560,479**	-
Additions	-	305,716,742	41,157,208	347,240	146,981,127	**494,202,317**	298,197,453
Transfers	-	54,966,275	-	-	(54,966,275)	**-**	-
Disposals / write off	-	(16,644,268)	(1,261,238)	(14,000)	-	**(17,919,506)**	(24,554,780)
At the end of the year	68,991,690	1,676,090,477	267,928,928	15,093,666	152,612,887	**2,180,717,648**	1,386,874,358
Accumulated depreciation							
At the beginning of the year	-	498,232,859	88,749,648	9,842,889	-	**596,825,396**	500,035,154
Related to a newly acquired subsidiary (note 11)	-	64,273,799	21,122,670	1,999,241	-	**87,395,710**	-
Charge for the year	-	134,795,581	23,806,941	804,305	-	**159,406,827**	99,899,007
Disposals / write off	-	(11,766,133)	(783,584)	(13,999)	-	**(12,563,716)**	(3,108,765)
At the end of the year	-	685,536,106	132,895,675	12,632,436	-	**831,064,217**	596,825,396
Net book value							
At 31 March 2013	**68,991,690**	**990,554,371**	**135,033,253**	**2,461,230**	**152,612,887**	**1,349,653,431**	
At 31 March 2012	68,991,690	559,213,302	106,029,268	295,112	55,519,590		790,048,962

Land includes certain plots amounting to SR 16 million owned by an affiliate. The transfer of the title deed of these plots of land to the Company was in process as at 31 March 2013.

10. INTANGIBLE ASSETS - GOODWILL

	2013 SR	*2012 SR*
Wahba Trading Company Limited (a)	**61,437,764**	61,437,764
Nesk Projects Trading Company (b)	**417,796,779**	-
	479,234,543	61,437,764

a) During April 2009, the Company acquired 100% equity ownership in Wahba Trading Company Limited (a "subsidiary"). At the date of acquisition the fair value of net assets of the subsidiary was SR 118,553,647 and the cost of acquisition was SR 179,991,411 accordingly a goodwill amounting to SR 61,437,764 arose at acquisition of this subsidiary.

b) During September 2012, the Company acquired 100% equity ownership in Nesk Projects Trading Company (a "subsidiary"). At 31 March 2013, the provisional estimated fair values of net assets of the subsidiary was SR 312,203,221 and the cost of acquisition was SR 730,000,000 accordingly a goodwill amounting to SR 417,796,779 arose at acquisition of this subsidiary (note 11).

Wabha Trading Company Limited – Goodwill impairment test

Goodwill is tested annually for impairment by management in the fourth quarter of the financial year. Management has determined that goodwill carrying amount is less than its recoverable amount. Recoverable amount was 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 of 2%. In management's opinion, the growth rate assumption does not exceed the long-term average growth rate for fashion retail business in which the company operates. Key assumptions for the value-in-use calculation are set out below.

	Percentage
Discount rate	**15%**
Budgeted gross margins	**51%**
Average annual growth rate for sale	**2%**
Terminal growth rate	**2%**

The discount rates used are pre-zakat and reflect specific risks relating to the subsidiary. 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 subsidiary, 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 rate and the discount rate used.

11. ACQUISITION OF A NEW SUBSIDIARY

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

The Company acquired an effective 100% equity interest in Nesk Projects Trading Company through a tender offer by the Company 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 was financed through internal funding of SR 13 million and the balance was arranged through Murabaha financing (note 13).

11. ACQUISITION OF A NEW SUBSIDIARY (continued)

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

The purchase price paid has been allocated to the assets and liabilities based on provisional estimated fair values of the assets acquired and liabilities assumed, as determined by both parties. The final allocation of the purchase price will be determined within time-frame of 12 months period allowed under the accounting standards generally accepted in the Kingdom of Saudi Arabia. The provisional estimated fair values of the identifiable assets and liabilities as at the date of acquisition and their updated estimated fair value based on management most recent assessment are as follows:

	30 June 2012 (At acquisition date) SR	*As at 31 March 2013 SR*
ASSETS		
Cash and cash equivalents	64,706,132	68,773,980
Inventories	78,909,873	80,614,373
Prepayments and other assets	22,124,972	2,101,674
Property and equipment	221,751,191	230,164,769
Intangible assets	3,413,925	4,077,857
Total assets	390,906,093	385,732,653
LIABILITIES		
Trade payables	41,854,643	44,246,275
Accrued expenses and other payable	23,874,781	22,835,208
End-of-service indemnities	6,447,949	6,447,949
Total liabilities	72,177,373	73,529,432
Total identifiable net assets at fair value	318,728,720	312,203,221
Net assets acquired	318,728,720	312,203,221
Goodwill arising on acquisition	411,271,280	417,796,779
Cost of acquisition	730,000,000	730,000,000

Following are the cash flows related to the above acquisition for the year ended 31 March 2013:

Cash flows on acquisition	
Net cash acquired	68,773,980
Cost of acquisition paid	(730,000,000)
Net cash outflow	(661,226,020)

The summary of the results of operations of Nesk Projects Trading Company from the acquisition date till 31 March 2013 were as:

	SR million
Sales	504.5
Gross margin	137.5
Earnings before finance cost, depreciation, amortization and zakat	110.0
Net income	107.4

12. OTHER INTANGIBLE ASSETS

	Software implementation cost SR	*Key money SR*	*Deferred charges SR*	*Trademarks SR*	***Total 2013 SR***	*Total 2012 SR*
Cost						
At the beginning of the year	35,221,948	55,407,599	21,262,187	23,266,655	**135,158,389**	129,281,009
Related to a newly acquired subsidiary (note 11)	-	12,441,561	-	-	**12,441,561**	-
Additions	-	19,834,135	6,489,350	-	**26,323,485**	5,877,380
At the end of the year	35,221,948	87,683,295	27,751,537	23,266,655	**173,923,435**	135,158,389
Accumulated amortization						
At the beginning of the year	4,243,835	36,614,963	16,159,052	-	**57,017,850**	48,140,688
Related to a newly acquired subsidiary (note 11)	-	8,363,704	-	-	**8,363,704**	-
Amortization	1,409,263	5,149,533	2,739,080	-	**9,297,876**	8,877,162
At the end of the year	5,653,098	50,128,200	18,898,132	-	**74,679,430**	57,017,850
Net book value						
31 March 2013	**29,568,850**	**37,555,095**	**8,853,405**	**23,266,655**	**99,244,005**	
31 March 2012	30,978,113	18,792,636	5,103,135	23,266,655		78,140,539

13. MURABAHA FINANCING AND LOANS

The Company has medium and short-term Murabaha facilities with local commercial banks amounting to SR 460 million. As at 31 March 2013, the facilities have been fully utilized. The outstanding balance of these facilities as at 31 March 2013 was SR 294.9 million. The facilities are secured by promissory notes by the Company.

During the year ended 31 March 2010, the Company concluded an agreement with a local financing bank to reschedule part of its short-term Murabaha facility amounting to SR 300 million into a medium-term Murabaha which will be repayable in equal quarterly installments of SR 25 million each commencing from July 2011. The Murabaha facility carries markup at SIBOR plus agreed margin per annum. The outstanding balance as of 31 March 2013 was SR 125 million.

In addition to the above, the Company has signed a long term Murabaha financing agreement with International Finance Corporation ("IFC"), a member of World Bank Group, amounting to USD 50 million (SR 187.5 million) on 1 October 2011. During the year ended 31 March 2013, the Company has agreed with IFC to increase the Murabaha facility amount by USD 25 million (SR 93.75 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 repayable in equal semi-annual installments commencing after the two years from the date of the first disbursement. As at 31 March 2013, the Company has fully utilized this facility. The Murabaha facility carries markup at LIBOR plus agreed margin per annum.

In connection with the acquisition of Nesk Projects Trading Company (note 11), a debt of SR 717 million was raised. The debt comprises a long term syndicated Murabaha financing from SAMBA Financial Group, Gulf International Bank and Saudi Hollandi Bank. As per the syndicated facility agreement, the term of the Murabaha facility is for a period of 5 years. The Murabaha facility is repayable in equal 8 installments commencing on March 2014 and ending on October 2017. As of 31 March 2013, the Company has fully utilized this facility. The Murabaha facility carries markup at SIBOR plus agreed margin per annum. The facility is secured by promissory notes by the Company.

The above Murabaha facilities are disclosed net of related unamortized upfront fees (including commitment fees) amounting to SR 15.3 million as at 31 March 2013 (2012: nil).

14. ACCRUED EXPENSES AND OTHER PAYABLES

	2013 *SR*	*2012* *SR*
Rent	**76,148,718**	63,533,192
Employees' salaries and benefits	**67,884,333**	58,627,142
Payable to contractors and others	**54,037,868**	103,407,159
Provision for zakat and foreign income tax (note 15)	**52,519,297**	47,236,530
Royalty payable	**15,733,378**	10,044,977
Accrued consignment	**14,758,439**	4,989,875
Government duties	**13,625,409**	12,129,317
Finance cost payable	**7,088,103**	1,927,938
Utilities	**2,593,154**	2,672,656
Others	**5,497,495**	5,721,873
	309,886,194	310,290,659

15. ZAKAT AND INCOME TAX

Charge for the year:

The charge for the year for zakat and income tax is as follows:

	2013 *SR*	*2012* *SR*
Zakat provision for the year	**27,563,172**	34,945,105
Income tax provision for the year	**3,133,807**	912,453
	30,696,979	35,857,558

The zakat provision represents 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 Department of Zakat and Income Tax ("DZIT").

Movement in provision for zakat and income tax

At 31 March 2013	***Zakat SR***			***Income tax SR***	***Zakat and income tax total SR***
	Company	***Subsidiaries***	***Sub Total***		
Balance at beginning of the year	**18,359,888**	**27,852,505**	**46,212,393**	**1,024,137**	**47,236,530**
Provision for the year	**17,350,021**	**10,213,151**	**27,563,172**	**3,133,807**	**30,696,979**
Related to a newly acquired subsidiary (note 11)	**-**	**3,231,573**	**3,231,573**	**-**	**3,231,573**
Payment during the year	**(26,185,690)**	**-**	**(26,185,690)**	**(2,460,095)**	**(28,645,785)**
Balance at end of the year	**9,524,219**	**41,297,229**	**50,821,448**	**1,697,849**	**52,519,297**

At 31 March 2012	*Zakat SR*			*Income tax SR*	*Zakat and income tax total SR*
	Company	*Subsidiaries*	*Sub Total*		
Balance at beginning of the year	17,814,268	17,889,505	35,703,773	577,239	36,281,012
Provision for the year	24,982,105	9,963,000	34,945,105	912,453	35,857,558
Payment during the year	(24,436,485)	-	(24,436,485)	(465,555)	(24,902,040)
Balance at end of the year	18,359,888	27,852,505	46,212,393	1,024,137	47,236,530

15. ZAKAT AND INCOME TAX (continued)

Status of assessments

Zakat status of the Company and its local subsidiaries

The Company has filed its zakat returns with DZIT for all years up to the year ended 31 March 2012 and received zakat certificate. The zakat returns for the years ended 31 March 2008, 2009, 2010, 2011 and 2012 are under review of DZIT.

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 DZIT amounting to SR 10 million. The Company has objected on certain items amounted to SR 4 million and accordingly submitted a letter of guarantee for the objected amount and received the final zakat certificate for the said years. The Company filed an appeal against the remaining amount of SR 6 million with DZIT during the year.

Income tax status of foreign subsidiaries

The income tax returns have been filed and assessed by the relevant tax authorities for all years up to the year ended 31 March 2012 for the subsidiary in Jordon.

For the subsidiaries in Egypt and United States of America, the income tax returns have been filed for all years upto the year ended 31 March 2012. For the subsidiaries in Kazakhstan, Georgia and Azerbaijan the income tax returns have been filed up to the year ended 31 December 2012. The income tax returns are under review by the relevant tax authorities.

16. STATUTORY RESERVE

In accordance with Regulations for Companies in Saudi Arabia, the Company has established a statutory reserve by the appropriation of 10% of net income until the reserve equals 50% of the share capital. This reserve is not available for dividend distribution.

17. SELLING AND MARKETING EXPENSES

	2013 *SR*	*2012* *SR*
Employees' salaries and benefits	**101,313,194**	66,135,137
Advertising and publishing	**14,377,461**	10,551,562
Travel	**11,672,667**	7,415,063
Rent	**5,214,207**	2,986,943
Utilities and maintenance	**4,909,575**	2,544,519
Freight and distribution charges	**2,236,639**	1,455,234
Bank charges	**1,422,097**	63,729
Others	**8,066,498**	5,846,084
	149,212,338	96,998,271

18. GENERAL AND ADMINISTRATIVE EXPENSES

	2013 *SR*	*2012* *SR*
Employees' salaries and related expenses	**130,393,281**	86,669,412
Rent	**38,706,669**	15,513,748
Bank charges	**16,037,795**	12,885,312
Provision for slow-moving supplies	**8,779,005**	7,441,854
Travel	**7,497,719**	4,747,738
Stores opening charges	**4,095,056**	665,614
Insurance	**3,558,409**	3,040,897
Utilities and maintenance	**3,376,770**	3,687,425
Government fees and related charges	**2,799,147**	809,761
Professional fees	**2,500,259**	969,821
Stationary and supplies	**1,719,310**	1,051,479
Others	**4,047,492**	2,440,788
	223,510,912	139,923,849

19. OTHER INCOME, NET

	2013 *SR*	*2012* *SR*
Gain from sale of investment	**52,201,805**	14,262,055
Gain on sale of brand	**21,418,949**	6,123,895
Dividend income	**10,900,000**	10,234,287
Foreign exchange gain	**8,118,263**	16,332,290
Service fees	**542,825**	830,000
Proceeds from insurance claim	**-**	3,054,268
Reversal of unused accrued charges	**-**	3,975,000
Discounts	**-**	3,664,926
Miscellaneous	**4,038,421**	4,828,575
	97,220,263	63,305,296

20. SUBSEQUENT EVENTS

The Board of Directors in their meeting held on 7 Jumad Thani 1434H (corresponding to 17 April 2013) recommended the following:

1) Increase the company share capital by 50% (i.e. from SR 700 million to SR 1,050 million) consequently increasing the number of shares from 70 million to 105 million through distribution of 1 bonus share for every 2 shares held.

2) distribution of cash dividends of SR 3 per share totaling SR 210 million representing 30% of company shared capital before the increase of the capital.

The above recommendations are subject to general assembly and regulatory approvals.

21. CONTINGENT LIABILITIES AND CAPITAL COMMITTMENTS

At 31 March, the Company and its subsidiaries had contingent liabilities and capital commitments as follows:

	2013 *SR*	*2012* *SR*
Letters of credit and guarantee	**599,986,128**	438,597,640
Capital commitments-property and equipments	**195,667,945**	145,838,622

22. EARNINGS PER SHARE

Earnings per share from income from main operations and from net income for the year is calculated by dividing income from main operations and net income for the year by the number of outstanding ordinary shares during the year amounting to 70 million shares.

23. SEGMENT INFORMATION

The Company and its subsidiaries mainly sell fashion apparels and operate through its various retail outlets mainly scattered in the Kingdom of Saudi Arabia. Further, the Company operates through certain subsidiaries in the international markets, in Jordan, Egypt, Republic of Kazakhstan, United States of America, Republic of Azerbaijan, Georgia and Armenia.

Since the Company and its subsidiaries carry out their activities through one business segment in various geographical areas, segment reporting is provided by geographical area only.

The selected segment information is provided by geographical segments as follows:

	Domestic *SR'000*	*International* *SR'000*	*Intersegment elimination* *SR'000*	*Total* *SR'000*
As at 31 March 2013				
Total assets	**4,367,162**	**658,751**	**(955,630)**	**4,070,283**
Total liabilities	**1,770,381**	**657,782**	**(400,783)**	**2,027,380**
Sales	**3,961,461**	**697,072**	**-**	**4,658,533**
As at 31 March 2012				
Total assets	3,167,556	407,121	(999,261)	2,575,416
Total liabilities	1,243,610	352,971	(446,362)	1,150,219
Sales	2,942,248	260,419	-	3,202,667

24. FAIR VALUE

Fair value is the amount for which an asset could be exchanged, or a liability settled between knowledgeable willing parties in an arm's length transaction. As the Company's financial instruments are compiled under the historical cost convention, differences can arise between the book values and fair value estimates. Management believes that the fair values of the Company's financial assets and liabilities are not materially different from their carrying values.

25. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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

Credit risk is the risk that one party will fail to discharge an obligation and cause the other party to incur a financial loss. The Company and its subsidiaries have no significant concentration of credit risk. Cash is substantially placed with national banks with sound credit ratings. Prepayment and other assets are carried net of provision for doubtful debts, if any.

Commission rate risk is the exposure to various risks associated with the effect of fluctuations in the prevailing commission rates on the Company and its subsidiaries' financial position and cash flows. The Company and its subsidiaries monitor the fluctuations in commission rates and believe that the effect of the commission rate risk is not material.

Currency risk is the 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 was beneficial to the Company and its subsidiaries during the year.

Liquidity risk is the risk that the Company and its subsidiaries will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity is managed periodically by ensuring its availability in amounts sufficient to meet any future commitments. The management believes that the Company and its subsidiaries are not exposed to significant risks in relation to liquidity.

26. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Board of Directors on 27 Jumad Thani 1434H (corresponding to 7 May 2013).

27. COMPARATIVE FIGURES

During the year ended 31 March 2013, the management has performed an internal review of the component of selling and marketing expenses and allocated all stores related direct costs to cost of sales. Accordingly, certain figures for the prior year have been reclassified to conform with the allocation of those expenses in the current year. This allocation does not have any impact on the financial position and results of the operations of the Company and its subsidiaries.

In addition to above, certain figures for the prior year have been reclassified to conform with the presentation in the current year.