FAWAZ ABDULAZIZ AL HOKAIR & COMPANY
(A Saudi Joint Stock Company)
Condensed consolidated interim financial statements (unaudited)
For the three and six months periods ended 30 September 2018
together with the
Independent Auditors' Interim Review Report

INDEX

KPMG

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Independent Auditors' Report On Review Of Interim Financial Statements

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

Introduction

We have reviewed the accompanying 30 September 2018 condensed consolidated interim financial statements of Fawaz Abdulaziz AlHokair & Co. ("the Company") and its subsidiaries ("the Group") which comprises:

- the condensed consolidated statement of financial position as at 30 September 2018;
- the condensed consolidated statement of profit or loss and other comprehensive income for the three-month period and six-month periods ended 30 September 2018 ;
- the condensed consolidated statement of changes in equity for the six-month period ended 30 September 2018 ;
- the condensed consolidated statement of cash flows for the six-month period ended 30 September 2018 ; and
- the notes to the condensed consolidated interim financial statements.

Management is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 30 September 2018 condensed consolidated interim financial statements of **Fawaz Abdulaziz AlHokair & Co.** and its subsidiaries are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia.

For KPMG Al Fozan & Partners
Certified Public Accountants

Khalil Ibrahim Al Sedais
License No: 371

Date: 5 Rabi'I 1440H
Corresponding to: 13 November 2018

FAWAZ ABDULAZIZ AL HOKAIR & COMPANY
(A Saudi Joint Stock Company)
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 September 2018
(All amounts in Saudi Riyals unless otherwise stated)

	Notes	30 September 2018 (Unaudited)	31 March 2018 (Audited)
Assets			
Property and equipment		1,918,556,591	2,045,787,460
Goodwill and intangible assets		881,408,868	877,089,531
Investment property		61,752,244	64,252,274
Investments in associates and others	7	249,173,721	249,173,721
Receivable from disposal of a subsidiaries	12	150,000,000	225,000,000
Non-current assets		3,260,891,424	3,461,302,986
Inventories		1,835,491,557	1,774,117,058
Advances, deposits and other receivable		476,945,123	538,931,844
Prepayments, rentals and insurance		423,143,980	476,824,021
Receivable from disposal of a subsidiaries and brands	12	206,872,193	129,454,285
Cash and cash equivalents		537,791,315	330,634,926
Current assets		3,480,244,168	3,249,962,134
Total assets		6,741,135,592	6,711,265,120
Equity			
Share capital	8	2,100,000,000	2,100,000,000
Statutory reserve		191,341,548	191,341,548
Foreign currency translation reserve		(530,082,521)	(525,468,725)
Retained earnings		741,642,163	482,419,045
Equity attributable to the shareholders of the Company		2,502,901,190	2,248,291,868
Non-controlling interest		(65,860,296)	(63,562,099)
Total equity		2,437,040,894	2,184,729,769
Liabilities			
Loans and borrowings	9	2,332,180,797	1,922,121,029
Post-employment benefits		99,101,386	102,924,795
Non –Current liabilities		2,431,282,183	2,025,045,824
Trade payables		688,891,517	794,641,120
Accruals and other liabilities		450,806,929	397,743,147
Zakat and tax liabilities		38,668,480	33,190,704
Loans and borrowings	9	694,445,589	1,275,914,556
Current liabilities		1,872,812,515	2,501,489,527
Total liabilities		4,304,094,698	4,526,535,351
Total equity and liabilities		6,741,135,592	6,711,265,120

The attached notes from 1 to 15 are an integral part of these consolidated interim financial statements.

FAWAZ ABDULAZIZ AL HOKAIR & COMPANY
(A Saudi Joint Stock Company)
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS (UNAUDITED)
For the three and six months periods ended 30 September 2018
(All amounts in of Saudi Riyals unless otherwise stated)

	Note	**Three months ended 30 September 2018 (Unaudited)**	Three months ended 30 September 2017 (Unaudited)	**Six months ended 30 September 2018 (Unaudited)**	Six months ended 30 September 2017 (Unaudited)
Revenue		**1,273,969,782**	1,503,546,173	**3,119,701,864**	3,573,486,714
Cost of revenue		**(1,024,062,892)**	(1,203,426,947)	**(2,346,455,988)**	(2,722,911,477)
Gross profit		**249,906,890**	300,119,226	**773,245,876**	850,575,237
Selling and distribution expenses		**(47,413,188)**	(59,562,564)	**(101,057,955)**	(127,288,458)
General and administrative expenses		**(75,574,643)**	(79,744,924)	**(162,224,773)**	(179,930,708)
Depreciation and amortization		**(72,426,095)**	(74,601,518)	**(150,594,805)**	(151,110,503)
Other income /(expenses), net		**10,715,705**	(35,580,208)	**20,561,112**	(39,972,261)
Operating profit		**65,208,669**	50,630,012	**379,929,455**	352,273,307
Finance costs		**(47,010,634)**	(39,549,880)	**(103,591,104)**	(88,366,999)
Profit before zakat and income tax		**18,198,035**	11,080,132	**276,338,351**	263,906,308
Zakat and income tax expense		**(9,257,328)**	(5,482,370)	**(20,866,983)**	(26,598,624)
Net profit for the period		**8,940,707**	5,597,762	**255,471,368**	237,307,684
Shareholders of the Company		**10,030,079**	6,840,428	**259,223,118**	239,247,876
Non-controlling interest		**(1,089,372)**	(1,242,666)	**(3,751,750)**	(1,940,192)
		8,940,707	5,597,762	**255,471,368**	237,307,684
Earnings per share					
Basic and diluted earnings per share (Saudi Riyal)	*10*	**0.05**	0.03	**1.23**	1.14

The attached notes from 1 to 15 are an integral part of these consolidated interim financial statements.

FAWAZ ABDULAZIZ AL HOKAIR & COMPANY
(A Saudi Joint Stock Company)
CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
(UNAUDITED)
For the three and six months periods ended 30 September 2018
(All amounts in of Saudi Riyals unless otherwise stated)

	Three months ended 30 September 2018 (Unaudited)	Three months ended 30 September 2017 (Unaudited)	**Six months ended 30 September 2018 (Unaudited)**	Six months ended 30 September 2017 (Unaudited)
Net profit for the period	**8,940,707**	5,597,762	**255,471,368**	237,307,684
Items that are or may be reclassified subsequently to profit or loss:				
Foreign Operations – foreign currency translation differences	**1,426,680**	(14,617,723)	**(3,160,243)**	(40,437,748)
Net total items that may be reclassified subsequently to profit or loss	**1,426,680**	(14,617,723)	**(3,160,243)**	(40,437,748)
Items that will not be reclassified subsequently to profit or loss:	--	--	--	--
Net total items that will not be reclassified subsequently to profit or loss	--	--		--
Total other comprehensive income/(loss) for the period	**1,426,680**	(14,617,723)	**(3,160,243)**	(40,437,748)
Total comprehensive income/(loss) for the period	**10,367,387**	(9,019,961)	**252,311,125**	196,869,936
Total comprehensive income/(loss)for the period attributable to:				
Shareholders of the Company	**11,413,707**	(16,829,094)	**254,609,322**	188,840,439
Non-controlling interest	**(1,046,320)**	7,809,133	**(2,298,197)**	8,029,497
	10,367,387	(9,019,961)	**252,311,125**	196,869,936

The attached notes from 1 to 15 are an integral part of these consolidated interim financial statements.

FAWAZ ABDULAZIZ AL HOKAIR & COMPANY
(A Saudi Joint Stock Company)
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
For the six months ended 30 September 2018
(All amounts in Saudi Riyals unless otherwise stated)

	Share capital	Statutory reserve	Foreign currency translation 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)	1,029,083,218	2,777,184,031	(16,018,946)	2,761,165,085
Total comprehensive income/(loss) for the period							
Net profit/(loss) for the period	--	--	--	239,247,876	239,247,876	(1,940,192)	237,307,684
Other comprehensive (loss)/income	--	--	(50,407,437)	--	(50,407,437)	9,969,689	(40,437,748)
Total comprehensive (loss)/income for the period	--	--	(50,407,437)	239,247,876	188,840,439	8,029,497	196,869,936
Balance at 30 September 2017	2,100,000,000	180,992,561	(583,299,185)	1,268,331,094	2,966,024,470	(7,989,449)	2,958,035,021
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**
Total comprehensive income/(loss) for the period							
Net profit/(loss) for the period	--	--	--	**259,223,118**	**259,223,118**	**(3,751,750)**	**255,471,368**
Other comprehensive (loss)/ income	--	--	**(4,613,796)**	--	**(4,613,796)**	**1,453,553**	**(3,160,243)**
Total comprehensive (loss)/income for the period	--	--	**(4,613,796)**	**259,223,118**	**254,609,322**	**(2,298,197)**	**252,311,125**
Transfer to statutory reserve	--	--	--	--	--	--	--
Balance at 30 September 2018	**2,100,000,000**	**191,341,548**	**(530,082,521)**	**741,642,163**	**2,502,901,190**	**(65,860,296)**	**2,437,040,894**

The attached notes from 1 to 15 are an integral part of these consolidated interim financial statements.

FAWAZ ABDULAZIZ AL HOKAIR & COMPANY
(A Saudi Joint Stock Company)
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)
For the six months ended 30 September 2018
(All amounts in Saudi Riyals unless otherwise stated)

	For the six months period ended 30 September 2018	For the six months period ended 30 September 2017
Cash Flows from Operating Activities:		
Profit before zakat and income tax	276,338,351	263,906,308
Adjustments to reconcile profit before zakat and income tax to net cash flows from operating activities:		
Depreciation and amortization	150,594,805	151,110,503
Provision for employees benefits	9,715,063	13,459,500
Reversal of provision against doubtful receivables	--	(9,844,527)
Provision for inventory shrinkage and slow moving inventory	48,649,564	41,070,375
Loss on disposal of property and equipment	12,403,812	62,459
Finance cost	103,591,104	--
	601,292,699	459,764,618
Change in:		
Advance, deposits and other receivable	61,986,721	(60,797,221)
Prepayments, rentals and insurance	75,945,243	--
Receivable from disposal of subsidiaries	(2,417,908)	(51,170,917)
Inventories	(109,608,838)	18,582,016
Trade payables	(105,749,603)	34,898,404
Accruals and other liabilities	9,202,870	70,445,586
Cash generated from operating activities	530,651,184	471,722,486
Zakat and income tax paid	(13,752,151)	(13,560,239)
Employees benefits paid	(13,538,472)	(4,338,750)
Net cash generated from operating activities	503,360,561	453,823,497
Cash Flows from Investing Activities:		
Acquisition of property and equipment, net	(82,009,281)	(248,624,060)
Purchase of other intangible assets	(10,368,027)	(3,361,187)
Proceeds from disposal of property and equipment	54,375,000	4,773,027
Investment in associate and others, net	--	9,178,076
Net cash used in investing activities	(38,002,308)	(238,034,144)
Cash Flows from Financing Activities:		
Proceeds from long term borrowings	1,125,000,000	39,574,526
Proceeds from short term borrowings	205,833,254	--
Long term borrowings repaid during the period	(787,991,725)	(263,569,202)
Short-term borrowings repaid during the period	(714,250,726)	--
Transaction cost paid during the period	(22,265,202)	--
Finance cost paid	(61,367,222)	--
Net cash used in financing activities	(255,041,621)	(223,994,676)
Net increase/ (decrease) in cash and cash equivalents	210,316,632	(8,205,323)
Foreign currency exchange translation differences	(3,160,243)	(40,437,748)
Cash and cash equivalents – opening balance	330,634,926	364,830,529
Cash and cash equivalents – ending balance	537,791,315	316,187,458

The attached notes from 1 to 15 are an integral part of these consolidated interim 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 interim financial statements include the assets, liabilities and result of operations of the Company and the following subsidiaries:

		Ownership% held by the Group as at:		
Subsidiaries	**Country of incorporation**	**30 September 2018**	31 March 2018	30 September 2017
Al Waheedah Equipment Co. Ltd.	Kingdom of Saudi Arabia	**100**	100	100
Haifa B. Al Kalam & Partners Co. for trading International	Kingdom of Saudi Arabia	**100**	100	100
Saudi Retail Co. Ltd	Kingdom of Saudi Arabia	**100**	100	100
Wahba Trading Company Limited	Kingdom of Saudi Arabia	**100**	100	100
Unique Technology Trading Company	Kingdom of Saudi Arabia	**100**	100	--
Nesk Trading Projects Company	Kingdom of Saudi Arabia	**100**	100	100
Al Farida Trading Agencies Co. LTD	Kingdom of Saudi Arabia	**35**	35	70
Logistics Fashion Trading DWC-LLC	United Arab Emirates	**100**	100	100
Advanced Fashion Concepts LLC	United Arab Emirates	**100**	100	100

2. GROUP STRUCTURE (CONTINUED)

		Ownership% held by the Group as at:		
Subsidiaries	**Country of incorporation**	**30 September 2018**	31 March 2018	30 September 2017
International Fashion Franchising Limited	United Arab Emirates	**100**	100	100
Al Waheedah Equipment General Trading JAFZA	United Arab Emirates	**49**	49	100
Fashion Retail Kazakhstan LLP	Republic of Kazakhstan	**100**	100	100
Global Apparel Kazakhstan LLP	Republic of Kazakhstan	**100**	100	100
Retail Group Georgia LLC	Georgia	**100**	100	100
Master Retail Georgia LLC	Georgia	**100**	100	100
Spanish Retail Georgia LLC	Georgia	**100**	100	100
Pro Retail Georgia LLC	Georgia	**100**	100	100
Best Retail Georgia LLC	Georgia	**100**	100	100
Mega Store Georgia LLC	Georgia	**100**	100	100
Fashion Retail Georgia LLC	Georgia	**100**	100	100
Global Apparel Georgia LLC	Georgia	**100**	100	100
Retail Group Holding LLC	Georgia	**100**	100	100
Pro Retail Georgia LLC	Georgia	**100**	100	100
Modern Fashion Trading Line	Georgia	**100**	100	100
International Retail of Morocco	Morocco	**100**	100	100
Multi Trends Co.	Morocco	**89**	89	89
Retail Group of America LLC	United States of America	**100**	100	100
Monsoon Accessories USA INC	United States of America	**100**	100	100
Retail Group Jennyfer	United States of America	**100**	100	100
Retail Group France LLC	United States of America	**100**	100	100
Retail Group Spain LLC	United States of America	**100**	100	100
Retail Group Germany	United States of America	**100**	100	100
Retail Group Lipsy LLC	United States of America	**100**	100	100
Retail Group Zippy LLC	United States of America	**100**	100	100
Retail Group Cortefiel	United States of America	**100**	100	100
Retail Group Flormar	United States of America	**100**	100	100
Retail Group Balkans doo Beograd	Republic of Serbia	**100**	100	100
Retail Group Balkans doo Podgorica	Balkan Peninsula	**100**	100	100
Retail Group Balkans doo Banjalika	Balkan Peninsula	**100**	100	100
RIGE Co.	Arab Republic of Egypt	**98**	98	98
Spanish Retail CJSC	Armenia	**100**	100	100
ZR Fashion Retail CJSC	Armenia	**100**	100	100
Global Apparal CJSC	Armenia	**100**	100	100
BR Fashion Retail CJSC	Armenia	**100**	100	100
Master Retail CJSC	Armenia	**100**	100	100
Best Retail CJSC	Armenia	**100**	100	100
Retail Group CJSC	Armenia	**100**	100	100
Pro Retail CJSC	Armenia	**100**	100	100
Factory Prices CJSC	Armenia	**100**	--	--
RGAM Retail Group Armenia CJSC	Armenia	**96**	96	96
Retail Group Egypt Co. S.A.E	Arab Republic of Egypt	**99**	99	99
Retail Group Jordan Co. LDT	Hashemite Kingdom of Jordan	**95**	95	95
Nesk Trading Projects LLC	Hashemite Kingdom of Jordan	**100**	100	100
Retail General Trading Co. Ltd.	Iraq	**95**	95	95
United Group Retail Trading Company LLC	Iraq	**66.5**	66.5	66.5
Models Own Holding Limited	United Kingdom	**51**	51	51
Models Own Limited	United Kingdom	**51**	51	51
Models Own International Ltd.	United Kingdom	**51**	51	51

2. GROUP STRUCTURE (CONTINUED)

		Ownership% held by the Group as at:		
Subsidiaries	**Country of incorporation**	**30 September 2018**	31 March 2018	30 September 2017
Retail Group Azerbaijan LLC	Azerbaijan	**85**	85	85
Fashion Retail Azerbaijan LLC	Azerbaijan	**85**	85	85
Spanish Retail Azerbaijan LLC	Azerbaijan	**85**	85	85
Global Apparel Azerbaijan LLC	Azerbaijan	**85**	85	85
Mega Store Azerbaijan LLC	Azerbaijan	**85**	85	85
Master Retail Azerbaijan LLC	Azerbaijan	**85**	85	85
Pro Retail Azerbaijan LLC	Azerbaijan	**85**	85	85
Retail Group Holding LLC	Azerbaijan	**85**	85	85
Best Retail Azerbaijan LLC	Azerbaijan	**85**	85	85

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

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

3. BASIS OF ACCOUNTING

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting that is endorsed in Kingdom of Saudi Arabia and other standards and pronouncements that are issued by Saudi Organization for Certified Public Accountants ("SOCPA") and should be read in conjunction with the Group's last annual Consolidated Financial Statements as at and for the year ended 31 March 2018 ("last annual Financial Statements"). These financial statements do not include all of the information required for a complete set of IFRS Financial Statements however; selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual Financial Statements. IFRS 15 and IFRS 9 have been applied in these Condensed Consolidated Interim Financial Statements. Changes to significant accounting policies are described in Note 5.

The Group has opted to use the modified retrospective approach for applying these standards as permitted in the transitional provisions of these standards. Accordingly, the comparatives have not been restated and any adjustment is made to the opening balance of retained earnings. Also different accounting policies are applicable to the different periods.

Use of Judgments and Estimates

In preparing these Condensed Consolidated Interim 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.

The significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual Financial Statements, except for new significant judgments and key sources of estimation uncertainty related to the application of IFRS 15 and IFRS 9, which are described in Note 5.

Measurement of fair values

The Group has an established control framework with respect to the measurement of fair values.

3. BASIS OF ACCOUNTING (CONTINUED)

When measuring the fair value of an asset or liability, the Group uses market observables data as far as possible. Fair values are categorized into different levels in fair value hierarchy based on the inputs used in the valuation techniques as follows.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability might be categorized in different levels for the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognizes transfer between levels of the fair value hierarchy at the end of the reporting period during which the changes has occurred.

4. NEW STANDARDS, AMENDMENTS AND STANDARDS ISSUED AND NOT YET EFFECTIVE

New standards, amendments to standards and interpretations

a) IFRS 9 'Financial instruments' and IFRS 15 'Revenue from contracts with customers':

The Group has adopted IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers from 1 April 2018, the effect of application of these standards have been fully explained in note 5.

b) Annual Improvements to IFRSs 2015–2017 Cycle:

IFRS 3 Business Combinations and IFRS 11 Joint Arrangements– clarifies how a company accounts for increasing its interest in a joint operation that meets the definition of a business.
- If a party maintains (or obtains) joint control, then the previously held interest is not remeasured.
- If a party obtains control, then the transaction is a business combination achieved in stages and the acquiring party remeasures the previously held interest at fair value.

IAS 12 Income Taxes – clarifies that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognized consistently with the transactions that generated the distributable profits – i.e. in profit or loss, other comprehensive income or equity.

IAS 23 Borrowing Costs – clarifies that the general borrowings pool used to calculate eligible borrowing costs excludes only borrowings that specifically finance qualifying assets that are still under development or construction. Borrowings that were intended to specifically finance qualifying assets that are now ready for their intended use or sale – or any non qualifying assets – are included in that general pool. As the costs of retrospective application might outweigh the benefits, the changes are applied prospectively to borrowing costs incurred on or after the date an entity adopts the amendments.

c) Other Amendments

The following amendment to standards are not yet effective and neither expected to have a significant impact on the Group's Consolidated interim financial statements:

4. NEW STANDARDS, AMENDMENTS AND STANDARDS ISSUED AND NOT YET EFFECTIVE (CONTINUED)

- Prepayment Features with Negative Compensation (Amendments to IFRS 9)
- Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28)
- Plan Amendments, Curtailment or Settlement (Amendments to IAS 19)

IFRIC 23 Uncertainty over Income Tax Treatments - seeks to bring clarity to the accounting for income tax treatments that have yet to be accepted by tax authorities. The key test is whether it is probable that the tax authority will accept the Group's chosen tax treatment.

Standards issued but not yet effective

Following are the new standards and amendments to standards, which are effective for annual periods beginning after 1 April 2018and earlier application is permitted; however, the Group has not early adopted them in preparing these Condensed Consolidated Interim Financial Statements.

IFRS 16 Leases

IFRS 16 introduces a single, on-balance lease sheet accounting model for lessees. A lessee recognized 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. The standard is effective for annual periods beginning on or after 1 Jan 2019 and earlier adoption is permitted.

Determining whether an arrangement contains a lease
On transition to IFRS 16, the Group can choose whether to:

- Apply the IFRS 16 definition of a lease to all its contracts; or
- Apply a practical expedient and not reassess whether a contract is, or contains, a lease.

Transition
As a lessee, the Group can either apply the standard using a:

- Retrospective approach; or
- Modified retrospective approach with optional practical expedients.

The lessee applies the election consistently to all of its leases. The Group currently plans to apply IFRS 16 initially on 1 April 2019. The Group has not yet determined which transition approach to apply.

5. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES:

Except as described below, the accounting policies applied in these Condensed Consolidated Interim Financial Statements are the same as those applied in the last annual Financial Statements as at and for the year ended 31 March 2018. The changes in accounting policies are also expected to be reflected in the annual Financial Statements as at and for the year ending 31 March 2019.

The Group has initially adopted IFRS 15 Revenue from Contracts with Customers (see '5.1') and IFRS 9 Financial Instruments (see '5.2') from 1 April 2018.

5. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES(CONTINUED)

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. Revenue is recognized when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. The standard is effective for annual periods beginning on or after January 1, 2018.

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 generally recognizes revenue when it transfers control over a product to a customer, which typically occurs when the product is delivered to the customer. Sales revenue exclude Value Added Tax(VAT) collected. Sales are shown in the consolidated statement of income net of returns and any discounts given.

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

Sales in retail outlets

Sales revenue is recognized 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.

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 recognized 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 recognized 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 recognized at the time of sale. The validity of these conclusions is assessed at each reporting date. If the returns pattern changed, the Group would recognize 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.

As noted above. Group recognizes 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.

5.2 *IFRS 9 Financial Instruments*

IFRS 9 sets out requirements for recognized 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.

The details of new significant accounting policies and the nature and effect of the changes to previous accounting policies are set out below.

5. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 adoption of IFRS 9 has not had a significant effect on the Group's accounting policies related to financial liabilities. The impact of IFRS 9 on the classification and measurement of financial assets is set out below.

Under IFRS 9, on initial recognition, a financial asset is classified as measured at amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL. The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. Derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

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

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

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

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

A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

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

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized 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 as shown in table below. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognized 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 recognized in OCI and are never reclassified to profit or loss.

5. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The following table and the accompanying notes below explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for the class of the Group's 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	Fair value through OCI	94,000,000	94,000,000
Financial assets not measured at fair value				
Due from affiliates and associates	Loans and receivables	Amortized cost	89,260,524	89,260,524
Employee loans (net)	Loans and receivables	Amortized cost	20,120,965	20,120,965
Margin deposit for LCLGs	Loans and receivables	Amortized cost	86,642,945	86,642,945
Receivable from disposal of subsidiaries / brands	Loans and receivables	Amortized cost	332,864,237	332,864,237
Trade receivables	Loans and receivables	Amortized cost	110,553,078	110,553,078
Cash and cash equivalents	Loans and receivables	Amortized cost	330,634,926	330,634,926
			1,064,076,675	**1,064,076,675**

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.

i) 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 recognized earlier than under IAS 39.

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.

ii) Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. 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.

5. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

iii) **Presentation of impairment**

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

Impairment losses related to trade receivables are presented in the Condensed Consolidated Statement of Profit or Loss.

iv) **Transition**

The Group has taken an exemption not to restate comparative information for prior periods with respect to classification and measurement (including impairment) requirements. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of IFRS 9 are not recognized in retained earnings as at 1 April 2018 as amount was not material. Accordingly, the information presented for 31 March 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. INTERIM RESULTS

The operations and revenues of the Group are affected by seasonal changes during the year. Therefore, the results of operations for the six months period ended 30 September 2018, may not provide an accurate indication of the actual results for the full year.

7. INVESTMENTS IN ASSOCIATES AND OTHERS

	Ownership %	*Country of incorporation*	**30 September 2018**	31 March 2018
Equity accounted investees:				
Amwal Al Khaleejia Al Oula	25	Kingdom of Saudi Arabia	**32,390,207**	32,390,207
Investate Reality BSC	13.9	Kingdom of Bahrain	**22,555,714**	22,555,714
Burberry Saudi Co. Ltd.	25	Kingdom of Saudi Arabia	**23,782,697**	23,782,697
FG4 Limited	50	United Arab Emirates	**23,580,866**	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
Advances against investment			--	--
Total			**155,173,721**	155,173,721
FVOCI Investment:				
Trade Center Co. Ltd.	9.3	Kingdom of Saudi Arabia	**94,000,000**	94,000,000
Total investments			**249,173,721**	249,173,721

8. SHARE CAPITAL

The Company's share capital consists of 210 million shares (31 March 2018: 210 million shares) of SR 10 each fully paid and issued amounting to SR 2,100 million (31 March 2018: SR 2,100 million).

9. LOANS &BORROWINGS

	Notes	30 September 2018	31 March 2018
Non-current liabilities			
Long term borrowings	*9.1*	**2,332,180,797**	1,922,121,029
Current liabilities			
Current portion of long-term borrowings	*9.1*	**473,538,097**	546,589,588
Short term borrowings	*9.2*	**220,907,492**	729,324,968
		694,445,589	1,275,914,556

9.1 Long term borrowings

	Note	30 September 2018	31 March 2018
Murabaha financing			
Facility 1	*9.1.1*	--	583,333,333
Facility 2	*9.1.1*	**222,656,250**	311,718,750
Facility 3	*9.1.1*	**196,796,250**	224,910,000
Facility 4	*9.1.1*	**93,750,000**	125,000,000
Facility 5	*9.1.1*	**1,205,366,101**	1,249,990,772
Facility 6	*9.1.1*	**825,000,000**	--
Facility 7	*9.1.1*	**300,000,000**	--
		2,843,568,601	2,494,952,855
Less: Upfront fees		**(37,849,708)**	(26,242,238)
		2,805,718,893	2,468,710,617
Presented in the balance sheet as follows:			
Non-current portion of long-term borrowings		**2,332,180,797**	1,922,121,029
Current portion of long-term borrowings		**473,538,097**	546,589,588
		2,805,718,893	2,468,710,617

9.1.1 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 is for a period of 7 years. The Murabaha facility is repayable in equal 12 installments commencing on December 2015 and ending on June 2021. The facility is secured by promissory notes given by the Group. As at 30 September 2018, the Company has fully utilized this facility. The Murabaha facility carries markup at Saudi Interbank Offered Rate ('SIBOR') plus agreed margin per annum. As at 30 September 2018 the related facility was settled in full in accordance with latest Murahaba facility agreement signed with National Commercial Bank on 31st May 2018.

Facility 2

On 16 October 2014, the Group signed a long-term Master Murabaha Facility Agreement (the "Agreement") of SR 712.5 million (equivalent to USD 190 million) with a foreign bank. As per the Agreement, the term of the Murabaha facility is for a period of 5 years. The Murabaha facility is repayable in equal quarterly installments commencing on January 2016 and ending on October 2019. The facility is secured by promissory notes given by the Group. As at 30 September 2018, the Group has fully utilized this facility. The Murabaha facility carries markup at LIBOR plus agreed margin per annum.

9 LOANS & BORROWINGS (CONTINUED)

Facility 3
On 28 December 2015, the Group signed a long-term Master Murabaha Facility Agreement (the "Agreement") of SR 281.1 million (equivalent to AED 275.6 million) with a foreign bank. As per the Agreement, the term of the Murabaha facility is for a period of 6 years. The Murabaha

Facility is repayable in equal semi-annual installments commencing on 28 June 2017 and ending on 28 December 2021. The facility is secured by promissory notes by the Group. As at 30 September 2018, 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 30 September 2018, 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 09 October 2017. As at 30 September 2018, 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. The facility is repayable in semi-annual installments commencing after six months from the date of signing the agreement 31st May 2018. As at 30 September 2018, 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. As at 30 September 2018, the Group has fully utilized this facility. The Murabaha facility carries markup at London Interbank Offered Rate ('LIBOR') plus agreed margin per annum.

9 LOANS & BORROWINGS (CONTINUED)

9.2 Short term borrowings

	Notes	**30 September 2018**	31 March 2018
Short-term Murabaha facilities	*9.2.1*	**120,215,931**	140,287,419
Sukuk	*9.2.2*	--	500,000,000
Long term Murabaha facility – current portion	*9.2.3*	**36,728,611**	47,222,500
Short term financing (Jordan)	*9.2.4*	**18,395,769**	17,800,473
Bank overdraft		**45,567,180**	24,014,576
		220,907,492	729,324,968

9.2.1 Short-term Murabaha facilities

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

9.2.2 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 Group was unable to meet a financial covenant as at 31 March 2017 under its long term financing facility with its Sukuk holders. The Group had received a letter from the Sukuk holders requesting the Group to increase the Sukuk margin along with a waiver fee as a condition to provide the waiver till September 2017. On 11 June 2017, Sukuk holders have approved waiver of the breach of financial covenant on conditions mentioned above. As at 30 September 2018 the related facility was settled before maturity which was due in 2019.

9.2.3 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 30 Jun 2018, the Group has fully utilized the medium-term loan.

9.2.4 Short term Financing –Retail Group Jordan

Retail Group Jordan has short-term financing facilities with the bank amounting to SAR 6.6 million at an annual interest rate of ranging from 8%-8.75%.

10. EARNINGS PER SHARE

Basic and diluted earnings per share

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

	3 months period ended 30 September 2018	3 months period ended 30 September 2017	**6 months period ended 30 September 2018**	6 months period ended 30 September 2017
Weighted average number of ordinary shares for the purpose basic and diluted earnings per share	**210,000,000**	210,000,000	**210,000,000**	210,000,000
Profit attributable to ordinary shareholders	**10,030,079**	6,840,428	**259,223,118**	239,247,876
Basic and diluted earnings per ordinary share	**0.05**	0.03	**1.23**	1.14

11. 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 30 September 2018				
Non-current assets	**2,838,157**	**422,734**	**--**	**3,260,891**
Current assets	**4,707,171**	**600,538**	**(1,827,465)**	**3,480,244**
Total liabilities	**4,389,703**	**1,743,889**	**(1,829,497)**	**4,304,095**
As at 31 Mar 2018				
Non-current assets	3,009,752	451,551	--	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 six months period ended 30 September 2018	*Domestic*	*International*	*Inter-segment elimination*	*Total*
	SR '000	*SR '000*	*SR'000*	*SR'000*
Sales	**2,631,185**	**505,398**	**(16,881)**	**3,119,702**
Depreciation and amortization	**(111,838)**	**(38,757)**	**--**	**(150,595)**
Finance charges	**(103,327)**	**(264)**	**--**	**(103,591)**
Net income	**278,277**	**(20,561)**	**1,507**	**259,223**
For six months period ended 30 September 2017				
Sales	3,049,681	546,000	(22,194)	3,573,487
Depreciation and amortization	(110,681)	(40,429)	--	(151,111)
Finance charges	(88,194)	(173)		(88,367)
Net income	289,876	(51,452)	824	239,248

11. OPERATING SEGMENTS (CONTINUED)

	Fashion retail SR '000	*Indoor entertainment SR '000*	*Inter-segment elimination SR'000*	*Total SR'000*
As at 30 September 2018				
Non-current assets	**3,124,949**	**135,942**	--	**3,260,891**
Current assets	**3,475,519**	**4,725**	--	**3,480,244**
Total liabilities	**4,267,825**	**36,270**	--	**4,304,095**
As at 31March 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 six months period ended 30 September 2018				
Sales	**3,081,207**	**38,495**	--	**3,119,702**
Depreciation and amortization	**(141,790)**	**(8,805)**	--	**(150,595)**
Finance charges	**(103,591)**	--	--	**(103,591)**
Net income	**261,565**	**(2,342)**	--	**259,223**
For six months period ended 30 September 2017				
Sales	3,538,930	34,557	--	3,573,487
Depreciation and amortization	(144,421)	(6,690)	--	(151,111)
Finance charges	(88,367)	--	--	(88,367)
Net income	247,813	(8,565)	--	239,248

12. RECEIVABLE FROM DISPOSAL OF SUBSIDIARIES/BRANDS

Non-Current Portion:

	Note	**30 September 2018**	31 March 2018
Receivable in respect of sale of Global Levia and its subsidiaries	*12.1*	**150,000,000**	225,000,000
		150,000,000	225,000,000

Current Portion:

	Note	**30 September 2018**	31 March 2018
Receivable in respect of sale of Global Levia and its subsidiaries	*12.1*	**150,000,000**	75,000,000
Receivable in respect of sale of Al Farida Trading Agencies Company		**13,908,062**	13,908,062
Al Waheeda Equipment General Trading FZCO		**40,546,223**	40,546,223
Receivable in respect of sale of brand		**2,417,908**	--
		206,872,193	129,454,285

12. RECEIVABLE FROM DISPOSAL OF SUBSIDIARIES/ BRANDS (CONTINUED)

12.1 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 and purchase agreement dated 29 June 2016 for a total consideration of SR 375 million receivable in 5 annual installments of SR 75 million each 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 markup of SR 25 million for deferred payments, accordingly no gain or loss is recognized on the sale transaction. The sale consideration is secured by a personal guarantee from the Chairman of the Company who was the Chairman of the board of the Company on the date of transaction and has 15% stake in the buying entity.

Subsequent to 30 September 2018, 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.

13. FINANCIAL INSTRUMENTS FAIR VALUES AND RISK MANAGEMENT

13.1 Accounting classification and fair values

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. Underlying the definition of fair value is the presumption that the Company is a going concern and there is no intention or requirement to curtail materially the scale of operations or to undertake a transaction on adverse terms.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

When measuring the fair value the Group uses market observable data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed at the measurement date.

Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

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.

13 FINANCIAL INSTRUMENTS FAIR VALUES AND RISK MANAGEMENT (CONTINUED)

30 September 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 assets not measured at fair value					
Advances, deposits and other receivable	**275,355,734**				
Receivable from disposal of a subsidiaries / brands	**356,872,193**				
Cash and cash equivalents	**537,791,315**				
Total	**1,264,019,242**	--	--	**94,000,000**	**94,000,000**

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 assets not measured at fair value					
Advances, deposits and other receivable	**751,287,649**				
Receivable from disposal of a subsidiaries / brands	**332,864,237**				
Cash and cash equivalents	**330,634,926**				
Total	**1,508,786,812**	--	--	**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.

a. 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
Available for sale securities	For securities purchased during the quarter, management considered the transaction price as the fair value. For other equity securities, based on future forecasts and the current market conditions, management considers the carrying value approximates the fair value. There are no observable inputs.

13.3 Financial risk management

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

- Credit risk
- Liquidity risk
- Market risk

13. FINANCIAL INSTRUMENTS FAIR VALUES AND 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 part 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:

	30 September 2018	31 March 2018
Cash and cash equivalents	**517,589,841**	317,606,863
Advances, deposits and other receivables	**178,397,175**	301,208,792
Receivable from disposal of subsidiaries / brands	**56,872,193**	54,454,285
	752,859,209	**673,269,940**

Credit risk on receivable and bank balances is limited as:

i. Cash balances are held with banks with sound credit ratings ranging from BBB+ to A+.
ii. Receivables are shown net of allowance for impairment of trade receivables. At 30 September 2018, the ageing of trade receivables was neither past due nor impaired.
iii. Financial position of related parties is stable.

The receivable balances are monitored with the result that Group's exposure to bad debts is not significant.

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

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

monitoring on a regular basis that sufficient funds are available to meet the Group's future commitments.

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.

14. COMPARATIVES

Certain comparative figures have been re-arranged and re-classified to conform to current period presentation. The impact of these re-classifications is not material to the overall presentation of the financial statements.

15. APPROVAL OF THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

These consolidated interim financial statements were approved by the Audit Committee for issuance on 5 Rabi'I 1440H (corresponding to 13 November 2018).