FAWAZ ABDULAZIZ
AL HOKAIR & COMPANY
(A Saudi Joint Stock Company)
Consolidated financial statements
For the year ended 31 March 2019
together with the
Independent Auditor's Report

FAWAZ ABDULAZIZ AL HOKAIR & COMPANY
(A Saudi Joint Stock Company)
CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 March 2019

INDEX

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Independent Auditor's Report

To the Shareholders of Fawaz Abdulaziz AlHokair & Co.

Opinion

We have audited the consolidated financial statements of **Fawaz Abdulaziz AlHokair & Co. ("the Company") and its subsidiaries ("the Group")**, which comprise the consolidated statement of financial position as at **31 March 2019**, the consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 March 2019, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Certified Public Accountants (SOCPA).

Basis for Opinion

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

Key Audit Matters

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

Independent Auditor's Report

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

Valuation of Inventories

Refer to Note: 6.7 to the consolidated financial statements for the accounting policy relating to inventories and Note:12 to the consolidated financial statements for the inventories disclosures.

The key audit matter	How the matter was addressed in our audit
As at 31 March 2019, the Group's inventories balance was SR 1,928 million (2018: SR 1,774 million). These inventories are carried at lower of cost and net realizable value. The Company operates in the fashion retail sector and inventories 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 realisibility of inventories. We considered this as a key audit matter as the management applies significant judgment in determining an appropriate inventory provision The factors considered in determining this provision includes; • Assessment of the level of slow moving inventories 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 inventory provision.	Our audit procedures in relation to inventory provision, among others included: • Assessing the design and implementation, and testing the operating effectiveness of the key controls relating to Group's processes over establishing and monitoring the inventory provision; • Analysing the inventory ageing and movement data to identify brands with low turnover or significant levels of aged inventory and discussing with management regarding realisability with respect to inventory of these brands; • Evaluating the inventory provision made by the Group by considering management's view of current inventory items and their ageing profile, sales forecasts and historical sales trends; • Using our IT specialist to test the integrity of the inventories' ageing report used by management in its assessment of inventory provision; • Determining 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; and • Obtaining inventory count results from management to evaluate the inventory provision based on actual shrinkage identified during the count. 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.

Independent Auditor's Report

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

Impairment review of fixtures and fittings and other leasehold improvements at stores ("Store Assets")	
Refer to Note: 6.4 and 6.11 to the consolidated financial statements for the accounting policy relating to property and equipment and Note:8 to the consolidated financial statements for the property and equipment disclosures	
The key audit matter	**How the matter was addressed in our audit**
As at 31 March 2019, the Group held property and equipment of SR 1,752 million (2018: SR 2,046 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 in these stores may also be impacted. This require management to perform impairment review of Store Assets. 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 cannot be used for other brands. Management considers each store to be a Cash Generating Unit (CGU) and perform a review of the trading results of the stores for the year. Management then assess the impairment of the stores considering future profitability of the stores along with the possibility of moving Store Assets to new stores to keep them in continuing use. However, where a store is closed or loss making and store assets cannot be used in other stores, an impairment charge is recognized for the Store Assets. We considered the impairment of Store Assets as a key audit matter as the assessment of impairment of Store Assets involves judgment by management relating to factors such as future performance of stores, sales expectations and usefulness of assets in other stores.	The audit procedures in relation to impairment of Store Assets, among others included: ▪ Evaluating the management's process of identification of impairment in Store Assets and assessed the design and implementation of controls over identification, recognition and measurement of such impairment; ▪ Examining the trading results by stores to check whether all loss making and closed stores have been identified by management for assessing impairment in related Store Assets; ▪ Assessing the need for impairment in Store Assets relating to loss making and closed stores through evaluating the management's assessment of; a) future profitability of these stores by considering management's trading plans, recent performance of the store and historical accuracy of management's forecast b) usefulness of Store Assets relating to these stores by considering management's plans for opening new stores and specification of the Store Assets. When assets relating to the closed stores cannot be used within the same brand stores, we assessed managements' plans for using these assets at stores of other brands and considered the viability of such plans.

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Independent Auditor's Report

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

Goodwill impairment

Refer to Note: 6.6 and 6.11 to the consolidated financial statements for the accounting policy relating to goodwill and Note:9 for the goodwill disclosures

The key audit matter	How the matter was addressed in our audit
As at 31 March 2019, the carrying value of goodwill amounted to SR 805 million (2018: SR 805 million). The goodwill arose on the acquisition of Wahba Trading Company Limited, Nesk Trading Projects Company 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 significant judgment and assumptions involved in the impairment assessment process.	Our audit procedures in relation to goodwill impairment, among others included: • Assessing the design and implementation and tested the operating effectiveness of key controls relating to Group's processes over recognition and measurement of goodwill impairment, including the assumptions used; • Considering management's identification of CGUs and the appropriateness of allocation of goodwill; • Involving our valuation specialist to test the key assumptions used in management's value-in-use calculation. 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; • Checking the accuracy and completeness of the information produced by management which was used for the basis of the impairment assessment; • Considering the adequacy of the Group's financial statement goodwill disclosure in terms of applicable accounting standards.

Other Information

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

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

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

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

Independent Auditor's Report

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

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, then we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- 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.

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Independent Auditor's Report

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

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

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

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

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

For KPMG Al Fozan & Partners
Certified Public Accountants

Khalil Ibrahim Al Sedais
License No.: 371

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

Date: 27 Shawwal 1440H
Corresponding to: 30 June 2019

FAWAZ ABDULAZIZ AL HOKAIR & COMPANY
(A Saudi Joint Stock Company)
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 2019
(All amounts in Saudi Riyals unless otherwise stated)

	Notes	**31 March 2019**	31 March 2018
Assets			
Property and equipment	*8*	**1,752,363,245**	2,045,787,460
Goodwill and intangible assets	*9*	**873,752,580**	877,089,531
Investment property	*10*	**62,769,202**	64,252,274
Investments in associates and others	*11*	**389,289,549**	249,173,721
Receivable from disposal of subsidiaries	*31*	**75,000,000**	225,000,000
Non-current assets		**3,153,174,576**	3,461,302,986
Inventories	*12*	**1,927,501,987**	1,774,117,058
Advances, deposits and other receivables	*13*	**698,388,699**	538,931,844
Prepayments, rentals and insurance	*14*	**207,269,731**	476,824,021
Receivable from disposal of subsidiaries	*31*	**204,454,285**	129,454,285
Cash and cash equivalents	*15*	**516,394,140**	330,634,926
Current assets		**3,554,008,842**	3,249,962,134
Total assets		**6,707,183,418**	6,711,265,120
Equity			
Share capital	*21*	**2,100,000,000**	2,100,000,000
Statutory reserve		**205,816,329**	191,341,548
Foreign currency translation reserve		**(613,274,765)**	(525,468,725)
Fair value reserve		**161,041,800**	--
Retained earnings		**623,915,770**	482,419,045
Equity attributable to the shareholders of the Company		**2,477,499,134**	2,248,291,868
Non-controlling interest	*22*	**(66,622,617)**	(63,562,099)
Total equity		**2,410,876,517**	2,184,729,769
Liabilities			
Loans and borrowings	*16*	**2,100,502,329**	1,922,121,029
Employee benefits	*17*	**83,664,754**	102,924,795
Non Current liabilities		**2,184,167,083**	2,025,045,824
Zakat and tax liabilities	19	**28,093,562**	33,190,704
Loans and borrowings	*16*	**761,669,129**	1,275,914,556
Trade and other payables		**681,739,924**	794,641,120
Accruals and other liabilities	*18*	**640,637,203**	397,743,147
Current liabilities		**2,112,139,818**	2,501,489,527
Total liabilities		**4,296,306,901**	4,526,535,351
Total equity and liabilities		**6,707,183,418**	6,711,265,120

The attached notes from 1 to 35 are an integral part of these consolidated financial statements.
These consolidated financial statements were authorized for issue by the Board of Directors, on behalf of the Shareholders, on 27 Shawwal 1440H (30 June 2019) and signed on its behalf by:

Mohammed Abbaoui
Chief Financial Officer

Marwan Moukarzel
Chief Executive Officer

Dr. Abdul Majeed Abdulaziz Al Hokair
Chairman

FAWAZ ABDULAZIZ AL HOKAIR & COMPANY
(A Saudi Joint Stock Company)
CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the year ended 31 March 2019
(All amounts in Saudi Riyals unless otherwise stated)

	Notes	**31 March 2019**	31 March 2018
Continuing operations:			
Revenue	*23*	**5,425,802,668**	6,116,517,746
Cost of revenue	*24*	**(4,341,305,770)**	(4,901,897,606)
Gross profit		**1,084,496,898**	1,214,620,140
Selling and distribution expenses	*25*	**(180,328,616)**	(247,650,120)
General and administrative expenses	*26*	**(281,064,747)**	(322,243,239)
Depreciation and amortization	*8,9,10*	**(289,886,474)**	(317,949,995)
Other operating expense	*27*	**(14,755,180)**	(25,070,248)
Other operating income	*27*	**93,847,527**	12,221,693
Operating profit		**412,309,408**	313,928,231
Finance costs	*28*	**(200,938,060)**	(180,808,101)
Share of loss of associates	*11*	**(18,002,841)**	--
Profit before zakat and income tax		**193,368,507**	133,120,130
Zakat and Income tax expense	*19*	**(55,318,240)**	(42,762,607)
Profit from continuing operations		**138,050,267**	90,357,523
Discontinued operation:			
Loss from discontinued operation, net of tax	*31*	**--**	(1,054,205)
Profit for the year		**138,050,267**	89,303,318
Profit / (loss) for the year is attributable to:			
Shareholders of the Company		**144,747,819**	103,489,871
Non-controlling interests	*22*	**(6,697,552)**	(14,186,553)
		138,050,267	89,303,318
Earnings per share			
Basic and diluted earnings per share (Saudi Riyal)	*7*	**0.69**	0.49
Earnings per share – Continuing Operations			
Basic and diluted earnings per share (Saudi Riyal)	*7*	**0.69**	0.50

The attached notes from 1 to 35 are an integral part of these consolidated financial statements.

FAWAZ ABDULAZIZ AL HOKAIR & COMPANY
(A Saudi Joint Stock Company)
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 March 2019
(All amounts in Saudi Riyals unless otherwise stated)

	Notes	**31 March 2019**	31 March 2018
Profit for the year		**138,050,267**	89,303,318
Items that will not be reclassified to profit or loss:			
Re measurements of defined benefit liability	*17*	**11,223,687**	24,127,000
Equity investments at FVOCI – net change in fair value	*11*	**161,041,800**	--
		172,265,487	24,127,000
Items that are or may be reclassified subsequently to profit or loss:			
Foreign Operations – foreign currency translation differences		**(84,169,006)**	(30,798,056)
		(84,169,006)	(30,798,056)
Other comprehensive income / (loss) for the year, net of tax		**88,096,481**	(6,671,056)
Total comprehensive income for the year		**226,146,748**	82,632,262
Total comprehensive income/(loss)for the year attributable to:			
Shareholders of the Company		**229,207,266**	135,039,894
Non-controlling interests		**(3,060,518)**	(52,407,632)
		226,146,748	82,632,262

The attached notes from 1 to 35 are an integral part of these consolidated financial statements.

FAWAZ ABDULAZIZ AL HOKAIR & COMPANY
(A Saudi Joint Stock Company)
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 March 2019
(All amounts in Saudi Riyals unless otherwise stated)

	Share capital	Statutory reserve	Foreign currency translation reserve	Fair value reserve	Retained earnings	Total share holders' equity	Non-Controlling interest	Total equity
Balance at 1 April 2017	2,100,000,000	180,992,561	(532,891,748)	--	365,151,161	2,113,251,974	(11,154,467)	2,102,097,507
Profit for the year	--	--	--	--	103,489,871	103,489,871	(14,186,553)	89,303,318
Other comprehensive income/(loss)	--	--	7,423,023	--	24,127,000	31,550,023	(38,221,079)	(6,671,056)
Total comprehensive income/(loss) for the year	--	--	7,423,023	--	127,616,871	135,039,894	(52,407,632)	82,632,262
Transfer to statutory reserve	--	10,348,987	--	--	(10,348,987)	--	--	--
Balance at 31 March 2018	2,100,000,000	191,341,548	(525,468,725)	--	482,419,045	2,248,291,868	(63,562,099)	2,184,729,769
Balance at 1 April 2018	**2,100,000,000**	**191,341,548**	**(525,468,725)**	--	**482,419,045**	**2,248,291,868**	**(63,562,099)**	**2,184,729,769**
Profit for the year	--	--	--	--	**144,747,819**	**144,747,819**	**(6,697,552)**	**138,050,267**
Other comprehensive income/(loss)	--	--	**(87,806,040)**	**161,041,800**	**11,223,687**	**84,459,447**	**3,637,034**	**88,096,481**
Total comprehensive income/(loss) for the year	--	--	**(87,806,040)**	**161,041,800**	**155,971,506**	**229,207,266**	**(3,060,518)**	**226,146,748**
Transfer to statutory reserve	--	**14,474,781**	--	--	**(14,474,781)**	--	--	--
Balance at 31 March 2019	**2,100,000,000**	**205,816,329**	**(613,274,765)**	**161,041,800**	**623,915,770**	**2,477,499,134**	**(66,622,617)**	**2,410,876,517**

The attached notes from 1 to 35 are an integral part of these consolidated financial statements.

FAWAZ ABDULAZIZ AL HOKAIR & COMPANY
(A Saudi Joint Stock Company)
CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 March 2019
(All amounts in Saudi Riyals unless otherwise stated)

	Notes	**31 March 2019**	31 March 2018
Cash flows from operating activities:			
Profit for the year		**138,050,267**	89,303,318
Adjustments for:			
Depreciation and amortization		**289,886,474**	317,949,995
Provision for employees benefits	*17*	**19,310,000**	27,116,705
Impairment loss on other receivables	*13*	**2,582,487**	(5,016,660)
Provision for inventory shrinkage and slow moving inventory, net	*12*	**(104,501,108)**	(6,491,954)
Write-off of property and equipment and other intangible assets	*8,9*	**(78,096,862)**	14,034,464
Zakat and income tax expense	*19*	**55,318,240**	46,918,236
Finance cost		**200,938,060**	180,808,101
Share of loss of associates	*11*	**18,002,841**	--
Gain on disposal of property and equipment	*27*	**(24,806,441)**	--
		516,683,958	664,622,205
Changes in:			
Inventories		**(48,883,821)**	(109,444,095)
Advances, deposits and other receivables		**(87,039,374)**	90,000,000
Prepayments, rentals and insurance		**269,554,290**	61,978,686
Receivable from disposal of subsidiaries		--	(72,350,579)
Trade and other payables		**(112,901,196)**	237,700,593
Accruals and other liabilities		**261,850,594**	40,506,150
Cash generated from operating activities		**799,264,451**	913,012,960
Zakat and income tax paid	*19*	**(60,415,382)**	(114,594,734)
Employee benefits paid	*17*	**(27,346,354)**	(15,955,555)
Net cash from operating activities		**711,502,715**	782,462,671
Cash flows from investing activities:			
Acquisition of property and equipment	*8*	**(185,711,230)**	(467,833,977)
Proceeds from disposal of property and equipment		**310,174,060**	--
Purchase of intangible assets	*9*	**(10,058,087)**	(30,032,156)
Disposal of intangible assets		**373,256**	--
Investment in associate	*11*	**(593,797)**	--
Disposal of discontinued operation, net of cash disposed of	*31*	--	(3,513,645)
Receivable against disposal of subsidiaries		--	50,000,000
Transfer of investment in associate		--	(52,864,237)
Dividend from associates		--	13,609,121
Net cash from / (used in) investing activities		**114,184,202**	(490,634,894)
Cash flows from financing activities:			
Proceeds from long term borrowings		**1,084,837,500**	1,269,369,742
Long term borrowings repaid during the year		**(980,869,701)**	(498,693,417)
Short-term borrowings repaid during the year		**(432,552,080)**	(880,343,607)
Transaction costs paid during the year		**(7,279,846)**	--
Finance costs paid		**(219,894,570)**	(180,808,101)
Net cash used in financing activities		**(555,758,697)**	(290,475,383)
Foreign currency exchange translation differences		**(84,169,006)**	(35,547,997)
Net increase in cash and cash equivalents		**269,928,220**	1,352,394
Cash and cash equivalents at the beginning of year		**330,634,926**	364,830,529
Cash and cash equivalents at end of the year	*15*	**516,394,140**	330,634,926
Significant non-cash transactions:			
Receivable from disposal of a subsidiary during the year	*31*	**75,000,000**	54,454,285

The attached notes from 1 to 35 are an integral part of these consolidated financial statements.

1. REPORTING ENTITY

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

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

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

2. GROUP STRUCTURE

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

		Ownership interest held by the Group as at:	
Subsidiaries	**Country of incorporation**	**31 March 2019**	31 March 2018
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
Saudi Retail Co. Ltd	Kingdom of Saudi Arabia	**100**	100
Wahba Trading Company Limited	Kingdom of Saudi Arabia	**100**	100
Unique Technology Trading Company	Kingdom of Saudi Arabia	**100**	100
Nesk Trading Projects Company	Kingdom of Saudi Arabia	**100**	100
Logistics Fashion Trading DWC-LLC	United Arab Emirates	**100**	100
Advanced Fashion Concepts LLC	United Arab Emirates	**100**	100
International Fashion Franchising Limited	United Arab Emirates	**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

2. GROUP STRUCTURE (CONTINUED)

Subsidiaries	Country of incorporation	Ownership interest held by the Group as at: 31 March 2019	31 March 2018
Retail Group Holding LLC	Georgia	**100**	100
Pro Retail Georgia LLC	Georgia	**100**	100
Modern Fashion Trading Line	Georgia	**100**	100
International Retail of Morocco	Morocco	**100**	100
Multi Trends Co.	Morocco	**100**	89
Retail Group of America LLC	United States of America	**100**	100
Monsoon Accessories USA INC	United States of America	**100**	100
Retail Group Jennyfer	United States of America	**100**	100
Retail Group France LLC	United States of America	**100**	100
Retail Group Spain LLC	United States of America	**100**	100
Retail Group Germany	United States of America	**100**	100
Retail Group Lipsy LLC	United States of America	**100**	100
Retail Group Zippy LLC	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 Skopje	Balkan Peninsula	**100**	100
RIGE Co.	Arab Republic of Egypt	**99**	99
Retail Group Egypt Co. S.A.E	Arab Republic of Egypt	**98**	98
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
Retail Group CJSC	Armenia	**100**	100
Pro Retail CJSC	Armenia	**100**	100
Factory Prices CJSC	Armenia	**100**	-
RGAM Retail Group Armenia CJSC	Armenia	**96**	96
Retail Group Jordan Co. LDT	Hashemite Kingdom of Jordan	**95**	95
Nesk Trading Projects LLC	Hashemite Kingdom of Jordan	**100**	100
Retail General Trading Co. Ltd.	Iraq	**95**	95
United Group Retail Trading Company LLC	Iraq	**66.5**	66.5
Models Own Holding Limited	United Kingdom	**51**	51
Models Own Limited	United Kingdom	**51**	51
Models Own International Ltd.	United Kingdom	**51**	51
Retail Group Azerbaijan LLC	Azerbaijan	**85**	85
Fashion Retail Azerbaijan LLC	Azerbaijan	**85**	85
Spanish Retail Azerbaijan LLC	Azerbaijan	**85**	85
Global Apparel Azerbaijan LLC	Azerbaijan	**85**	85
Mega Store Azerbaijan LLC	Azerbaijan	**85**	85
Master Retail Azerbaijan LLC	Azerbaijan	**85**	85
Pro Retail Azerbaijan LLC	Azerbaijan	**85**	85
Retail Group Holding LLC	Azerbaijan	**85**	85
Best Retail Azerbaijan LLC	Azerbaijan	**85**	85

** During the year ended 31 March 2018, the Group entered in to Shares Sale Agreement to transfer its 35% holding in Al Farida Trading Agencies Company Limited and its 51% holding in Al Waheedah Equipment General Trading FZCO to a third party. As at year end, the legal formalities of the transfer have not been completed (Refer note: 31).

In line with its strategy to expand into food and entertainment businesses, the Group is considering to acquire an existing business. The discussion has started and the transaction will be completed and accounted once the legal formalities and necessary approvals are obtained.

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.

2. GROUP STRUCTURE (CONTINUED)

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.

3. BASIS OF PREPARATION

3.1 Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by Saudi Organization for Certified Public Accountants ("SOCPA") (hereinafter refer to as "IFRS as endorsed in KSA").

This is the first set of the Group's annual financial statements in which IFRS 15 Revenue from Contracts with Customers and IFRS 9 Financial Instruments have been applied. Changes to significant accounting policies are described in Note 5.

3.2 Preparation of the financial statements

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

- Equity investment at fair value through other comprehensive income ("FVOCI") is measured at fair value.
- The defined benefit obligation is recognised at the present value of future obligations using the Projected Unit Credit Method.

3.3 Functional and presentation currency

These consolidated financial statements are presented in Saudi Riyal ("SR") which is the functional currency of the Company.

4. USE OF JUDGMENTS AND ESTIMATES

In preparing these consolidated financial statements, management has made judgments and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to estimates are recognised prospectively.

Judgements

Information about judgements made in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements, is included in the following notes:

- Note *6.1(i)*: whether the Group exercises control over an investee
- Note *6.1(ii)*: classification of equity accounted investees

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have the most significant effect on the amounts recognised in the consolidated financial statements, is included in the following notes:

- Note 6.6, 6.11, 8 and 9: Impairment of non-financial assets- Goodwill and Property and equipment
- Note 6.10 and 13: Impairment of financial assets – Trade and other receivables
- Note 6.4 and 6.6: Useful lives and residual values of property and equipment and intangible assets.
- Note 6.7 and 12: Provision for slow moving inventory and shrinkage
- Note 17: Measurement of employee benefits obligations: key actuarial assumptions.
- Note 6.16: Provision for Zakat and income tax

5. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

The Group has initially applied IFRS 15 Revenue from Contracts with Customers (see 5.1 below) and IFRS 9 Financial Instruments (see 5.2 below) from 1 April 2018, using modified retrospective approach, accordingly there is no impact on the comparative numbers.

A number of other new standards or amendments are also effective from 1 April 2018 but they do not have a material effect on the Group's financial statements.

5.1 IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations.

Sales revenue is measured based on the consideration specified in a contract with a customer excluding amounts collected on behalf of third parties, if any. The Group recognises revenue when a customer obtains controls of the goods at a point in time i.e. on delivery and acknowledgement of goods, which is in line with the requirements of IFRS 15. Accordingly, there is no material effect of adopting 'IFRS 15 Revenue from Contracts with Customers' on the recognition of Revenue of the Group. (for detailed revenue policy refer note 6.3).

5.2 IFRS 9 Financial Instruments

IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement.

Additionally, the Group has adopted consequential amendments to IFRS 7 Financial Instruments: Disclosures that are applied to disclosures about 2019 but have not been generally applied to related comparative information of IFRS 9. The details of new significant accounting policies are set out in note 6.9).

Classification and measurement of financial assets and financial liabilities

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for financial assets of held to maturity, loans and receivables and available for sale. The following explains the original and new classification and measurement categories under IAS 39 and under IFRS 9 respectively of the Group's significant financial assets as at 1 April 2018:

	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39	New carrying amount under IFRS 9
Financial assets measured at fair value				
Investment in Trade Center Co. Ltd*	Available for sale	FVOCI – equity instrument	94,000,000	94,000,000
Financial assets not measured at fair value				
Due from affiliates and associates	Loans and receivables	Amortised cost	89,260,524	89,260,524
Employee loans (net)	Loans and receivables	Amortised cost	20,120,965	20,120,965
Margin deposit for LCLGs	Loans and receivables	Amortised cost	80,663,721	80,663,721
Receivable from disposal of subsidiaries / brands	Loans and receivables	Amortised cost	354,454,285	354,454,285
Trade receivables	Loans and receivables	Amortised cost	110,553,078	110,553,078
Cash and cash equivalents	Loans and receivables	Amortised cost	330,634,926	330,634,926
			1,079,687,499	**1,079,687,499**

5. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

5.2 IFRS 9 Financial Instruments (continued)

* Investment in Trade Centre Co. Ltd represent investments that the Group intends to hold for the long term for strategic purposes. As permitted by IFRS 9, the Group has designated these investments at the date of initial application as measured at FVOCI. Unlike IAS 39, the accumulated fair value reserve related to these investments will never be reclassified to profit or loss.

Impairment of financial assets
IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. Under IFRS 9, credit losses are recognised earlier than under IAS 39 – see note 6.10.

As operations of the Group are in the nature of retail sales which are normally settled at the time of transaction of sale. In rare circumstances the Group has credit sales like bulk quantity sold which are generally secured by way of irrevocable guarantees. Other receivables as part of financial assets include receivable on account of sale of franchisee rights of the brand / subsidiary etc. Impairment of such financial assets is evaluated on a case to case basis. In view of the above, new impairment model (expected credit loss model) has no significant impact on the Group's financial statements.

Transition
The Group has used the exemption available in the standard and decided not to restate comparative information for prior periods with respect to classification and measurement (including impairment) requirements. Accordingly, the information presented for 2018 does not generally reflect the requirements of IFRS 9, but rather those of IAS 39.

The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application:
i) The determination of the business model within which a financial asset is held.
ii) The designation and revocation of previous designations of certain financial assets
iii) The designation of certain investments in equity instruments not held for trading as at FVOCI.

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, except for application of IFRS 9 and 15 as stated in note 5. Certain prior year figures have been reclassified to conform to current year presentation.

6.1 Basis of consolidation

(i) Subsidiaries
Subsidiaries are entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Inter-company investments, transactions, balances and unrealized gains or losses on transactions between Group companies are eliminated. The accounting policies of the subsidiaries are consistent with those adopted by the Group.

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

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

6.1 Basis of consolidation (continued)

The acquisition method of accounting is used to account for the acquisition of subsidiaries. The consideration transferred for the acquisition of subsidiary comprises the:

- the fair value of the assets transferred / acquired
- liabilities incurred to the former owners of the acquired business
- equity interest issued by the Group
- fair value of any asset or liability resulting from a contingent consideration arrangement
- fair value of any pre-existing equity interest in the subsidiary

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets. Acquisition-related costs are expensed as incurred.

When the Group loses control over a subsidiary, it recognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

(ii) *Associates*

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies.

Interest in associates is accounted for using the equity method. They are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates is recognised as a reduction in the carrying amount of the investment

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

Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of investment in associates and others is tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised under profit and loss in the consolidated statement of profit or loss for the amount by which the asset's carrying amount exceeds its recoverable amount

6.2 Foreign currencies

(i) *Transactions and balances*

Transactions in foreign currencies are translated into the respective functional currencies of Group companies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss and presented within finance costs.

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

6.2 Foreign currencies (continued)

(ii) Foreign operations

The assets and liabilities of foreign operations (none of which has the currency of a hyperinflationary economy) are translated at exchange rates at the reporting date. The income and expenses of foreign operations, are translated to Saudi Riyals at exchange rates at the average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions).

Foreign currency differences arising on foreign operations are recognised in other comprehensive income and accumulated in the translation reserve, except to the extent that the translation difference is allocated to non-controlling interest.

6.3 Revenue recognition

Policy applicable before 1 April 2018

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding any levies or duty. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods. Revenues represent the invoiced value of goods delivered by the Group during the year, net of any trade and quantity discounts.

Policy applicable from 1 April 2018

IFRS 15: "Revenue from contracts with customers" supersedes IAS 11: "Construction Contracts", IAS 18: "Revenue" and related Interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is measured based on the consideration specified in a contract with a customer. The Group recognised revenue when it transfers control over a good or service to a customer.

IFRS 15 requires entities to exercise judgment, taking into consideration all of the relevant facts and circumstances when applying each step of the model to the contracts with their customers. The Standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

The following are the description of accounting policies for principal activities, from which the Group generates its revenue:

Sales in retail outlets

Sales are recognised when the customer takes possession of the product sold by the Group. Payment of the transaction price is due immediately when the customer purchases the product.

Sales are measured based on the consideration specified in the contract with a customer excluding amounts collected on behalf of third parties, if any. Sales exclude Value Added Tax (VAT) collected. Sales are shown in the consolidated statement of profit or loss net of returns and any discounts given.

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

6.3 Revenue recognition (continued)

The group's return policy grants customers the right of return within three to seven days in normal sales and one day in the case of promotional sale with certain requirements and certain exceptions.

Online sales
Sales are recognised when the products are delivered to the customers by the shipping agent. Payment of the transaction prices is normally received upon or before placing online orders and recognised as a liability until the recognition of sales.

For all types of sales, historical experience suggests that the amount of returns is totally immaterial and accordingly, no refund liability is recognised at the time of sale. The validity of these conclusions is assessed at each reporting date. If the returns pattern changed, the Group would recognise a refund liability and corresponding asset (right to the returned goods) for products expected to be returned, with revenue and related cost of sales adjusted accordingly.

In all the above types, the stated price is the transaction price, and the Group does not have contracts where the period between the transfer of the promised goods to the customer and payment by the customer exceeds one year, and as a result, the Group does not adjust transaction prices for the time value of money.

6.4 Property and equipment

Property and equipment is stated at historical cost, net of accumulated depreciation and accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Expenditures on repairs and maintenance are expensed to the statement of profit or loss in the year they are incurred.

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

	Number of years		**Number of years**
Buildings	33 years	Leasehold improvements	8-15 years
Furniture and office equipment	10 years	Motor vehicles	4 years

The assets' residual values, useful lives and methods of depreciation are reviewed on an annual basis, and adjusted prospectively if appropriate, at each consolidated statement of financial position date.

Land and assets under construction, which are not ready for its intended use, are not depreciated.

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

An asset's carrying amount is written-down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 6.11).

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

6.5 Investment properties

Investment properties are those properties, either owned by the Group or where the Group is a lessee under a finance lease, that are held either to earn rental income or for capital appreciation, or both. In addition, properties held under operating leases are accounted for as investment properties when the rest of the definition of an investment property is met. In such cases, the operating leases concerned are accounted for as if they were finance leases.

Investment properties are measured at cost, including related transaction costs. After initial recognition at cost, investment properties are depreciated in line with owner-occupied buildings discussed in section 6.4 above.

6.6 Intangible assets

(i) Goodwill

Goodwill represents the difference between the cost of businesses acquired and the Group's share in the net fair value of the recognised identifiable assets, liabilities and contingent liabilities at the date of acquisition. Goodwill is not amortized but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes.

(ii) Other intangible assets

Other intangible assets represent software implementation cost, key money, trademarks and other deferred charges. Intangible assets acquired separately are measured at cost upon initial recognition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any.

Amortization is calculated over the cost of the asset, or other amount substituted for cost, less its residual value and is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use. The estimated years of amortization of the principal classes of other intangible assets is as follows:

	Number of years		**Number of years**
Software implementation costs	25 years	Deferred charges	8 years
Key money	10 years		

Gains or losses arising from derecognising an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the consolidated statement of profit or loss when the asset is derecognised.

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

6.7 Inventories

Inventories, including goods available for sale and goods in transit are stated at the lower of cost and net realizable value.

Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs necessary to complete a sale. Provision is made, where necessary, for obsolete, slow moving and defective stocks.

6.8 Cash and cash equivalents

Cash and cash equivalents include cash on hand, bank balances, short-term deposits, demand deposits and highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

6.9 Financial instruments

(i) Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument

A trade receivable without a significant financing component is initially measured at the transaction price. A financial asset or financial liability (unless it is a trade receivable without a significant financing component) is initially measured at fair value. For financial instruments not classified at FVTPL, transaction costs that are directly attributable to its acquisition or issue are adjusted.

(ii) Classification and subsequent measurement

Financial assets – Policy applicable from 1 April 2018

On initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income (FVOCI) – debt investment; FVOCI – equity investment; or fair value through profit or loss (FVTPL).

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

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

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

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis. All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL.

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

6.9 Financial instruments (continued)

(ii) Classification and subsequent measurement (continued)

Financial assets: Business model assessment: Policy applicable from 1 April 2018
The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

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

Financial assets: Assessment whether contractual cash flows are solely payments of principal and interest: Policy applicable from 1 April 2018

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defines as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract.

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

6.9 Financial instruments (continued)

(ii) Classification and subsequent measurement (continued)

Financial assets: Assessment whether contractual cash flows are solely payments of principal and interest: Policy applicable from 1 April 2018 (continued)

Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial assets: Subsequent measurement and gains and losses: Policy applicable from 1 April 2018

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at Amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Equity investments At FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Financial assets – Policy applicable before 1 April 2018
The Group classified its financial assets into one of the following categories:

- loans and receivables;
- held to maturity;
- available for sale; and
- at FVTPL, and within this category as:
  - held for trading;
  - derivative hedging instruments; or
  - designated as at FVTPL.

Financial assets: Subsequent measurement and gains and losses: Policy applicable before 1 April 2018

Financial assets at FVTPL	Measured at fair value and changes therein, including any interest or dividend income, were recognised in profit or loss.
Held-to-maturity financial assets	Measured at amortised cost using the effective interest method.
Loans and receivables	Measured at amortised cost using the effective interest method.
Available-for-sale financial assets	Measured at fair value and changes therein, other than impairment losses, interest income and foreign currency differences on debt instruments, were recognised in OCI and accumulated in the fair value reserve. When these assets were derecognised, the gain or loss accumulated in equity was reclassified to profit or loss.

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

6.9 Financial instruments (continued)

(ii) Classification and subsequent measurement (continued)

Financial liabilities: Classification, subsequent measurement and gains and losses

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

(iii) Derecognition

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

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

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

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

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

6.10 Impairment of financial instruments
Policy applicable from 1 April 2018

The Group recognises loss allowances for Expected Credit Losses (ECLs) on financial assets measured at amortised cost.

The Group measures loss allowances for trade receivables and other financial assets that are measured at an amount equal to lifetime ECLs that result from all possible default events over the expected life of a financial instrument.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

6.10 Impairment of financial instruments (continued)

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLSs are discounted at the effective interest rate of the financial asset. When estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

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

– significant financial difficulty of the borrower or issuer;
– a breach of contract such as a default or being more than 360 days past due;
– it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
– the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position

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

Write-off

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

Policy applicable before 1 April 2018

Financial assets not classified as at FVTPL were assessed at each reporting date to determine whether there was objective evidence of impairment.

Objective evidence that financial assets were impaired included:

- default or delinquency by a debtor;
- restructuring of an amount due to the Group on terms that the Group would not consider otherwise;
- indications that a debtor or issuer would enter bankruptcy;
- adverse changes in the payment status of borrowers or issuers;
- the disappearance of an active market for a security because of financial difficulties; or
- observable data indicating that there was a measurable decrease in the expected cash flows from a group of financial assets.

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

6.11 Impairment of non-financial asset

At each reporting date, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

6.12 Finance income and finance cost

Finance income includes interest income which is recognised as it accrues in profit or loss, using the effective interest method. Dividend income is recognised in consolidated statement of profit or loss on the date that the Group's right to receive payment is established.

Finance costs comprise of financial charges on borrowings including sukuks that are recognised in consolidated statement of profit or loss. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in consolidated statement of profit or loss using the effective interest method.

Foreign currency gains and losses are reported on a net basis within finance cost.

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

6.13 Fair value measurement

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

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

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

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

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

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

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

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

6.14 Provisions

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

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

6.15 Employee benefits and post-employment benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating leave and air fare that are expected to be settled wholly within twelve months, after the end of the year in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting year and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the consolidated statement of financial position.

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

6.15 Employee benefits and post-employment benefits (continued)

(ii) Post-employment obligation

The Group operates single post-employment benefit scheme of defined benefit plans driven by the labor laws of the countries in which the Group entities operate.

The post-employment benefits plans are not funded. Valuation of the obligations under those plans are carried out by an independent actuary based on the projected unit credit method. The costs relating to such plans primarily consist of the present value of the benefits attributed on an equal basis to each year of service and the interest on this obligation in respect of employee service in previous years.

Current and past service costs related to post-employment benefits are recognised immediately in the consolidated statement of profit or loss while unwinding of the liability at discount rates used are recorded as financial cost. Any changes in net liability due to actuarial valuations and changes in assumptions are taken as re-measurement in the other comprehensive income.

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the year in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the consolidated statement of financial position.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in the consolidated statement of profit or loss as past service costs.

6.16 Zakat and income tax

(i) Zakat

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

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

(ii) Income tax

For subsidiaries incorporated and operating outside the Kingdom of Saudi Arabia, provision for tax is computed in accordance with the tax regulations of their respective countries, when it is material. The Group believes both of the current and deferred income tax of those subsidiaries as immaterial.

6.17 Dividends

Provision is made for the amount of any dividends declared being appropriately authorized and no longer at the discretion of the Company, on or before the end of the reporting year but not distributed at the end of the reporting year.

6.18 Earnings per share

Basic earnings per share is calculated by dividing net income attributable to the owners of the Company by the weighted average number of ordinary shares outstanding during the financial year as all the Company's shares are ordinary shares.

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

6.18 Earnings per share (continued)

Diluted earnings per share is calculated by adjusting the basic earnings per share for the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

6.19 Statutory reserve

In accordance with the Regulations for Companies in Kingdom of Saudi Arabia, the Company is required to recognise a reserve comprising of 10% of its net profit for the year until such reserve equals 30% of its share capital. As per the by-laws the company will cease the contribution when such reserve will reach 50% of its Share Capital.

6.20 Leases

Leases of assets or properties where the Group, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the consolidated statement of profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each year. The assets and properties acquired under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Group will obtain ownership at the end of the lease term.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the group as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to consolidated statement of profit or loss on a straight-line basis over the period of the lease.

6.21 Segment reporting

An operating segment is a component of the Company:

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

A geographical segment is a Group of assets, operations or entities engaged in revenue producing activities within a particular economic environment that are subject to risks and returns different from those operating in other economic environments.

6.22 Assets held for sale and discontinued operations

A discontinued operation is a component of the Group's business, the operations and cash flows 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 profit or loss is re-presented as if the operation had been discontinued from the start of the comparative year.

(All amounts in Saudi Riyals unless otherwise stated)

7. EARNINGS PER SHARE

Basic earnings per share

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

	31 March 2019		
	Continuing operations	Discontinued operations	Total
Profit attributable to ordinary shareholders	144,747,819	--	144,747,819
Weighted average number of ordinary shares (note 21)	210,000,000	210,000,000	210,000,000

	31 March 2018		
	Continuing operations	Discontinued operations	Total
Profit / (loss) attributable to ordinary shareholders	104,544,076	(1,054,205)	103,489,871
Weighted average number of ordinary shares (note 21)	210,000,000	210,000,000	210,000,000

(All amounts in Saudi Riyals unless otherwise stated)

8. PROPERTY AND EQUIPMENT

	Land	Buildings and leasehold improvements	Furniture and office equipment	Motor vehicles	Capital work in progress	Total	2018
Cost:							
At beginning of the year	61,045,930	3,127,746,403	683,689,308	14,306,635	332,374,470	4,219,162,746	3,798,993,441
Additions	--	112,123,656	10,422,803	297,366	62,867,405	185,711,230	471,623,579
Transfers	--	--	9,655,957	--	(9,655,957)	--	(23,499,233)
Disposals and write-offs	(46,125,000)	(320,263,381)	(17,327,424)	(797,371)	--	(384,513,176)	(27,955,041)
At end of the year	14,920,930	2,919,606,678	686,440,644	13,806,630	385,585,918	4,020,360,800	4,219,162,746
Accumulated depreciation and impairment:							
At beginning of the year	--	1,767,052,590	392,178,745	14,143,951	--	2,173,375,286	1,895,321,063
Charge for the year	--	199,864,144	71,743,313	257,232	--	271,864,689	301,280,123
Transfers	--	--	--	--	--	--	(10,245,055)
Disposals and write-offs	--	(164,478,714)	(12,169,153)	(594,553)	--	(177,242,420)	(12,980,845)
At end of the year	--	1,802,438,020	451,752,905	13,806,630	--	2,267,997,555	2,173,375,286
Net book value:							
At 31 March 2019	14,920,930	1,117,168,658	234,687,739	--	385,585,918	1,752,363,245	
At 31 March 2018	61,045,930	1,360,693,814	291,510,563	162,683	332,374,470		2,045,787,460

* Capital work in progress mainly relates to leasehold improvements under construction for new stores of the Group.

(All amounts in Saudi Riyals unless otherwise stated)

9. GOODWILL AND INTANGIBLE ASSETS

	2019	2018
Goodwill (Refer note 9.1 and 9.2)	**804,560,265**	804,560,265
Other intangible assets (Refer note 9.3)	**69,192,315**	72,529,266
	873,752,580	877,089,531

9.1 Goodwill

	2019	2018
Nesk Projects Trading Co	**417,796,779**	417,796,779
Business acquisition – Mango brand	**319,508,613**	319,508,613
Wahba Trading Company Ltd	**61,437,764**	61,437,764
Models Own Holding Ltd.	**5,817,109**	5,817,109
	804,560,265	804,560,265

9.1.1 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, Gerry 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.

9.1.2 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.

9.1.3 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.

(All amounts in Saudi Riyals unless otherwise stated)

9. GOODWILL AND INTANGIBLE ASSETS (CONTINUED)

9.1 Goodwill (continued)

9.1.4 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.

9.2 Goodwill impairment test

Goodwill is tested annually for impairment by management. For the year ended 31 March 2019, 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%. 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	7.5	7.5	7.5	7.5
Budgeted gross margins	46	43	43	43
Average annual growth rate for sale	2	2	2	2
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

(All amounts in Saudi Riyals unless otherwise stated)

9. GOODWILL AND INTANGIBLE ASSETS (CONTINUED)

9.3 Other intangible assets

	Software implementation	Key money	Deferred charges	*Total*	2018
Cost					
At beginning of the year	**35,221,948**	**143,100,099**	**38,494,197**	**216,816,244**	223,210,838
Additions	--	**317,930**	**9,740,157**	**10,058,087**	30,032,156
Disposals	--	**(1,758,521)**	**(47,216)**	**(1,805,737)**	(4,544,261)
Transfer on disposal of subsidiary	--	--	--	--	(31,882,489)
At end of the year	35,221,948	141,659,508	48,187,138	225,068,594	216,816,244
Accumulated amortization and impairment					
At beginning of the year	**12,759,998**	**93,347,393**	**38,179,587**	**144,286,978**	140,335,073
Charge for the year	**1,409,264**	**9,110,800**	**2,501,721**	**13,021,785**	11,669,872
Disposals	--	**(1,385,265)**	**(47,219)**	**(1,432,484)**	(1,694,391)
Transfer on disposal of subsidiaries	--	--	--	--	(6,023,576)
At end of the year	14,169,262	101,072,928	40,634,089	155,876,279	144,286,978
Net book value					
31 March 2019	21,052,686	40,586,580	7,553,049	69,192,315	
31 March 2018	22,461,950	49,752,706	314,610		72,529,266

10. INVESTMENT PROPERTY

	31 March 2019	31 March 2018
Cost:		
Afaq Al-Aredh Co Ltd (Gallery Mall)	**104,252,274**	104,252,274
Others (note 10.2)	**3,516,928**	--
	107,769,202	104,252,274
Accumulated depreciation:		
Opening balance	**40,000,000**	35,000,000
Charge for the year	**5,000,000**	5,000,000
Closing balance	**45,000,000**	40,000,000
Net book value	**62,769,202**	64,252,274

10.1 Amounts recognised in consolidated statement of profit or loss for investment properties

	2019	2018
Rental income	**15,000,000**	7,365,884

Investment property includes share in a real estate company. Fair value of the investment property is SR 1.74 billion. The fair value of investment property was determined by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of the proprety being valued.

10.2 This represents apartment received during the year on liquidation of Group's investment in an associate (refer note 11). As at 31 March 2019, the legal formalities for transfer of ownership of apartment is in progress.

(All amounts in Saudi Riyals unless otherwise stated)

11. INVESTMENTS IN ASSOCIATES AND OTHERS

	Ownership %	*Country of incorporation*	2019	2018
Associates:				
Amwal Al Khaleejiah Al Oula	25	Kingdom of Saudi Arabia	**22,435,561**	32,390,207
Investate Reality BSC	13.9	Kingdom of Bahrain	--	22,555,714
Investate Harbour Land	9.3	Cayman Islands	**16,495,794**	--
Investate Harbour	1.7	Cayman Islands	**900,750**	--
Burberry Saudi Co. Ltd.	25	Kingdom of Saudi Arabia	**16,933,015**	23,782,697
FG4 Limited	50	United Arab Emirates	**24,618,392**	23,580,866
Al Farida Trading Agencies	35	Kingdom of Saudi Arabia	**13,908,062**	13,908,062
Al Waheedah Equipment General Trading FZCO	49	United Arab Emirates	**38,956,175**	38,956,175
Total			134,247,749	155,173,721
FVOCI Investment (2018 – AFS):				
Trade Center Co. Ltd. *(note 11.2)*	9.3	Kingdom of Saudi Arabia	**255,041,800**	94,000,000
Total investments			389,289,549	249,173,721

Movement in associates during the year ended 31 March 2019 is as follows:

	Balance as at 31 March 2018	Additions / (Disposal)	Share of profit / (loss)	Balance as at March 2019
Associates:				
Amwal Al Khaleejia Al Oula	32,390,207	--	**(9,954,646)**	**22,435,561**
Investate Reality BSC*	22,555,714	**(20,913,472)**	**(1,642,242)**	--
Investate Harbour Land*	--	**16,495,794**	--	**16,495,794**
Investate Harbour*	--	**900,750**	--	**900,750**
Burberry Saudi Co. Ltd.	23,782,697	--	**(6,849,682)**	**16,933,015**
FG 4 Limited	23,580,866	**593,797**	**443,729**	**24,618,392**
Al Farida Trading Agencies	13,908,062	--	--	**13,908,062**
Al Waheedah Equipment General Trading FZCO	38,956,175	--	--	**38,956,175**
Total	155,173,721	**(2,923,131)**	**(18,002,841)**	**134,247,749**

Share of profit / (loss) has been recorded based on the latest available financial information.

* Investate Reality BSC, an entity registered in the Kingdom of Bahrain was liquidated during the year ended 31 March 2019. The company was active in real estate activities through two entities Investate Harbour and Investate Harbour Land.

The investment of the Group has been transferred to the entities with a share of 9.33% in the Investate Harbour Land and 1.77% in the Investate Harbour. In addition, an apartment is also allocated to the Group having a total value of SAR 3.6 million which is recognised by the Group as an Investment Property. The residual impact of the disposal of Investate Reality BSC is recognised in consolidated statement of profit and loss as under share of loss from equity associates.

(All amounts in Saudi Riyals unless otherwise stated)

11. INVESTMENTS IN ASSOCIATES AND OTHERS (CONTINUED)

11.1 Summarized financial information as per the latest available financial statements of equity accounted investees are as follows:

Investee name 2019	Ownership %	Assets	Liabilities	Revenue	Total Comprehensive income
Amwal Al Khaleejia Al Oula	25.0	**93,570,424**	**3,828,229**	**15,660,957**	**13,107,270**
Investate Harbour Land	9.3	**183,188,780**	**5,862,360**	--	**(10)**
Investate Harbour	1.7	**50,781,657**	**14,457**	--	**(9,472)**
Burberry Saudi Company Ltd.	25.0	**77,801,929**	**10,069,863**	**60,499,482**	**15,103,103**
FG4 Limited	50.0	**51,256,373**	**2,019,589**	--	**25,744**
Al Farida Trading Agencies	35.0	**119,920,350**	**64,218,048**	**8,265,618**	**(3,868,460)**
Al Waheedah Equipment General Trading FZCO	49.0	397,838,346	375,364,065	242,153,524	71,190,306
		974,357,859	461,376,611	326,579,581	95,548,481

Investee name 2018	Ownership %	Assets	Liabilities	Revenue	Total Comprehensive income
Amwal Al Khaleejia Al Oula	25.0	77,483,605	848,750	(48,820,077)	(51,407,604)
Investate Reality BSC	13.9	292,140,000	3,907,500	1,316,250	(4,173,750)
Burberry Saudi Company Ltd.	25.0	119,590,955	20,296,956	73,985,750	(38,020,602)
FG4 Limited	50.0	53,739,090	1,476,562	1,530	(76,886)
Al Farida Trading Agencies	35.0	191,008,871	61,438,109	14,008,380	111,549
Al Waheedah Equipment General Trading FZCO	49.0	397,838,346	375,364,065	242,153,524	71,190,306
		1,131,800,867	463,331,942	282,645,357	(22,376,987)

11.2 Equity securities designated at FVOCI

At 1 April 2018, the Group designated the investment in Trade Centre Co. Ltd. as equity securities at FVOCI because the equity securities represent investments that the Group intends to hold for the long term for strategic purposes. In prior periods, these investments were classified as available for sale – see note 5. Fair value of the investment as at 31 March 2019 was SR 255 million. Net change in fair value of SR 161 million has been recorded in consolidated statement of comprehensive income during the year.

(All amounts in Saudi Riyals unless otherwise stated)

12. INVENTORIES

	31 March 2019	31 March 2018
Goods available for sale	**1,998,414,668**	1,916,356,933
Goods in transit	**113,904,605**	150,866,083
Supplies	**36,847,854**	33,060,290
	2,149,167,127	2,100,283,306
Provision for inventory shrinkage and slow moving inventory	**(221,665,140)**	(326,166,248)
Inventories	**1,927,501,987**	1,774,117,058

Movement in provision for inventory shrinkage and slow moving inventory is as follows:

	31 March 2019	31 March 2018
Opening balance	**326,166,248**	332,658,202
Provision recorded during the year	**75,984,435**	94,777,210
Provision written off during the year	**(180,485,543)**	(101,269,164)
Closing balance	**221,665,140**	326,166,248

13. ADVANCES, DEPOSITS AND OTHER RECEIVABLES

	31 March 2019	31 March 2018
Receivable from related parties (note 20)	**290,024,991**	163,620,989
Advances to suppliers	**219,535,716**	176,364,221
VAT receivable	**30,769,252**	11,358,233
Margin on letters of credit and guarantee	**32,162,012**	80,663,721
Employee receivables	**34,631,202**	32,225,871
Security deposits	**21,805,529**	21,321,055
Receivable from credit card and wholesale	**50,522,051**	34,137,119
Receivable from Human Resources Development Fund (HRDF)	**7,023,581**	5,858,370
Margin compensation receivable	**6,117,930**	9,891,791
Accrued custom refund	**11,762,001**	9,644,999
Others	**15,166,466**	12,395,020
	719,520,731	557,481,389
Provision for doubtful receivables	**(21,132,032)**	(18,549,545)
	698,388,699	538,931,844

Information about the impairment of receivables, their credit ratings and the Group's exposure to credit risk is disclosed in note 29.

(All amounts in Saudi Riyals unless otherwise stated)

14. PREPAYMENTS, RENTALS AND INSURANCE

	31 March 2019	31 March 2018
Prepaid rent – Related party (note 20)	**61,636,437**	253,145,288
Prepaid rent – Others	**102,000,176**	195,329,622
Prepaid insurance	**15,868,166**	14,070,151
Others	**27,764,952**	14,278,960
	207,269,731	476,824,021

15. CASH AND CASH EQUIVALENTS

	31 March 2019	31 March 2018
Cash at banks – current accounts	**500,421,060**	317,606,863
Cash in hand	**15,973,080**	13,028,063
	516,394,140	330,634,926

16. LOANS AND BORROWINGS

	Note	31 March 2019	31 March 2018
Non-current liabilities			
Long term borrowings	*16.1*	**2,100,502,329**	1,922,121,029
Current liabilities			
Current portion of long-term borrowings	*16.1*	**464,896,241**	546,589,588
Short term borrowings	*16.2*	**296,772,888**	729,324,968
		761,669,129	1,275,914,556

16.1 Long term borrowings

	Note	31 March 2019	31 March 2018
Murabaha financing			
Facility 1	*16.1.1*	--	583,333,333
Facility 2	*16.1.1*	**133,593,750**	311,718,750
Facility 3	*16.1.1*	**168,682,500**	224,910,000
Facility 4	*16.1.1*	**62,500,000**	125,000,000
Facility 5	*16.1.1*	**1,149,306,904**	--
Facility 6	*16.1.1*	**795,547,500**	1,249,990,772
Facility 7	*16.1.1*	**289,290,000**	--
		2,598,920,654	2,494,952,855
Less: Upfront fees		**(33,522,084)**	(26,242,238)
		2,565,398,570	2,468,710,617
Presented in the statement of financial position as follows:			
Non-current portion of long-term borrowings		**2,100,502,329**	1,922,121,029
Current portion of long-term borrowings		**464,896,241**	546,589,588
		2,565,398,570	2,468,710,617

16. LOANS AND BORROWINGS (CONTINUED)

16.1.1 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 was for a period of 7 years. The Murabaha facility was repayable in equal 12 installments commencing on December 2015 and ending on June 2021. The facility was secured by order notes given by the Group. The Murabaha facility carried markup at Saudi Interbank Offered Rate ('SIBOR') plus agreed margin per annum. On 31 May 2018 the related facility was settled in full in accordance with latest Murahaba facility agreement signed with National Commercial Bank.

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 order notes given by the Group. As at 31 March 2019, the Group has fully utilized this facility. The Murabaha facility carries markup at LIBOR plus agreed margin per annum.

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 order notes by the Group. As at 31 March 2019, the Group has fully utilized this facility. The Murabaha facility carries markup at Emirates Interbank Offered Rate (EIBOR) plus agreed margin per annum.

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 2019, the Group has fully utilized this facility. The Murabaha facility carries markup at LIBOR plus agreed margin per annum.

Facility 5
The Group signed a long-term Murabaha financing agreement with Al-Rajhi Banking and Investment Corporation, amounting to SR 1.25 billion on 22 August 2017. As per the terms of the agreement, the term of the Murabaha facility is for a period of seven years. The Murabaha facility is secured by promissory notes issued by the Group. The facility is repayable in equal semi-annual installments commencing after six months from the date of the first disbursement on April 2018. As at 31 March 2019, the Group has fully utilized this facility. The Murabaha facility carries markup at Saudi Interbank Offered Rate ('SIBOR') plus agreed margin per annum.

Facility 6
The Group signed a long-term Murabaha financing agreement with The National Commercial Bank and SAMBA, amounting to SR 825 million on 31 May 2018. As per the terms of the agreement, the term of the Murabaha facility is for a period of seven years. The Murabaha facility is secured by promissory notes issued by the Company.

(All amounts in Saudi Riyals unless otherwise stated)

16. LOANS AND BORROWINGS (CONTINUED)

16.1.1 Murabaha financing (continued)

Facility 6 (continued)
The facility is repayable in semi-annual installments commencing after six months from the date of signing the agreement 31st May 2018 and ending May 2025. As at 31 March 2019, the Group has fully utilized this facility. The Murabaha facility carries markup at Saudi Interbank Offered Rate ('SIBOR') plus agreed margin per annum.

Facility 7
The Group signed a long-term Murabaha financing agreement with Abu Dhabi Islamic Bank, amounting to USD80 million on 31 May 2018. As per the terms of the agreement, the term of the Murabaha facility is for a period of seven years. The Murabaha facility is secured by promissory notes issued by the Company. The facility is repayable in semi-annual installments commencing after six months from the date of signing the agreement 31st May 2018 and ending May 2025. As at 31 March 2019, the Group has fully utilized this facility. The Murabaha facility carries markup at London Interbank Offered Rate ('LIBOR') plus agreed margin per annum.

16.2 Short term borrowings

	Note	31 March 2019	31 March 2018
Short-term Murabaha facilities	*16.2.1*	**247,145,752**	164,301,995
Sukuk	*16.2.2*	**–**	500,000,000
Long term Murabaha facility	*16.2.3*	**26,234,722**	47,222,500
Short term financing (Jordan)	*16.2.4*	**23,392,414**	17,800,473
		296,772,888	729,324,968

16.2.1 Short-term Murabaha facilities

The Group has short-term Murabaha facilities with local and foreign commercial banks amounting to SR 250 million (31 March 2018: SR 1,350 million). The facilities are secured by promissory notes by the Group and utilized for working capital management.

16.2.2 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 a specified margin payable quarterly in arrears from the net income received under the Sukuk assets. The related facility was settled before maturity during the month of June 2018.

16.2.3 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 2019, the Group has fully utilized the medium-term loan.

(All amounts in Saudi Riyals unless otherwise stated)

16. LOANS AND BORROWINGS (CONTINUED)

16.2.4 Short term Financing – Retail Group Jordan

Retail Group Jordan has short-term financing facilities with the bank amounting to SAR 23.3 million at an annual interest rate of ranging from 8%-8.75%

17. EMPLOYEE BENEFITS

The Group operates unfunded defined benefit plans for its permanent employees as required by the Saudi Arabia Labor Law and in accordance with the local statutory requirements of the foreign subsidiaries. The payments under the plan are based on the employees' final salaries and allowances and their cumulative years of service at the date of their termination of employment.

17.1 Amounts in the consolidated statement of financial position

The amounts recognised in the consolidated statement of financial position and the movements in the defined benefit obligation are as follows:

	31 March 2019	31 March 2018
Opening balance	**102,924,795**	116,333,090
Statement of profit or loss		
Current service cost	**15,489,000**	22,924,705
Interest cost	**3,821,000**	4,192,000
	19,310,000	27,116,705
Statement of other comprehensive income		
Actuarial gain		
– financial assumptions	**(1,805,000)**	(6,161,000)
– demographic assumptions	--	(5,784,000)
– other assumptions and experience adjustments	**(9,418,687)**	(12,182,000)
	(11,223,687)	(24,127,000)
	111,011,108	119,322,795
Transfer on disposal of subsidiary	--	(442,445)
Settlements during the year	**(27,346,354)**	(15,955,555)
Closing balance	**83,664,754**	102,924,795

17.2 Significant actuarial assumptions

The significant actuarial assumptions used were as follows:

	31 March 2019	31 March 2018
Economic assumptions		
Gross discount rate	**3.90%**	3.65%
Price inflation	**2.0%**	2.0%
Salary growth rate	**3.0%**	3.0%
Demographics assumptions		
Number of employees	**9,517**	7,987
Average age of employees (years)	**30.3**	32.2
Average years of past service	**2.8**	3.7

(All amounts in Saudi Riyals unless otherwise stated)

17. POST-EMPLOYMENT BENEFITS (CONTINUED)

17.3 Sensitivity analysis

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions made in the calculation is:

	Change in assumption	31 March 2019	31 March 2018
Salary inflation	1% Decrease	**(75,525,000)**	(92,027,969)
	Base	**(83,664,754)**	(102,924,795)
	1% Increase	**(93,218,000)**	(115,918,785)
Discount rate	1% Decrease	**(93,228,000)**	(115,967,558)
	Base	**(83,664,754)**	(102,924,795)
	1% Increase	**(75,659,000)**	(92,184,316)

18. ACCRUALS AND OTHER CURRENT LIABILITIES

	31 March 2019	31 March 2018
Rent payable	**133,830,226**	138,269,819
Payable to contractors and others	**275,449,878**	121,178,818
Employees' salaries and benefits	**74,064,325**	33,695,117
Finance cost accrued	**55,830,490**	36,873,980
Payable to related party (note 20)	**38,149,136**	--
Royalty payable	**18,339,640**	18,551,479
Government duties	**9,187,097**	33,621,550
Payable against credit cards	**4,249,528**	3,773,338
Accrued consignment margin	**2,102,882**	3,001,718
Others	**29,434,001**	8,777,328
	640,637,203	397,743,147

(All amounts in Saudi Riyals unless otherwise stated)

19. ZAKAT AND TAX LIABILITIES

19.1 Zakat and income tax status

The Company has filed its zakat returns with GAZT for all years up to and including the year ended 31 March 2018. The zakat returns for the years for 31 March 2015 and 31 March 2016 are under review of GAZT. The Company finalized zakat assessment for the year 31 March 2008 to 2014 in prior year according to decision received by appeal committee which resulted in amount payable of SR 36.2 million.

The income tax returns for subsidiary in USA has been filed with the relevant tax authorities for all years up to the year ended 31 March 2018, the income tax return for subsidiaries in Jordan, Egypt, Kazakhstan , Morocco, Georgia Azerbaijan and Armenia have been filed for all years until 31 March 2017. For subsidiaries Balkan Countries the income tax returns have been filed up to the year ended 31 December 2015.

The income tax returns for above subsidiaries are under review by the relevant tax authorities. For the subsidiaries in Kazakhstan and Egypt, the investigation by tax authorities for the previous years is under process. As at 31 March 2019, 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.

19.2 Zakat base

As at the statement of financial position date, Zakat base was calculated based on the consolidated financial statements of the Group, as follows:

	31 March 2019	31 March 2018
Shareholders' equity and other payables	**4,475,546,680**	4,937,654,257
Adjusted net income	**299,337,570**	166,076,893
Deductions	**(3,640,694,010)**	(4,061,771,710)
Zakat base	**1,134,190,240**	1,041,959,440
Zakat at 2.5% (higher of adjusted net income or Zakat base)	28,354,756	26,048,986

19.3 Zakat and income tax provision

Movement in Zakat and income tax provision for the year is as follows:

	31 March 2019	31 March 2018
Balance at beginning of the year	**33,190,704**	101,756,327
Provision for zakat for the year	**28,354,756**	26,048,986
Prior year charge	**9,754,661**	–
Provision for income tax for the year	**17,208,823**	16,713,621
	55,318,240	42,762,607
Transfer on disposal of subsidiary	–	(889,125)
Prior period adjustments	–	6,000,000
	88,508,944	149,629,809
Payments made during the year	**(60,415,382)**	(116,439,105)
Balance at end of the year	**28,093,562**	33,190,704

(All amounts in Saudi Riyals unless otherwise stated)

20. RELATED PARTY TRANSACTIONS AND BALANCES

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

20.1 Key management personnel compensation

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

	31 March 2019	31 March 2018
Salaries and short-term benefits	**10,566,934**	11,625,632
Post-employment benefits	**1,962,121**	3,468,107
Board of Directors and board committees remuneration and compensation	**1,955,000**	2,149,000
Total key management compensation	**14,484,055**	17,242,739

20.2 Related party transactions

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

	31 March 2019	31 March 2018
Related party transaction		
Rental expense (Note 20.2.1)	**423,523,886**	398,932,815
Expenses paid on behalf of Parent Company	**59,003,037**	--
Shop fits, design, and construction work	**15,924,435**	38,979,277
Payment made on behalf of associate	**3,555,229**	77,450,809
Printing and advertisement	**4,418,051**	9,627,051
Revenue	**2,818,433**	--

20.2.1 This amount is net-off of rent rebate amounting to SR 105 million (2018: 260 million) during the year.

(All amounts in Saudi Riyals unless otherwise stated)

20. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

20.3 Related party balances

Balances with related parties as at the year-end, in the normal course of business, are summarized below:

	Nature of relationship with related party	Relationship	31 March 2019	31 March 2018
Due from related parties (note 13)				
Food and Entertainment Company Limited	Other receivables	Affiliate	**75,000,000**	--
Saudi FAS Holding Company	Expenses paid on behalf of Company	Shareholder	**59,003,037**	--
Egyptian Centers for Real Estate Development	Rental	Affiliate	**67,504,562**	69,133,872
International Shop fittings Ltd	Shop fits and design	Affiliate	--	12,343,387
Amwal Al Khaleeja Al Oula	Management services	Equity accounted investee	**2,271,205**	2,271,205
Al Farida Trading Agencies	Services and payments	Equity accounted investee	**64,940,639**	62,302,546
Retail Cluster Pakistan	Services and payments	Equity accounted investee	**18,487,115**	17,569,979
Others	Revenue	Affiliate	**2,818,433**	--
			290,024,991	163,620,989
Prepayments (note 14)				
Arabian Centers Company	Rentals	Affiliate	**61,636,437**	253,145,288
Due to related parties (note 18)				
Hajen Company Limited	Printing and advertisement	Affiliate	**(2,254,726)**	--
Arabian Centers Company	Rentals	Affiliate	**(35,894,410)**	--
			(38,149,136)	--

21. SHARE CAPITAL

On 17 Ramadan 1435H (corresponding to 14 July 2014), the general assembly of shareholders have approved an increase in the share capital of the Company from SR 1,050 million to SR 2,100 million through distribution of one bonus share for every one share held through capitalization of retained earnings amounting to SR 721,721,686 and statutory reserve amounting to SR 328,278,314. All legal formalities required to enforce the increase in the share capital were completed during the year ended 31 March 2015.

The Company's shareholding as at 31 March 2018 and 31 March 2019 is as below:

	No. of shares	Par value	Total
Ordinary share capital	**210,000,000**	**10**	**2,100,000,000**

(All amounts in Saudi Riyals unless otherwise stated)

22. NON CONTROLLING INTEREST (NCI)

The following table summarizes the information relating to each of the Group's subsidiaries that has material NCI, before any intra group eliminations:

31 March 2019

	Retail Group Holding Azerbaijan	Retail Group Armenia	Models Own Holding Limited	Other non-material subsidiaries	Total
NCI percentage	15%	4%	49%		
Non-current assets	**37,851,107**	**19,934,954**	**9,706,844**		**67,492,905**
Current assets	**76,187,628**	**80,354,056**	**28,333,444**		**184,875,128**
Non-current liabilities	--	--	--		--
Current liabilities	**(186,212,586)**	**(233,227,193)**	**(134,580,267)**		**(554,020,046)**
Net assets	**(72,173,851)**	**(132,938,183)**	**(96,539,979)**		**(301,652,013)**
Net assets attributable to NCI	**(10,826,078)**	**(5,317,527)**	**(47,304,590)**	**(3,174,422)**	**(66,622,617)**
Revenue	**179,601,092**	**127,908,830**	**10,213,133**		**317,723,055**
Profit / (loss)	**9,635,459**	**(2,778,107)**	**(15,539,870)**		**(8,682,518)**
Profit / (loss) allocated to NCI	**1,445,319**	**(111,124)**	**(7,614,537)**	**(417,210)**	**(6,697,552)**

31 March 2018

	Retail Group Holding Azerbaijan	Retail Group Armenia	Models Own Holding Limited	Other non-material subsidiaries	Total
NCI percentage	15%	4%	49%		
Non-current assets	49,298,507	28,444,102	14,137,254		**91,879,863**
Current assets	53,024,471	85,964,289	19,114,112		**158,102,872**
Non-current liabilities	--	--	--		--
Current liabilities	(190,366,112)	(239,695,651)	(117,287,337)		**(547,349,100)**
Net assets	**(88,043,134)**	**(125,287,260)**	**(84,035,971)**		**(297,366,365)**
Net assets attributable to NCI	**(13,206,470)**	**(5,011,490)**	**(41,177,626)**	**(4,166,513)**	**(63,562,099)**
Revenue	182,435,342	138,711,321	31,237,030		**352,383,693**
Profit / (loss)	1,846,297	(25,023,215)	(26,005,927)		**(49,182,845)**
Profit / (loss) allocated to NCI	276,945	(1,000,929)	(12,742,904)	(719,665)	(14,186,553)

(All amounts in Saudi Riyals unless otherwise stated)

23. REVENUE

The Group generates revenue primarily from the sale of goods. Revenue is recognised when a customer obtains controls of the goods at a point in time i.e. on delivery and acknowledgement of goods. The Group has adopted IFRS 15 using the cumulative effect method, with the effect of applying this standard, recognised at the date of initial application (i.e. 1 April 2018). The disclosure requirements in IFRS 15 have not generally been applied to comparative information.

31 March 2019	Segments			
	Apparels	Footwear & Accessories	Others	Total
Saudi Arabia	3,878,316,164	398,121,660	197,641,316	4,474,079,140
CIS countries	484,438,939	23,565,187	14,427,769	522,431,895
USA and others	217,449,318	108,516,592	103,325,723	429,291,633
Total	4,580,204,421	530,203,439	315,394,808	5,425,802,668

24. COST OF REVENUE

	2019	2018
Cost of goods	2,965,457,250	3,538,325,238
Rentals	704,712,261	724,027,883
Employees' salaries and benefits	569,954,071	481,056,297
Utilities and maintenance	34,718,233	39,589,113
Advertisement	4,938,768	35,328,210
Travelling	6,435,250	6,127,051
Others	55,089,937	77,443,814
	4,341,305,770	4,901,897,606

25. SELLING AND DISTRIBUTION EXPENSES

	2019	2018
Employees' salaries and benefits	109,409,059	127,422,718
Rent	32,403,054	42,462,972
Advertising and promotions	1,670,579	26,197,460
Bank charges	8,979,546	16,309,370
Travel	8,534,412	11,944,692
Utilities and maintenance	6,095,438	5,506,682
Freight and distribution charges	4,381,998	4,458,991
Others	8,854,530	13,347,235
	180,328,616	247,650,120

(All amounts in Saudi Riyals unless otherwise stated)

26. GENERAL AND ADMINISTRATIVE EXPENSES

	2019	2018
Employees' salaries and benefits	**128,737,097**	151,405,917
Rent	**50,410,273**	50,134,675
Bank charges	**35,288,568**	24,932,209
Utilities and maintenance	**7,284,276**	16,334,622
Provision for doubtful receivables and advances	**2,582,487**	5,000,000
Travel and communication	**8,634,249**	15,073,458
Advertising and publishing	**4,456,699**	10,145,141
Stationery and supplies	**3,881,533**	8,480,260
Insurance	**6,086,358**	7,599,513
Government fees and related charges	**3,150,569**	3,632,212
Others	**30,552,638**	29,505,232
	281,064,747	322,243,239

27. OTHER OPERATING INCOME (EXPENSE), NET

a) Expense

	2019	2018
Store closure losses	14,755,180	25,070,248
	14,755,180	25,070,248

b) Income

	2019	2018
Foreign exchange gain / (loss) , net	**15,961,744**	(14,560,597)
Gain on disposal of property and equipment	**24,806,441**	-
Rental income	**15,000,000**	7,365,884
Others	**38,079,342**	19,416,406
	93,847,527	12,221,693

28. FINANCE COSTS

	2019	2018
Financial charges on borrowings		
- Long term borrowings	**159,690,698**	90,740,348
- Short term borrowings	**22,056,481**	74,434,938
Amortisation of upfront loan fees	**19,190,881**	15,632,815
	200,938,060	180,808,101

(All amounts in Saudi Riyals unless otherwise stated)

29. FINANCIAL INSTRUMENTS FAIR VALUES AND RISK MANAGEMENT

29.1 Accounting classification and fair values

As the Group's financial instruments are compiled under the historical cost convention, except for FVOCI (2018: AFS) investments which are carried at fair values, differences can arise between the book values and fair value estimates. Management believes that the fair value of the Group's financial assets and liabilities are not materially different from their carrying values.

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

31 March 2019	*Carrying amount*	*Fair value*			*Total*
		Level 1	*Level 2*	*Level 3*	
Financial assets measured at fair value					
Equity investments at fair value through OCI	255,041,800	--	--	255,041,800	255,041,800

31 March 2018	*Carrying amount*	*Fair value*			*Total*
		Level 1	*Level 2*	*Level 3*	
Financial assets measured at fair value					
Available for sale securities	94,000,000	--	--	94,000,000	94,000,000

Financial Liabilities
All financial liabilities are measured at amortised cost using the effective interest rate method and as a result the carrying amounts is a reasonable approximation of the fair value .

29.2 Measurement of fair values

The following tables show the valuation techniques used in measuring Level 2 and Level 3 fair values for financial instruments measured at fair value in the statement of financial position, as well as the significant unobservable inputs used.

Type	**Valuation technique and significant unobservable inputs**
Equity securities	The valuation model is based on discounted cash flows and considers the present value of the expected future income receivable under lease agreements and forecast take-up of vacant units, discounted using a risk-adjusted discount rate. The estimate is adjusted for the net debt of the investee. Significant unobservable inputs include expected cash flows and risk adjusted discount rate. The estimated fair value would increase (decrease) if: - the expected cash flows were higher (lower); or - the risk-adjusted discount rate were lower (higher).

29.3 Financial risk management

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

- Credit risk
- Liquidity risk
- Market risk

(All amounts in Saudi Riyals unless otherwise stated)

29. FINANCIAL INSTRUMENTS FAIR VALUES AND RISK MANAGEMENT (CONTINUED)

29.3 Financial risk management (continued)

i) Risk Management Framework

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

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

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

ii) 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 Group has no significant concentration of credit risks. The Group's exposure to credit risk on its bank balances, trade receivables and due from related parties is as follows:

	31 March 2019	31 March 2018
Cash at bank	**500,421,060**	317,606,863
Advances, deposits and other receivables	**356,259,259**	301,208,792
Receivable from disposal of a subsidiary and brands	**279,454,285**	354,454,285
	1,136,134,604	973,269,940

Credit risk on receivable and bank balances is limited as:

- Cash balances are held with banks with sound credit ratings ranging from BBB+ to A+.
- Receivables are shown net of allowance for impairment of trade receivables. The Group calculates impairment losses on the basis of its estimate of losses incurred in respect of receivables. The main components of this provision are the expected loss element of specific customers as well as the aggregate loss element that is estimated for a group of similar customers. At 31 March 2019, the ageing of trade receivables was neither past due nor impaired.
- Financial position of related parties is stable. There were no past due or impaired receivables from related parties.

The receivable balances are monitored with the result that Group's exposure to bad debts is not significant. Movement of allowance for impairment is as follows:

	31 March 2019	31 March 2018
Opening balance	**18,549,545**	23,566,205
Provision during the year	**2,582,487**	5,000,000
Write off	--	(10,016,660)
Closing balance	**21,132,032**	18,549,545

(All amounts in Saudi Riyals unless otherwise stated)

29. FINANCIAL INSTRUMENTS FAIR VALUES AND RISK MANAGEMENT (CONTINUED)

29.3 Financial risk management (continued)

iii) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from the inability to sell a financial asset quickly at an amount close to its fair value. Liquidity risk is managed by monitoring on a regular basis that sufficient funds are available to meet the Group's future commitments. Following are the contractual maturities at the end of the reporting period of financial liabilities. The amounts are grossed and undiscounted and include estimated interest payments.

	31 March 2019			
	Carrying amount	*Less than 1 year*	*1 year to 5 years*	*More than 5 years*
Liabilities				
Loans and borrowings	**2,565,398,570**	**493,054,446**	**2,107,018,038**	**119,250,000**
Short term borrowings	**296,772,888**	**299,304,425**	--	--
Trade and other payables	**681,739,924**	**681,739,924**	--	--
TOTAL	**3,543,911,382**	**1,474,098,795**	**2,107,018,038**	**119,250,000**

	31 March 2018			
	Carrying amount	*Less than 1 year*	*1 year to 5 years*	*More than 5 years*
Liabilities				
Loans and borrowings	2,468,710,617	576,991,856	1,516,576,470	522,075,620
Short term borrowings	729,324,968	742,333,142	--	--
Trade and other payables	794,641,120	794,641,120	--	--
TOTAL	3,992,676,705	2,113,966,118	1,516,576,470	522,075,620

iv) Market risk

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

Currency Risk

It is a risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in currency that's not the Group entities' functional currencies which are Euros, U.S. dollars, Great Britain Pound, United Arab Emirate Dirham and Egyptian Pound. Management monitors the fluctuations in currency exchange rates, and the effect of the currency fluctuation has been accounted for in the consolidated financial statements.

At the end of the year, the Group 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	**31 March 2019**	31 March 2018
Euro	**(43,937,767)**	(9,310,999)
United States Dollar	**(72,860,980)**	(43,507,781)
Great Britain Pound	**(6,187,225)**	3,630,246
United Arab Emirates Dirham	**36,524,970**	38,833,762

(All amounts in Saudi Riyals unless otherwise stated)

29. FINANCIAL INSTRUMENTS FAIR VALUES AND RISK MANAGEMENT (CONTINUED)

29.3 Financial risk management (continued)

Sensitivity Analysis

The table below shows the non-pegged currencies to which the Group has a significant exposure as at 31 March 2019 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 profit or loss.

		Currency movement vs. Saudi Riyal (SR)			
		31 March 2019		31 March 2018	
Foreign currency	*Change in currency*	Upward	Downward	Upward	Downward
Euro	+/- 10%	**(18,460,000)**	**18,460,000**	(4,463,000)	4,463,000
Great Britain Pound	+/- 10%	**(3,018,000)**	**3,018,000**	1,844,000	(1,844,000)
United Arab Emirates Dirham	+/- 10%	**3,724,035**	**(3,724,035)**	3,959,661	(3,959,661)
Egyptian Pound	+/- 10%	**6,750,000**	**(6,750,000)**	6,995,000	(6,995,000)
		(11,003,965)	11,003,965	8,335,661	(8,335,661)

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

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 2,862 million at 31 March 2019 (2018: SR 3,197 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.

Sensitivity Analysis

The following table demonstrates the sensitivity of the income to reasonable possible changes in the commission rates, with all other variables held constant.

		Increase / decrease in basis points of commission rates	Effect on income for the year
31 March 2019	**SAR**	**+30**	**(6,155,741)**
	SAR	**-30**	**6,155,741**
31 March 2018	SAR	+30	(7,417,000)
	SAR	-30	7,417,000

30. OPERATING SEGMENTS

The Group mainly trade fashion apparels and operate through their various retail outlets scattered in the kingdom of Saudi Arabia. Further, the company operates through certain subsidiaries in the international market, in Jordan, Egypt, Republic of Kazakhstan, 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 the Unites States is also involved in the business of indoor entertainment business for kids. The Group's Executive Committee reviews the internal management reports of each segment at least quarterly.

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

	Domestic	***International***	***Inter-segment elimination***	***Total***
	SR '000	***SR '000***	***SR'000***	***SR'000***
As at 31 March 2019				
Non-current assets	**3,230,716**	**323,083**	**(400,624)**	**3,153,175**
Current assets	**4,501,629**	**643,997**	**(1,591,617)**	**3,554,009**
Total liabilities	**3,919,898**	**1,856,215**	**(1,479,806)**	**4,296,307**
As at 31 March 2018				
Non-current assets	3,803,168	451,551	(793,416)	3,461,303
Current assets	5,228,695	650,932	(2,629,665)	3,249,962
Total liabilities	4,020,795	2,834,602	(2,328,862)	4,526,535

For the year ended	***Domestic***	***International***	***Inter-segment elimination***	***Total***
31 March 2019	***SR '000***	***SR '000***	***SR'000***	***SR'000***
Sales	**4,474,079**	**1,001,573**	**(49,849)**	**5,425,803**
Depreciation and amortization	**(214,946)**	**(74,940)**		**(289,886)**
Finance charges	**(200,013)**	**(925)**	**–**	**(200,938)**
Net profit	**210,671**	**(72,670)**	**49**	**138,050**
For year 31 March 2018				
Sales	5,045,203	1,113,313	(41,998)	6,116,518
Depreciation and amortization	(230,779)	(87,171)	–	(317,950)
Finance charges	(163,404)	(17,404)	–	(180,808)
Net profit	224,791	(139,798)	4,310	89,303

30. OPERATING SEGMENTS (CONTINUED)

	Fashion retail *SR '000*	*Indoor entertainment* *SR '000*	*Inter-segment elimination* *SR'000*	*Total* *SR'000*
As at 31 March 2019				
Non-current assets	**3,118,944**	**34,231**	--	**3,153,175**
Current assets	**3,551,899**	**2,110**	--	**3,554,009**
Total liabilities	**4,286,520**	**9,787**	--	**4,296,307**
As at 31 March 2018				
Non-current assets	3,261,511	199,792	--	3,461,303
Current assets	3,249,198	764	--	3,249,962
Total liabilities	4,526,260	275	--	4,526,535
For the year ended 31 March 2019				
Sales	**5,403,270**	**22,533**	--	**5,425,803**
Depreciation and amortization	**(285,146)**	**(4,740)**	--	**(289,886)**
Finance charges	**(200,938)**	-	--	**(200,938)**
Net profit	**137,618**	**432**	--	**138,050**
For the year ended 31 March 2018				
Sales	6,035,442	81,076	--	6,116,518
Depreciation and amortization	(301,191)	(16,759)	--	(317,950)
Finance charges	(180,808)	--	--	(180,808)
Net profit	93,369	(4,066)	--	89,303

31. RECEIVABLE FROM DISPOSAL OF SUBSIDIARIES AND DISCONTINUED OPERATIONS

The Group has disposed certain entities and operations during the prior year. Amounts disclosed in the consolidated statement of financial position as receivable from disposal of subsidiaries are as follows:

Non Current Portion:

	Note	**2019**	2018
Receivable in respect of sale of Global Levia and its subsidiaries	*31.2*	**75,000,000**	225,000,000
		75,000,000	225,000,000

Current Portion:

	Note	**2019**	2018
Receivable in respect of sale of Global Levia and its subsidiaries	*31.2*	**150,000,000**	75,000,000
Receivable in respect of sale of Al Farida Trading Agencies Company	*31.1*	**13,908,062**	13,908,062
Al Waheeda Equipment General Trading FZCO	*31.1*	**40,546,223**	40,546,223
		204,454,285	129,454,285

(All amounts in Saudi Riyals unless otherwise stated)

31. RECEIVABLE FROM DISPOSAL OF SUBSIDIARIES AND DISCONTINUED OPERATIONS (CONTINUED)

31.1 During the year ended 31 March 2018, pursuant to the decision of the Board of Directors, the Group entered in to agreement with a third party to sell its 35% and 51% shares in its subsidiaries Al Farida Trading Agencies Company and the Al Waheeda Equipment General Trading FZCO collectively known as ("the Disposed Entities". As per the terms of the sale purchase agreement dated 18 March 2018 for a total consideration of SR 55 million. Pursuant to the agreement, 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. As at year end, the legal formalities of the transfer has not been completed.

The results from the operations of the Disposed Entities have been disclosed as 'Loss from discontinued operations' in these consolidated financial statements until 18 March 2018 i.e. the date of disposal. Results of the discontinued operation until the date of disposal are as follows:

	From 1 April 2017 to 18 March 2018
Revenue	**8,265,618**
Cost of revenue	**(7,248,599)**
Selling and marketing expenses	**—**
General and administrative expenses	**(1,650,018)**
Depreciation and amortization	**(873,008)**
	(1,506,007)
Share of non-controlling interest	**451,802**
Loss from discontinued operations	**(1,054,205)**
Loss per share from discontinued operation	**(0.005)**

Details of assets and liabilities disposed are as follows:

	As at 18 March 2018
Assets:	
Cash and cash equivalents	**3,513,645**
Trade receivables, prepayments and other assets	**5,762,791**
Inventories, net	**156,114,015**
Property and equipment, net	**13,254,177**
Intangible assets, net	**25,858,913**
Total assets	**204,503,541**
Liabilities:	
End of service indemnities	**422,445**
Amount due to related parties	**141,804,943**
Trade payables	**1,243,564**
Accrued expenses and other current liabilities	**10,781,143**
Total liabilities	**154,252,095**
Net assets deconsolidated	**50,251,446**
Receivable from disposal of a subsidiaries	**54,454,285**

	18 March 2018
Cash flow from Discontinued Operations:	
Cash flows from operating activities	**22,673,699**

(All amounts in Saudi Riyals unless otherwise stated)

31. RECEIVABLE FROM DISPOSAL OF SUBSIDIARIES AND DISCONTINUED OPERATIONS (CONTINUED)

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

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

During the year ended 31 March 2019, Food and Entertainment Company Limited (the Affiliated Company) has taken over the liability of the Buyer of the Disposed Entities with respect to the second installment of SR 75 million which was due but remained unpaid as at 30 September 2018. Accordingly, this amount will be recovered from the Affiliated Company in due course.

32. COMMITMENTS AND CONTINGENCIES

32.1 Commitments

At 31 March 2019, the Group had commitments of SAR 99 million (31 March 2018: SAR 44) relating to capital expenditures.

Operating lease commitments

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 2019 amounted to SR 786 million (2018: SR 816 million).

	31 March 2019	31 March 2018
Within one year	**546,621,192**	413,155,258
After one year but not more than five years	**286,587,010**	696,297,667
More than five years	**442,502,965**	219,081,078
	1,275,711,167	1,328,534,003

32.2 Contingent liabilities

At 31 March 2019, the Group has outstanding bank letter of credits of SR 584 million (2018: SR 617 million) issued against certain purchase of retail trading inventory.

At 31 March 2019, the Group has outstanding bank guarantees of SR 413 million (2018: SR 447 million) issued by the local and foreign banks in respect of bid bonds, contracts advance payments and performance bonds.

(All amounts in Saudi Riyals unless otherwise stated)

33. CAPITAL MANAGEMENT

The Group's policy is to maintain a strong capital base to maintain stakeholder confidence as well as to sustain future development of the business. Management monitors the return on capital, as well as the level of dividends to ordinary shareholders.

The board of directors seeks to maintain a balance between higher returns and the advantages and security afforded by a sound base. The Group's target is to achieve a return on capital above 15%.

The Group monitors capital using a ratio of debt to equity. For this purpose, debt is defined as total liabilities, comprising interest-bearing loans and borrowings. The Group's policy is to keep the ratio below 2.50. The Group's debt to equity ratio was as follows.

	31 March 2019	31 March 2018
Total debt	**4,296,306,901**	4,526,535,351
Total equity	**2,410,876,517**	2,184,729,769
Net debt to equity ratio	**1.78**	2.07

34. STANDARDS ISSUED BUT NOT YET EFFECTIVE

A number of new standards and amendments are effective for annual periods beginning on or after 1 January 2019 and earlier application is permitted; however, the Group has not early adopted them in preparing these consolidated financial Statements.

Of these standards that are not yet effective, IFRS 16 is expected to have a material impact on the Group's financial statements in the period of initial application.

i) IFRS 16 Leases

The Group is required to adopt IFRS 16 Leases from 1 April 2019. The Group is assessing the estimated impact that initial application of IFRS 16 will have on its consolidated financial statements. The actual impacts of adopting the standard on 1 April 2019 may change because the new accounting policies are subject to change until the Group presents its first financial statements that include the date of initial application.

IFRS 16 introduces a single, on-balance lease sheet accounting model for lessees. A lessee recognised a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are optional exemptions for short-term leases and leases of low value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases.

IFRS 16 replaces existing leases guidance including IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

34. STANDARDS ISSUED BUT NOT YET EFFECTIVE (CONTINUED)

i) IFRS 16 Leases (continud)

Leases in which the Group is a lessee
The Group will recognise new assets and liabilities for its operating leases. The nature of expenses related to those leases will now change because the Group will recognise a depreciation charge for right-of-use assets and interest expense on lease liabilities.

Previously, the Group recognised operating lease expense on a straight line basis over the term of the lease, and recognised assets and liabilities only to the extent that there was a timing difference between actual lease payments and the expense recognised.

In addition, the Group will no longer recognise provisions for operating leases that it assesses to be onerous. Instead, the Group will include the payments due under the lease in its lease liability.

No significant impact is expected for the Group's finance leases.

Leases in which the Group is a lessor

No significant impact is expected for leases in which the Group is a lessor.

Transition
The Group plans to apply IFRS 16 initially on 1 April 2019, using the modified retrospective approach. Therefore, the cumulative effect of adopting IFRS 16 will be recognised as an adjustment to the opening balance of retained earnings at 1 April 2019, with no restatement of comparative information.

The Group plans to apply the practical expedient to grandfather the definition of a lease on transition. This means that it will apply IFRS 16 to all contracts entered into before 1 April 2019 and identified as leases in accordance with IAS 17 and IFRIC 4.

The Group is currently working to determine the expected IFRS 16 implementation impact on assets, liabilities and equity. The Group's implementation work is progressing according to plan.

ii) Annual improvements to IFRSs 2015–2017 cycle:

- IFRS 3 Business Combinations – A company remeasures its previously held interest in a joint operation when it obtains control of the business.

- IFRS 11 Joint Arrangements – A company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.

- IAS 12 Income Taxes – A company accounts for all income tax consequences of dividend payments in the same way.

- IAS 23 Borrowing Costs – A company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

34. STANDARDS ISSUED BUT NOT YET EFFECTIVE (CONTINUED)

iii) Other amendments

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

- IFRIC 23 Uncertainty over Tax Treatments.
- Prepayment Features with Negative Compensation (Amendments to IFRS 9).
- Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28).
- Plan Amendment, Curtailment or Settlement (Amendments to IAS 19).
- Amendments to References to Conceptual Framework in IFRS Standards.
- IFRS 17 Insurance Contracts.

35. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Board of Directors for issuance on 27 Shawwal 1440H (corresponding to 30 June 2019).