FAWAZ ABDULAZIZ
AL HOKAIR & COMPANY
(A Saudi Joint Stock Company)
Consolidated financial statements
For the year ended 31 March 2018
together with the
Independent Auditors' Report

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Independent auditors' report

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

Report on the Audit of the Consolidated Financial Statements

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 2018, the consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 March 2018, 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 Auditors' 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.

KPMG Al Fozan & Partners Certified Public Accountants, a registered company in the Kingdom of Saudi Arabia, and a non-partner member firm of the KPMG network of independent firms affiliated with KPMG International Cooperative, a Swiss entity.

KPMG

Valuation of Inventories

Refer to Note: 6.8 for the accounting policy relating to inventories and Note:13 for the inventories disclosures

The key audit matter	How the matter was addressed in our audit
As at 31 March 2018, the Group's inventory balance was SR 2,108 million (2017: SR 2,067 million) which is netted off against a provision for inventory shrinkage and slow moving inventory "inventory provision" SR 326 million (2017: SR 333 million). These inventories are carried at lower of cost and net realizable value. The Company operates in the fashion retail sector and inventory comprise of fashion apparels and accessories. The seasonal nature of the business and changes in customer preferences, markdowns and spending patterns, primarily driven by the wider fashion industry, introduces uncertainty over the realisibility of inventory. 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 inventory using the age analysis and historical sales experience in each age bucket; • Determination of net realizable value based on sales forecast; and • Consideration of the results of physical inventory count to determine expected level of inventory provision.	We performed the following audit procedures in relation inventory provision: • Assessed the design and implementation, and tested the operating effectiveness of the key controls relating to Group's processes over establishing and monitoring the inventory provision; • Analysed the inventory ageing and movement data to identify brands with low turnover or significant levels of aged inventory and discussed with management regarding realisability with respect to inventory of these brands; • Evaluated 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; • Used our IT specialist to test the integrity of the inventories' ageing report used by management in its assessment of inventory provision; • Determined the net realizable value (NRV) of inventories by examining the sales subsequent to year-end for a sample of stores and compared this NRV with the carrying value of inventories to check appropriateness of the associated provision; and • Obtained 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.

Impairment review of fixtures and fittings and other leasehold improvements at stores ("Store Assets")

Refer to Note: 6.4 for the accounting policy relating to property and equipment and Note:9 for the property and equipment disclosures

The key audit matter	How the matter was addressed in our audit
As at 31 March 2018, the Group held property and equipment of SR 2,046 million (2017: SR 1,904 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 store along with the possibility of moving these Store Assets to new stores to keep them in continuing use. However, where a store is closed loss making or cannot be used within the store portfolio, 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.	We performed the following audit procedures in relation to impairment of Store Assets: ▪ Evaluated 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; ▪ Examined 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; ▪ To assess the need for impairment in Store Assets relating to loss making and closed stores we evaluated the management's assessment of; o future profitability of these stores by considering management's trading plans, recent performance of the store and historical accuracy of management's forecast o usefulness of Store Assets relating to these stores by considering management's plans for opening new stores and specification of the Store Assets. Where assets relating to the closed stores cannot be used within the same brand stores portfolio we assessed managements' plans for using these assets at stores of other brands and considered the viability of such plans.

Goodwill impairment

Refer to Note: 6.6 for the accounting policy relating to goodwill and Note:11 for the goodwill disclosures

The key audit matter	How the matter was addressed in our audit
As at 31 March 2018, the carrying value of goodwill amounted to SAR 805 million (2017: SAR 805 million). The goodwill arose on the acquisition of Wahba Trading , Nesk Trading Projects 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 performed the following audit procedures in relation to goodwill impairment: • Assessed 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; • We considered management's identification of CGUs and the appropriateness of allocation of goodwill;

The key audit matter	How the matter was addressed in our audit
We considered goodwill impairment as a key audit matter due to the judgment and assumptions involved in the impairment assessment process.	• Used our 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; • Checked the accuracy and completeness of the information produced by management which was used for the basis of the impairment assessment; • Considered the adequacy of the Group's goodwill disclosure in terms of applicable accounting standards.

Change in Financial Reporting Framework

Refer to Note 3 for basis of preparation of consolidated financial statements relating to IFRS adoption and note 7 for the related disclosure of effects of IFRS adoption.

The key audit matter	How the matter was addressed in our audit
For all periods up to and including the year ended 31 March, 2017, the Group prepared and presented its statutory consolidated Financial Statements in accordance with generally accepted accounting standards in the Kingdom of Saudi Arabia issued by SOCPA. For the financial periods commencing 1 April, 2017, the applicable regulations require the Group to prepare and present its consolidated financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board and endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by SOCPA (IFRS as endorsed in the Kingdom of Saudi Arabia). Accordingly, the Group has prepared its consolidated financial statements, for the year ended 31 March 2018, under IFRS as endorsed in the Kingdom of Saudi Arabia using IFRS 1 - "First time Adoption of International Financial Reporting Standards" (IFRS 1). As part of this transition to IFRS as endorsed in the Kingdom of Saudi Arabia, the Group's management performed a detailed gap analysis to identify differences between the previous reporting framework and IFRS as endorsed in the Kingdom of Saudi Arabia, determined the transition adjustments in light of this gap analysis and relevant requirements of IFRS 1, and assessed the additional disclosures required in the financial statements. We considered this as a key audit matter as the transitional adjustments due to the change in the financial reporting framework and transition related disclosures in the financial statements required additional attention during our audit.	We performed the following procedures in relation to change in financial reporting framework: - Considered the Group's governance process around the adoption of IFRS as endorsed in the Kingdom of Saudi Arabia, especially, in relation to matters requiring management to exercise its judgment; - Obtained an understanding of the analysis performed by management to identify all significant differences between previous reporting framework and IFRS as endorsed in the Kingdom of Saudi Arabia which can impact the Group's financial statements; - Evaluated the results of management's analysis and key decisions taken in respect of the transition using our knowledge of the relevant requirements of the IFRS as endorsed in the Kingdom of Saudi Arabia and our understanding of the Group's business and its operations; - Tested the transition adjustments by considering management's gap analysis, the underlying financial information and the computation of these adjustments; and - Evaluated the disclosures made in relation to the transition to IFRS as endorsed in the Kingdom of Saudi Arabia by considering the relevant requirements of IFRS 1.

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 auditors' report thereon. The annual report is expected to be made available to us after the date of this auditors' report.

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

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

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.

Auditors' Responsibilities for the Audit of the consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. 'Reasonable assurance' is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing 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.

Auditors' Responsibilities for the Audit of the consolidated Financial Statements (Continued)

- 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 auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with 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 auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

For KPMG Al Fozan & Partners
Certified Public Accountants

Khalil Ibrahim Al Sedais
License No.: 371

Date: 14 Shawwal 1439H
Corresponding to: 28 June 2018

FAWAZ ABDULAZIZ AL HOKAIR & COMPANY
(A Saudi Joint Stock Company)
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 2018
(All amounts in Saudi Riyals unless otherwise stated)

	Notes	**31 March 2018**	31 March 2017 (Adjusted – Note 7)	1 April 2016 (Adjusted – Note 7)
Assets				
Property and equipment	*9*	**2,045,787,460**	1,903,672,378	2,182,205,614
Investment property	*10*	**64,252,274**	69,252,274	74,252,274
Goodwill and Intangible assets	*11*	**877,089,531**	887,436,030	912,005,029
Receivable from disposal of a subsidiary	*29*	**225,000,000**	280,000,000	--
Investments in associates and others	*12*	**249,173,721**	207,496,889	264,546,047
Non-current assets		**3,461,302,986**	3,347,857,571	3,433,008,964
Inventories	*13*	**1,774,117,058**	1,734,792,626	1,896,735,452
Trade receivables		**38,528,814**	128,528,814	62,796,979
Prepayments and other assets	*14*	**596,537,939**	660,113,945	640,698,051
Receivable from disposal of subsidiaries	*29*	**129,454,285**	70,000,000	--
Amounts due from related parties	*20*	**404,422,889**	333,115,735	301,618,385
Cash and cash equivalents	*15*	**330,634,926**	364,830,529	296,858,268
Current assets		**3,273,695,911**	3,291,381,649	3,198,707,135
Total assets		**6,734,998,897**	6,639,239,220	6,631,716,099
Equity				
Share capital	*21*	**2,100,000,000**	2,100,000,000	2,100,000,000
Statutory reserve		**191,341,548**	180,992,561	141,875,641
Foreign currency translation reserve		**(525,468,725)**	(532,891,748)	(425,675,840)
Retained earnings		**482,419,045**	365,151,161	(41,513,149)
Equity attributable to the shareholders of the company		**2,248,291,868**	2,113,251,974	1,774,686,652
Non-controlling interest	*22*	**(63,562,099)**	(11,154,467)	2,288,240
Total equity		**2,184,729,769**	2,102,097,507	1,776,974,892
Liabilities				
Loans and borrowings	*16*	**1,922,121,029**	1,229,652,106	2,102,087,024
Post-employment benefits	*17*	**102,924,795**	116,333,090	120,565,000
Non -Current liabilities		**2,025,045,824**	1,345,985,196	2,222,652,024
Trade and other payables		**794,641,120**	558,184,091	548,411,813
Accruals and other liabilities	*18*	**421,476,924**	453,165,338	470,887,154
Zakat and tax liabilities	19	**33,190,704**	101,756,327	83,508,040
Amounts due to related parties	*20*	--	--	3,802,011
Loans and borrowings	*16*	**1,275,914,556**	2,078,050,761	1,525,480,165
Current liabilities		**2,525,223,304**	3,191,156,517	2,632,089,183
Total liabilities		**4,550,269,128**	4,537,141,713	4,854,741,207
Total equity and liabilities		**6,734,998,897**	6,639,239,220	6,631,716,099

The attached notes from 1 to 34 are an integral part of these consolidated financial statements.

FAWAZ ABDULAZIZ AL HOKAIR & COMPANY
(A Saudi Joint Stock Company)
CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the year ended 31 March 2018
(All amounts in of Saudi Riyals unless otherwise stated)

	Notes	2018	2017 (Adjusted – Note 7)
Continuing operations:			
Revenue		**6,116,517,746**	6,691,660,645
Cost of revenue		**(4,901,897,606)**	(5,174,585,788)
Gross profit		**1,214,620,140**	1,517,074,857
Selling and distribution expenses	23	**(247,650,120)**	(254,200,499)
General and administrative expenses	24	**(322,243,239)**	(332,561,882)
Depreciation and amortization	9,10,11	**(317,949,995)**	(309,817,067)
Other operating expense	25	**(25,070,248)**	(27,704,520)
Other operating income	25	**12,221,693**	76,599,048
Operating profit		**313,928,231**	669,389,937
Finance costs		**(180,808,101)**	(167,088,667)
Share of loss of associates, net of zakat and income tax		--	(8,956,873)
Profit before zakat and income tax		**133,120,130**	493,344,397
Zakat and Income tax expense	19	**(42,762,607)**	(30,744,684)
Profit from continuing operations		**90,357,523**	462,599,713
Discontinued operation:			
Loss from discontinued operations, net of tax	29	**(1,054,205)**	(42,733,459)
Profit after zakat and income tax		**89,303,318**	419,866,254
Profit / (loss) for the year is attributable to:			
Shareholders of the Company		**103,489,871**	425,362,230
Non-controlling interest		**(14,186,553)**	(5,495,976)
		89,303,318	419,866,254
Earnings per share			
Basic and diluted earnings per share (Saudi Riyal)	8	**0.49**	2.03
Earnings per share – Continuing Operations			
Basic and diluted earnings per share (Saudi Riyal)	8	**0.50**	2.23

The attached notes from 1 to 34 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 2018
(All amounts in Saudi Riyals unless otherwise stated)

	Notes	2018	2017
Profit for the year		**89,303,318**	419,866,254
Items that will not be reclassified to profit or loss:			
Re measurements of defined benefit liability	17	**24,127,000**	20,419,000
		24,127,000	20,419,000
Items that are or may be reclassified subsequently to profit or loss:			
Foreign Operations – foreign currency translation differences		**(30,798,056)**	(155,777,270)
		(30,798,056)	(155,777,270)
Other comprehensive loss for the year, net of tax		**(6,671,056)**	(135,358,270)
Total comprehensive income for the year		**82,632,262**	284,507,984
Total comprehensive income/(loss)for the year attributable to:			
Shareholders of the Company		**135,039,894**	297,950,691
Non-controlling interest		**(52,407,632)**	(13,442,707)
		82,632,262	284,507,984

The attached notes from 1 to 34 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 2018
(All amounts in Saudi Riyals unless otherwise stated)

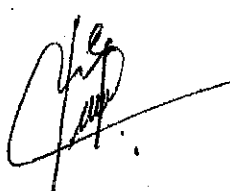
	Share capital	Statutory reserve	Foreign currency translation reserve	Retained earnings	Total share holders' equity	Non-Controlling interest	Total equity
Balance at 1 April 2016	2,100,000,000	141,875,641	(425,675,840)	(41,513,149)	1,774,686,652	2,288,240	1,776,974,892
Profit for the year	--	--	--	425,362,230	425,362,230	(5,495,976)	419,866,254
Other comprehensive loss	--	--	(147,830,539)	20,419,000	(127,411,539)	(7,946,731)	(135,358,270)
Total comprehensive (loss)/income for the year	--	--	(147,830,539)	445,781,230	297,950,691	(13,442,707)	284,507,984
Transfer to statutory reserve	--	39,116,920	--	(39,116,920)		--	--
Foreign currency translation loss realized on disposal of subsidiary	--	--	40,614,631	--	40,614,631	--	40,614,631
Balance at 31 March 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
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**

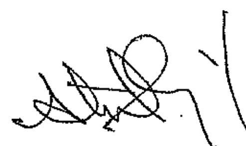
The attached notes from 1 to 34 are an integral part of these consolidated financial statements.

FAWAZ ABDULAZIZ AL HOKAIR & COMPANY
(A Saudi Joint Stock Company)
CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 March 2018
(All amounts in Saudi Riyals unless otherwise stated)

	Note	2018	2017
Cash Flows from Operating Activities:			
Profit for the year		**89,303,318**	419,866,254
Adjustments to reconcile net income to net cash flows from operating activities:			
Depreciation and amortization		**317,949,995**	310,999,372
Share in net loss of associates, net		--	8,956,873
Provision for employees benefits	17	**27,116,705**	28,948,000
Provision against doubtful receivables	14	**(3,638,369)**	9,844,527
Provision against doubtful advances against investments		--	9,780,970
Provision against doubtful related party receivables	20	**(1,378,291)**	13,721,678
Provision for slow moving inventory, net	13	**(6,491,954)**	142,348,416
Write-off of property and equipment and other intangible assets	9,11	**14,034,464**	19,208,510
Zakat and income tax expense	19	**46,918,236**	30,744,684
Write-off of advance against investments		--	407,259
Gain on disposal of property and equipment		--	(86,000)
		483,814,104	994,740,543
Changes in operating assets and liabilities:			
Trade Receivables		**90,000,000**	--
Prepayments and other assets		**61,978,686**	(439,575,931)
Amounts due from related parties – net		**(72,350,579)**	137,534,720
Inventories		**(109,444,095)**	(105,102,520)
Trade and other payables		**237,700,593**	41,877,358
Accruals and other liabilities		**40,506,150**	19,537,646
Cash generated from operations		**732,204,859**	649,011,816
Zakat and income tax paid	19	**(114,594,734)**	(12,496,397)
Employees benefits paid	17	**(15,955,555)**	(12,760,910)
Net cash generated from operating activities		**601,654,570**	623,754,509
Cash Flows from Investing Activities:			
Acquisition of property and equipment, net	9	**(467,833,977)**	(209,420,652)
Purchase of other intangible assets	11	**(30,032,156)**	(12,170,713)
Disposal of discontinued operation, net of cash disposed of	29	**(3,513,645)**	(14,443,113)
Proceeds from disposal of property and equipment		--	116,552
Receivable against disposal of subsidiaries		**50,000,000**	--
Transfer of investment in associate		**(52,864,237)**	
Distribution by investment in associates		**13,609,121**	--
Net cash used in investing activities		**(490,634,894)**	(235,917,926)
Cash Flows from Financing Activities:			
Proceeds from long term borrowings		**1,269,369,742**	187,500,000
Long term borrowings re-paid during the year		**(498,693,417)**	(430,530,438)
Short-term borrowings repaid during the year, net		**(880,343,607)**	(76,833,884)
Net cash used in financing activities		**(109,667,282)**	(319,864,322)
Foreign currency exchange translation differences		**(35,547,997)**	--
Net changes in bank balances and cash		**(34,195,603)**	67,972,261
Cash and cash equivalents at the beginning of year		**364,830,529**	296,858,268
Cash and cash equivalents at end of the year		**330,634,926**	364,830,529
Significant non-cash transactions:			
- Receivable from disposal of a subsidiaries during the year	29	**54,454,285**	350,000,000
- Transfer of capital work in progress to a related party		--	115,355,988
- Transfer of other receivable to a related party		--	33,295,715
- Disposal of investment in associate		--	37,892,944

The attached notes from 1 to 34 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:

Subsidiaries	Country of incorporation	Ownership interest held by the Group as at: 31 March 2018	31 March 2017	1 April 2016
Al Waheedah Equipment Co. Ltd.	Kingdom of Saudi Arabia	**100**	100	100
Haifa B. Al Kalam & Partners Co. for trading	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**	--	--
Nesk Trading Projects Company	Kingdom of Saudi Arabia	**100**	100	100
Al Farida Trading Agencies Co. LTD	Kingdom of Saudi Arabia	**35**	70	70
Logistics Fashion Trading DWC-LLC	United Arab Emirates	**100**	100	100
Advanced Fashion Concepts LLC	United Arab Emirates	**100**	100	100
International Fashion Franchising Limited	United Arab Emirates	**100**	100	100
Al Waheedah Equipment General Trading JAFZA	United Arab Emirates	**49**	100	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

2. GROUP STRUCTURE (CONTINUED)

Subsidiaries	Country of incorporation	Ownership interest held by the Group as at:		
		31 March 2018	31 March 2017	1 April 2016
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
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
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
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

* The commercial operation of the subsidiary were started during the year.

** During the year ended 31 March 2018, the Group entered in to Shares Sale Agreement to transfer its 35% and 51% holding in Al Farida Trading Agencies Company Limited and Al Waheedah Equipment General Trading FZCO respectively. As at year end, the legal formalities of the transfer have not been completed (Refer note: 29).

2. GROUP STRUCTURE (CONTINUED)

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

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").

Up to and including the year ended March 31, 2017, the Group prepared and presented its statutory Consolidated financial statements in accordance with generally accepted accounting standards in the Kingdom of Saudi Arabia issued by SOCPA and the requirements of the Saudi Arabian Regulations for Companies and the Company's By-laws in so far as they relate to the preparation and presentation of the Financial Statements. In these Consolidated financial statements, the term "SOCPA Standards" refers to SOCPA Standards before the adoption of International Financial Reporting Standards ("IFRS").

For financial years commencing April 1, 2017, the applicable regulations require the Group to prepare and present financial statements in accordance with IFRS that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by SOCPA. As part of this requirement, the Group has prepared these consolidated financial statements.

These Consolidated financial statements are prepared in accordance with IFRS 1 – 'First time Adoption of International Financial Reporting Standards'. The Group has consistently applied the same accounting policies throughout all years presented, as if these policies had always been in effect.

An explanation of how the transition to IFRS has affected the previously reported equity as at 31 March 2017 and 1 April 2016; and comprehensive income of the Group for the year ended 31 March 2017, including the nature and effect of significant changes in accounting policies from those used in the Group's Financial Statements for the year ended 31 March 2017 is provided in Note 7.

These Consolidated financial statements should be read in conjunction with the Group's annual consolidated SOCPA financial statements for the year ended 31 March 2017 and the Group's condensed consolidated interim financial statements for the quarters ended 30 June 2017, 30 September 2017 and 31 December 2017 prepared in accordance with IFRS as endorsed in Kingdom of Saudi Arabia and other standards and pronouncements that are issued by SOCPA.

3.2 Basis of measurement

These consolidated financial statements have been prepared under the historical cost convention, except for the measurement of fair values of certain financial assets and liabilities (including available-for-sale investments).

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, we make estimates and judgments that affect the amounts recorded. Actual results could differ from our estimates. Our estimates and judgments are based on historical experience and other factors we consider reasonable, including expectations of future events. Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ended 31 March 2018 is included in the following notes:

- Note 6,9,12,14: Impairment test - key assumptions underlying recoverable amounts, for trade receivables, property and equipment, goodwill and intangible assets.
- Note 6,9,12: Estimated useful lives and residual values of property and equipment and intangible assets.
- Note 17: Measurement of employee benefits obligations: key actuarial assumptions.

4.1 Zakat

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.

5. NEW STANDARDS AND INTERPRETATIONS NOT YET EFFECTIVE

The Group has adopted, as appropriate, the following new and amended IASB standards effective 1 January 2017

Disclosure Initiative (Amendments to IAS 7)
The amendments require disclosures that enable users of Financial Statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes.

Group's financing activities, as disclosed in Condensed Consolidated Statement of Cash Flows, represents only cash flow changes, except for finance cost paid for which non cash change is reflected in cash flow from operating activities.

Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to IAS 12)
The amendments clarify the accounting for deferred tax assets for unrealised losses on debt instruments measured at fair value.

Group does not hold any debt instruments measured at fair value; therefore, there is no impact of this amendment on Consolidated financial statements.

Following are the new standards and amendments to standards are effective for annual periods beginning after 1 January 2018 and earlier application is permitted; however, the Group has not early adopted them in preparing these financial statements.

IFRS 15: Revenue from Contracts with Customers
IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programs.

IFRS 15 is effective for annual periods beginning on or after 1 January 2018. As of this year end the Group is in the process of completing its evaluation of impact IFRS 15 on its revenue recognition policy. As per its initial assessment, there is not going to be a significant impact on Group's revenue recognition policy. Accordingly, it will be applied to the Group from period beginning April 1, 2018.

5. NEW STANDARDS AND INTERPRETATIONS NOT YET EFFECTIVE (CONTINUED)

IFRS 9: Financial Instruments

In July 2014, the International Accounting Standards Board issued the final version of IFRS 9 Financial Instruments. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted.

Classification – Financial assets

IFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics.

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The standard eliminates the existing IAS 39 categories of held to maturity, loans and receivables and available for sale.

Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never bifurcated. Instead, the hybrid financial instrument as a whole is assessed for classification.

Impairment – Financial Assets and Contract Assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with a forward-looking 'expected credit loss' (ECL) model. This will require considerable judgment as to how changes in economic factors affect ECLs, which will be determined on a probability-weighted basis.

The new impairment model will apply to financial assets measured at amortised cost or FVOCI, except for investments in equity instruments, and to contract assets.

Under IFRS 9, loss allowances will be measured on either of the following bases:
- 12-month ECLs are those that result from possible default events within the 12 months after the reporting date; and
- Lifetime ECLs are those that result from all possible default events over the expected life of a financial instrument.

Lifetime ECL measurement applies if the credit risk of a financial asset at the reporting date has increased significantly since initial recognition and 12-month ECL measurement applies if it has not. An entity may determine that a financial asset's credit risk has not increased significantly if the asset has low credit risk at the reporting date. However, lifetime ECL measurement always applies for trade receivables and contract assets without a significant financing component; an entity may choose to apply this policy also for trade receivables and contract assets with a significant financing component.

Classification – Financial Liabilities

IFRS 9 largely retains the existing requirements in IAS 39 for the classification of financial liabilities. However, under IAS 39 all fair value changes of liabilities designated as at FVTPL are recognised in profit or loss, whereas under IFRS 9 these fair value changes are generally presented as follows:
- the amount of change in the fair value that is attributable to changes in the credit risk of the liability is presented in OCI
- the remaining amount of change in the fair value is presented in profit or loss.

Disclosures

IFRS 9 will require extensive new disclosures, in particular about hedge accounting, credit risk and expected credit losses.

Management is currently assessing the effect of this standard on the consolidated financial statements of the Group.

5. NEW STANDARDS AND INTERPRETATIONS NOT YET EFFECTIVE(CONTINUED)

IFRS 16: Leases

IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises 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 January 2019. Early adoption is permitted for entities that apply IFRS 15 Revenue from Contracts with Customers at or before the date of initial application of IFRS 16.

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. As a lessor, the Group is not required to make any adjustments for leases in which it is a lessor except where it is an intermediate lessor in a sub-lease.

Annual Improvements to IFRSs 2014–2016 Cycle
- IFRS 1 First-time Adoption of IFRS- Outdated exemptions for first-time adopters of IFRS are removed. Effective for annual periods beginning on or after 1 January 2018.
- IAS 28 Investments in Associates and Joint Ventures - A venture capital organisation, or other qualifying entity, may elect to measure its investments in an associate or joint venture at fair value through profit or loss. This election can be made on an investment-by-investment basis.

A non-investment entity investor may elect to retain the fair value accounting applied by an investment entity associate or investment entity joint venture to its subsidiaries. This election can be made separately for each investment entity associate or joint venture. Effective retrospectively for annual periods beginning on or after 1 January 2018; early application is permitted.

Other amendments
The following new or amended standards are not yet effective and neither expected to have a significant impact on the Group's consolidated financial statements.

a) Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2).
b) Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28).
c) Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (Amendments to IFRS 4) Amendments respond to industry concerns about the impact of differing effective dates.
d) Transfers of Investment Property (Amendments to IAS 40) – A property asset is transferred when, and only when, there is evidence of an actual change in its use.
e) IFRIC 22 Foreign Currency Transactions and Advance Consideration - clarifies the transaction date used to determine the exchange rate

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied by the Group in the preparation of these consolidated financial statements are set out below.

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 profit or loss, statement of changes in equity and statement of financial position, respectively.

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 recognizes 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.

(ii) Associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting right.

Interest in associates is accounted for using the equity method. They are initially recognized at cost and adjusted thereafter to recognize 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 recognized 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 recognize 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.

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

6.1 Basis of consolidation (continued)

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 recognized 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) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which each respective entity operates (the "functional currency"). The consolidated financial statements are presented in Saudi Riyals ("SR") which is functional currency of Group.

(ii) Transactions and balances

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

(iii) Group entities

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency of the consolidated financial statements are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that consolidated statement of financial position;
- income and expenses for each statement of profit or loss and statement of profit or loss are translated at 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), and
- all resulting exchange differences are recognized in other comprehensive income.

6.3 Revenue recognition

Revenue is recognized 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 recognized 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.

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.

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

6.4 Property and equipment (continued)

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 derecognized 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 derecognized.

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 6.8).

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 6.5 above.

6.6 Intangible assets

(i) Goodwill

Goodwill on acquisitions of subsidiaries is included in intangible assets. 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.

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

6.6 Intangible assets (continued)

If the fair value of the net assets acquired is in excess of the aggregate of the cost of acquisition, the Company re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the related fair values to be recognized at the acquisition date. If the re-assessment still results in an excess of the fair value of net assets acquired over the aggregate of the cost of acquisition, then the gain is recognized in the consolidated statement of profit or loss.

(ii) Other intangible assets

Other intangible assets represent software implementation cost, key money, trademarks and other deferred charges, and are amortized using the straight-line method over the estimated year of benefit. 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		

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.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization years and the amortization method for an intangible asset with a finite useful life are reviewed on an annual basis. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset, are accounted for by changing the amortization year or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the consolidated statement of profit or loss in the expense category consistent with the function of the intangible asset. Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually either individually or at the aggregated cash generating unit level.

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

6.7 Impairment of non-financial assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting year.

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

6.8 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 of completion and the estimated costs necessary to complete a sale.

6.9 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.

6.10 Trade receivables

Trade receivables are recognized initially at fair value and subsequently at amortized cost using the effective interest rate method, less provision for impairment. Provision for impairment is made based on the Group's management best estimate of expected credit losses relating to those receivables. Such estimate is based on the customers' financial status and historical write-off experience. Account receivable balances are written off against such provision after all means of collection have been exhausted and potential of recovery is remote. Bad debts written off as such are recorded in the consolidated statement of profit or loss.

6.11 Investments and other financial assets

(i) *Classification*

The Group classifies its financial assets in the following categories:

- financial assets at fair value through recognition in statement of profit or loss,
- loans and receivables, and
- available-for-sale financial assets.

The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at the end of each reporting year.

(ii) *Recognition and derecognition*

Regular way purchases and sales of financial assets are recognized on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognized in other comprehensive income (if any) are reclassified to the consolidated statement of profit or loss as gains and losses from investment securities.

At initial recognition, the group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the consolidated statement of profit or loss.

Loans and receivables are subsequently carried at amortized cost using the effective interest method.

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(iii) Measurement (Continued)

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Gains or losses arising from changes in the fair value are recognized as follows:

- for 'financial assets at fair value through profit or loss - in consolidated statement of profit or loss within other income or other expenses;
- for other monetary and non-monetary securities classified as available-for-sale - in other comprehensive income.

Dividends on financial assets at fair value through profit or loss and available-for-sale equity instruments, are recognized in the consolidated statement of profit or loss as part of other income.

Interest income from financial assets at fair value through profit or loss included in the net gains/(losses). Interest on available-for-sale securities and loans and receivables calculated using the effective interest method is recognized in the consolidated statement of profit or loss as part of other income.

Details on how the fair value of financial instruments is determined are disclosed in note 6.13.

(iv) Impairment

The Group assesses at the end of each reporting year whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired, and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the assets are impaired.

Assets carried at amortized cost

For loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognized in the consolidated statement of profit or loss.

If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent year, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the reversal of the previously recognized impairment loss is recognized in consolidated statement of profit or loss.

Assets classified as available-for-sale

If there is objective evidence of impairment for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in consolidated statement of profit or loss – is removed from equity and recognized in consolidated statement of profit or loss.

Impairment losses on equity instruments that were recognized in consolidated statement of profit or loss are not reversed through consolidated statement of profit or loss in a subsequent year.

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(iv) Impairment (Continued)

If the fair value of a debt instrument classified as available-for-sale increases in a subsequent year and the increase can be objectively related to an event occurring after the impairment loss was recognized in consolidated statement of profit or loss, the impairment loss is reversed through consolidated statement of profit or loss.

(v) Income recognition

Interest income

Interest income is recognized using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognized using the original effective interest rate.

Dividends

Dividends are recognized as other income when the right to receive payment is established.

6.12 Financial liabilities

(i) Classification

Financial liabilities are classified under either of the two following classes:

- Financial liabilities at fair value through profit or loss.
- Other financial liabilities measured at amortized cost using the effective interest rate method

(ii) Measurement

All financial liabilities are initially recognized at fair values net of transaction costs. when the Group becomes party to a contractual provisions and obligations under the financial instrument.

Financial liabilities at fair value through profit or loss will continue to be recorded at fair value with changes being recorded in the consolidated statement of profit or loss.

For other financial liabilities, including short and long term borrowings, after initial recognition, these are subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognized in consolidated statement of profit or loss when the liabilities are derecognized as well as through the effective interest rate amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate method. The effective interest rate amortization is included as finance costs in the consolidated statement of profit or loss.

(ii) De-recognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the consolidated statement of profit or loss.

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

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

6.13 Fair value measurement (continued)

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 recognized 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 Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 to 60 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting year. They are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method.

6.15 Provisions

Provisions are recognized 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 recognized 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 recognized as interest expense.

(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 recognized 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)

6.16 Employee benefits and post-employment benefits

(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 recognized 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 recognized 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 recognized immediately in the consolidated statement of profit or loss as past service costs.

6.17 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.

(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.

6.18 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.

6.19 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. 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

6.20 Statutory reserve

In accordance with Company's by-laws and the Regulations for Companies in Kingdom of Saudi Arabia, the Company is required to recognize a reserve comprising of 10% of its net income for the year. As per the by-laws the company will cease the contribution when such reserve will reach 50% of its Share Capital.

6.21 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.

6.22 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 analyzed 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.

6.23 Assets held for sale and discontinued operations

A discontinued operation is a component of the Group's business, the operations and cashflows of which can be clearly distinguished from rest of the Group and which:

- represents a separate major line of business or geographical area of operations:
- is part of a single co-ordinated plan to dispose of a separate line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to re-sale.

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

When an operation is classified as discontinued operation, the comparative statement of profit or loss is re-presented as if the operation had been discontinued from the start of the comparative year.

7. EFFECT OF IFRS STANDARDS ADOPTIONS AND OTHER ADJUSTMENTS

As mentioned in note 3, for all year up to and including the year ended 31 March 2017, the Group was required to prepare its consolidated financial statements in accordance with the accounting standards issued by the Saudi Organization for Certified Public Accountants (SOCPA).

For the year ended 31 March 2018, the Group is be required to prepare the consolidated financial statements in accordance with the requirements of International Financial Reporting Standards (IFRS) as adopted by SOCPA in the Kingdom of Saudi Arabia.

7.1 Exemptions applied

IFRS 1 "First-Time Adoption of International Financial Reporting Standards" as endorsed by SOCPA allows first-time adopter certain exemptions from the retrospective application of certain IFRS Standards.

The Group has applied the following exemptions:

a. IFRS 3 "Business Combinations" as endorsed by SOCPA has not been applied to acquisitions of subsidiaries, which are considered businesses for IFRS Standards, or of interests in associates and joint ventures that occurred before 1 April 2016. Use of this exemption means that the carrying amounts of assets and liabilities under SOCPA Standards, which are required to be recognised under IFRS Standards, is their deemed cost at the date of the acquisition. After the date of the acquisition, measurement is in accordance with IFRS Standards. Assets and liabilities that do not qualify for recognition under IFRS Standards are excluded from the opening IFRS Standards Statement of Financial Position. The Group did not recognise or exclude any previously recognised amounts as a result of IFRS Standards recognition requirements. IFRS 1 as endorsed by SOCPA also requires that the carrying amount of goodwill under SOCPA Standards must be used in the opening IFRS Standards Statement of Financial Position (apart from adjustments for goodwill impairment and recognition or derecognition of intangible assets). In accordance with IFRS 1 as endorsed by SOCPA, the Group has tested goodwill for impairment at the date of transition to IFRS Standards. No goodwill impairment was deemed necessary at 1 April 2016.

b. The Group has not applied IAS 21 "The Effects of Changes in Foreign Exchange Rates" as endorsed by SOCPA retrospectively to fair value adjustments and goodwill from business combinations that occurred before the date of transition to IFRS Standards. Such fair value adjustments and goodwill are treated as assets and liabilities of the Parent rather than as assets and liabilities of the acquiree. Therefore, those assets and liabilities are already expressed in the functional currency of the Parent or are non-monetary foreign currency items and no further translation differences occur.

Estimates
The estimates at 31 March 2018, are consistent with the estimates made at 31 March 2017 and 1 April 2016 in accordance with SOCPA, (after adjustments to reflect any differences in accounting policies and adjust any incorrect estimations made in prior periods) apart from the End of service benefits where application of SOCPA did not require estimation.

The estimates used by the Group to present these amounts in accordance with IFRS reflect conditions at 1 April 2016, the date of transition to IFRS and as at 31 March 2017.

7. EFFECT OF IFRS STANDARDS ADOPTIONS AND OTHER ADJUSTMENTS (CONTINUED)

7.2 Reconciliation of consolidated statement of financial position and equity as at 1 April 2016 (date of transition to IFRS)

	Note Reference	As previously reported (SOCPA)	Effect on transition to IFRS and other adjustments	As adjusted (IFRS)
Assets				
Non-current assets				
Property and equipment	7.5.2, 7.5.4,7.5.5	2,328,007,521	(145,801,907)	**2,182,205,614**
Investment properties		74,252,274	--	**74,252,274**
Intangible assets	7.5.3	166,086,705	(58,641,941)	**107,444,764**
Goodwill		804,560,265	--	**804,560,265**
Investments in associates and others	7.5.6	241,036,321	23,509,726	**264,546,047**
Total non-current assets		3,613,943,086	(180,934,122)	**3,433,008,964**
Current assets				
Inventories	7.5.4	2,245,709,544	(348,974,092)	**1,896,735,452**
Trade Receivable	7.5.6.	--	62,796,979	**62,796,979**
Prepayments and other assets	7.5.3, 7.5.6	910,730,749	(270,032,698)	**640,698,051**
Amounts due from related parties	7.5.5.7.5.6	404,196,471	(102,578,086)	**301,618,385**
Cash and cash equivalents		296,858,268	--	**296,858,268**
Total current assets		3,857,495,032	(658,787,897)	**3,198,707,135**
Total assets		7,471,438,118	(839,722,019)	**6,631,716,099**
Equity				
Share capital		2,100,000,000	--	**2,100,000,000**
Statutory reserve		141,875,641	--	**141,875,641**
Foreign currency translation reserve		(425,675,840)	--	**(425,675,840)**
Retained earnings	7.5.1, 7.5.2, 7.5.3, 7.5.4	791,944,543	(833,457,692)	**(41,513,149)**
Total share holders' equity		2,608,144,344	(833,457,692)	**1,774,686,652**
Non-controlling interest		(2,576,239)	4,864,479	**2,288,240**
Total equity		2,605,568,105	(828,593,213)	**1,776,974,892**
Liabilities				
Non-current liabilities				
Non-current portion long term borrowings		2,102,087,024	--	**2,102,087,024**
Post-employment benefits	7.5.1	88,936,168	31,628,832	**120,565,000**
Total non-current liabilities		2,191,023,192	31,628,832	**2,222,652,024**
Current liabilities				
Trade and other payables	7.5.3	591,169,451	(42,757,638)	**548,411,813**
Zakat and tax liabilities	7.5.6	--	83,508,040	**83,508,040**
Accruals and other liabilities	7.5.6	554,395,194	(83,508,040)	**470,887,154**
Amounts due to related parties		3,802,011	--	**3,802,011**
Loans and Borrowings		1,525,480,165	--	**1,525,480,165**
Total current liabilities		2,674,846,821	(42,757,638)	**2,632,089,183**
Total liabilities		4,865,870,013	(11,128,806)	**4,854,741,207**
Total liabilities and equity		7,471,438,118	(839,722,019)	**6,631,716,099**

7. EFFECT OF IFRS STANDARDS ADOPTIONS AND OTHER ADJUSTMENTS (CONTINUED)

7.3 Reconciliation of consolidated statement of financial position and equity as at 31 March 2017

	Note reference	As previously reported (SOCPA)	Effect on transition to IFRS and other adjustments	As adjusted (IFRS)
Assets				
Non-current assets				
Property and equipment	7.5.2, 7.5.4,7.5.5	1,960,513,707	(56,841,329)	**1,903,672,378**
Investment properties		69,252,274	--	**69,252,274**
Intangible assets	7.5.3	141,517,706	(58,641,941)	**82,875,765**
Goodwill		804,560,265	--	**804,560,265**
Investments in associates and others	7.5.6	183,987,163	23,509,726	**207,496,889**
Receivable from disposal of a subsidiary		280,000,000	--	**280,000,000**
Total non-current assets		3,439,831,115	(91,973,544)	**3,347,857,571**
Current assets				
Inventories	7.5.4	2,083,766,718	(348,974,092)	**1,734,792,626**
Trade Receivables	7.5.6	--	128,528,814	**128,528,814**
Prepayments and other assets	7.5.3, 7.5.6	1,065,878,478	(405,764,533)	**660,113,945**
Receivable from disposal of subsidiary	7.5.6	--	70,000,000	**70,000,000**
Amounts due from related parties	7.5.5,7.5.6	479,905,241	(146,789,506)	**333,115,735**
Cash and cash equivalents		364,830,529	--	**364,830,529**
Total current assets		3,994,380,966	(702,999,317)	**3,291,381,649**
Total assets		7,434,212,081	(794,972,861)	**6,639,239,220**
Equity				
Share capital		2,100,000,000	--	**2,100,000,000**
Statutory reserve		180,992,561	--	**180,992,561**
Foreign currency translation reserve		(532,891,748)	--	**(532,891,748)**
Retained earnings	7.5.1, 7.5.2, 7.5.3 7.5.4	1,143,996,820	(778,845,659)	**365,151,161**
Total share holders' equity		2,892,097,633	(778,845,659)	**2,113,251,974**
Non-controlling interest		(16,018,946)	4,864,479	**(11,154,467)**
Total equity		2,876,078,687	(773,981,180)	**2,102,097,507**
Liabilities				
Non-current liabilities				
Non-current portion long term borrowings		1,229,652,106	--	**1,229,652,106**
Post-employment benefits	7.5.1	94,567,133	21,765,957	**116,333,090**
Total non-curreut liabilities		1,324,219,239	21,765,957	**1,345,985,196**
Current liabilities				
Trade and other payables	7.5.3	600,941,729	(42,757,638)	**558,184,091**
Zakat and tax Liabilities	7.5.6	--	101,756,327	**101,756,327**
Accruals and other liabilities	7.5.6	554,921,665	(101,756,327)	**453,165,338**
Loans and borrowings		2,078,050,761		**2,078,050,761**
Total current liabilities		3,233,914,155	(42,757,638)	**3,191,156,517**
Total liabilities		4,558,133,394	(20,991,681)	**4,537,141,713**
Total liabilities and equity		7,434,212,081	(794,972,861)	**6,639,239,220**

7. EFFECT OF IFRS STANDARDS ADOPTIONS AND OTHER ADJUSTMENTS (CONTINUED)

7.4 Reconciliation of statement of profit or loss and comprehensive income for the year ended 31 March 2017

	Notes reference	As previously reported (SOCPA)	Effect on transition to IFRS and other adjustments	As adjusted (IFRS)
Revenue		6,705,669,025	--	**6,705,669,025**
Cost of sales	7.5.1	(5,176,717,662)	(6,333,675)	**(5,183,051,337)**
Gross profit		1,528,951,363	(6,333,675)	**1,522,617,688**
Operating costs				
Selling and distribution expenses		(254,200,499)	--	(254,200,499)
General and administrative expenses	7.5.1	(328,986,166)	(4,222,450)	(333,208,616)
Depreciation, amortization and impairment	7.5.2, 7.5.4.	(355,748,530)	44,749,158	(310,999,372)
Other Expenses	7.5.6	(14,704,520)	(13,000,000)	(27,704,520)
Other Income	7.5.6	63,599,048	13,000,000	76,599,048
Operating profit		638,910,696	34,193,033	**673,103,729**
Finance costs		(167,088,667)	--	**(167,088,667)**
Share of net income of associates and others		(8,956,873)	--	**(8,956,873)**
Profit before zakat and income tax		462,865,156	34,193,033	**497,058,189**
Zakat and income tax expense		(30,744,684)	--	**(30,744,684)**
Profit from continuing operations		432,120,472	34,193,033	**466,313,505**
Loss from discontinued operations, net of tax		(46,447,251)	--	**(46,447,251)**
Profit for the year		385,673,221	34,193,033	**419,866,254**
Other comprehensive income				
Remeasurements of defined benefit liability	7.5.1	--	20,419,000	**20,419,000**
Exchange differences on translation of foreign operations		(155,777,270)	--	**(155,777,270)**
Other comprehensive income for the* year, *net of zakat and income tax		(155,777,270)	20,419,000	**(135,358,270)**
***Total comprehensive income for the* year**		229,895,951	54,612,033	**284,507,984**

7.5 Explanation of significant adjustments

7.5.1 Employees' end of service benefit

Under IFRS as endorsed in KSA, end of service benefits, post-employment benefits, are required to be calculated using actuarial valuations based on project unit cost method. In SOCPA based financial statements end of service benefits liability was calculated, based on the local regulation in KSA, such that the current value of the vested benefits to which the employee is entitled, should the services be terminated as at the balance sheet date. The impact on the financial statements was as follows:

	31 March 2017	1 April 2016
Post-employment benefits		
Adjustment relating to		
• Periods prior to 1 April 2016	(9,862,875)	31,628,832
• year ended 31 March 2017	31,628,832	--
Adjustment to retained earnings – (decrease)	**(21,765,957)**	**(31,628,832)**

7. EFFECT OF IFRS STANDARDS ADOPTIONS AND OTHER ADJUSTMENTS (CONTINUED)

7.5.1 Employees' end of service benefit (continued)

Consolidated Statement of Profit or loss and statement of comprehensive income:

	31 March 2017
Cost of Sales	
Current service costs and interest costs	(6,333,675)
General and admin expenses	
Current service costs and interest costs	(4,222,450)
Adjustment to profit for the year (decrease)	**(10,556,125)**
Re-measurements of defined benefit liability	20,419,000
Adjustment to comprehensive income for the year (increase)	**9,862,875**

7.5.2 Property and equipment

Impairment of leasehold improvement
Under IFRS as endorsed in KSA, the carrying amount of assets is compared with the recoverable amount. The recoverable amount of an asset is higher of fair value less cost to sell and value in use. The impairment is identified if the value in use determined by discounting the future cash flows is lower than the carrying amount whereas, under SOCPA accounting standards, impairment does not trigger if gross cash flows exceed the carrying amount. As a result, certain items of property and equipment were identified as impaired under IFRS and accordingly an impairment was recognized.

The combined effect of the adjustments on the financial statements, resulting from the requirements of impairment under IFRS as explained above, was as follows:

Consolidated Statement of Financial Position:

	31 March 2017	1 April 2016
Property and equipment		
Impairment of leasehold improvement		
• Relating to periods prior to 1 April 2016	(345,573,696)	(345,573,696)
• Relating to year ended 31 March 2017	14,057,814	--
Decrease in property and equipment	**(331,515,882)**	**(345,573,696)**
Adjustment to retained earnings – (decrease)	**(331,515,882)**	**(345,573,696)**

7.5.3 Pre-operating and other expenses

With the adoption of IFRS, the management identified that certain pre-incorporating expenses and other expenses which were capitalized under SOCPA standards, do not qualify for capitalization and hence were provided for/written off.

The impact on the financial statements was as follows:

Consolidated Statement of Financial Position:

	31 March 2017	1 April 2016
Other intangible assets	(58,641,941)	(58,641,941)
Prepayment and other assets	(207,235,719)	(207,235,719)
Trade and other payables	42,757,638	42,757,638
Non-controlling interest	(4,864,479)	(4,864,479)
Adjustment to retained earnings – (decrease)	**(227,984,501)**	**(227,984,501)**

7. EFFECT OF IFRS STANDARDS ADOPTIONS AND OTHER ADJUSTMENTS (CONTINUED)

7.5.4 Other adjustments

Component Accounting

Other adjustment relates to the componentization of certain property and equipment and reassessment of the carrying value of the old inventory items on the date of transition to rectify estimation inaccuracies. The impact of the such prior period accounting adjustments has been summarized below:

Consolidated Statement of Financial Position:

	31 March 2017	1 April 2016
Property and equipment		
Impact of use of component accounting		
• relating to periods prior to 1 April 2016	120,703,429	120,703,429
• relating to the year ended 31 March 2017	30,691,344	--
Inventories		
Impact of reassessment of inventory	(348,974,092)	(348,974,092)
Adjustment to retained earnings – (decrease)	**(197,579,319)**	**(228,270,663)**

Consolidated Statement of Profit or loss:

	31 March 2017
Depreciation, amortization and impairment	
Component accounting	30,691,344
Adjustment to profit for the year – increase	**30,691,344**

7.5.5 Advances against capital expenditure

Under previous SOCPA standards, advances to related parties for capital expenditure were presented under amounts due from related parties on the face of statement of financial position. Under IFRS, these amounts are presented as part of capital work in progress under property and equipment to improve presentation of the financial statements.

The impact of the re-classification on the financial statements was as follows:

Consolidated Statement of Financial Position:

	31 March 2017	1 April 2016
Property and equipment	123,279,780	79,068,360
Amounts due from related parties	(123,279,780)	(79,068,360)
Adjustment to retained earnings	--	--

7. EFFECT OF IFRS STANDARDS ADOPTIONS AND OTHER ADJUSTMENTS (CONTINUED)

7.5.6 Other reclassifications

Under previous SOCPA standards,

(i) Zakat and tax liability was reported under accruals and other liabilities. Under IFRS, zakat and tax liability is classified to zakat and tax liability on the consolidated statement of financial position

(ii) Loss on write-off of property and equipment was reported in other income on the consolidated statement of profit or loss. Under IFRS, the loss is classified to other expenses.

(iii) Balance receivable from FG4 was reported under receivables from related parties. Under IFRS, it is re-classified to Investments in Associates and others

The impact of the re-classification on the financial statements was as follows:

Consolidated Statement of Financial Position:

	31 March 2017	1 April 2016
Zakat and tax liabilities	101,756,327	83,508,040
Accruals and other liabilities	(101,756,327)	(83,508,040)
Adjustment to retained earnings	--	--

	31 March 2017	1 April 2016
Investments in Associates and others	23,509,726	23,509,726
Amounts due from related parties	(23,509,726)	(23,509,726)
Adjustment to retained earnings	--	--

	31 March 2017	1 April 2016
Trade receivables	128,528,814	62,796,979
Receivable from disposal of subsidiaries	70,000,000	--
Prepayments and other assets	(198,528,814)	(62,796,979)
Adjustment to retained earnings	--	--

Consolidated Statement of Profit or loss and comprehensive income:

	31 March 2017
Other income	13,000,000
Other expenses	(13,000,000)
Adjustment to profit for the year	--

7.6 Effects of IFRS standards adoptions – effect on consolidated statement of cash flow

The transition has not had a material impact on the consolidated statement of cash flows.

8. 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 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 24)	**210,000,000**	**210,000,000**	**210,000,000**

	31 March 2017		
	Continuing operations	Discontinued operations	Total
Profit / (loss) attributable to ordinary shareholders	468,095,689	(42,733,459)	425,362,230
Weighted average number of ordinary shares (note 24)	210,000,000	210,000,000	210,000,000

9. PROPERTY AND EQUIPMENT

	Land	Buildings and leasehold improvements *(Adjusted – Note 7)*	Furniture and office equipment	Motor vehicles	Capital work in progress *(Adjusted – Note 7)*	Total
Cost:						
At 1 April 2016	68,991,690	2,881,016,180	617,670,330	14,936,412	228,800,101	3,811,414,713
Additions during the year	--	118,387,509	41,915,776	340,500	48,776,867	209,420,652
Disposals and write-off	--	(13,435,877)	(3,082,014)	(340,500)	--	(16,858,391)
Transfers on disposal of subsidiary	--	(89,627,545)	--	--	--	(89,627,545)
Transfers to affiliates	--	--	--	--	(115,355,988)	(115,355,988)
At 31 March 2017	**68,991,690**	**2,896,340,267**	**656,504,092**	**14,936,412**	**162,220,980**	**3,798,993,441**
Additions	--	**259,950,505**	**37,458,908**	**271,073**	**173,943,093**	**471,623,579**
Transfers on disposal of subsidiaries	**(7,945,760)**	**(11,248,717)**	**(3,963,256)**	**(341,500)**	--	**(23,499,233)**
Disposals and write-offs	--	**(17,295,652)**	**(6,310,436)**	**(559,350)**	**(3,789,603)**	**(27,955,041)**
At 31 March 2018	**61,045,930**	**3,127,746,403**	**683,689,308**	**14,306,635**	**332,374,470**	**4,219,162,746**
Accumulated depreciation and impairment:						
At 1 April 2016	--	1,355,636,835	259,881,264	13,691,000	--	1,629,209,099
Charge for the year	--	224,232,846	65,072,203	970,079	--	290,275,128
Disposals and write-off	--	--	(2,277,111)	(310,198)	--	(2,587,309)
Transfers on disposal of subsidiary	--	(21,575,855)	--	--	--	(21,575,855)
At 31 March 2017	--	**1,558,293,826**	**322,676,356**	**14,350,881**	--	**1,895,321,063**
Charge for the year	--	**226,498,253**	**74,281,195**	**500,675**	--	**301,280,123**
Transfers on disposal of subsidiaries	--	**(7,556,393)**	**(2,347,178)**	**(341,484)**	--	**(10,245,055)**
Disposals and write offs	--	**(10,183,096)**	**(2,431,628)**	**(366,121)**	--	**(12,980,845)**
At 31 March 2018	--	**1,767,052,590**	**392,178,745**	**14,143,951**	--	**2,173,375,286**
Net book value:						
At 31 March 2018	**61,045,930**	**1,360,693,813**	**291,510,563**	**162,684**	**332,374,470**	**2,045,787,460**
At 31 March 2017	68,991,690	1,338,046,441	333,827,736	585,531	162,220,980	**1,903,672,378**
At 1 April 2016	68,991,690	1,525,379,345	357,789,066	1,245,412	228,800,101	**2,182,205,614**

10. INVESTMENT PROPERTIES

	31 March 2018	31 March 2017	1 April 2016
Cost:			
Opening / closing balance	**104,252,274**	104,252,274	104,252,274
Accumulated depreciation:			
Opening balance	**35,000,000**	30,000,000	25,000,000
Charge for the year	**5,000,000**	5,000,000	5,000,000
Closing balance	**40,000,000**	35,000,000	30,000,000
Net book value	**64,252,274**	69,252,274	74,252,274

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

	31 March 2018	31 March 2017
Rental income	**7,365,884**	12,634,116

11. GOODWILL AND INTANGIBLE ASSETS

	31 March 2018	31 March 2017	1 April 2016
Goodwill (Refer note 11.1 and 11.2)	**804,560,265**	804,560,265	804,560,265
Other intangible assets (Refer note 11.3)	**72,529,266**	82,875,765	107,444,764
	877,089,531	887,436,030	912,005,029

11.1 Goodwill

	31 March 2018	31 March 2017	1 April 2016
Nesk Projects Trading Co	**417,796,779**	417,796,779	417,796,779
Business acquisition – Mango brand	**319,508,613**	319,508,613	319,508,613
Wahba Trading Company Ltd	**61,437,764**	61,437,764	61,437,764
Models Own Holding Ltd.	**5,817,109**	5,817,109	5,817,109
	804,560,265	804,560,265	804,560,265

11.1.1 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, Gerty Weber and Ikks.

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

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

11. GOODWILL AND INTANGIBLE ASSETS (CONTINUED)

11.1.2 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.

11.1.3 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.

11.1.4 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.

11.2 Goodwill impairment test

Goodwill is tested annually for impairment by management in the fourth quarter of the financial year. For the year ended 31 March 2018, the management has determined that goodwill carrying amounts are less than their recoverable amounts. Recoverable amounts were determined on the basis of value-in-use calculation. This calculation uses cash flow projections for five years based on financial budgets approved by management. Cash flows beyond the budgets are extrapolated using the estimated growth rate for each Wahba Trading Company Limited, Nesk Projects Trading Company, Mango Brand related business and Modelsown of 2%, 2%, 2% and 2.5%, respectively. In management's opinion, the growth rate assumptions do not exceed the long-term average growth rates for fashion retail business in which the companies operate. Key assumptions for the value-in-use calculation are set out below.

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

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

11. GOODWILL AND INTANGIBLE ASSETS (CONTINUED)

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

11.3 Other intangible assets

	Software implementation	Key money	Deferred charges	Trademarks	Total
Cost					
1 April 2016	35,221,948	124,861,832	55,115,271	25,070,436	**240,269,487**
Additions	--	9,328,936	2,841,777	--	**12,170,713**
Transfer on disposal of subsidiary	--		(16,118,652)	--	**(16,118,652)**
Write off	--	(8,142,730)	(3,164,199)	(1,803,781)	**(13,110,710)**
At 31 March 2017	**35,221,948**	**126,048,038**	**38,674,197**	**23,266,655**	**223,210,838**
Additions	--	**30,032,156**	--	--	**30,032,156**
Disposals	--	**(4,544,261)**	--	--	**(4,544,261)**
Transfers on disposal of subsidiary		**(8,435,834)**	**(180,000)**	**(23,266,655)**	**(31,882,489)**
31 March 2018	**35,221,948**	**143,100,099**	**38,494,197**	**--**	**216,816,244**
Accumulated amortization and impairment					
1 April 2016	9,941,472	89,592,164	33,291,087	--	**132,824,723**
Charge for the year	1,409,263	9,757,801	4,557,175	--	**15,724,239**
Transfer on disposal of subsidiary	--	--	(71,160)	--	**(71,160)**
Disposals	--	(8,142,729)	--	--	**(8,142,729)**
At 31 March 2017	**11,350,735**	**91,207,236**	**37,777,102**	**--**	**140,335,073**
Charge for the year	**1,409,263**	**9,800,754**	**459,855**	**--**	**11,669,872**
Disposals	**--**	**(1,694,391)**	**--**	**--**	**(1,694,391)**
Transfer on disposal of subsidiaries		**(5,966,206)**	**(57,370)**	**--**	**(6,023,576)**
31 March 2018	**12,759,998**	**93,347,393**	**38,179,587**	**--**	**144,286,978**
Net book value					
31 March 2018	**22,461,950**	**49,752,706**	**314,610**	**--**	**72,529,266**
31 March 2017	23,871,213	34,840,802	897,095	23,266,655	**82,875,765**
1 April 2016	25,280,476	35,269,668	21,824,184	25,070,436	**107,444,764**

12. INVESTMENTS IN ASSOCIATES AND OTHERS

	Ownership %	*Country of incorporation*	**31 March 2018**	31 March 2017	1 April 2016
Associates:					
Amwal Al Khaleejia Al Oula	25	Kingdom of Saudi Arabia	**32,390,207**	32,390,207	38,412,239
International Shop Fittings Limited	51	United Arab Emirates	--	--	37,892,944
Investate Reality BSC	13.9	Kingdom of Bahrain	**22,555,714**	33,743,119	33,743,119
Burberry Saudi Co. Ltd.	25	Kingdom of Saudi Arabia	**23,782,697**	23,782,697	26,717,538
FG4 Limited	50	United Arab Emirates	**23,580,866**	23,580,866	23,580,866
Al Farida Trading Agencies	35	Kingdom of Saudi Arabia	**13,908,062**	--	--
Al Waheedah Equipment General Trading FZCO	49	United Arab Emirates	**38,956,175**	--	--
Advances against investment			--	--	10,199,341
Total			**155,173,721**	113,496,889	170,546,047
Others (AFS):					
Trade Center Co. Ltd.	9.3	Kingdom of Saudi Arabia	**94,000,000**	94,000,000	94,000,000
Total investments			**249,173,721**	207,496,889	264,546,047

Movement in equity accounted investees during the year ended 31 March 2018 is as follows:

	Balance as at 31 March 2017	**Additions**	**Capital distribution**	**Balance as at 31 March 2018**
Associates:				
Amwal Al Khaleejia Al Oula	32,390,207	--	--	**32,390,207**
Investate Reality BSC	33,743,119	--	**(11,187,405)**	**22,555,714**
Burberry Saudi Co. Ltd.	23,782,697	--	--	**23,782,697**
FG 4 Limited	23,580,866	--	--	**23,580,866**
Al Farida Trading Agencies **	--	**13,908,062**	--	**13,908,062**
Al Waheedah Equipment General Trading FZCO**	--	**38,956,175**	--	**38,956,175**
Total	113,496,889	**52,864,237**	**(11,187,405)**	**155,173,721**
Others (AFS):				
Trade Center Co. Ltd.	94,000,000	--	--	**94,000,000**
Total investments	207,496,889	**52,864,237**	**(11,187,405)**	**249,173,721**

In the absence of latest financial information, share of profit or loss has not been recorded.

**During the year ended 31 March 2018, the Group has disposed off 35% and 51% ownership interest in AlFarida Trading Agencies Company and Al Waheeda Equipment General Trading FZCO. This has resulted in decrease in ownership from 70% to 35% in case of Al Farida Trading Agencies and from 100% to 49% incase of Al Waheeda Equipment General Trading FZCO., Accordingly the investment is classified as investment in associates.

12. INVESTMENTS IN ASSOCIATES AND OTHERS (CONTINUED)

Movement in associates during the year ended 31 March 2017 was as follows:

	Balance as at 1 April 2016	Share in earnings / (losses)	Disposal	Balance at 31 March 2017
Amwal Al Khaleejia Al Oula	38,412,239	(6,022,032)	--	32,390,207
International Shop fittings Limited	37,892,944	--	(37,892,944)	--
Investate Reality BSC	33,743,119	--	--	33,743,119
Burberry Saudi Company Ltd.	26,717,538	(2,934,841)	--	23,782,697
FG4 Limited	23,580,866	--	--	23,580,866
	160,346,706	(8,956,873)	(37,892,944)	113,496,889

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

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

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

Investee name	**Ownership %**	**Assets**	**Liabilities**
2018			
Amwal Al Khaleejia Al Oula	25.0	77,483,605	848,750
Investate Reality BSC	13.9	292,140,000	3,907,500
Burberry Saudi Company Ltd.	25.0	119,590,955	20,296,956
FG4 Limited	50.0	53,739,090	1,476,562
		542,953,650	26,529,768
2017			
Amwal Al Khaleejia Al Oula	25.0	77,483,605	848,570
Investate Reality BSC	13.9	292,140,000	3,907,500
Burberry Saudi Company Ltd.	25.0	119,590,955	20,296,956
FG4 Limited	50.0	53,739,090	1,476,562
		542,953,650	26,529,588

13. INVENTORIES

	31 March 2018	31 March 2017	1 April 2016
Goods available for sale	**1,916,356,933**	1,909,063,037	1,883,443,804
Goods in transit	**150,866,083**	153,217,248	121,591,314
Supplies	**33,060,290**	5,170,543	82,010,120
	2,100,283,306	2,067,450,828	2,087,045,238
Provision for inventory shrinkage and slow moving inventory	**(326,166,248)**	(332,658,202)	(190,309,786)
Inventories, net	**1,774,117,058**	1,734,792,626	1,896,735,452

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

	31 March 2018	31 March 2017	1 April 2016
Opening balance	**332,658,202**	190,309,786	132,869,481
Provision recorded during the year	**94,777,210**	253,839,451	185,860,383
Provision written off during the year	**(101,269,164)**	(111,491,035)	(128,420,078)
Closing balance	**326,166,248**	332,658,202	190,309,786

14. PREPAYMENTS AND OTHER ASSETS

	31 March 2018	31 March 2017	1 April 2016
Prepaid rent	**209,405,576**	316,700,776	253,049,632
Advances to suppliers	**238,863,181**	185,944,942	114,113,848
Margin on letters of credit and guarantee	**80,663,721**	15,830,180	12,139,990
Employee receivables	**32,225,871**	31,475,757	28,035,013
Security deposits	**21,321,055**	21,311,468	43,802,957
Receivable from Human Resources Development Fund (HRDF)	**5,858,370**	13,750,607	11,263,400
Dividends receivable	--	7,634,116	5,000,000
Margin compensation receivable	**9,891,791**	10,009,873	17,614,517
Advances for investments	--	--	5,863,958
Deferred tax asset	--	--	64,324,641
Receivable against sale of investments (Note:14.1)	--	58,044,148	58,044,148
Others	**4,514,532**	9,256,605	27,445,947
	602,744,097	669,958,472	640,698,051
Provision against doubtful advance to suppliers / receivables against sale of investment	**(6,206,158)**	(9,844,527)	--
	596,537,939	660,113,945	640,698,051

14.1 During the year ended 31 March 2017, the Company transferred receivable amounting to SR 58.04 million to the majority shareholder of the Company Fawaz Abdulaziz Al Hokair Saudi Holding Company ("FAS Holding") under the non-recourse arrangement.

Advance to supplier includes advance amounting to SR 56 million on behalf of AC Modus Dubai which is considered fully recoverable and the same is secured by fully irrevocable guarantee from FAS Holding.

Information about the impairment of trade receivables, their credit ratings and the Group's exposure to credit risk is disclosed in note 26.

15. CASH AND CASH EQUIVALENTS

	31 March 2018	31 March 2017	1 April 2016
Cash at banks – current accounts	**317,606,863**	338,250,865	274,415,634
Cash in hand	**13,028,063**	26,579,664	22,442,634
	330,634,926	364,830,529	296,858,268

16. BORROWINGS

	Note	**31 March 2018**	31 March 2017	1 April 2016
Non-current liabilities				
Long term borrowings	*16.1*	**1,922,121,029**	1,229,652,106	2,102,087,024
Current liabilities				
Current portion of long-term borrowings	*16.1*	**546,589,588**	493,132,196	431,937,994
Short term borrowings	*16.2*	**729,324,968**	1,584,918,565	1,093,542,171
		1,275,914,556	2,078,050,761	1,525,480,165

16.1 Long term borrowings

	Note	**31 March 2018**	31 March 2017	1 April 2016
Murabaha financing				
Facility 1	*16.1.1*	**583,333,333**	750,000,000	916,666,667
Facility 2	*16.1.1*	**311,718,750**	489,843,750	667,968,750
Facility 3	*16.1.1*	**224,910,000**	281,137,500	281,137,500
Facility 4	*16.1.1*	**125,000,000**	187,500,000	--
Facility 5	*16.1.1*	--	35,174,250	105,486,750
Facility 6	*16.1.1*	**1,249,990,772**	--	--
Long term Murabaha facility	*16.2.3*	--	--	89,198,055
Sukuk	*16.2.2*		--	500,000,000
		2,494,952,855	1,743,655,500	2,560,457,722
Less: Upfront fees		**(26,242,238)**	(20,871,198)	(26,432,704)
		2,468,710,617	1,722,784,302	2,534,025,018
Presented in the balance sheet as follows:				
Non-current portion of long-term borrowings		**1,922,121,029**	1,229,652,106	2,102,087,024
Current portion of long-term borrowings		**546,589,588**	493,132,196	431,937,994
		2,468,710,617	1,722,784,302	2,534,025,018

16. 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 is for a period of 7 years. The Murabaha facility is repayable in equal 12 installments commencing on December 2015 and ending on June 2021. The facility is secured by promissory notes given by the Group. As at 31 March 2018, the Company has fully utilized this facility. The Murabaha facility carries markup at Saudi Interbank Offered Rate ('SIBOR') plus agreed margin per annum. Subsequent to the year-end, the facility has been settled fully beforehand.

Facility 2

On 16 October 2014, the Group signed a long-term Master Murabaha Facility Agreement (the "Agreement") of SR 712.5 million (equivalent to USD 190 million) with a foreign bank. As per the Agreement, the term of the Murabaha facility is for a period of 5 years. The Murabaha facility is repayable in equal quarterly installments commencing on January 2016 and ending on October 2019. The facility is secured by promissory notes given by the Group. As at 31 March 2018, 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 promissory notes by the Group. As at 31 March 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 31 March 2018, the Group has fully utilized this facility. The Murabaha facility carries markup at LIBOR plus agreed margin per annum.

Facility 5

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

16. BORROWINGS (CONTINUED)

Murabaha facility agreements contain covenants, which among other things, require certain financial ratios to be maintained. The Group ensures that it is always in compliance with the loan covenants prescribed in such agreements. In case of breach of covenant at any point of time, the management ensures that it reconciles its position with the lending banks and that it has obtained a formal waiver from the related lender. As at 31 March 2018, the Group is in compliance with its the respective financial covenants

Facility 6
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 31 March 2018, the Group has fully utilized this facility. The Murabaha facility carries markup at Saudi Interbank Offered Rate ('SIBOR') plus agreed margin per annum.

16.2 Short term borrowings

	Note	31 March 2018	31 March 2017	1 April 2016
Short-term Murabaha facilities	*16.2.1*	**164,301,995**	1,001,202,829	1,093,542,171
Sukuk	*16.2.2*	**500,000,000**	500,000,000	--
Long term Murabaha facility	*16.2.3*	**47,222,500**	68,210,278	--
Short term financing (Jordan)	*16.2.4*	**17,800,473**	15,505,458	--
		729,324,968	1,584,918,565	1,093,542,171

16.2.1 Short-term Murabaha facilities
The Group has short-term Murabaha facilities with local and foreign commercial banks amounting to SR 1,350 million (31 March 2017: SR 1,350 million, 1 April 2016: SR 1,615 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 Group was unable to meet a financial covenant as at 31 March 2017 under its long term financing facility with its Sukukholders. The Group had received a letter from the Sukukholders requesting the Group to increase the Sukuk margin along with a waiver fee as a condition to provide the waiver till September 2017. On 11 June 2017, Sukukholders have approved waiver of the breach of financial covenant on conditions mentioned above. Subsequent to the year-end, the facility has been settled fully beforehand.

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

16. 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 17.8 million at an annual interest rate of ranging from 8%-8.75%

17. POST-EMPLOYMENT BENEFITS

The Group operates defined benefit plans in line with the labor law requirements applicable in the countries where the Group entities operates in. 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.

All Group's employees' termination benefit plans are unfunded.

17.1 Amounts in the consolidated statement of financial position

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

	31 March 2018	31 March 2017
Opening balance	**116,333,090**	120,565,000
Statement of profit or loss		
Current service cost (Note 17.1.1)	**22,924,705**	24,249,000
Interest cost	**4,192,000**	4,699,000
	27,116,705	28,948,000
Statement of comprehensive income		
Actuarial gain	**(24,127,000)**	(20,419,000)
	119,322,795	129,094,000
Transfer on disposal of subsidiary	**(442,445)**	
Settlements during the year	**(15,955,555)**	(12,760,910)
Closing balance	**102,924,795**	116,333,090

17.1.1 Represents cost proportioned on the basis of actuarial report.

17.2 Significant actuarial assumptions

The significant actuarial assumptions used were as follows:

	31 March 2018	31 March 2017
Economic assumptions		
Gross discount rate	**3.65%**	3.2%
Price inflation	**2.0%**	2.0%
Salary growth rate	**3.0%**	3.0%
Demographics assumptions		
Number of employees	**7,987**	6,850
Average age of employees (years)	**32.17**	31.4
Average years of past service	**3.68**	3.8

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 2018	31 March 2017
Salary inflation	1% Decrease	**(92,027,969)**	(102,787,000)
	Base	**(102,924,795)**	(116,333,090)
	1% Increase	**(115,918,785)**	(133,321,000)
Discount rate	1% Decrease	**(115,967,558)**	(131,134,000)
	Base	**(102,924,795)**	(116,333,090)
	1% Increase	**(92,184,316)**	(104,139,000)

18. ACCRUALS AND OTHER CURRENT LIABILITIES

	31 March 2018	31 March 2017	1 April 2016
Rent payable	**138,269,819**	126,558,954	109,179,958
Payable to contractors and others	**144,912,605**	187,215,782	188,565,285
Finance cost accrued	**36,873,980**	27,643,933	26,748,903
Government duties	**33,621,550**	35,810,624	10,640,842
Employees' salaries and benefits	**33,695,117**	34,169,316	79,818,011
Royalty payable	**18,551,479**	20,464,899	23,352,194
Payable against credit cards	**3,773,338**	5,581,982	19,376,106
Accrued consignment margin	**3,001,718**	972,001	5,445,875
Others	**8,777,318**	14,747,847	7,759,980
	421,476,924	453,165,338	470,887,154

19. ZAKAT AND INCOME TAX

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 2017 and received the zakat certificate upto 31 March 2016 . 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 according to decision received by appeal committee which resulted 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 2017 , the income tax return for subsidiaries in Jordan. Egypt, Morocco and Armenia have been filed for all years untill 31 March 2016. For subsidiaries in Georgia, the income tax returns have been filed for all years up to the year ended 31 March 2014. For subsidiaries in Kazakhstan, Azerbaijan and Balkan Countries the income tax returns have been filed up to the year ended 31 December 2015

The income tax returns 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 2018, 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 2018	31 March 2017	1 April 2016
Shareholders' equity and other payables	**4,937,654,257**	5,462,707,954	5,039,681,966
Adjusted net income	**166,076,893**	585,256,661	747,328,831
Deductions	**(4,061,771,710)**	(5,115,935,975)	(4,460,270,237)
Zakat base	**1,041,959,440**	932,028,640	1,326,740,560
Zakat at 2.5% (higher of adjusted net income or Zakat base)	**26,048,986**	23,300,716	33,168,514

19.3 Zakat and income tax provision

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

	31 March 2018	31 March 2017
Balance at beginning of the year	**101,756,327**	83,508,040
Provision for zakat for the year	**26,048,986**	23,300,716
Prior period charge	**6,000,000**	
Provision for income tax for the year	**16,713,621**	7,443,968
Transfer on disposal of subsidiary	**(889,125)**	--
	149,629,809	114,252,724
Payments made during the year	**(116,439,105)**	(12,496,397)
Balance at end of the year	**33,190,704**	101,756,327

20. RELATED PARTY TRANSACTIONS AND BALANCES

Related parties comprises 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 2018	31 March 2017
Salaries and short-term benefits	**11,625,632**	21,572,162
Post-employment benefits	**3,468,107**	3,775,526
Total key management compensation	**15,093,739**	25,347,688

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 2018	31 March 2017
Related party transaction		
Rental expense(Note:20.2.1)	**398,932,815**	318,330,097
Shop fits, design, and construction work	**38,979,277**	71,807,671
Payment made on behalf of an associate	**77,450,809**	1,402,392
Printing and advertisement	**9,627,051**	9,142,473
"Board of Directors' and board committees remuneration and compensation"	**2,149,000**	2,786,000

20.2.1 This amount is net-off of rent rebate amounting to SR 260 million (2017: 248 million) during the year.

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 2018	31 March 2017	1 April 2016
Due from related parties					
Arabian Centers Company	Rentals	Affiliate	**253,145,287**	228,860,721	252,799,700
Egyptian Centers for Real Estate Development	Rental	Affiliate	**69,133,872**	94,640,026	23,859,610
International Shop fittings Ltd	Shop fits and design	Affiliate	**12,343,387**	14,547,046	21,673,148
Hajen Company Limited	Printing and advertisement	Affiliate	**--**	4,705,027	--
Amwal Al Khaleeja Al Oula	Management services	Equity accounted investee	**2,271,205**	1,662,877	--
Burberry Saudi Co. Ltd	Services and payments	Equity accounted investee	**--**	--	2,266,603
FG4 Limited			**--**	2,421,716	1,019,324
Al Farida Trading Agencies	Services and payments	Equity accounted investee	**62,302,546**	--	--
Retail Cluster Pakistan	Services and payments	Equity accounted investee	**17,569,979**		
			416,766,276	346,837,413	301,618,385
Provision against doubtful related party balance			**(12,343,387)**	(13,721,678)	--
			404,422,889	333,115,735	301,618,385
Due to related parties					
Hajen Company Limited	Printing and advertisement	Affiliate	**--**	--	3,802,011

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 1 April 2016, 31 March 2017 and 31 March 2018 is as below:

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

22. NON CONTROLLING INTEREST (NCI)

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)

22. NON CONTROLLING INTEREST (NCI) - (CONTINUED)

31 March 2017

	Al Farida Trading Agencies Company (Note 29)	Retail Group Holding Azerbaijan	Retail Group Armenia	Models Own Holding Limited	Other non-significant subsidiaries	Total
NCI percentage	30%	15%	4%	49%		
Non-current assets	39,905,700	66,771,723	41,482,517	8,955,568		**157,115,508**
Current assets	82,991,174	114,044,981	118,956,138	50,557,510		**366,549,803**
Non-current liabilities	(451,505)	--	--	--		**(451,505)**
Current liabilities	(34,254,840)	(209,549,457)	(193,697,830)	(91,199,483)		**(528,701,610)**
Net assets	**88,190,529**	**(28,732,753)**	**(33,259,175)**	**(31,686,405)**		**(5,487,804)**
Net assets attributable to NCI	**26,457,159**	**(4,309,913)**	**(1,330,367)**	**(15,526,338)**	**(16,445,007)**	**(11,154,467)**
Revenue	14,008,380	143,720,703	126,538,423	19,420,110		**303,687,616**
Profit / (loss)	3,713,792	19,146,041	40,287	(20,335,658)		**2,564,462**
Profit / (loss) allocated to NCI	**1,114,138**	**2,871,906**	**1,611**	**(9,964,472)**	**480,841**	**(5,495,976)**

23. SELLING AND MARKETING EXPENSES

	2018	2017
Employees' salaries and benefits	**127,422,718**	146,609,192
Rent	**42,462,972**	58,755,803
Advertising and promotions	**26,197,460**	9,833,462
Bank charges	**16,309,370**	11,506,424
Travel	**11,944,692**	8,991,603
Utilities and maintenance	**5,506,682**	5,696,695
Freight and distribution charges	**4,458,991**	8,309,981
Others	**13,347,235**	4,497,339
	247,650,120	254,200,499

24. GENERAL AND ADMINISTRATIVE EXPENSES

	2018	2017
Employees' salaries and benefits	**151,405,917**	153,550,796
Rent	**50,134,675**	63,980,073
Bank charges	**24,932,209**	13,780,169
Utilities and maintenance	**16,334,622**	8,732,388
Provision for doubtful receivables and advances	**5,000,000**	33,347,175
Travel and communication	**15,073,458**	15,855,954
Advertising and publishing	**10,145,141**	--
Stationery and supplies	**8,480,260**	3,024,878
Insurance	**7,599,513**	7,528,689
Government fees and related charges	**3,632,212**	3,420,374
Others	**29,505,232**	29,341,386
	322,243,239	332,561,882

25. OTHER OPERATING INCOME (EXPENSE), NET

a) Expense	2018	2017
Store closure losses	**25,070,248**	14,704,520
Write off of property and equipment	**--**	13,000,000
	25,070,248	27,704,520

b) Income	2018	2017
Foreign exchange (loss) / gain, net	**(14,560,597)**	33,258,368
Reimbursement of advertising expense	**--**	30,000,000
Dividend income	**7,365,884**	12,634,116
Others	**19,416,406**	706,564
	12,221,693	76,599,048

26. FINANCIAL INSTRUMENTS FAIR VALUES AND RISK MANAGEMENT

26.1 Accounting classification and fair 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 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					
Cash and cash equivalents	**330,634,926**	--	--	--	--
Trade receivables, and other assets	**764,521,038**	--	--	--	--
Total	**1,189,155,964**	--	--	**94,000,000**	**94,000,000**

31 March 2017	*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					
Cash and cash equivalents	364,830,529	--	--	--	--
Trade receivables and other assets	858,642,759	--	--	--	--
Total	1,317,473,288	--		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 .

26.2 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**
Available for sale securities	For securities purchased during the year, 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 unobservable inputs.

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

26.2 Financial risk management

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

- Credit risk
- Liquidity risk
- Market risk

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 2018	31 March 2017	1 April 2016
Cash at bank	**317,606,863**	338,250,865	274,415,634
Trade receivables – Third parties	**38,528,814**	128,528,814	62,796,979
Due from related parties	**404,422,889**	333,115,735	301,618,385
	760,558,566	799,895,414	638,830,998

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. At 31 March 2018, the ageing of trade receivables was neither past due nor impaired.
- 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.

26. FINANCIAL INSTRUMENTS (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 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**

	31 March 2017			
	Carrying amount	*Less than 1 year*	*1 year to 5 years*	*More than 5 years*
Liabilities				
Loans and borrowings	1,722,784,302	560,836,659	1,314,513,509	--
Short term borrowings	1,584,918,565	1,613,073,252	--	--
Trade and other payables	558,184,091	558,184,091	--	--
TOTAL	3,865,886,958	2,732,094,002	1,314,513,509	--

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 2018**	31 March 2017
Euro	**(9,310,999)**	(17,649,645)
United States Dollar	**(43,507,781)**	24,688,728
Great Britain Pound	**3,630,246**	(8,245,090)
United Arab Emirates Dirham	**38,833,762**	50,625,628
Egyptian Pound	**326,472,760**	455,496,080

26. FINANCIAL INSTRUMENTS (CONTINUED)

Sensitivity Analysis
The table below shows the non-pegged currencies to which the Group has a significant exposure as at 31 March 2018 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.

Foreign currency exposures	***Change in currency***	**31 March 2018**	31 March 2017
Euro	+/- 10%	**(4,463,000)**	(7,103,000)
Great Britain Pound	+/- 10%	**1,844,000**	(3,849,000)
United Arab Emirates Dirham	+/- 10%	**3,959,661**	5,164,000
Egyptian Pound	+/- 10%	**6,995,000**	9,464,000

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 3,178.6 million at 31 March 2018 (2017: SR 2,311.9 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. There is no direct impact on the Group's equity:

		Increase / decrease in basis points of commission rates	**Effect on income for the year**
31 March 2018	**SAR**	**+30**	**(7,417,000)**
	SAR	**-30**	**7,417,000**
31 March 2017	SAR	+30	(6,936,000)
	SAR	-30	6,936,000

27. BASIS OF MEASUREMENT

The financial statements have been prepared on the historical cost basis except for the following, which are measured on an alternative basis on each reporting date.

Items	**Measurement bases**
Defined benefit liability	Present value of the defined benefit obligation.

28. 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:

	Fashion retail *SR '000*	*Indoor entertainment* *SR '000*	*Inter-segment elimination* *SR'000*	*Total* *SR'000*
As at 31 March 2018				
Non-current assets	**3,261,511**	**199,792**	--	**3,461,303**
Current assets	**3,272,932**	**764**	--	**3,273,696**
Total liabilities	**4,549,994**	**275**	--	**4,550,269**
As at 31 March 2017				
Non-current assets	3,218,431	129,427	--	3,347,858
Current assets	3,291,023	359	--	3,291,382
Total liabilities	4,536,911	231	--	4,537,142
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 income	**107,556**	**(4,066)**	--	**103,490**
For the year ended 31 March 2017				
Sales	6,614,385	77,276	--	6,691,661
Depreciation and amortization	(296,972)	(12,845)	--	(309,817)
Finance charges	(167,089)		--	(167,089)
Net income	420,228	5,134	--	425,362

28. OPERATING SEGMENTS (CONTINUED)

As aforementioned, the operations of the Group are conducted in the Kingdom of Saudi Arabia and certain other countries. Selected financial information as of 31 March 2018 and for the years then ended, summarized by geographic area, are as follows:

	Domestic *SR '000*	*International* *SR '000*	*Inter-segment elimination* *SR'000*	*Total* *SR'000*
As at 31 March 2018				
Non-current assets	**3,803,168**	**451,551**	**(793,416)**	**3,461,303**
Current assets	**5,252,429**	**650,932**	**(2,629,665)**	**3,273,696**
Total liabilities	**4,044,529**	**2,834,602**	**(2,328,862)**	**4,550,269**
As at 31 March 2017				
Non-current assets	2,903,635	697,008	(252,785)	3,347,858
Current assets	4,547,225	1,068,661	(2,324,504)	3,291,382
Total liabilities	4,310,970	2,629,963	(2,403,791)	4,537,142

For the year ended 31 March 2018	*Domestic* *SR '000*	*International* *SR '000*	*Inter-segment elimination* *SR'000*	*Total* *SR'000*
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 income	**238,978**	**(139,798)**	**4,310**	**103,490**
For year 31 March 2017				
Sales	5,622,580	1,117,482	(48,401)	6,691,661
Depreciation and amortization	(226,756)	(83,061)	--	(309,817)
Finance charges	(166,409)	(680)	--	(167,089)
Net income	621,983	(195,549)	(1,072)	425,362

29. DISCONTINUED OPERATIONS

a) 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.

29. DISCONTINUED OPERATIONS (CONTINUED)

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

	From 1 April 2017 to 18 March 2018	From 1 April 2016 to 31 March 2017
Revenue	8,265,618	14,008,380
Cost of revenue	(7,248,599)	(8,465,549)
Selling and marketing expenses	--	--
General and administrative expenses	(1,650,018)	(646,734)
Depreciation and amortization	(873,008)	(1,182,305)
	(1,506,007)	3,713,792
Share of non-controlling interest	451,802	(1,114,138)
Loss from discontinued operations	(1,054,205)	2,599,654
Loss per share from discontinued operation	(0.005)	0.01

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

b) 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 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.

29. DISCONTINUED OPERATIONS (CONTINUED)

The results from the operations of the Disposed Entities have been disclosed as 'Loss from discontinued operations' in these consolidated financial statements until 29 June 2016 i.e. the date of disposal.

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

	From 01 April to 29 June 2016
Sales	**61,243,158**
Direct costs	**(93,058,130)**
Selling and marketing expenses	**(11,224,045)**
General and administrative expenses	**(14,965,394)**
Depreciation and amortization	**(2,461,243)**
Financial charges	**(1,405,294)**
Other income	**800**
Income tax charge, net of deferred tax	**15,422,897**
Loss from discontinued operations	**(46,447,251)**
Loss per share from discontinued operation *(note 8)*	**(0.22)**

Details of assets and liabilities disposed are as follows:

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

29. DISCONTINUED OPERATIONS (CONTINUED)

	From 01 April to 29 June 2016
Cash flows from discontinued operations	
Cash flows from operating activities	**18,501,678**
Cash flows used in investing activities	**(1,696,577)**
Cash flows used in financing activities	**(7,776,567)**
Non-current portion	**280,000,000**
Current portion	**70,000,000**
Receivable from disposal of a subsidiary	**350,000,000**

c) Receivable from disposal of subsidiaries

Non Current Portion:

	2018	2017	2016
Receivable in respect of sale of Global Levia and its subsidiairies	**225,000,000**	280,000,000	--
	225,000,000	280,000,000	--

Current Portion:

	2018	2017	2016
Receivable in respect of sale of Global Levia and its subsidiairies	**75,000,000**	70,000,000	--
Receivable in respect of sale of Al Farida Trading Agencies Company	**13,908,062**	--	--
Al Waheeda Equipment General Trading FZCO	**40,546,223**	--	--
	129,454,285	70,000,000	--

30. COMMITMENTS AND CONTINGENCIES

30.1 Commitments

At 31 March 2018, the Group had commitments of SAR 44 million (31 March 2017: SAR 164 million; 2016: SAR 208 million) 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 2018 amounted to SR 816.6 million (2017: SR 811.7 million).

	31 March 2018	31 March 2017	1 April 2016
Within one year	**413,155,258,**	145,374,843	169,842,124
After one year but not more than five years	**696,297,667**	797,103,680	626,190,938
More than five years	**219,081,078**	396,353,711	272,552,156
	1,328,534,003	1,338,832,234	1,068,585,218

30. COMMITMENTS AND CONTINGENCIES (CONTINUED)

30.2 Contingent liabilities

At 31 March 2018, the Group has outstanding bank letter of credits of SR 617 million (2017: SR 689 million) issued against certain purchase of retail trading inventory.

At 31 March 2018, the Group has outstanding bank guarantees of SR 447 million (2017: SR 325 million) issued by the local and foreign banks in respect of bid bonds, contracts advance payments and performance bonds.

31. 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 2018	31 March 2017	1 April 2016
Total debt	**4,550,269,128**	4,537,141,713	4,854,741,207
Total equity	**2,184,729,769**	2,102,097,507	1,776,974,892
Net debt to equity ratio	**2.08**	2.15	2.73

32. RE-CLASSIFICATIONS

Certain figures have been re-arranged and re-classified in the prior years to conform to current year presentation. The impact of these re-classifications is not considered material.

33. EVENTS AFTER THE REPORTING DATE

Subsequent to the year end, on 5th June 2018 , the Group has signed a long-term Master Murabha facility agreement with consortium of banks for a total amount of SAR1,125 million and amount was used to prepay one of the existing long-term Murabha facility and Sukuk in full.

34. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Board of Directors for issuance on 14 Shawal 1439H (corresponding to 28 June 2018).